



From: **Joe Snyder, Chief Financial Officer**

To: LDFA Board

Date: April 12, 2018

Re: Hamlin Road [City Limits – Adams] Funding

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At the April 13, 2017 LDFA Board meeting, funding options were discussed for what was estimated as a \$5.4 million Hamlin Road [City Limits – Adams] project planned for FY 2018. At that time, the City was awaiting a response on a \$1.2 million Category A grant submitted through the Michigan Economic Development Committee (MEDC). The City also had an agreement in place with the Oakland County Road Commission (RCOC) to share in the remaining balance of the project 50/50, which would have resulted in \$2.1 million from RCOC and the remaining \$2.1 million from the City of Rochester Hills.

Hamlin Road Initial Proposal (millions): April 13, 2017

MEDC Grant	\$ 1.20	
RCOC	\$ 2.10	
RH - Major Road Fund	\$ 1.10	
<u>RH - LDFA</u>	<u>\$ 1.00</u>	Maximum (or 50% of City Share if less)
<b>Total Estimate</b>	<b>\$ 5.40</b>	

At the April 13, 2017 meeting, the LDFA board agreed to contribute 50% of the total anticipated City share up to \$1.0 million for the project as this portion of Hamlin Road is along the LDFA district's northern boundary and is an eligible expenditure of LDFA funds within the district. It was noted by City staff that this contribution would greatly assist the City's Major Road Fund to have the ability to pursue other significant projects throughout the City, as this is the only major road project planned in the near future which LDFA funds can assist.

Over the past several years, the City has been very active investing and improving its major road infrastructure throughout the entire City, with a few sections left that still need attention. Besides Hamlin Road, two other significant projects were mentioned (a) Auburn Road Corridor anticipated for 2019 and (b) Livernois Road [Avon – North of Walton], which at the time had no set timeline.

The Auburn Road Corridor [Culbertson – Dequindre] project is still planned for 2019 with an anticipated cost of \$7.0 million. The project is currently in the preliminary engineering phase and is anticipated for Spring 2019 construction. Auburn Road is currently under the jurisdiction of the Michigan Department of Transportation (MDOT). As part of the Auburn Corridor project, the City will be taking over jurisdiction from MDOT of Auburn Road between Rochester Road – Dequindre to maintain continuity for the entire 2-mile stretch. Anticipated to coordinate with the Auburn Corridor [Culbertson – Dequindre] project in FY 2019 is the rehabilitation of Auburn Road [Rochester Road – Culbertson], which is in need of timely rehabilitation before more expensive full reconstruction is required. The Auburn Road [Rochester Road – Culbertson] rehabilitation project is estimated at \$1.1 million. The entire 2-mile improvement along Auburn Road for both projects is anticipated to cost \$8.1 million.

The other project mentioned, Livernois [Avon – North of Walton], has recently been awarded \$3.6 million in Federal Aid assistance through the RCOC, with the Federal funding approved for 2021. The Livernois project is anticipated at \$4.5 million. The Federal Aid program is an 80/10/10 split where the Federal Aid constitutes 80% (or \$3.6 million), with RCOC and the City responsible for a 10% (or \$450k) share each.

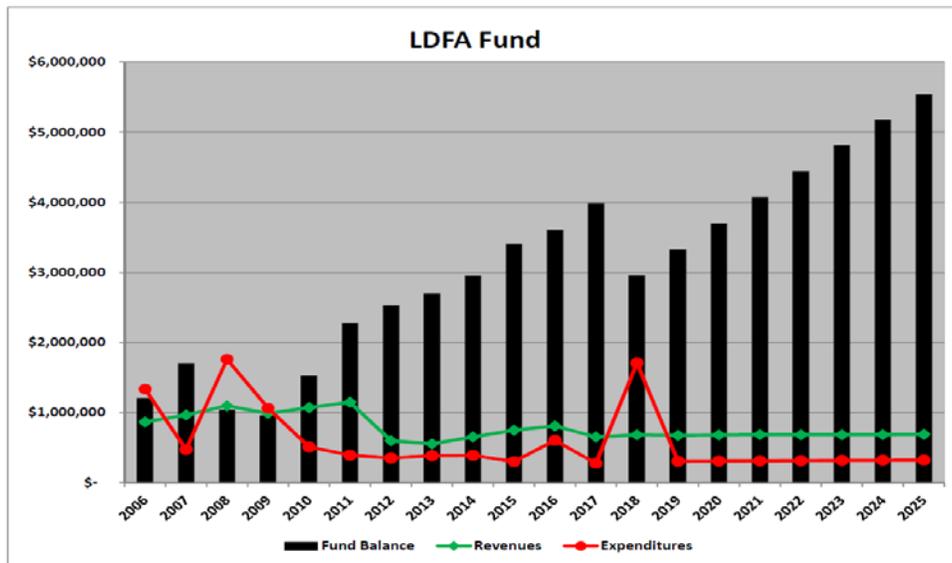
Due to the current condition of this segment of Livernois (which is under the jurisdiction of RCOC), the City approached RCOC to explore the potential for the timeline of this project being moved up. The earliest the RCOC could perform the reconstruction is FY 2019, pending preliminary engineering work is performed in FY 2018. RCOC stated they can offer their 10% share for the project earlier than 2021, but that they do not have the available funding to provide for the \$3.6 million Federal Aid early. If the City wishes to pursue the reconstruction of Livernois prior to 2021, the City would be responsible for its 10% (or \$450k) share as well as the Federal Aid 80% portion (or \$3.6 million) up front. As soon as the federal aid monies are made available in the State of Michigan's 2021 Budget (beginning October 2020), the City will be first in line to receive reimbursement as pre-funded construction programs receive funding priority when the Federal monies are available.

Due to the opportunities available for the City to move up the reconstruction timeline of Livernois Road as well as rehabilitate and improve 2-miles of Auburn Road in FY 2019, the LDFA Board is requested to consider the potential of a larger financial share of the Hamlin Road project.

As previously mentioned, the City applied for a MEDC grant in the amount of \$1.2 million to help in the project funding. Unfortunately this project was not selected as other road projects in the region that were in worse shape were awarded the funding. The current project cost has also increased slightly to \$5.6 million from the initial estimate last year of \$5.4 million.

<u>Hamlin Road / Current Funding (millions):</u>	
MEDC Grant	\$ -
RCOC	\$ 2.80
RH - Major Road Fund	\$ 1.80
<u>RH - LDFA</u>	<u>\$ 1.00</u> Maximum (or 50% of City Share if less)
<b>Total Estimate</b>	<b>\$ 5.60</b>

Below is a historical and projected chart of LDFA Revenues, Expenditures, and Fund Balance. As of 12/31/2017, the LDFA Fund had an ending fund balance of \$4.0 million, an increase of \$400k from 12/31/2016. LDFA Fund balance is anticipated to decrease to \$3.0 million in FY 2018 largely due to the \$1.0 million current contribution for Hamlin Road. The 2019 and beyond expenditure projections include a \$200k annual contribution to the Major Road Fund to reinstate the LDFA Road Rehabilitation program as the annual funding amount was redirected in FY 2017 & 2018 to the Pathway Construction Fund for the Technology Drive Pathway project.

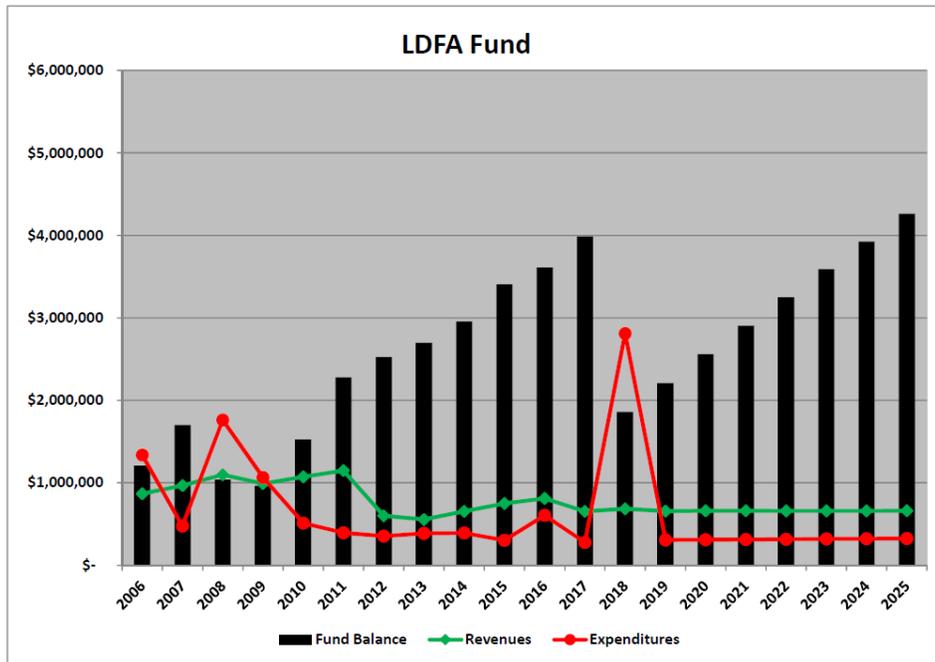


The LDFA Board is to requested to consider funding the Hamlin Road project from a 50% City Share up to \$1.0 million, to a proposed 75% City Share up to \$2.0 million.

Hamlin Road / Proposed Funding (millions):

RCOC	\$ 2.80	
RH - Major Road Fund	\$ 0.80	
RH - LDFA	\$ 2.00	Maximum (or 75% of City Share if less)
<b>Total Estimate</b>	<b>\$ 5.60</b>	

Included in the chart below is the financial impact of the proposal to increase the LDFA contribution for Hamlin Road from \$1.0 million to \$2.0 million in 2018. Also included is the proposal to increase the LDFA contribution for the Technology Drive Pathway in 2018 from \$200k to \$300k. All the same assumptions for 2019 and beyond are consistent with the prior chart. As proposed, LDFA fund balance would decrease to approximately \$1.9 million in 2018 (due to the additional \$1.0 million for Hamlin and \$100k for Technology Pathway). Moving forward for 2019 and beyond, LDFA fund balance is anticipated to increase by approximately \$350k each year.



In conclusion, the LDFA Board is requested to consider the potential of a larger financial share of the Hamlin Road project from 50% up to a maximum of \$1.0 million to 75% up to a maximum of \$2.0 million. This request from the City stems from the opportunities available to move up the reconstruction timeline of Livernois Road as well as rehabilitate and improve 2-miles of Auburn Road both in FY 2019. A larger LDFA share of the Hamlin Road project, of which LDFA funds are an eligible option, will enable the City's Major Road Fund to redirect funding currently budgeted for Hamlin Road in 2018 to the Livernois and Auburn Road projects in 2019.