



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
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Legislative File No: 2005 - 0176

TO: Mayor and City Council Members
FROM: Roger H. Rousse, Department of Public Services; 248.841.2497
DATE: March 16, 2005
SUBJECT: Hamlin Road - Crooks to Livernois (City File No. E92-023)

REQUEST:

City Council is asked to approve a motion of support to advance funds for the Hamlin Road reconstruction project between Crooks and Livernois for the difference in cost between the actual construction costs (minus the City's share) and the available federal grant monies in the year 2008.

REASON FOR PURCHASE:

Rochester Hills hosted the Oakland County Federal Aid Task Force Committee (OCFATF) meeting on February 2, 2005. One purpose of the OCFATF meeting was to determine which projects would receive the 2008 federal monies available to Oakland County under the Surface Transportation Program Urban Category Funds. It is estimated that fiscal year 2008 will have \$14,000,000.00 available to the County for road projects. Past allocation practices already committed \$5,600,000.00 to other types of road projects as follows:

\$4,000,000.00 to 3R/4R projects throughout the County
\$1,000,000.00 to paving gravel road projects throughout the County
\$500,000.00 transfer for rural road improvements throughout the County
\$100,000.00 for conducting a pavement management rating on roads throughout the County

Thus, \$8,400,000.00 remains for communities to receive for reconstruction projects.

The Hamlin Road reconstruction project from Crooks to Livernois was submitted to request funding for the construction phase of the project. The total estimated projects costs are as follows:

• Design	\$ 770,000.00
• Right-Of-Way	\$ 3,680,000.00
• Construction	<u>\$12,500,000.00</u>
	\$16,950,000.00

The current estimate of the construction costs of this project is approximately \$12,500,000.00. Federal funding will cover 80% of the total construction cost so the City's request for funding was \$10,000,000.00. Although only \$8,400,000.00 is available for projects considered in this funding category, the full amount was approved for the Hamlin Road project. In order to accept this award on behalf of the City, City Council approval to advance the additional \$1,600,000.00 construction cost payment is necessary.

A project where a community covers the costs on an eligible project prior to federal funding being made available is termed a conversion project. The Hamlin Road project is now proposed to be a partial conversion for the estimated amount of \$1,600,000.00 needed to complete the construction phase. Communities that have completed roadway conversion projects are paid back with future federal funds. There is no guaranteed date when the reimbursement will be made to a community. However, sometimes monies are available because other previously approved road projects experience delays or the Task Force Committee deems it appropriate to pay back a project. Conversion projects are useful options to the County to ensure full obligation of federal funds made available to Oakland County.

PROCESS:

Vendor Name and Address:

n/a

Reason for Selection:

n/a

Method of Purchase:

n/a

BUDGET:

The construction portion of the project is estimated at \$12,500,000; \$8,400,000 will be financed with 2008 grant monies; \$2,500,000 is the City’s share; and approximately \$1,600,000 is proposed to be advanced in 2008 and reimbursed by grant monies at a later date. The applicable year’s budget will propose the estimated advance of \$1,600,000 and the City’s share of \$2,500,000 for the construction portion of the Hamlin Road project in the Major Road Fund from fund balance. Although the \$1,600,000 will be reimbursed, it is requested that the monies are immediately reserved in fund balance to assure the monies will be available to advance in 2008.

Fund Name	Department Account No	Account No. Description	Budget Amount – Proposed 2008	Cost	Remaining Budget
Major Roads	452.970000	Construction	\$12,500,000	\$12,500,000	\$0
Major Roads	452.547002	Revenue Grants-Hamlin (Crooks to Livernois)	\$8,400,000	\$8,400,000	\$0

RECOMMENDATION:

It is recommended that City Council pass a resolution of support to advance funds in fiscal year 2008 for the additional estimated amount of \$1,600,000.00 for the construction phase expense beyond the \$8,400,000.00 available federal funds for the Hamlin Road reconstruction project between Crooks and Livernois.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		

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