

2006-0346

CITY OF ROCHESTER HILLS

Fiscal

DATE: May 16, 2006

TO: City Council Members

RE: Budget Amendment Inquiries

Julie Jenuwine, ext 2535

This memo is in response to Councilmember Hooper's questions regarding the 2nd Quarter Budget Amendments before City Council on Wednesday May 17, 2006.

Q. Why are we moving \$ from CIF to Local Roads?

A. At the last City Council Goals & Objectives workshop, it was the consensus of City Council to have the monies move from the CIF to Local Roads fund in order to do maintenance work in 2006.

Q. Why are we adding \$600K in concrete road repairs, \$200k in gravel road overlays, \$200k in drainage remediation and \$200k in asphalt overlay in the 2nd quarter?

A. The original amendment was changed last week to remove the "gravel road overlays", "drainage remediation" and "asphalt overlay" items. The modified/new request includes a total combined amount of \$1,200,000 for concrete construction and asphalt overlays.

Q. What projects are these items for?

A. DPS will respond to this question Wednesday at the City Council meeting.

Q. Why added now versus 1st quarter or during initial budget?

A. The 2007 budget (prepared in Summer 2006) assumed the Local Street millage proposal would not pass in November 2006, therefore monies were budgeted in the Capital Improvement Fund (for capital projects). At the time of the 1st quarter budget amendment, it was not determined how specifically the money would be used.

Q. What is \$42k for closing solid waste fund for, spent on what?

A. The \$42,000 in the Solid Waste Fund is being transferred back to the General Fund's fund balance.

Q. I need some more history on DPS facility funding, when was it first in CIP?

A. It appears first in the 2001 CIP. It was originally planned to be financed with bonds (with some offsetting rental revenue), but as of lately there has been discussion on using cash.

Q. I do not see funding for city share of M-59 widening? I believe this was recently added by Gov Granholm for 2006 construction

A. Mark Sweeney, the project engineer, indicated to DPS that the Governor's office has only removed the *design* portion of this project off the deferred project list. The *construction* portion of this project still remains on the deferred project list and there is not a defined timeline when it will be reinstated at this point. Project Engineer stated the project will take at least 2 years to design and that they are in the very early stages. The earliest construction would begin is in 2008 (assuming project is removed from deferred list). As far as budgeting purposes, Mr Sweeney stated that the City will not receive any bills in 2006 or 2007. Our share of the design portion of the costs will be billed once construction begins. The city will then receive monthly/quarterly bills for contractor payments and any previous costs incurred for EPE, design, etc. FY2008 is the earliest we would begin receiving bills should construction begin in 2008.

I hope that this memo satisfies your inquiries. I appreciate the opportunity to respond to questions prior to the public hearing. Should you have any other questions, please do not hesitate to contact me.