



CITY COUNCIL ACTION REPORT

Date: March 5, 2015

To: Brian Kischnick, City Manager

From: Tom Darling, Director of Financial Services
Mark Miller, Director of Economic and Community Development
Tim Richnak, Public Works Director
Steven J. Vandette, City Engineer

Subject: 2015 Troy Concrete Pavement Replacement Program
and Budget Amendment

Background:

A \$2,000,000 plan for comprehensive concrete pavement replacement on Big Beaver, John R and Dequindre roads was presented at tonight's meeting. In order to move forward with these improvements, a transfer of \$2,000,000 from the City's General Fund Fund Balance to the Capital Fund is required.

Financial:

The City's General Fund unassigned fund balance policy suggests a desired level between 20% and 30% of annual General Fund operating expenditures.

If unassigned fund balance falls below or grows above the established policy range, the City Manager is required to present a financial plan to address the deficiency or surplus. The use of fund balance is appropriate as part of a financial plan and one-time expenditures.

During this evening's Council meeting, it was noted that current estimates indicate that General Fund unassigned fund balance will likely exceed the 30% ceiling for the year ending June 30, 2015. This is in part from favorable results from both the 2014 fiscal year and as indicated current fiscal 2015 operations.

The City prepares and adopts a three year budget. The suggested recommendation not only addresses the level of unassigned fund balance at the end of fiscal 2015 but also facilitates in reaching the level of unassigned fund balance as planned in the 2015 three year budget.

Funding for the recommended road work is proposed through a transfer from the General Fund fund balance to the 2014-15 and 2015-16 Capital Projects fund for Major Roads. It is anticipated that approximately \$1,000,000 will be expended in the 2014-15 budget year with the remaining \$1,000,000 in the proposed 2015-16 budget year.

Recommendation:

It is recommended that City Council approve the \$2,000,000 transfer from the General Fund fund balance to the Capital Project fund for Major Roads for concrete pavement replacement on Big Beaver, John R and Dequindre Roads in FY 2014-15 and FY 2015-16.

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Roads 2015 | Major Roads

