



City Proposal 1 – on November 4, 2014, Election Ballot
Questions and Answers
Brown Bridge Trust Fund Ballot Proposal

Q: What is the wording that will appear on the November 4, 2014 ballot?

A: Shall the Charter of the City of Traverse City, Section 129, which currently provides that the principal of the Brown Bridge Trust Fund may only be used upon approval of the voters, be amended to allow the City Commission for a period of five years to place that part of the Brown Bridge Trust Fund principal that exceeds a minimum principal amount of twelve million dollars (\$12,000,000) in a separate trust fund to be used for City park capital improvements when matching funds can be secured from outside sources?

Q: What is the Brown Bridge Trust Fund?

A: The City's Brown Bridge Trust is funded by revenue from oil and gas exploration rights and royalties located on the 1,300-acre Brown Bridge Quiet Area property 11 miles south of Traverse City. The fund was created by charter in 1978 and the principal balance has been used only twice for specific projects: a property purchase on West Bay in 1987 and to acquire additional property adjacent to the Brown Bridge Quiet Area in 1994. In 2007, a proposal to amend the Charter to use Trust Fund principal in excess of \$9 million to improve road infrastructure was rejected by the voters 45% in favor to 55% opposed.

The Brown Bridge Quiet Area is managed by the City via a contract with the Grand Traverse Conservation District. The Brown Bridge Advisory Committee was established by the City Commission on October 4th, 1993 and serves under the direction of the City Manager. You can learn more about the property at www.traverscitymi.gov/brownbridge.asp.

Q: If approved, what will the money be spent on and who will decide what projects are funded?

A: The proposal requires matching funds to be received as a condition of spending the funds. The City identifies park capital improvement projects utilizing existing, approved plans such as the Five-Year Parks and Recreation Plan, the Master Plan, and others such as the Bayfront Plan 2010, typically through the Six-Year Capital Improvement Plan process. The ballot language does not address any specific park or project. Available funds would be limited to "park capital improvements." The City Commission has final spending authority for expenditures related to capital projects.

Q: What happens to the money after the five-year period if it hasn't been spent?

A: The ballot language, if approved, would *allow the City Commission for a period of five years to place that part of the Brown Bridge Trust Fund principal that exceeds a minimum principal amount of twelve million dollars (\$12,000,000) in a separate trust fund.* The ballot language does not create a deadline to expend that part of the principal prior to the end of the five-year period.

Q: Why is there a matching funds requirement?

The matching funds requirement is intended to leverage the Brown Bridge Trust Fund money for greater impact. The intent expressed during City Commission discussions was that the estimated three million dollars to be made available would in effect provide up to six million dollars for park improvements over the five-year period.

Q: Where will matching funds come from?

A: The ballot proposal requires that the funds made available from the Brown Bridge Trust Fund principal may only be spent if matching funds are secured. Those funds could come from any “matching” source such as neighborhood groups, sponsorships, grants, or other means as long as they are not City funds and comply with applicable laws. The City would work with interested partners to find matching funds for specific projects as those opportunities present.

Q: What is the current value of the Brown Bridge Trust Fund?

A: As of the end of fiscal year 2013-14, the Brown Bridge Trust Fund principal balance was over \$13.2 million. The fund has averaged approximately \$380,000 annually in revenue from the oil & gas royalties since the year 2000. That revenue is added to the principal amount in the Brown Bridge Trust Fund.

Q: Does the City collect any interest from the Brown Bridge Trust Fund?

A: Yes. The fund has averaged approximately \$345,000 per year in interest revenue since the year 2000. That interest revenue is deposited into the City’s General Fund on an annual basis.

Q: Does the Charter amendment require a three-fifths ($\frac{3}{5}$) majority vote to go into effect?

A: No. The request is to amend the Charter to allow any amount above \$12,000,000 for a period of five years to be placed in an independent fund for “park capital improvements.” Based on past revenue in the Brown Bridge Trust Fund, it is expected that after a five-year period around \$3,000,000 would become available in a separate fund to be used pursuant to the Charter amendment. A Charter amendment requires a simple majority to pass.