

To: Honorable Mayor and City Council
From: Melissa R. Marsh, City Manager
Date: March 14, 2026
Re: Resolution to Place Proposal R (R-4 Road Millage) on the August 4, 2026, Ballot

The purpose of this memorandum is to request City Council approval of a resolution to place the Neighborhood Road Millage on the August 4, 2026, ballot. This proposal will be referred to publicly as Proposal R-4 and represents the fourth voter consideration of the City's dedicated residential road millage.

History

Madison Heights voters first approved a dedicated residential road millage in 1996 (Proposal R), followed by approvals in 2006 (Proposal R-2) and 2016 (Proposal R-3). These proposals authorized a two (2.00) mill levy for the purpose of residential street right-of-way repair and reconstruction and related sewer improvements. Over the past 30 years, this dedicated millage has funded the repair and reconstruction of nearly 35 miles of residential neighborhood streets. The City has used a pay-as-you-go approach, avoiding long-term debt and ensuring that millage revenues are invested directly into infrastructure. The current authorization expires after the 2026 levy.

Proposal R (R-4) Overview

Proposal R-4 would authorize the levy and collection of two (2.00) mills per year for ten (10) years, beginning in 2027, for residential street right-of-way repair and reconstruction, including related sewer repairs and reconstruction.

Although this proposal continues the same purpose and millage rate previously approved by voters, it cannot be characterized strictly as a "renewal" because it restores the levy to the full 2.00 mills rather than continuing at a rolled-back rate under the Headlee Amendment. Voter approval is required to reauthorize the full 2.00-mill levy.

If approved, it is estimated that the 2.00-mill levy would raise approximately \$2,416,754 in 2027, the first year of collection.

Financial Impact

For the average Madison Heights home (taxable value approximately \$63,156), the estimated cost of a 2.00-mill levy is:

- Approximately \$126.31 per year
- Approximately \$10.53 per month

Actual costs vary based on taxable value. Taxable value is capped under state law until transfer of ownership.

Commercial and industrial properties also contribute to this levy and represent a significant portion of total millage revenue.

Use of Funds and Accountability

Funds generated under Proposal R-4 are restricted by Charter language and may only be used for:

- Residential neighborhood street repair and reconstruction
- Related sewer repairs within the street right-of-way

These funds cannot be used for general operations. Expenditures are subject to annual independent audit.

The City completed a comprehensive residential street condition review in Fall 2024 and developed a prioritized list of streets for the proposed ten-year program, should voters approve the millage. This map with proposed projects is attached. In addition, the city will supplement these projects with additional funding from the State increasing the impact seen by our residents.

Recommendation

Legal counsel has developed the attached resolution, reviewed our ballot language (see attached) and forwarded the language to the Attorney General for review and approval. Further, staff have started working on information materials and have already scheduled 6 public events to answer residents' questions.

Therefore, it is recommended that City Council adopt the attached resolution placing Proposal R on the August 4, 2026, ballot.