

On Behalf Of The Washtenaw And Livingston Line To Be Known As “Wally”

Fact Sheet

1. What is a PA 196 Transportation Authority?

Public Act 196 of 1986 was passed by the legislature to establish a framework under which public bodies can incorporate separate public transit operations.

2. Why do we need a new Transportation Authority?

The State of Michigan and the Federal Government provide significant financial resources for capital and operating assistance to communities to enable them to operate public transportation services. The monies are distributed by formula. A transportation authority, consisting of all public bodies, is the best method to receive these funds.

3. How is it formed?

A public body, in this case the political subdivisions of the County of Washtenaw, the City of Ann Arbor, the City of Howell, Genoa Township, Hamburg Township and Northfield Township, can form the Authority. The biggest advantage to having these six (6) entities “incorporate” the Authority is that the rail line is located within the jurisdictions and therefore the Authority would have a “service area” within the operating entities. This would help the Authority receive funds and operate freely between the political subdivisions. Once the Authority is formed it may be necessary to seek operating rights with other parties.

4. What type of organization operates now?

At the present time there is not an organization in existence.

5. Will the new Authority have employees?

The new Authority will be governed by a Board of Directors that will have authority to direct public transportation operations. It is envisioned that the Authority will employ an Executive Director and an Administrative Assistant and all other services will be contracted out.

6. What is the single biggest advantage to form a Public Transportation Authority?

Under present State and Federal Statutes, the new Public Transit Authority would be eligible for Federal and State revenues to help fund its operations.

7. Are there other advantages to a new Authority?

Yes. There are many advantages to a new Authority. An Authority operates as an independent public body and will therefore be responsible for its own income and expenditures. For example, any debts that it incurs will not be the obligation of any of its forming bodies. It is an independent public body and its’ liability will be limited only to its’ operations. It is able to purchase insurance and to take other risk

management measures associated with its specific operations because it is an Authority, and that will better safeguard its assets.

8. Will the Authority be able to levy a tax?

Yes, but only under very strict conditions. First, the Board of Directors would have to approve such a measure, limited to a maximum of five mills for five years. One exception is that a millage may be levied for certain Federal projects that involve “Fixed Guide way” systems for a twenty-five year period. Second, once approved by the Board, the millage question would have to receive a majority vote by those voting within the Authority’s service area. Additionally, the incorporating public bodies, by a vote of their legislative bodies, could withdraw from the Authority, subject to certain legal restrictions, if they did not want to see their areas subject to the levy.

9. What is the service area of the proposed Authority?

The service area of the Authority would be the same area as the legal jurisdiction of the public bodies incorporating the Authority.

10. How would the new Authority be governed?

The Board of Directors would be appointed by each political subdivision that will act as incorporators. The consensus of the study group is that a six (6) person board, with one (1) member appointed by each incorporator, would work best.

The proposed Articles of Incorporation stipulate that Board members can be removed at any time before their term is up by the appointing Authority.

11. How will the finances of the Authority be conducted?

First of all the Authority is a public body in the sense that it will be subject to all governmental requirements. For example, it will be subject to all the provisions of the Freedom of Information Act and the Open Meetings Act. Additionally, the Authority will be subject to specific restrictions in the Articles of Incorporation in regard to the adoption of a budget. Article IX requires the Board of Directors to annually adopt a budget, in accordance with 1951 PA 51, which requires four (4) out of six (6) board members. Because PA 51 is cited as the guiding Act this means that all of the constraints of the Act will apply. Therefore, all revenues and expenses must be accounted for and categorized according to specific statutory provisions. PA 196 requires an annual audit. Other provisions of Act 51 will allow for oversight by the Michigan Municipal Finance Commission and the Michigan Department of Transportation. Furthermore, because the Authority plans on operating with Federal and State grants to supplement fares and other contributions, it will be required to submit applications, with budgets, prior to the beginning of the fiscal year to Federal and State agencies.

Since most applications must be submitted six (6) months in advance of the fiscal year, this will allow for ample discussions about finances. Each grant that is submitted requires the Board of Directors to attest to the ability of the Authority to operate the services for which the grant is submitted and therefore, the fiscal health of the Authority.