City of South Haven

City Hall • 539 Phoenix Street • South Haven, Michigan 49090-1499
Telephone (269) 637-0700 • FAX (269) 637-5319

May 3, 2010

The Honorable Tonya Schuitmaker
N-1099 House Office Building
P.O. Box 30014
Lansing, MI 48909

Representative Schuitmaker:

I am writing you to endorse the proposed House Bills 5799, 5800 and 5802 to reduce unfunded mandates imposed on local units of government by the State of Michigan. In the last year, in a period of declining revenues the City of South Haven has been forced to devote both dollars and staff time to meet several new requirements imposed by the State of Michigan through the legislative process. Among the unfunded mandates the City of South Haven has seen recently are the following.

1. When passing the fiscal year 2010 budget two new reporting requirements were added to the requirements for receiving liquor law enforcement grants. Local units were required to submit a report to the Liquor Control Commission detailing the expenditures made by the local unit in enforcing the Michigan Liquor Control Code and a report to the Liquor Control Commission listing each liquor related fee and the revenue generated by the fee. No guidance was given on the report format and the reporting requirement was imposed several months after the close of the City's fiscal year. Approximately $750 in staff time was devoted to researching the reporting requirements and compiling the information for the report.

2. In 2009 a number of laws were passed by the State of Michigan imposing new restrictions and/or service requirements for utility shut offs by municipal electric utilities. The City of South Haven has spent over $2,000 in legal fees to research the law and amend the City's Utility Policy. Approximately $3,000 in staff time has been devoted to revising electric shut-off practices. In addition, the City of South Haven will be forced to add one Full Time Equivalent employee to comply with the new State mandated restrictions on electric shut offs by municipal utilities. This will result in an additional annual cost of compliance of approximately $40,000 per year.

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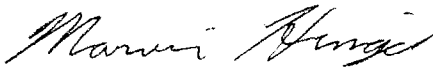
3. Public Act 295 of 2008 imposed a number of requirements on municipal electric utilities for energy optimization, renewable energy and net metering. The City of South Haven has incurred $4,000 in legal/consulting fees for drafting policies and filing with the Michigan Public Service Commission. Over $1,200 was spent to update billing software. The cost of staff time devoted to complying with the law currently exceeds $10,000. Over the life of the law the City of South Haven Electric Utility will spend over $1,200,000 to comply with the law.

I urge the legislature to pass the proposed legislation on unfunded mandates and then devote itself to securing $84,000,000 in additional highway construction funding so the Michigan Department of Transportation can secure over $500,000,000 in federal funding for paving in Fiscal Year 2011.

Thank you for your time and consideration.



Marvin Hinga
Finance Director
City of South Haven

Cc: House Judiciary Committee
Michigan Government Finance Officers Association