

SHELBY TOWNSHIP PRESS RELEASE

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July 23, 2015

Shelby Township adopts 2015 Capital Improvement Plan, stabilizes funding

As the Shelby Township Board of Trustees adopted the community's third installment of the Capital Improvement Plan (CIP) July 21, the Board adopted new terms that will stabilize funding for future large expenditures needed for township infrastructure.

This year's plan adopted new practices to make transfers into the CIP from other township funds such as the General Fund more fluid to smooth future transfers and create a more predictable budgeting process.

"We are now looking at what is needed on the five-year plan that comes with each CIP, and budgeting transfers accordingly," Township Supervisor Rick Stathakis said. "If we have the need for a new parking lot at Township Hall in 2018, and we know it will cost us \$144,400, we are going to set aside \$36,100 each year and then we will have enough saved for that parking lot."

As a whole, the CIP acts as a planning tool to guide Shelby Township on multi-year planning and management of its capital assets. The CIP promotes coordination between the township's capital and annual operating budgets, resulting in a greater capacity for sound budgetary practices and a focus on long-term sustainability.

"What we've done here, for the third consecutive year, is to separate the operating budget from the capital expenditure budget, and part of that reason is to stabilize the budgeting process to avoid or minimize significant budget fluctuations due to the purchases of equipment or land or similar activities and help coordinate projects from one department to another," said Planning and Zoning Director Glen Wynn.

The process begins each year in January when the township department heads brainstorm on projects. A committee consisting of Wynn, Finance Director Allan McDonald and Township Assessor Matt Schmidt evaluates the projects after they have been requested. Once evaluated, projects are then submitted to the Board.

In order for an expenditure to qualify for the CIP it has to have an expected useful life of at least five years and cost \$10,000 or more. Examples include buildings, land purchases, sewer and water infrastructure improvements, park land and equipment, and streets, roads, sidewalks, and bridges.

"As part of the CIP, after everything was assimilated and put into the report, there was a total of 80 projects that were inputted for consideration with a grand total cost of \$35.5 million, \$2.1 million of which has already been put aside or spent in the years prior to 2015," said McDonald of the current CIP report. "For the 2015 budget, we're looking at approximately \$4.1 million."

The adoption of the CIP reflects the township's continued dedication to financial management and fiscal responsibility. Capital improvement planning is a practice highly recommended by the Government Finance Officers Association, the Michigan Townships Association, the Michigan Municipal League and a number of best practice guides for local governments.

"Along with our five-year budget forecasting, the CIP gives our community an advantage to make sure we are not living beyond our means, and we are still able to provide quality services and infrastructure for our residents," Stathakis said. "I'm very proud of the Board and the employees that worked together to make this practice a reality."

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