Georgetown Township Meeting 4/25/16 Comment by Joseph Parnell McCarter, 6408 Wrenwood Drive, Jenison, MI 49428

I would entitle my comments here a Tale of Two Balance Sheets.

Exhibit A shows the balance sheet of Georgetown Charter Township per the latest audited financial statements. It is a healthy balance sheet, with not much to speak of in the way of debt. Congratulations to all of those who have made it possible. As you know, I have disagreed with certain decisions made in the last number of years by the Board, including the purchases of the old Kmart property and the Main Street property. But there is really not much to speak of in the way of debt. The defeat of the $19 million bond proposal is one part of that. I appreciate the effort of those like Mike Bosch and Kelly Brittain who led the effort to defeat that. And I am thankful that the Board is seeking to sell the Kmart property now. I was also encouraged to hear when Trustee Villerius mentioned the possibility that the Township may sell most of the Main Street property it owns, and I hope other members of the Board may join Trustee Villerius in supporting such a move.

Exhibit B shows the balance sheet of Jenison Public Schools per the latest audited financial statements. As you can see, it has over $130 million in liabilities, and there is the real possibility it will get worse in the coming weeks with the possible passage of the $25 million bond. Moody's has already downgraded it a few times, and threatened to downgrade it more with more debt. The reason Moody's does not downgrade it to junk bond status or worse is because JPS debt is secured by the full faith and credit of district taxpayers. Over time Jenison taxpayers are going to have to pay all of this debt. JPS leadership has said there will be no new taxes associated with the $25 million bond. I am sorry, but there is no free money. There is acknowledgment that the no new taxes promise is based upon higher real estate values. Of course, rising property values, which for many residents have been rising more than their incomes in recent years, means higher property taxes. So if this must be counted on, then in an important respect it means higher taxes. But setting that aside, should we be confident that higher millage rates will not be necessary in the future to cover the $25 million bond principal and interest payments, along with JPS other debt payments, plus payment for other liabilities like pensions, etc.? It seems to me that we are nearing the end of a business cycle, and a recession or worse in the next few years is quite possible if not probable. That will likely mean lower property values, as happened in the aftermath of the 2008 financial collapse. I think that passage of this $25 million bond proposal, and building another JPS building with all of its associated costs will come back to haunt us. Instead of adding more debt on top of a pile of debt, JPS leadership should be coming up with ways to reduce the JPS debt. I have offered a number of recommendations at GeorgetownExaminer.com .

The argument that other public school districts have as bad or worse debt problem is no good excuse. We are still responsible for getting our own economic house in order, and certainly we should not be making the problem even worse.

It is important that the Georgetown Township Board not add taxpayer-owed debt on top of the significant debt already owed by area taxpayers relating to the public school system. Let me close with this verse from God's word the Bible: ""Be not thou *one* of them that strike hands, *or* of them that are sureties for debts." (Proverbs 22:26)

EXHIBIT A

GEORGETOWN CHARTER TOWNSHIP

STATEMENT OF NET POSITION

DECEMBER 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	$ 12,282,681	$ 7,038,332	$ 19,321,013
Receivables:			
Taxes	1,722,856	-	1,722,856
Accounts	249,696	1,077,748	1,327,444
Interest	34,091	20,580	54,671
Due from other governments	614,427	-	614,427
Prepaid items	191,028	-	191,028
Inventory	-	149,258	149,258
Total current assets	15,094,779	8,285,918	23,380,697
Noncurrent assets			
Special assessment receivable	11,786	115,236	127,022
Capital assets:			
Non-depreciable	5,822,470	299,588	6,122,058
Construction in progress	2,219,826	-	2,219,826
Depreciable capital assets, net	21,044,592	39,631,155	60,675,747
Total noncurrent assets	29,098,674	40,045,979	69,144,653
Total assets	44,193,453	48,331,897	92,525,350
Liabilities			
Accounts payable	811,167	639,825	1,450,992
Deferred inflows of resources			
Unavailable revenue - subsequent year property taxes	4,007,689	-	4,007,689
Net position			
Invested in capital assets	29,086,888	39,930,743	69,017,631
Restricted for:			
Perpetual care	1,182,749	-	1,182,749
Unrestricted	9,104,960	7,761,329	16,866,289
Total net position	$ 39,374,597	$ 47,692,072	$ 87,066,669

The accompanying notes are an integral part of these financial statements.

EXHIBIT B

Jenison Public Schools

District-Wide Financial Statements
Statement of Net Position

June 30, 2015	Governmental Activities
Assets	
Current Assets	
Cash and investments (Note 2)	$ 7,262,759
Accounts receivable	11,173
Due from other governmental units (Note 4)	7,645,948
Inventories	94,488
Prepaid expenses	12,560
Total current assets	15,026,928
Noncurrent Assets	
Land and construction in process (Note 5)	252,856
Depreciable capital assets, net (Note 5)	47,310,213
Total noncurrent assets	47,563,069
Total Assets	62,589,997
Deferred Outflows of Resources	
Deferred interest on refunding	852,527
Related to pensions	6,840,836
Total Deferred Outflows of Resources	7,693,363
Liabilities	
Current Liabilities	
Accounts payable	393,009
Accrued payroll	6,177,219
Accrued interest	437,729
Due to other governmental units (Note 4)	598,931
Unearned revenue	304,279
Current portion of long-term obligations (Note 6)	5,276,229
Total current liabilities	13,187,396
Noncurrent Liabilities	
Long-term obligations (Note 6)	52,342,471
Net pension liability	66,121,159
Total noncurrent liabilities	118,463,630
Total Liabilities	131,651,026
Deferred Inflows of Resources	
Related to pensions	7,309,721
Net Position	
Net investment in capital assets	(7,302,055)
Restricted for debt retirement	249,136
Restricted for food service	810,666
Unrestricted	(62,435,134)
Total Net Position	$ (68,677,387)

See accompanying notes to financial statements.

Coast-to-Coast Passenger Rail Ridership & Cost Estimate Study

EXECUTIVE SUMMARY

February 2016

STUDY OVERVIEW

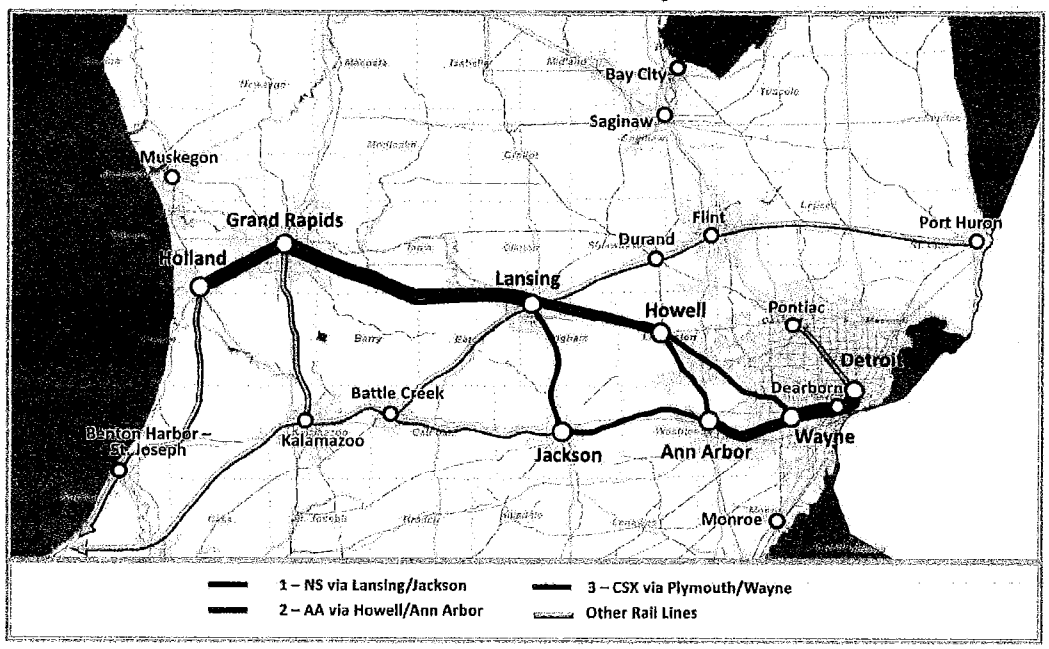
This exploratory study provides a working understanding of the ridership potential and costs associated with operating passenger rail service between three of Michigan's major cities: Detroit, Lansing and Grand Rapids. Key findings:

- The results of the ridership and cost analyses support further study on Route 1 and Route 2 (see map below). Route 1 has the highest ridership, while Route 2 has the greatest return on investment.
- Establishing basic 79-mph service on the 186-mile Route 2 would require an annual subsidy of approximately $3 million and an upfront capital investment of $130.9 million. While 110-mph service would require a greater capital investment, higher ridership would allow the service to recover its operating expenses, and in fact could generate more than $12 million in annual profits on Route 2.
- The next major step will be to complete a full feasibility study, which should include environmental impact analyses, an implementation plan and a review of public-private partnership options.

ROUTE OPTIONS

Early analysis and discussion prompted the study team to determine three routes for consideration:

Coast-to-Coast Route Options



This analysis in no way excludes any other route option from future analyses, nor does it identify a "preferred alternative" route. It does, however, seek to understand the strengths and weaknesses of Routes 1-3 for consideration in potential future studies. *Specific station locations along the routes have not been identified at this level and will need to be determined in a future study.*

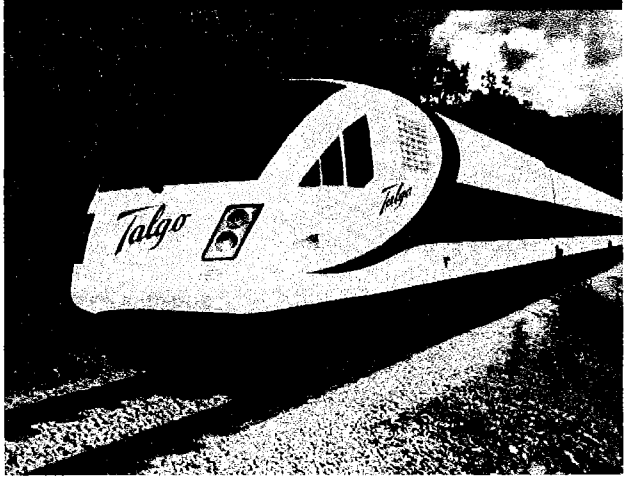
TECHNOLOGY OPTIONS

Equipment options considered for this study include 79-mph conventional trains with one locomotive as are currently operated from Chicago to Grand Rapids; existing conventional trains with two locomotives as are currently operated at speeds of up to 110 mph from Chicago to Pontiac; and proposed 110-mph tilting trains with high-speed diesel engines along with tilting rail cars.

CONVENTIONAL TRAINS WITH ONE (79 MPH) OR TWO LOCOMOTIVES (110 MPH)

Photo by JLK Design

TILTING TRAINS WITH HIGH-SPEED DIESEL ENGINES (110 MPH)



RIDERSHIP DEMAND

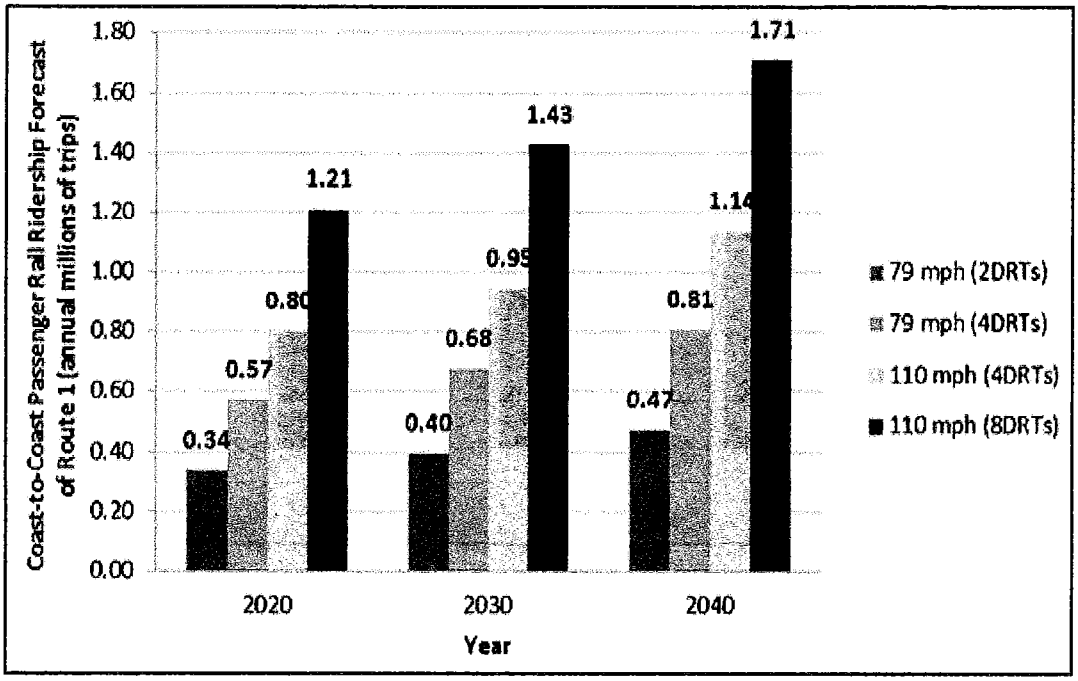
To estimate potential ridership, the following operating scenarios for each route and technology option are used in the report:

Route and Technology	2 DRTs	4 DRTs	8 DRTs
Route 1: 79 MPH Conventional Trains	✓	✓	
Route 1: 110 MPH Diesel Tilt Trains		✓	✓
Route 2: 79 MPH Conventional Trains	✓	✓	
Route 2: 110 MPH Diesel Tilt Trains		✓	✓
Route 3: 79 MPH Conventional Trains	✓	✓	
Route 3: 110 MPH Diesel Tilt Trains		✓	✓

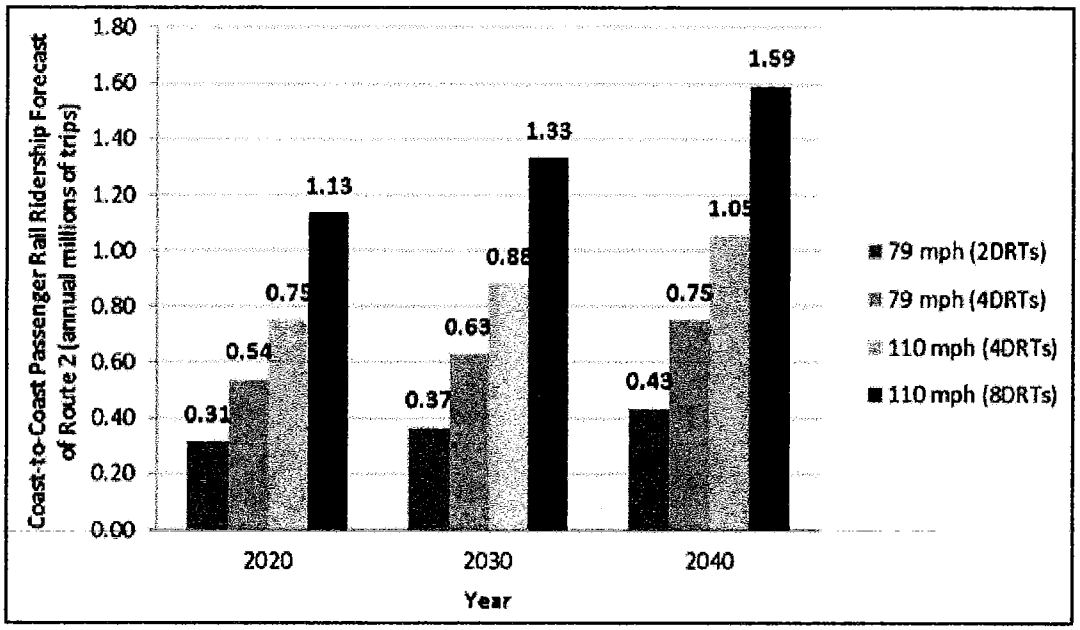
(DRT = Daily Round Trips)

Estimated ridership for each route increases substantially as frequency and speed increases with the potential for up to 1.71 million riders per year by 2040 on Route 1 with 8 daily round trips at 110 mph.

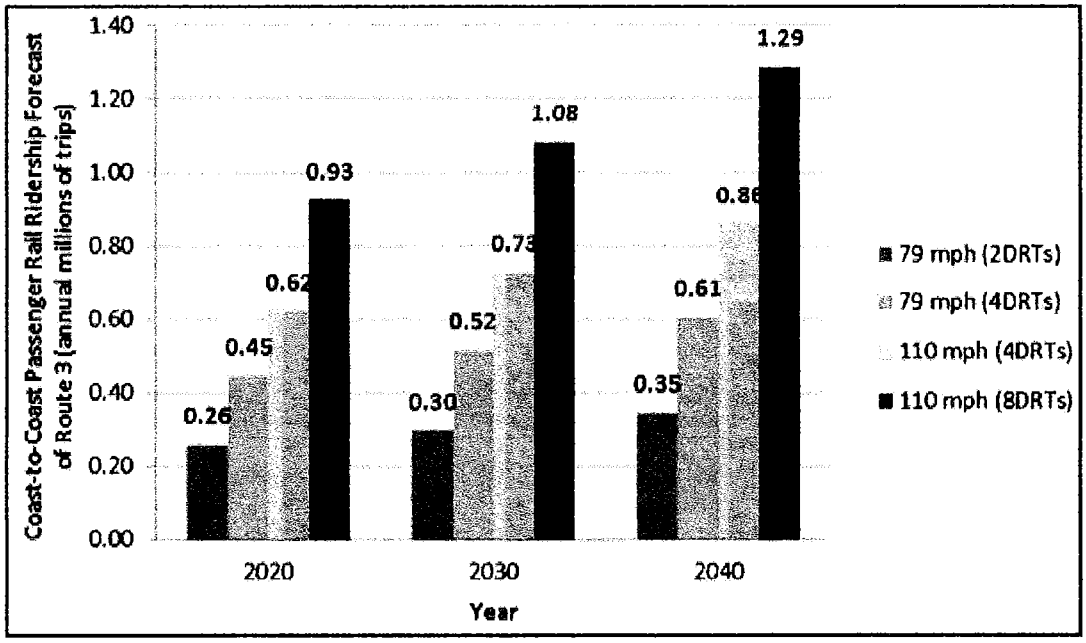
Coast-to-Coast Passenger Rail Ridership Forecast for Route 1 (annual millions of trips)



Coast-to-Coast Passenger Rail Ridership Forecast for Route 2 (annual millions of trips)



Coast-to-Coast Passenger Rail Ridership Forecast for Route 3 (annual millions of trips)



In terms of technology, higher frequency and higher speeds generated the greatest ridership and revenue. At 79 mph, increasing train frequency from 2 to 4 trains per day in each direction almost doubles ridership, while at 110 mph, increasing train frequency from 4 to 8 trains per day in each direction increases demand by 30-40 percent. The impact of higher speed is to double ridership as the train service becomes more and more competitive with the automobile.

Grand Rapids, Lansing and Ann Arbor have the greatest anticipated station volumes of close to 0.5 million (on and offs) passengers per year at 110 mph and 8 trains per day.

Holland Amtrak Station | Photo by JLK Design

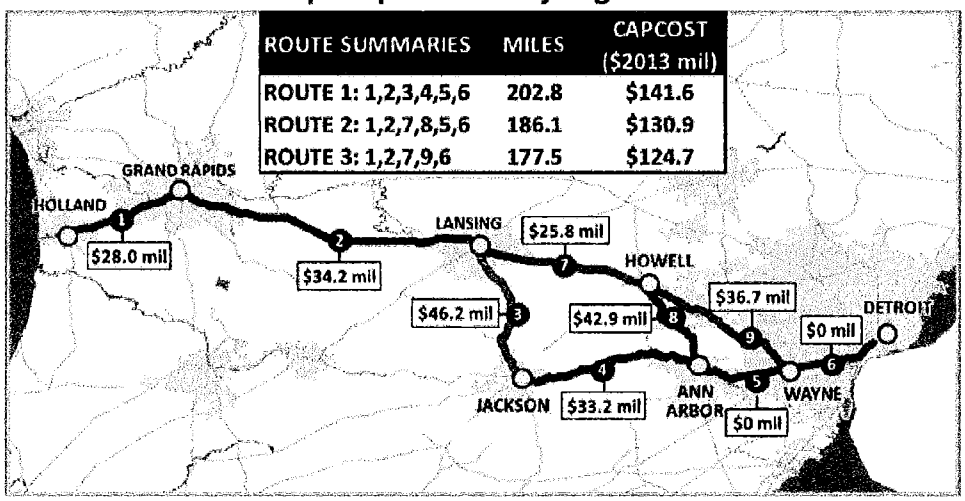
Rail line near Williamston | Photo by JLK Design

COST ESTIMATES

Infrastructure costs were developed for each track segment (at both 79 and 110 mph speed options) that make up the Coast-to-Coast route options. Cost estimates range from $124.7 million for Route 3 at 79 mph to $540.1 million for Route 1 at 110 mph.

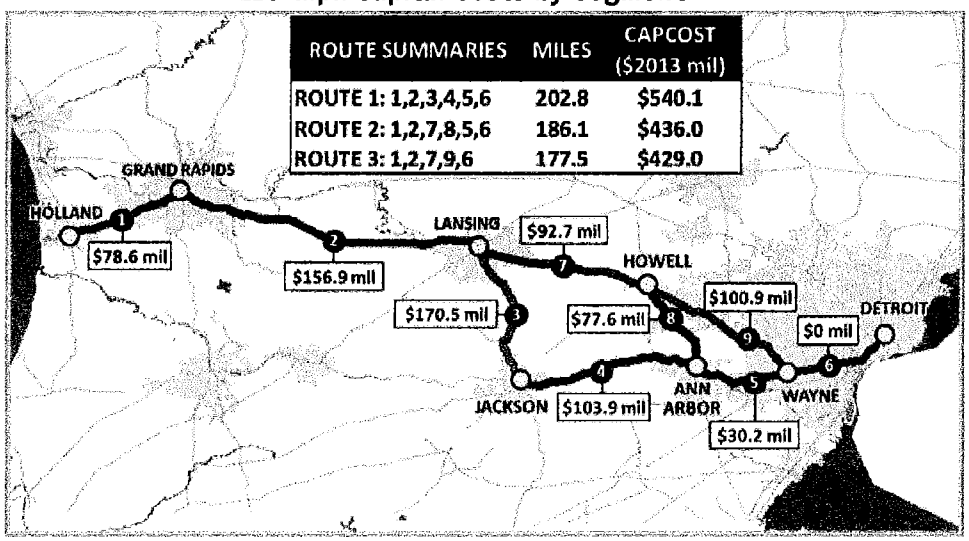
Rail infrastructure already exists throughout the corridor; however, upgrades for safety, speed and comfort are required to equip freight rail for passenger service. These requirements increase for accelerated rail service at 110 mph.

79-mph Capital Costs by Segment



ROUTE SUMMARIES	MILES	CAPCOST ($2013 mil)
ROUTE 1: 1,2,3,4,5,6	202.8	$141.6
ROUTE 2: 1,2,7,8,5,6	186.1	$130.9
ROUTE 3: 1,2,7,9,6	177.5	$124.7

110-mph Capital Costs by Segment



ROUTE SUMMARIES	MILES	CAPCOST ($2013 mil)
ROUTE 1: 1,2,3,4,5,6	202.8	$540.1
ROUTE 2: 1,2,7,8,5,6	186.1	$436.0
ROUTE 3: 1,2,7,9,6	177.5	$429.0

Note: A 30 percent level of accuracy is associated with the evaluation of project feasibility at this level. More details about costs (including detailed capital costs, equipment and operating expense estimates) can be found in Chapter 4 of the report.

FINANCIAL AND ECONOMIC IMPACTS

To better understand the feasibility of a passenger rail service, it is important to look at the system revenues, operating costs and operating surplus. The operating surplus, which is defined as revenues minus operating cost, makes an important contribution to the overall business case for building the system:

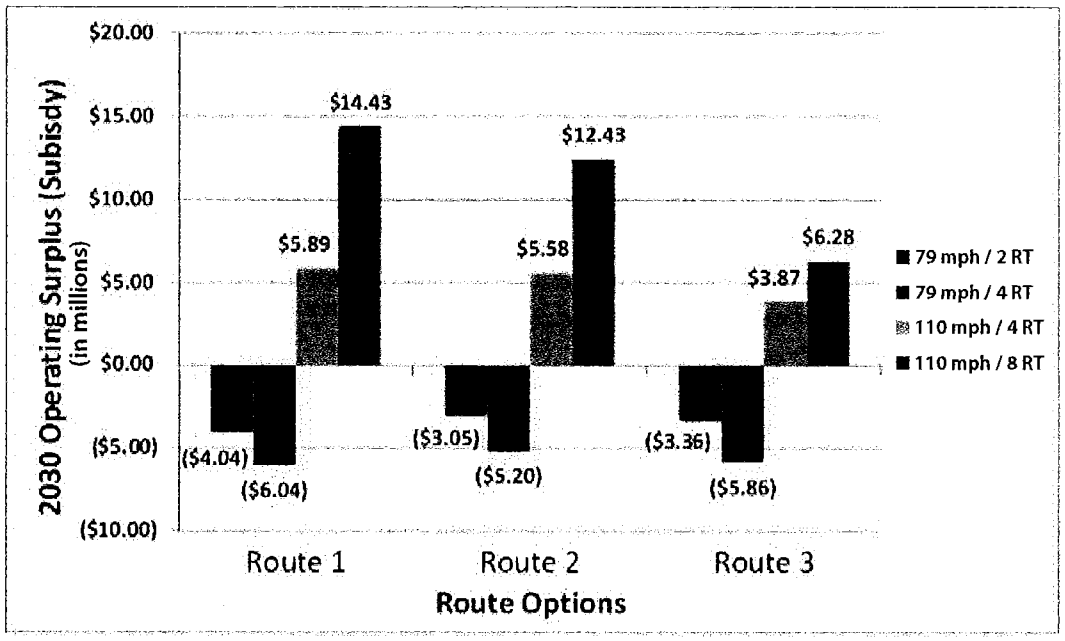
If the operating surplus is positive, the system will not require any operating subsidy, and will even generate a profit to offset capital cost.

If the operating surplus is negative, the system will require a grant of capital to build the system and an ongoing operating subsidy.

As is usually the case with transit and rail projects, the study finds that the higher-frequency, faster-service options provide an operating surplus, while more basic, lower-frequency service would require an operating subsidy.

The graph below represents the operating subsidy or surplus estimated for each route option:

2030 Subsidy / Surplus by Option



PUBLIC ENGAGEMENT

Public engagement was an important element of the Coast-to-Coast Passenger Rail Ridership & Cost Estimate Study. The Michigan By Rail (MBR) team, an informal coalition that works to advance passenger rail in Michigan (led by Michigan Environmental Council and the Michigan Association of Railroad Passengers), managed the public engagement portion of this study.

11 town-hall style meetings

5 campus meetings

1 online engagement platform

feedback collected from

575

Michigan residents

PUBLIC ENGAGEMENT FEEDBACK (sample)

QUESTION: What potential positive and negative impacts do you think the Coast-to-Coast service would have on your community?

SAMPLE ANECDOTAL RESPONSES:

"Safer commute = less stress = healthier people"

"Difficult to travel if not in city center with lack of public transportation options"

"Increased fun and spontaneity! Would be more likely to hop on a train to Detroit for a concert or game if didn't have to deal with parking"

"Trains are safer, quieter, less stressful, and more productive but they do not usually pay for themselves"

Public engagement meeting in Grand Rapids

NEXT STEPS

The report provides the following recommendations for next steps in the development of a Coast-to-Coast passenger rail service:

- Complete a comprehensive environmental study of the corridor. In some areas only a categorical exclusion may be needed rather than a full environmental impact statement, since the work would be accomplished within existing rail rights-of-way.

- Develop a technical assessment of positive train control options for future Michigan passenger rail projects for better compatibility with freight rail systems and reduced cost.

- Consider the potential for a public-private-partnership or franchise in order to attract private capital to the project.

- Develop a detailed implementation plan, outlining the short- and long-term actions that might be taken to initiate service at 79 mph and, over time, upgrade that service to the level proposed at 110 mph.

- Work closely with the Chicago-Detroit/Pontiac corridor and North-South Commuter Rail teams to identify the additional infrastructure and facilities they might need or could be mutually beneficial if the Coast-to-Coast project moves forward. For example, one question to consider may be whether Coast-to-Coast trains ought to terminate in downtown Detroit, or if some of them should be extended through to Pontiac or even points north, such as Flint or Saginaw.

- Complete a statewide study to assess the future development options for passenger rail services for connecting Lansing, Saginaw, Flint, Port Huron, Cadillac, Muskegon and Grand Rapids to both Chicago and Detroit. As part of this study, also assess potential synergies between intercity and commuter rail corridor development needs.

Photo by JLK Design

This study was prepared by Transportation Economics & Management Systems, Inc. (TEMS) and managed by the Michigan Environmental Council. The Ann Arbor Area Transportation Authority served as the grant fiduciary for the study.

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- Ann Arbor DDA
- Cascade Charter Township
- City of Plymouth
- Experience Grand Rapids
- Greater Lansing Convention & Visitors Bureau
- Holland Convention & Visitors Bureau
- Ingham County Economic Development Corporation
- Livonia Chamber of Commerce
- Macatawa Area Coordinating Council
- Michigan West Coast Chamber of Commerce
- Plymouth Area Chamber of Commerce

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