

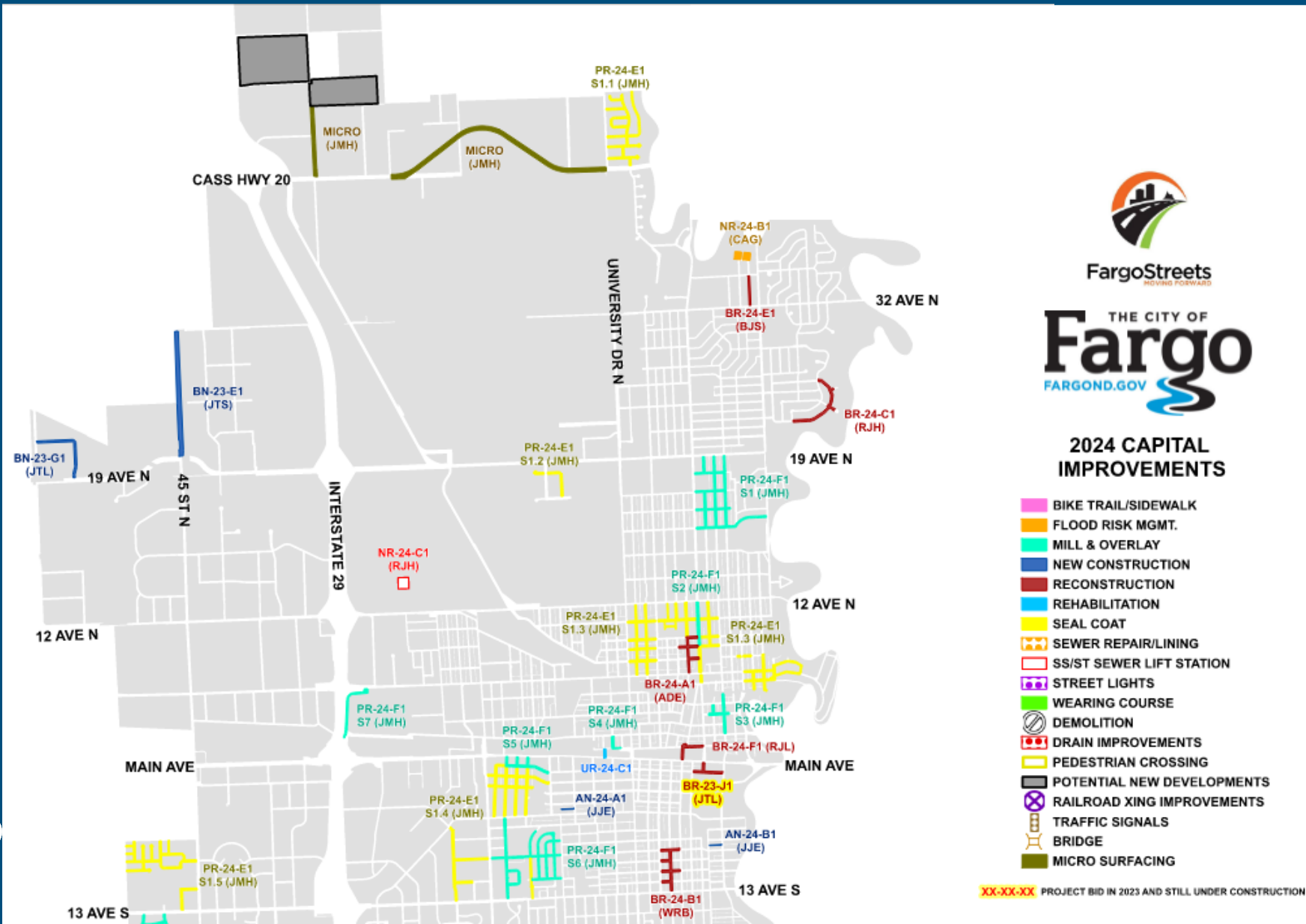


2024 CAPITAL IMPROVEMENT PLAN (CIP) JANUARY 8, 2024

TIMELINE



2024 CIP – NORTH OF 13TH AVE S



2024 CIP – SOUTH OF 13TH AVE S



PROPOSED INCREASE TO CAPS



Why an increase?

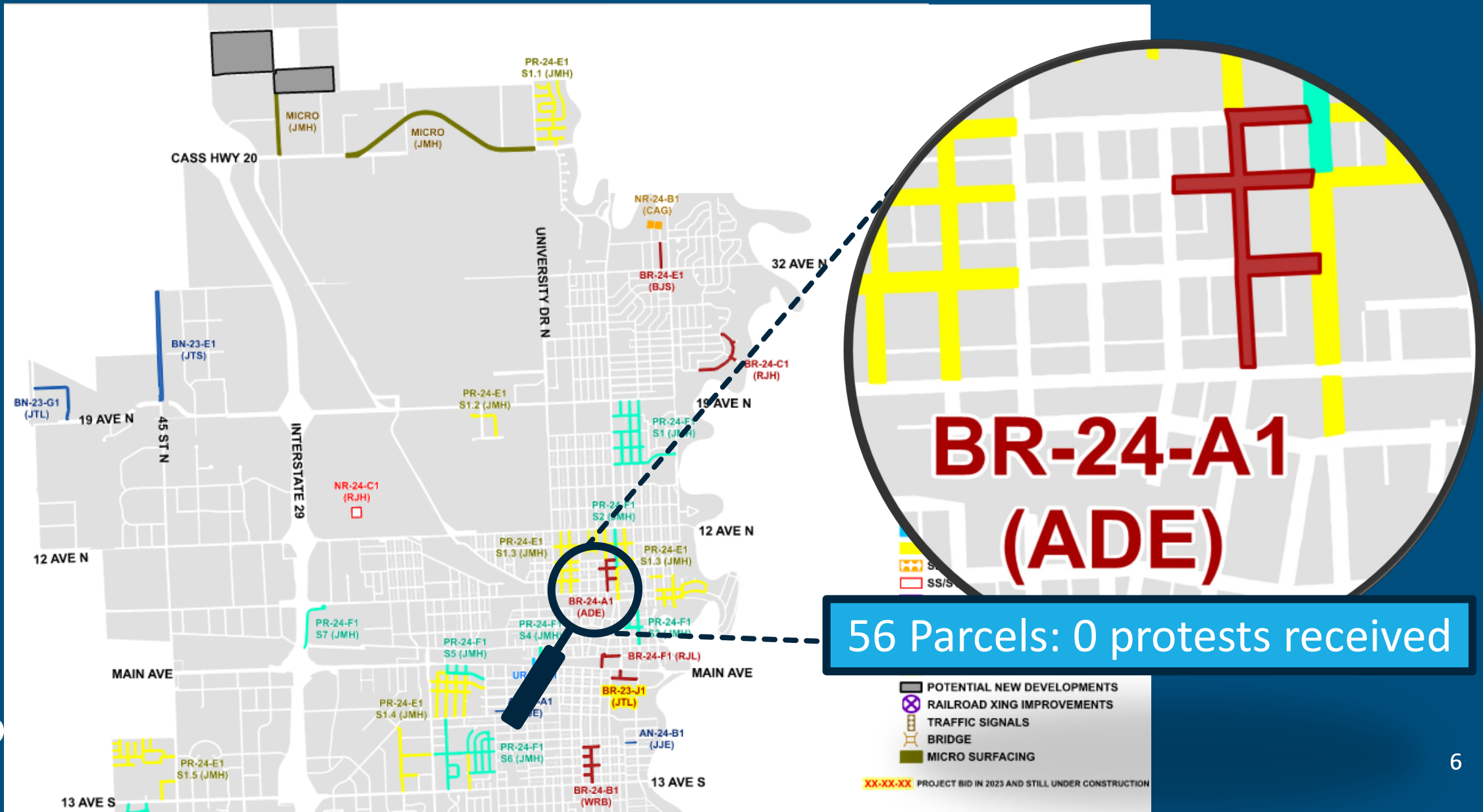
- Revision aims to offset a portion of the revenue shortfall we currently face
- Would result in approximately 20% of local reconstruction projects being special assessed and the remaining 80% covered by city funds



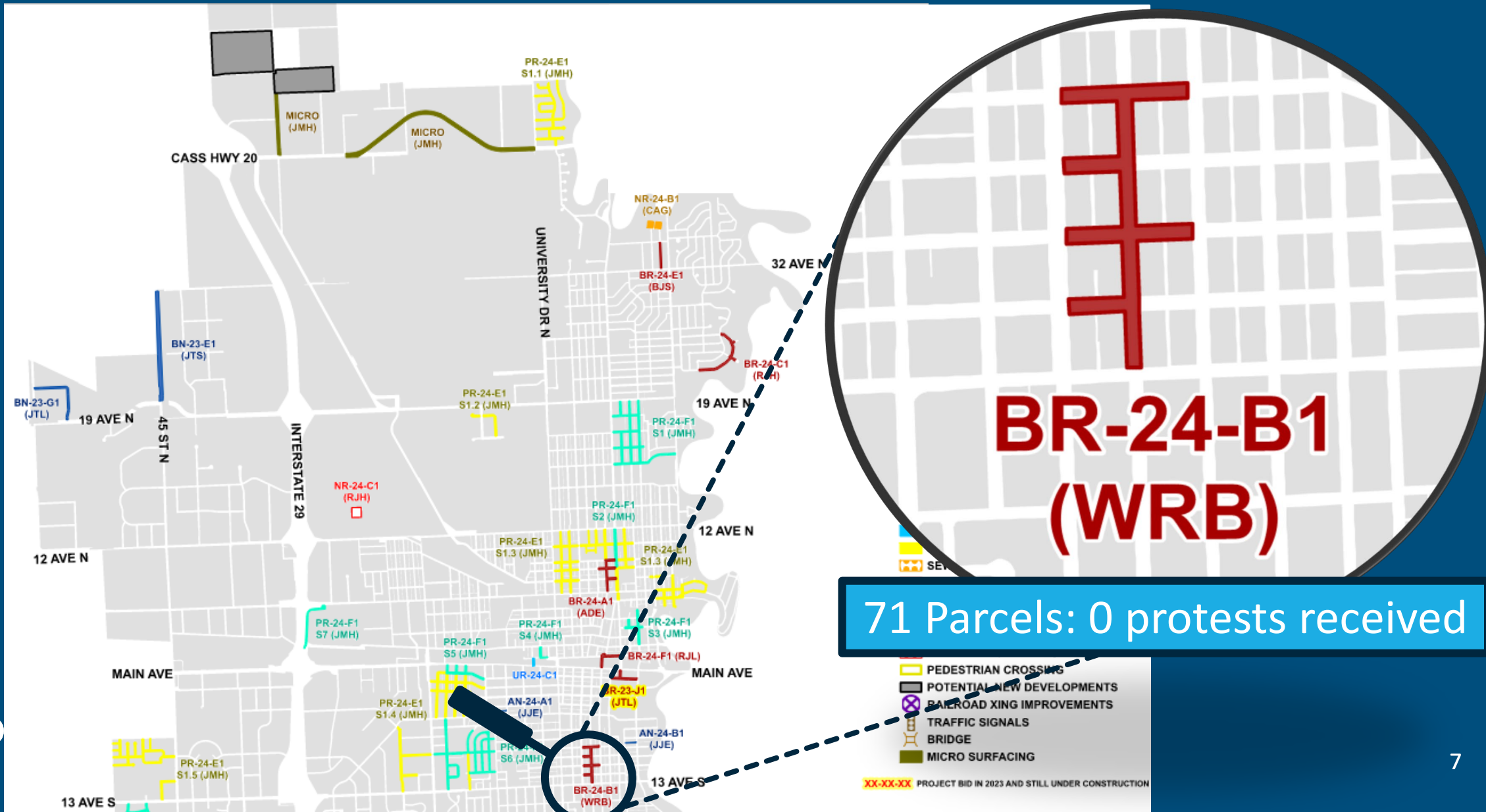
Who is impacted by proposed increase to caps?

- Does not impact any existing special assessments
- When notifying properties, the proposed increase in special assessment caps has already been taken into account
- Approval of this would not increase the amount to be special assessed beyond what has already been communicated

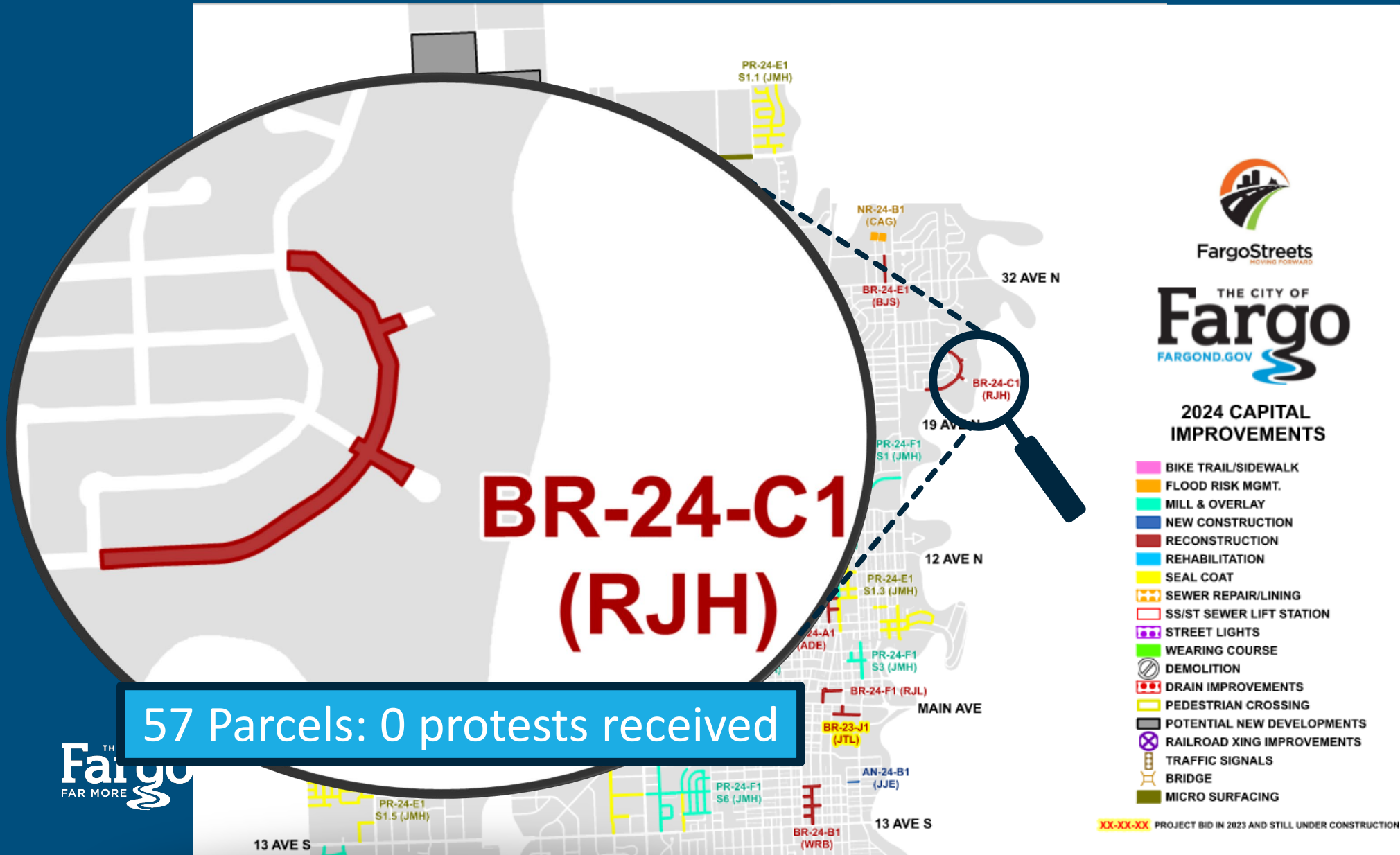
BR-24-A1 (7TH ST N FROM 7 AVE TO 10 AVE)



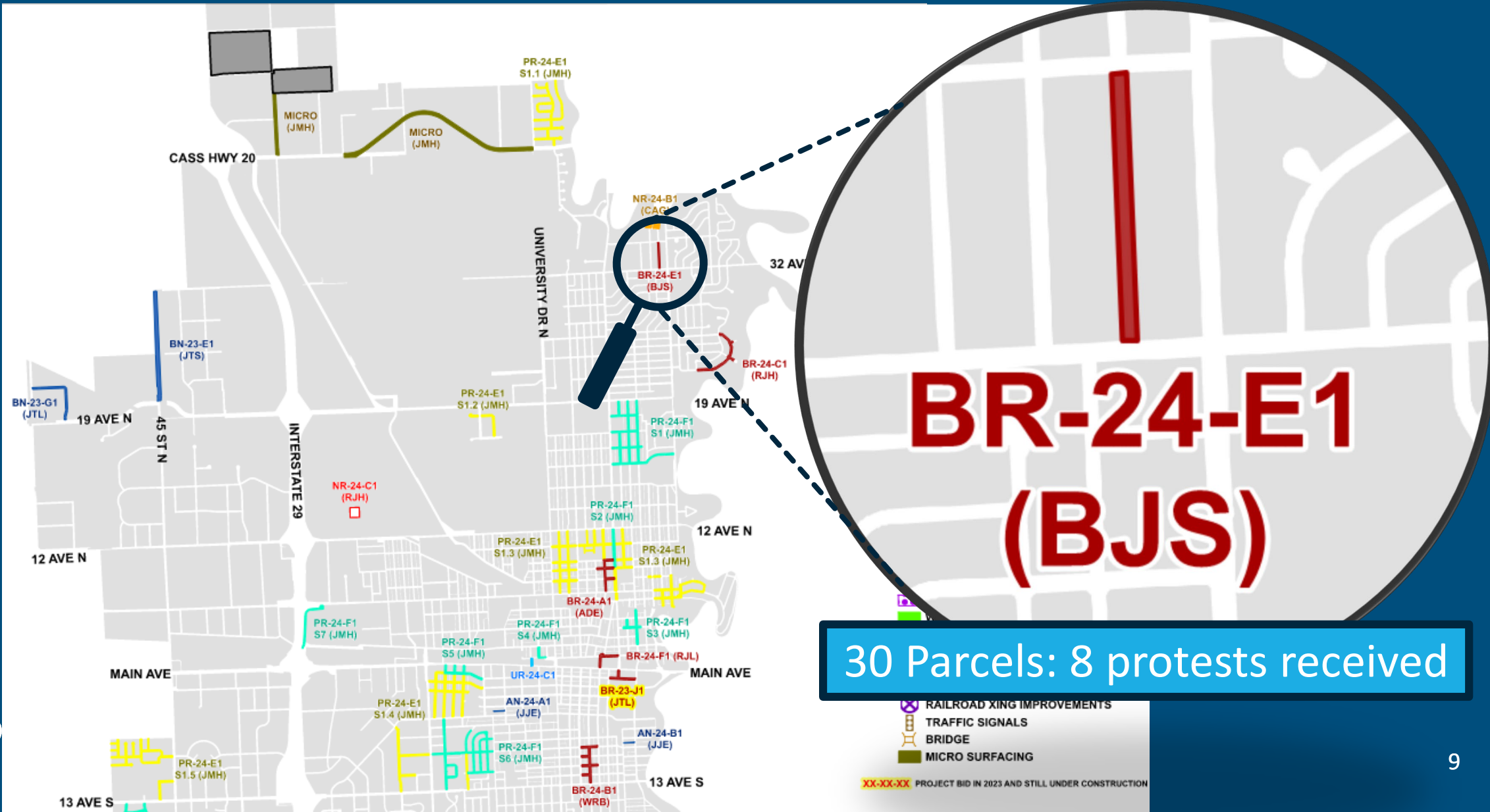
BR-24-B1 (9TH ST S FROM 9 AVE TO 13 AVE)



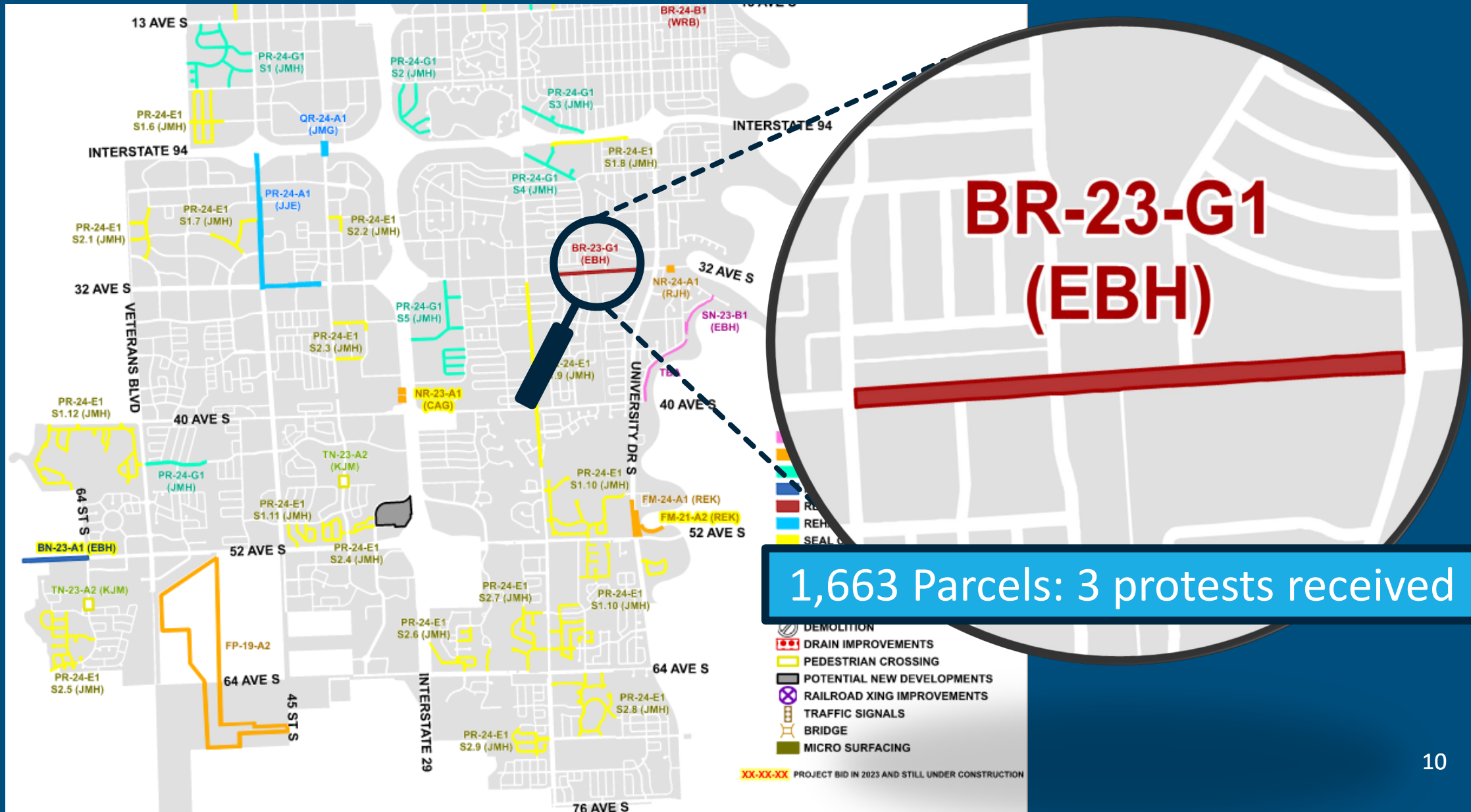
BR-24-C1 (WOODCREST DR N)



BR-24-E1 (1ST ST N FROM 32 AVE TO 35 AVE)



BR-23-G1 (32ND AVE S FROM 22 ST TO 15 ST)



PROPOSED INCREASE TO CAPS



What has the reaction been?

- 4 – Core Neighborhood Reconstruction Projects for 2024 have been bid and awarded
 - All correspondence has included the 20% increase for 2024 caps
 - Total of 214 parcels
 - 8 protests received (less than 4%)
- 1 – Arterial Reconstruction Project has been created
 - All correspondence has included the 20% increase for 2024 caps
 - Total of 1,663 parcels
 - 3 protests received (0.2%)
- All projects combined
 - Total of 1,877 parcels
 - 11 Protests received (0.6%)

2024 CIP SUMMARY OF COSTS

Cost by Category	2023 CIP	2024 CIP	2025 CIP	2026 CIP	2027 CIP	2024-2027 Average
Core Neighborhood – Utility Repl. and Street Recon.	\$12,589,548	\$10,245,892	\$16,955,330	\$17,356,151	\$21,299,242	\$16,464,153
Pavement Preservation	\$10,142,848	\$10,773,000	\$11,028,150	\$11,137,298	\$11,251,901	\$11,047,587
Storm Sewer Utility	\$1,830,412	\$3,830,000	\$3,780,000	\$3,528,000	\$3,906,000	\$3,761,000
Traffic and Streetlight	\$2,361,683	\$1,310,400	\$1,386,000	\$756,000	\$756,000	\$1,052,100
Safety Improvements	\$1,114,920	\$1,827,000	\$1,921,500	\$2,016,000	\$2,110,500	\$1,968,750
Sidewalk	\$2,668,951	\$1,386,000	\$1,512,000	\$1,701,000	\$1,890,000	\$1,622,250
Miscellaneous	\$2,563,628	\$1,509,000	\$1,366,500	\$1,398,000	\$1,398,000	\$1,417,875
Federal Aid	\$23,371,194	\$25,182,058	\$3,452,325	\$70,513,693	\$28,315,895	\$31,865,993
Prairie Dog Projects	\$12,410,537	\$26,203,868	\$20,466,519	\$12,590,475	\$7,905,515	\$16,791,595
Flood Control	\$13,160,278	\$21,108,842	\$21,110,000	\$11,870,000	\$7,840,000	\$15,482,210
Total CIP:	\$82,214,000	\$103,376,059	\$82,978,323	\$132,866,619	\$86,673,054	\$101,473,514

2024 CIP SUMMARY OF COSTS

Cost by Category	2023 CIP	2024 CIP	2025 CIP	2026 CIP	2027 CIP	2024-2027 Average
Core Neighborhood – Utility Repl. and Street Recon.	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000
Pavement Preservation	\$10,142,848	\$10,772,000	\$11,038,150	\$11,137,308	\$11,251,001	\$11,047,587
Storm Sewer Utility	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Traffic and Streetlight	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Safety Improvements	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Sidewalk	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Miscellaneous	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Federal Aid	\$23,000,000	\$23,000,000	\$23,000,000	\$23,000,000	\$23,000,000	\$23,000,000
Prairie Dog Projects	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000
Flood Control	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000
Total CIP:	\$82,000,000	\$82,000,000	\$82,000,000	\$82,000,000	\$82,000,000	\$82,000,000

Notice that there are no “Alley Paving” projects or “New Development” projects.

“Alley Paving” projects are 100% special assessed and at the request of property owners.

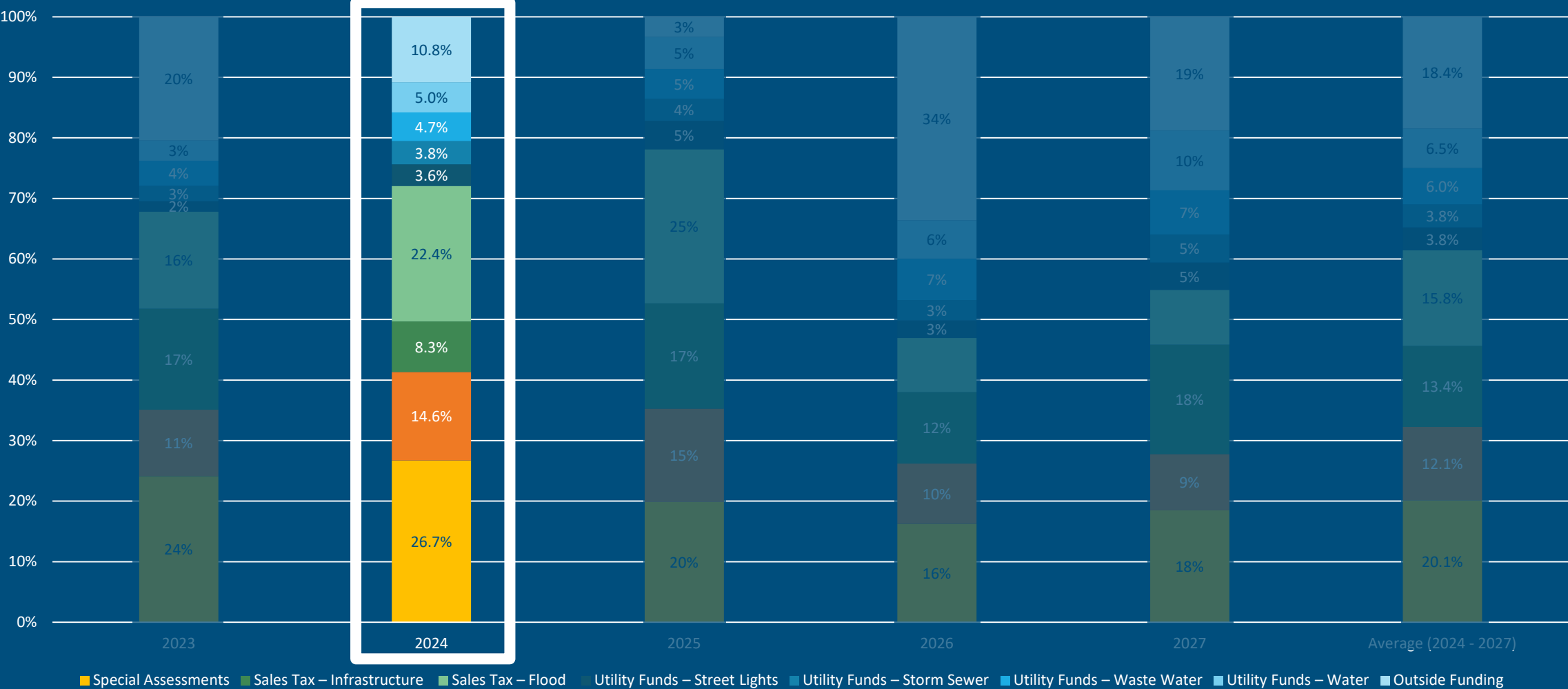
“New Development” projects are 100% special assessed and at the request of developers.

When Engineering receives a request,

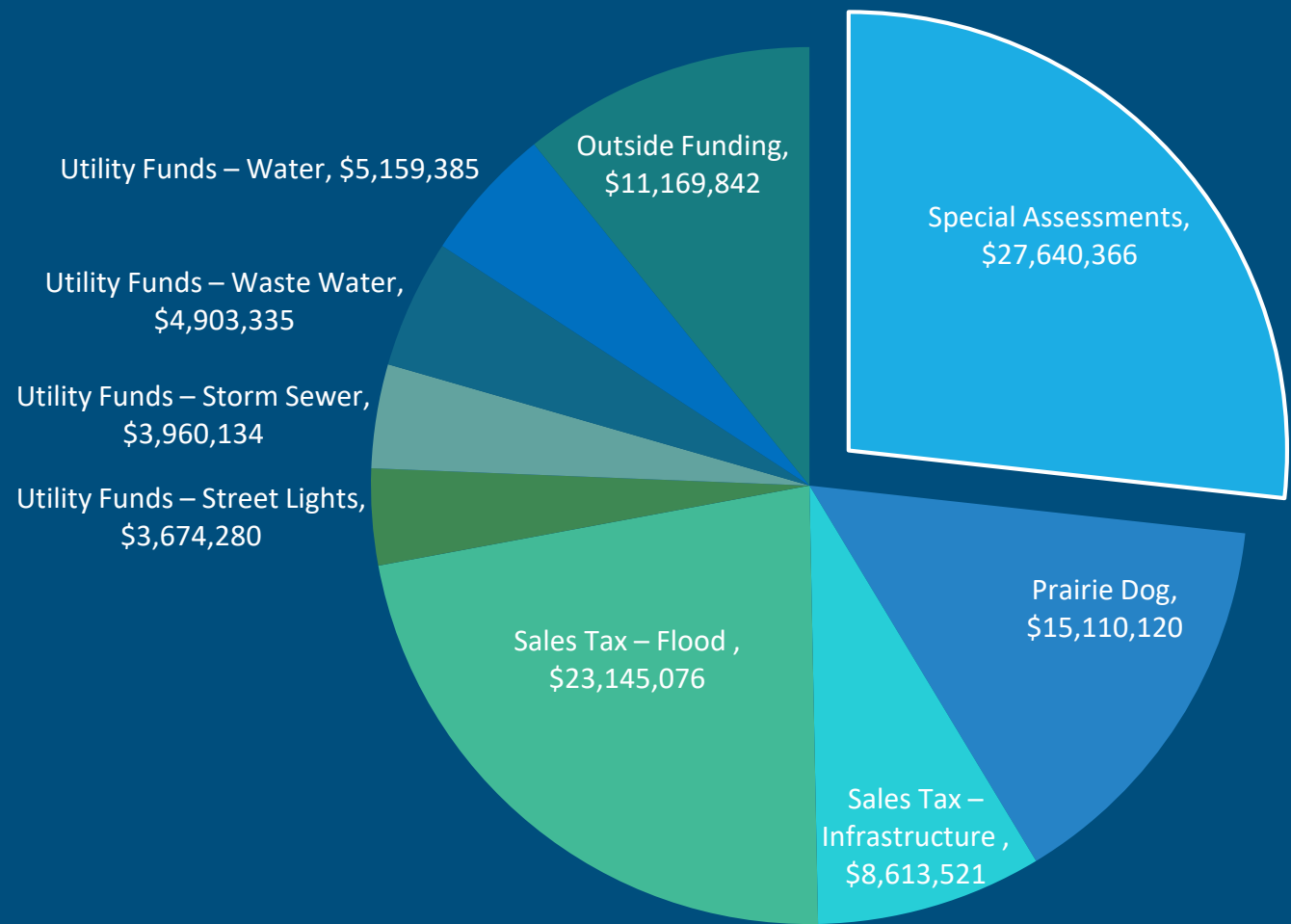
- the request is evaluated by Engineering,
- brought to PWPEC,
- brought to City Commission for addition to CIP

2024 CIP FUNDING SUMMARY

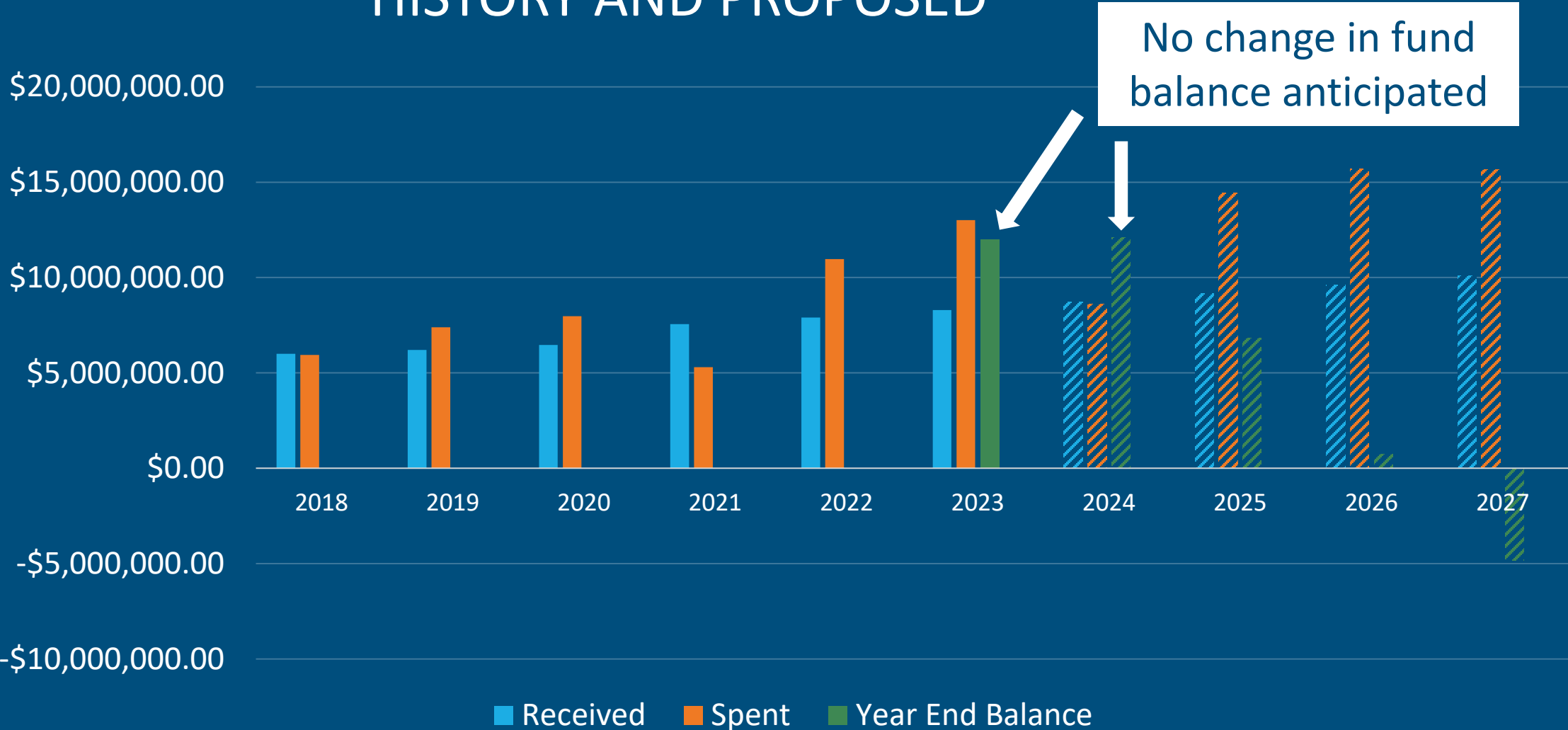
Percent of Funding by Source with Proposed Increases to Caps



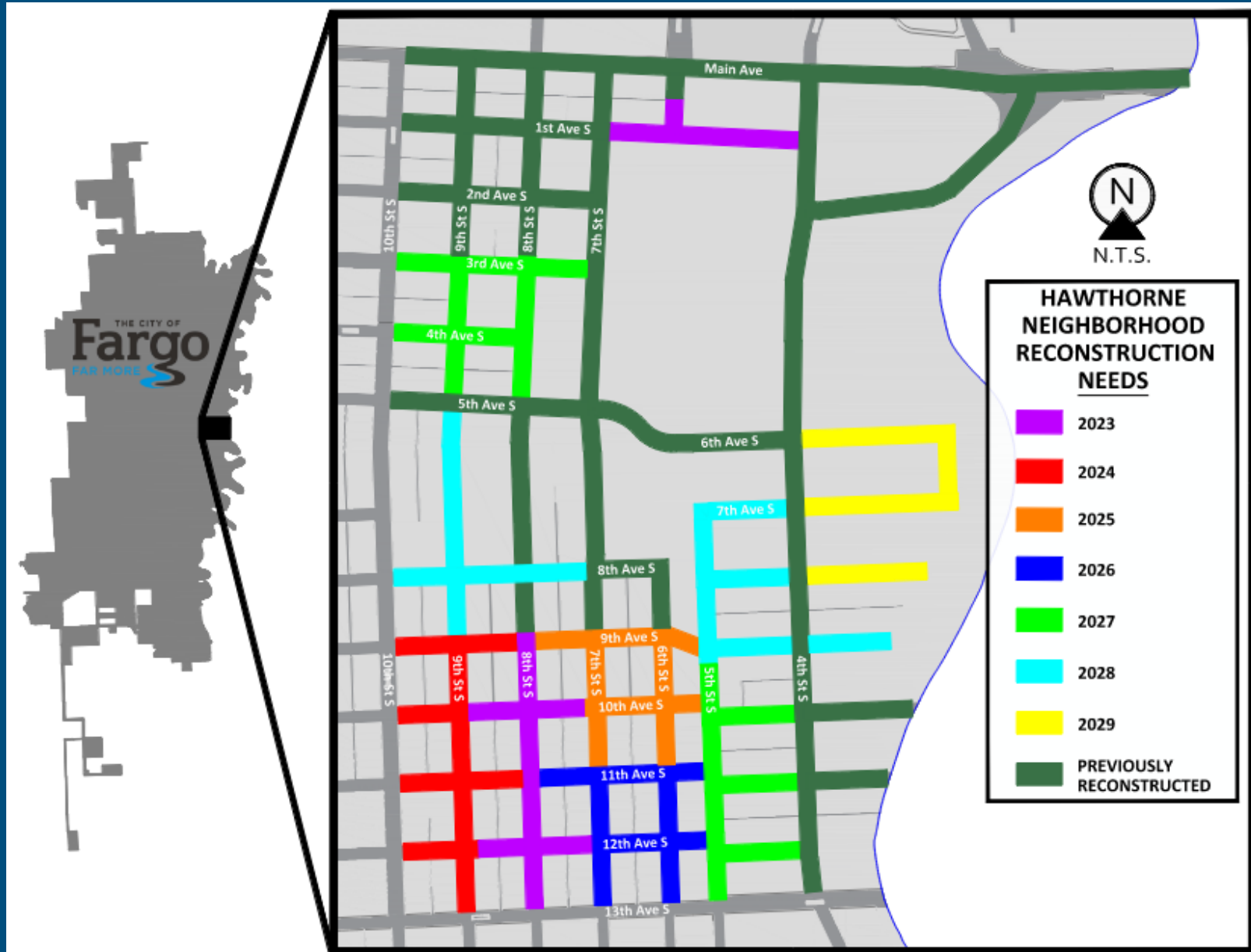
2024 CIP FUNDING SUMMARY – \$ BY FUND



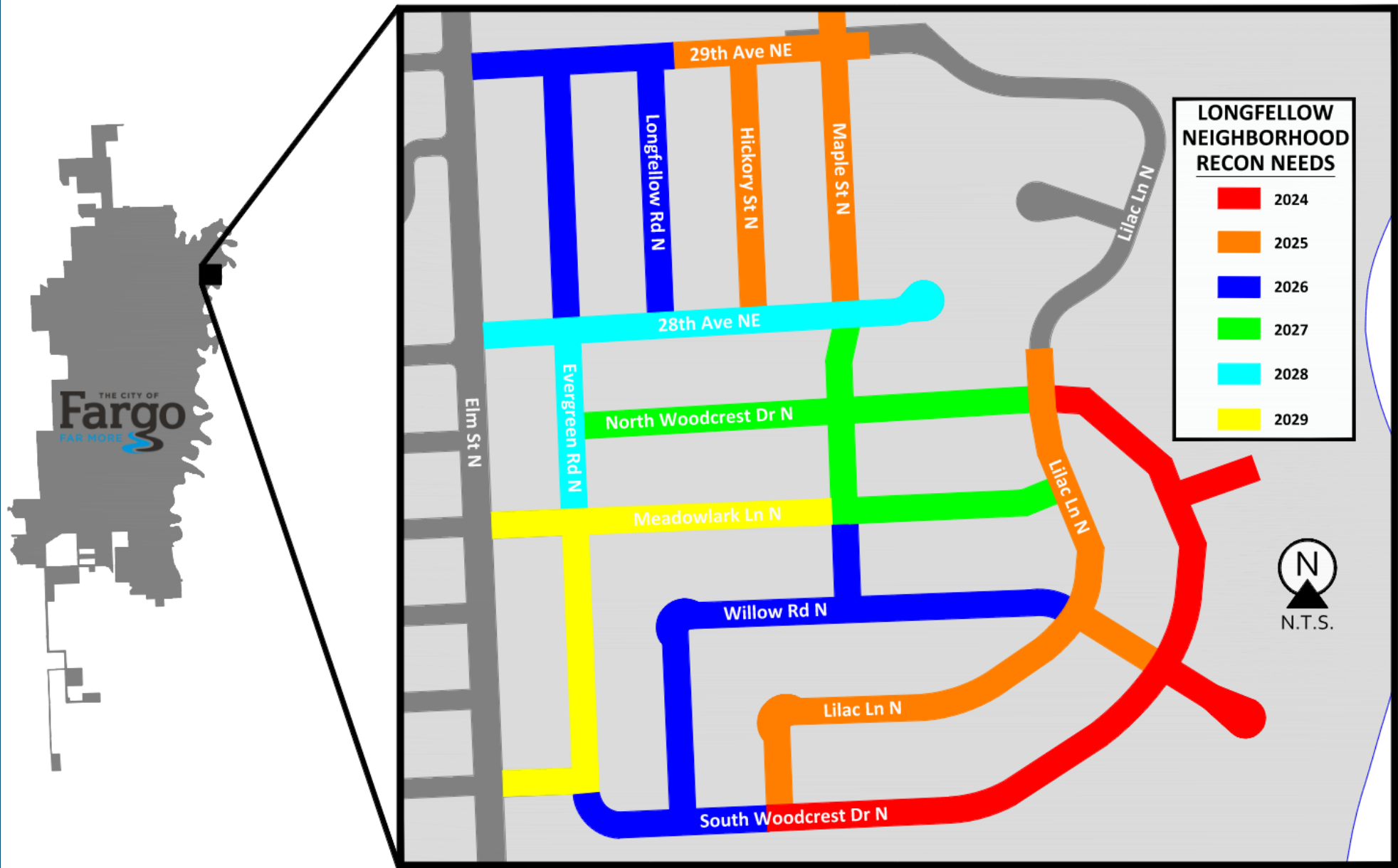
STREETS SALES TAX HISTORY AND PROPOSED



CORE NEIGHBORHOODS – HAWTHORNE



CORE NEIGHBORHOODS – LONGFELLOW



CORE NEIGHBORHOODS – ROOSEVELT



NEXT STEPS

January 8, 2024

Approval of
2024 CIP only

Next Few Months

Engineering will Design
and Bid Approved Projects

As Part of Budget Process

Develop multi-year CIP with
updated funding strategy

OPTION 1 – RECOMMENDED OPTION

- Approve the Engineering CIP for 2024 as presented.
- Implement a 20% increase in special assessment caps for 2024.
 - As a reminder, when notifying properties the proposed increase in special assessment caps has already been taken into account.
 - Selecting Option 1 would not increase the amount to be special assessed beyond what has already been communicated.
 - The City received about 0.6% protest (11 protests received from 1,877 properties)
- Modify the language regarding Concrete Pavement Rehab projects.
- Approve the planned Core Neighborhood reconstruction projects for 2025.
- This option provides a balanced CIP for 2024, aligning anticipated sales tax revenues with expenditures.

OPTION 2

- Do not approve a 20% increase in special assessment caps for 2024.
- Instruct the Engineering Department to notify 1,877 properties of reduced special assessment amounts.
 - This would be necessary, as previous correspondence has already included the proposed increase.
- Option 2 would result in a revenue shortfall of approximately \$2.5 million for the CIP in 2024.
 - Approve the Engineering CIP for 2024 as previously presented, but with the elimination of the NP Ave project (BR-24-F1) from the 2024 CIP to offset the revenue shortfall.
- Modify the language regarding Concrete Pavement Rehab projects.
- Approve the planned Core Neighborhood reconstruction projects for 2025.

RECOMMENDED MOTION

- **Recommended Motion:**
 - **Approve the 2024 Capital Improvement Plan, the 2025 Core Neighborhood Reconstruction Projects, and the Updated Infrastructure Funding Policy as presented as Option 1.**
- **Alternative Motion:**
 - Approve the 2024 Capital Improvement Plan, the 2025 Core Neighborhood Reconstruction Projects, and the Updated Infrastructure Funding Policy as presented as Option 2.



2024

CAPITAL IMPROVEMENT PLAN (CIP)

Questions and Discussion



2024 – 2027

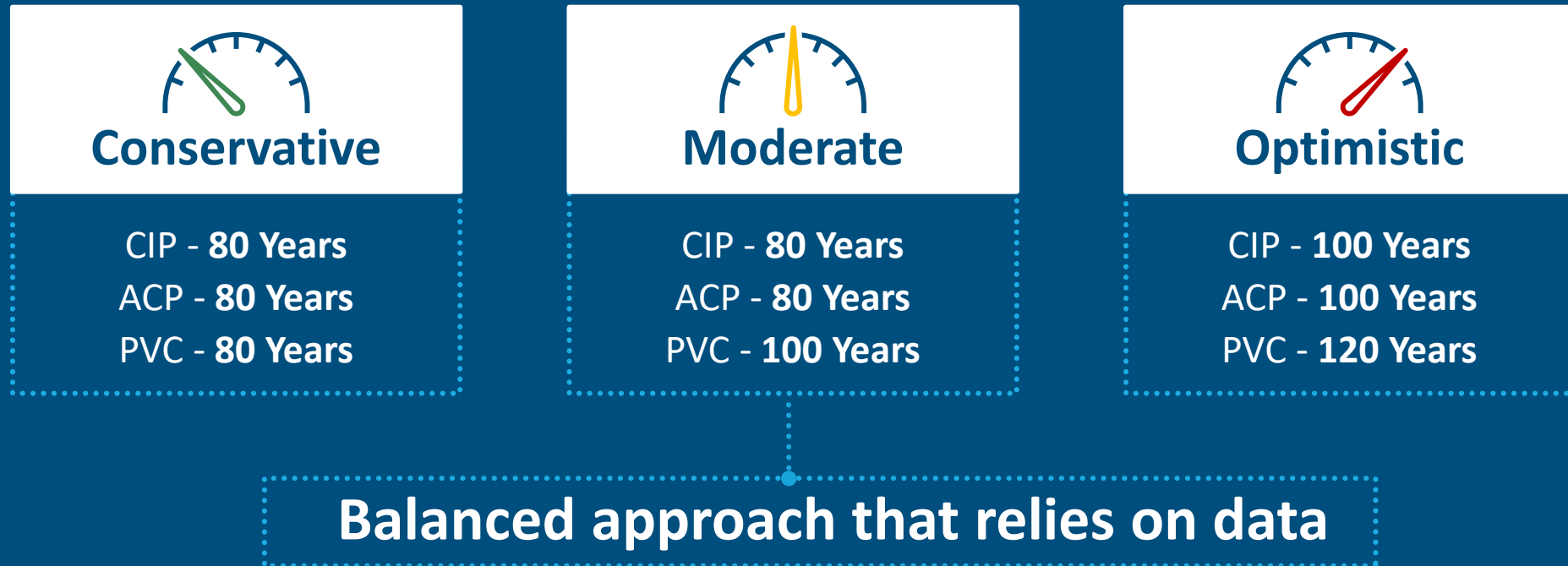
CAPITAL IMPROVEMENT PLAN (CIP)

(UPDATE – 12/26/2023)

TIMELINE



HOW MUCH WORK SHOULD WE BE DOING?



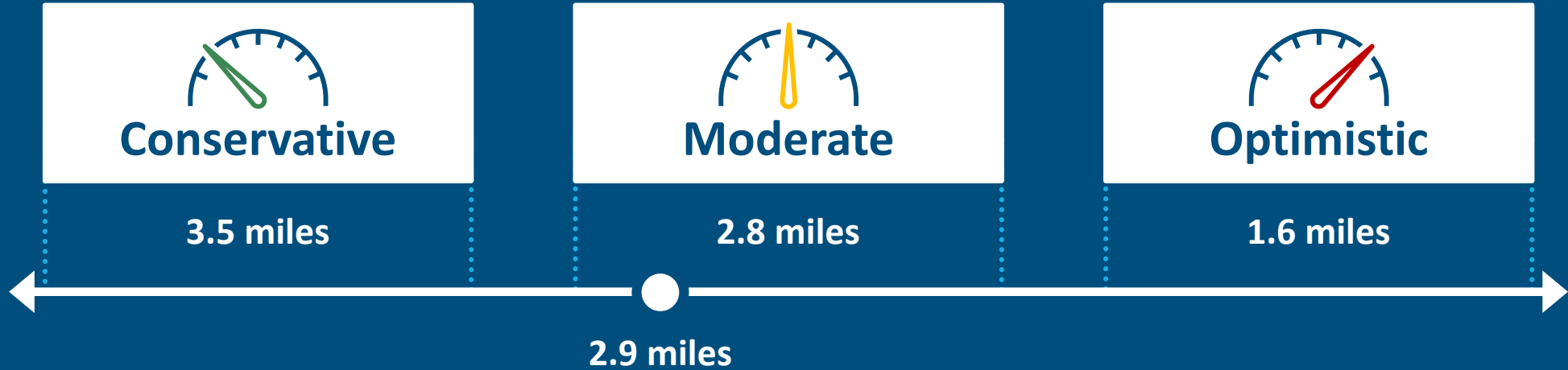
HOW MUCH WORK ARE WE DOING?

Year	"Conservative"	"Moderate"	"Optimistic"	Core Neighborhood (Locally Funded Projects)	Federal Aid Projects
2024	3.28	2.70	1.50	1.01	0.66
2025	3.42	2.78	1.54	1.72	0
2026	3.56	2.87	1.59	1.45	0.96
2027	3.70	2.95	1.63	1.76	0.98

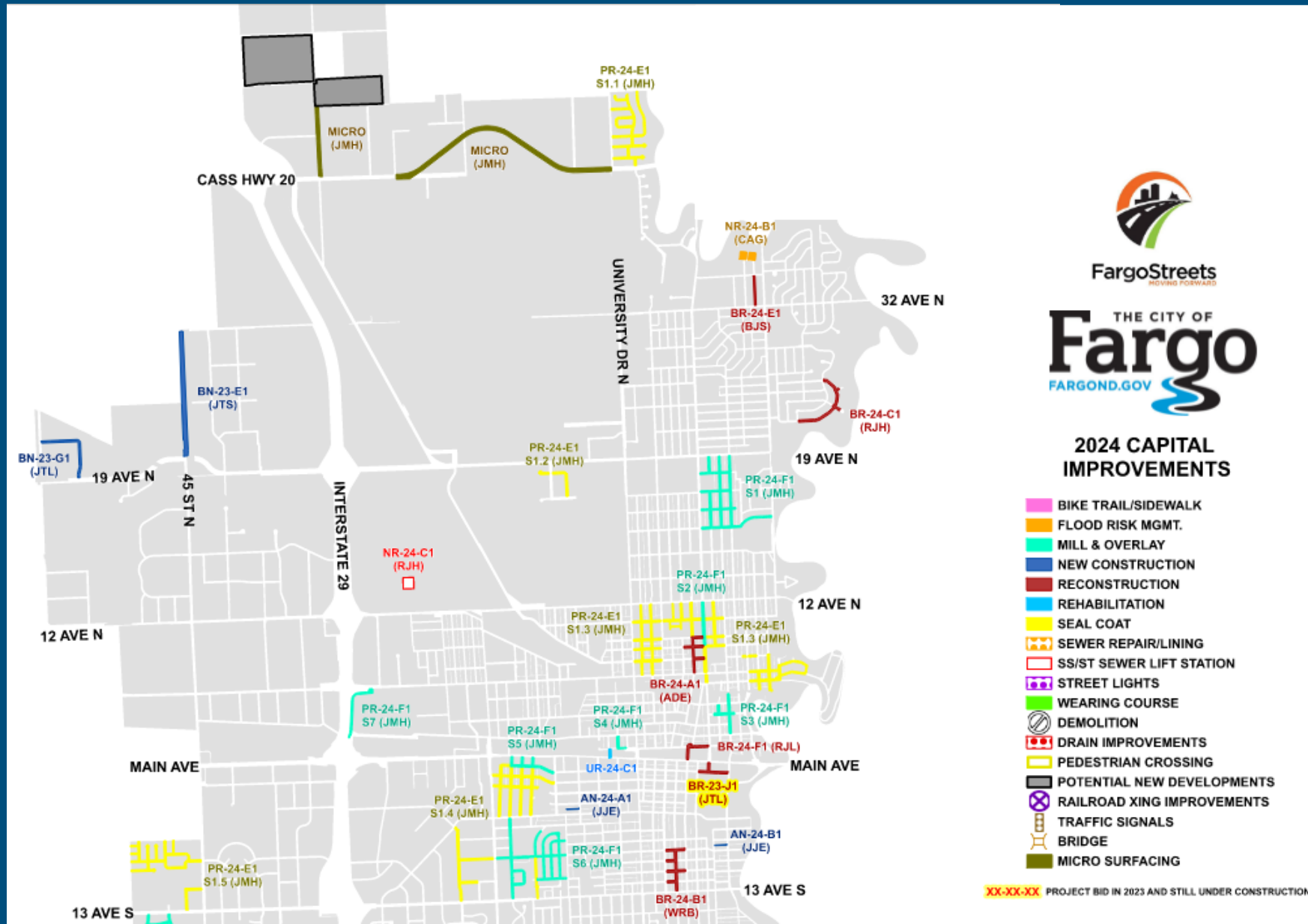


HOW MUCH WORK ARE WE DOING?

Year	"Conservative"	"Moderate"	"Optimistic"	Core Neighborhood (Locally Funded Projects)	Federal Aid Projects	Prairie Dog Projects
2024	3.28	2.70	1.50	1.01	0.66	1.04
2025	3.42	2.78	1.54	1.72	0	0.94
2026	3.56	2.87	1.59	1.45	0.96	0.60
2027	3.70	2.95	1.63	1.76	0.98	0.40



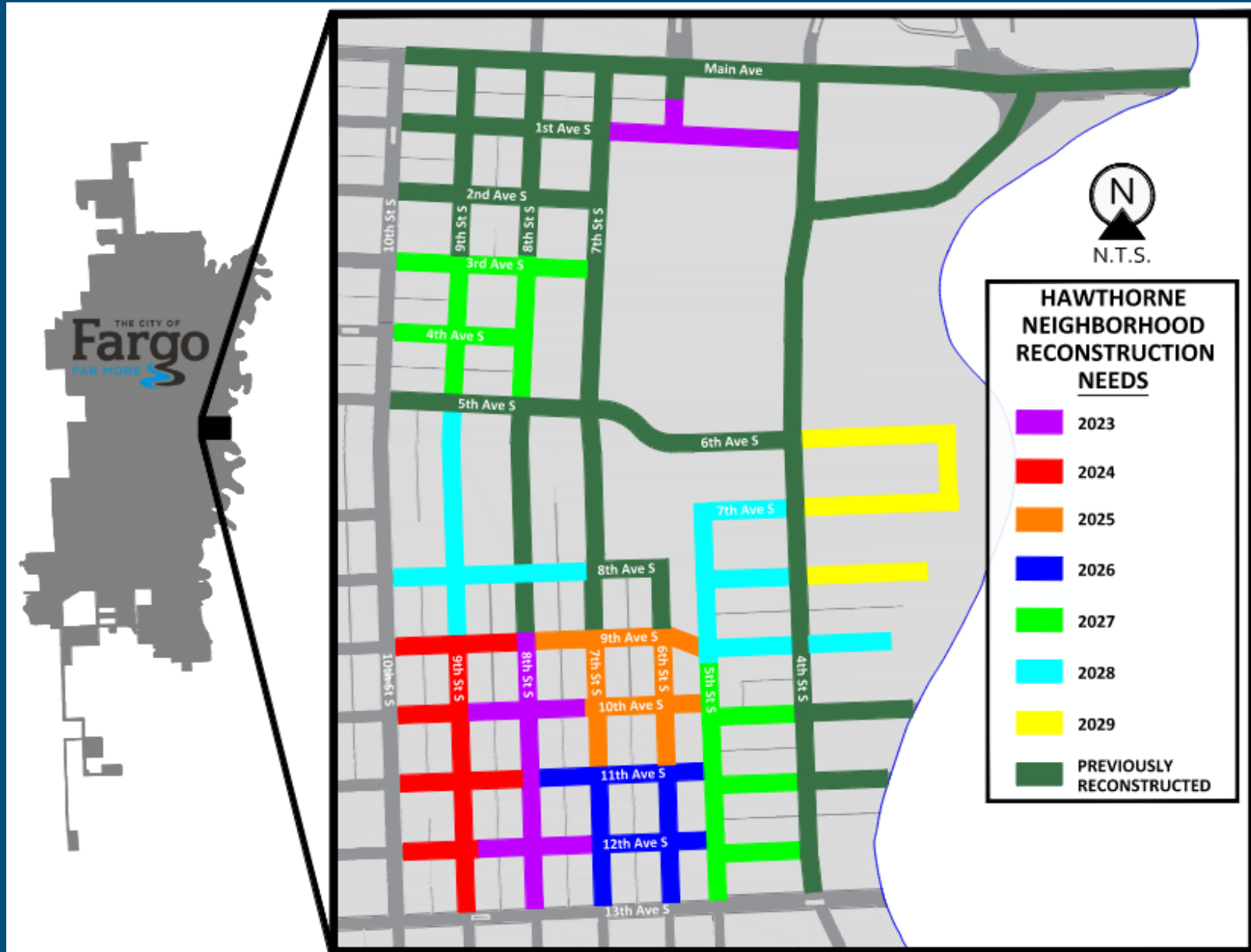
2024 CIP – NORTH OF 13TH AVE S



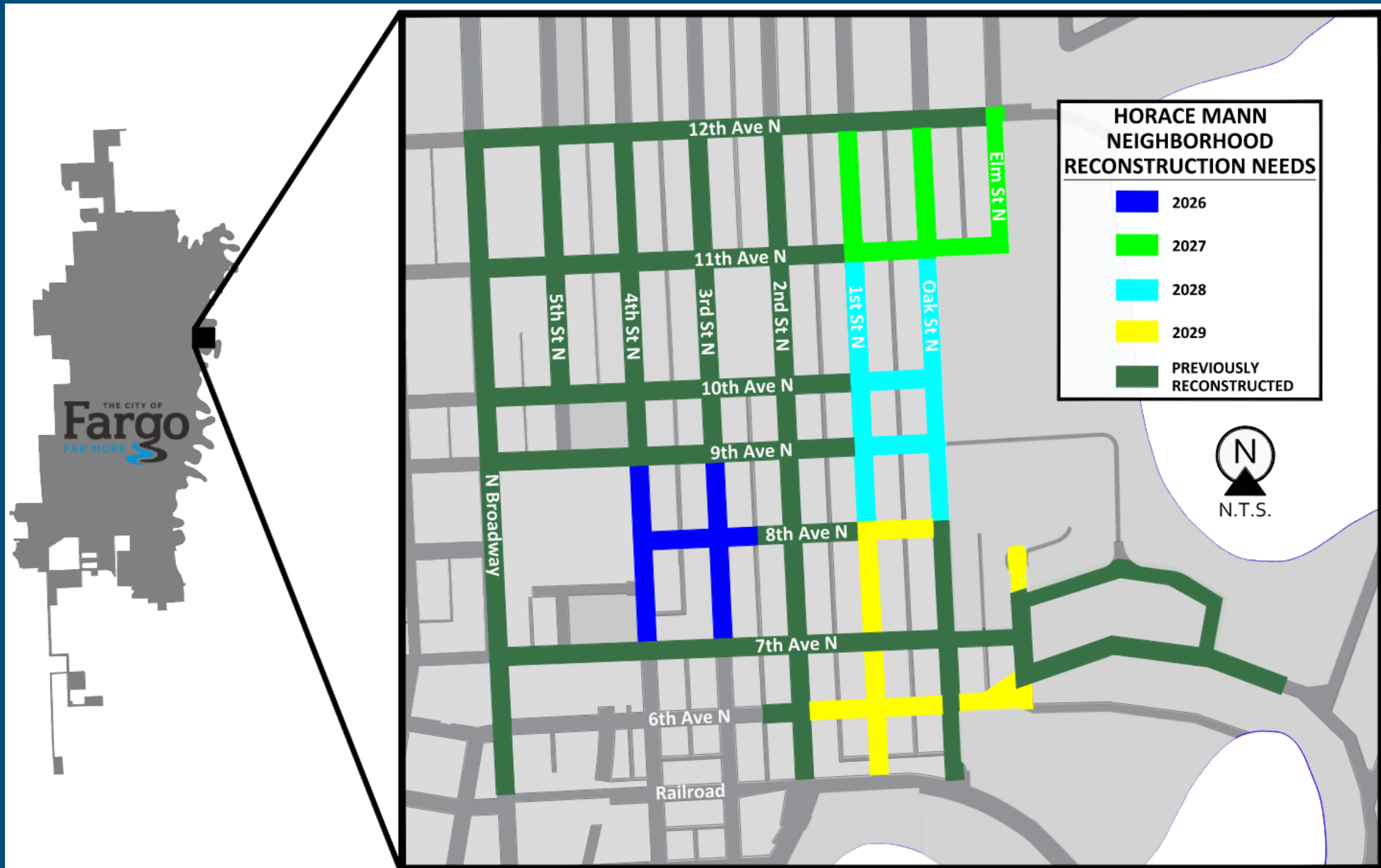
2024 CIP – SOUTH OF 13TH AVE S



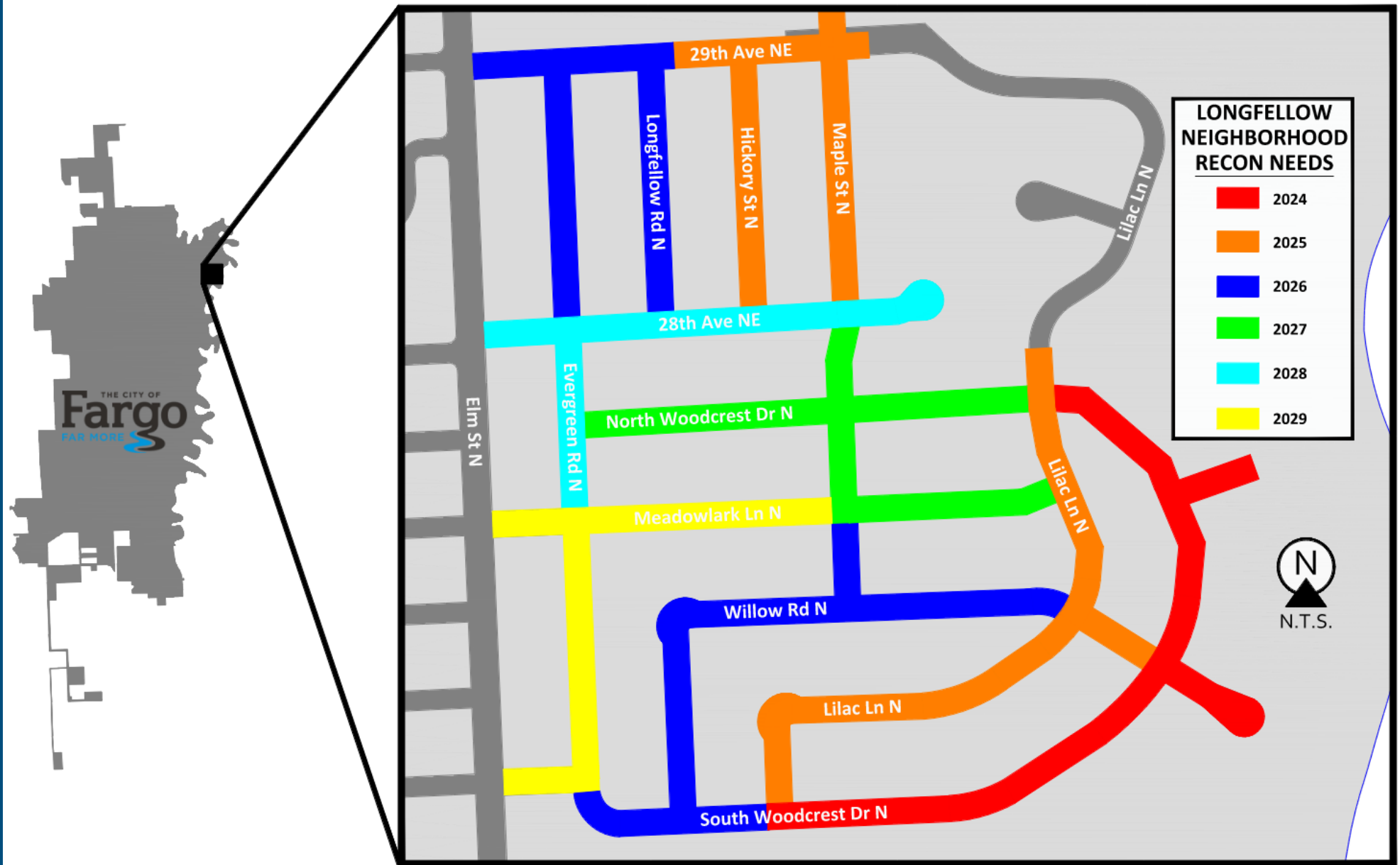
CORE NEIGHBORHOODS – HAWTHORNE



CORE NEIGHBORHOODS – HORACE MANN



CORE NEIGHBORHOODS – LONGFELLOW



CORE NEIGHBORHOODS – ROOSEVELT



CIP FUNDING



**Sales
Tax**



**Utility
Funds**



**Prairie
Dog Funds**

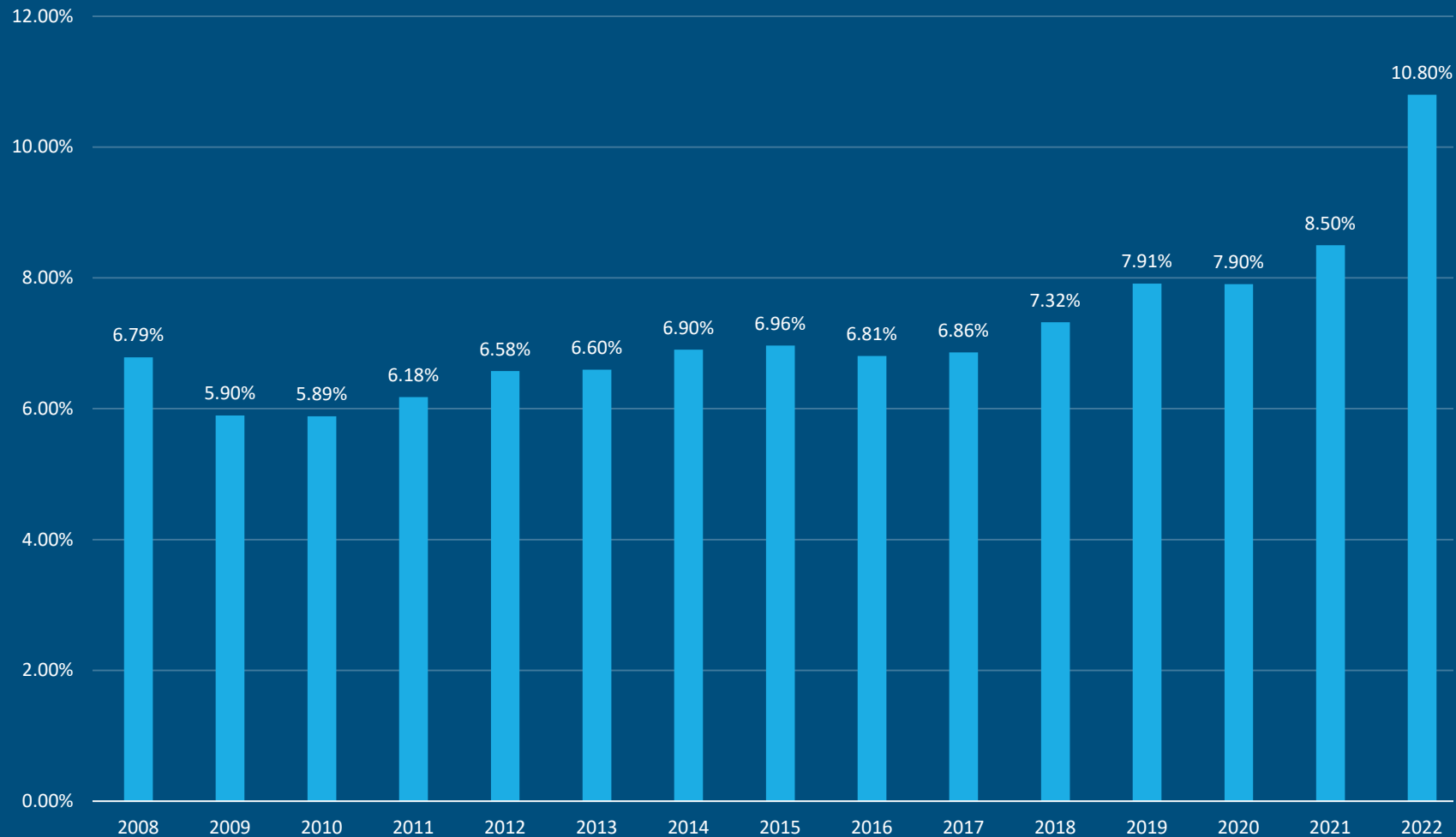


**Federal
Funds**



**Special
Assessments**

ANNUAL CONSTRUCTION INFLATION



Data from FHWA – National Highway Construction Cost Index

WHAT ARE SPECIAL ASSESSMENT CAPS?

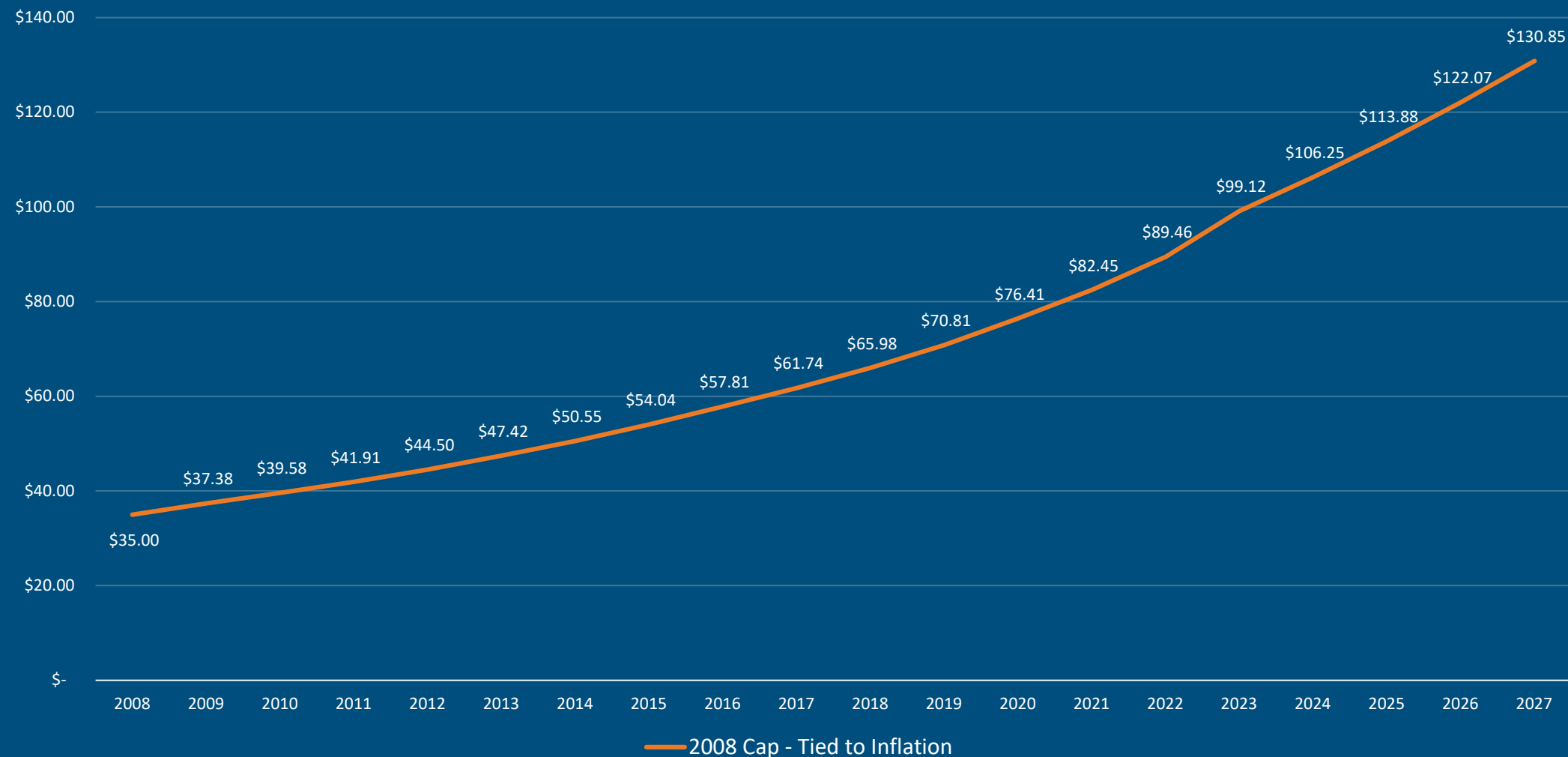
The way in which the City of Fargo limits the maximum amount a property owner will pay for an improvement

Provides for a predictable special assessment amount for property owners

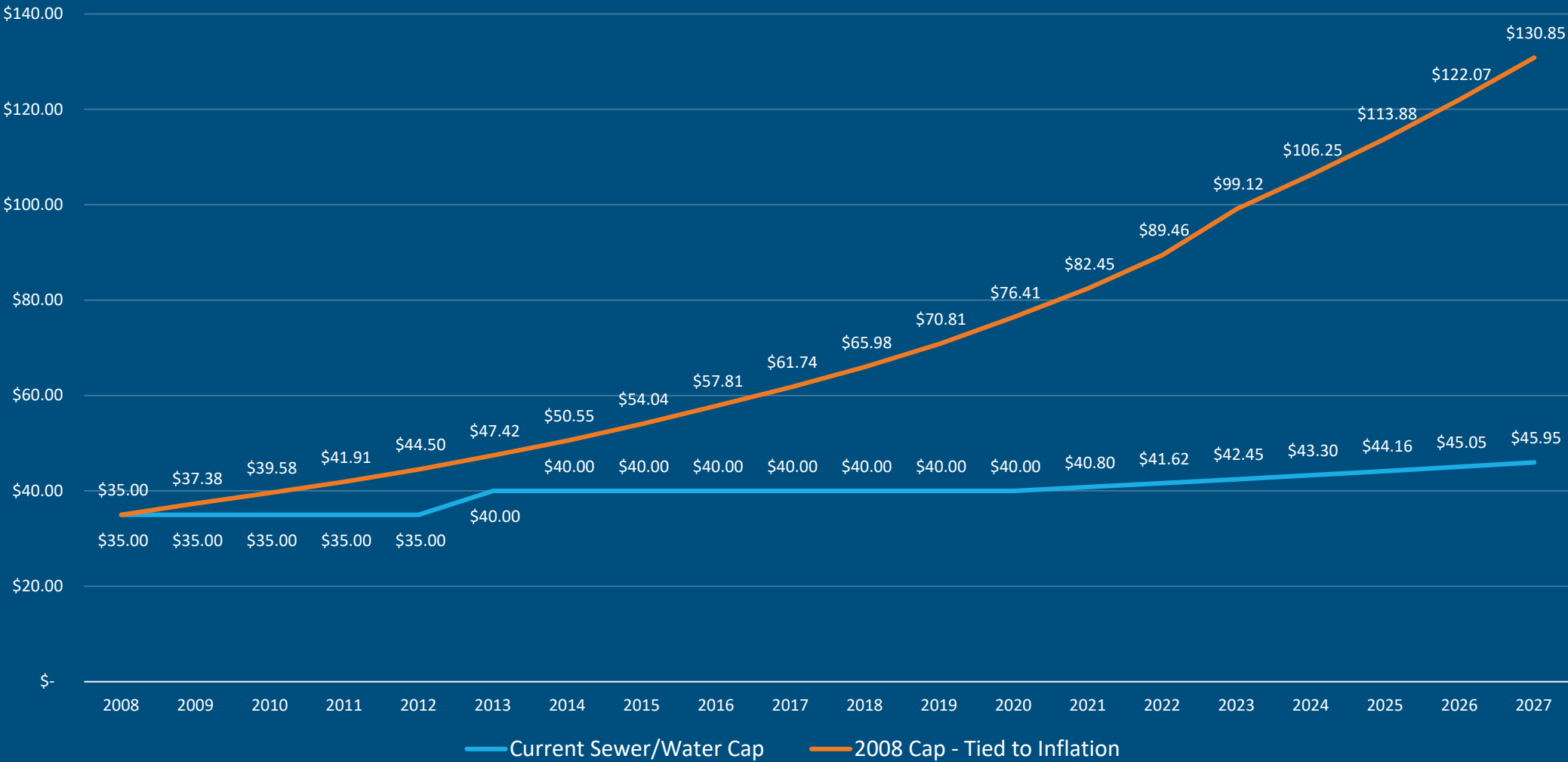
Ensures all property owners are treated equitably



CAPS VS CONSTRUCTION INFLATION



CAPS VS CONSTRUCTION INFLATION



PROPOSED INCREASE TO CAPS



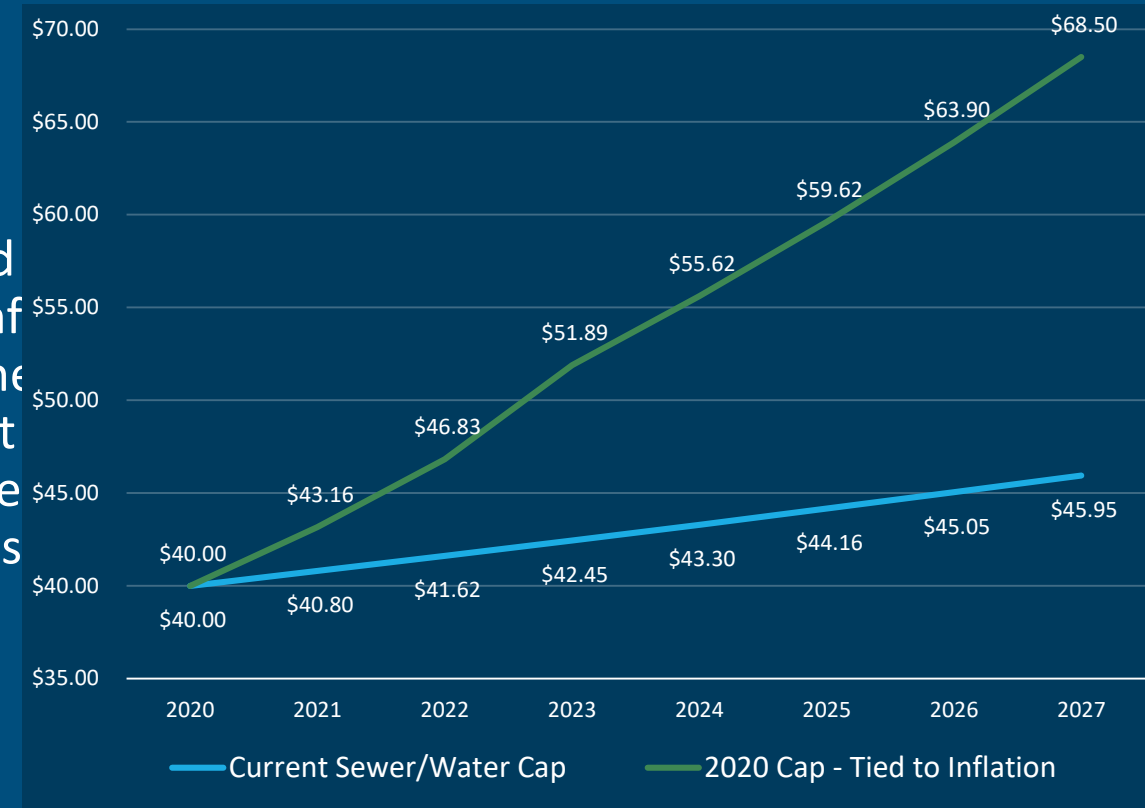
Special Assessment Task Force

- 13 member task force that met from August 2018 to August 2019
- 26 recommendations made (22 incorporated into our process or funding policy)
- One of the recommendations was to go to a 70% City & 30% Special Assessed funding model
 - Caps were set in 2019, for 70/30 cost split
 - Caps have not kept pace with inflation



What is being proposed?

- 20% in 2024 and 7.19%* in 2025, 2026, and 2027
 - *7.19% is the average annual rate of inflation
 - Results in about 80/20 cost split over next 8 years
- Without increase, cost split would be about 90/10
 - Would result in greater reliance on Sales Tax
 - Even with proposed increase, Sales Tax would be needed



PROPOSED INCREASE TO CAPS



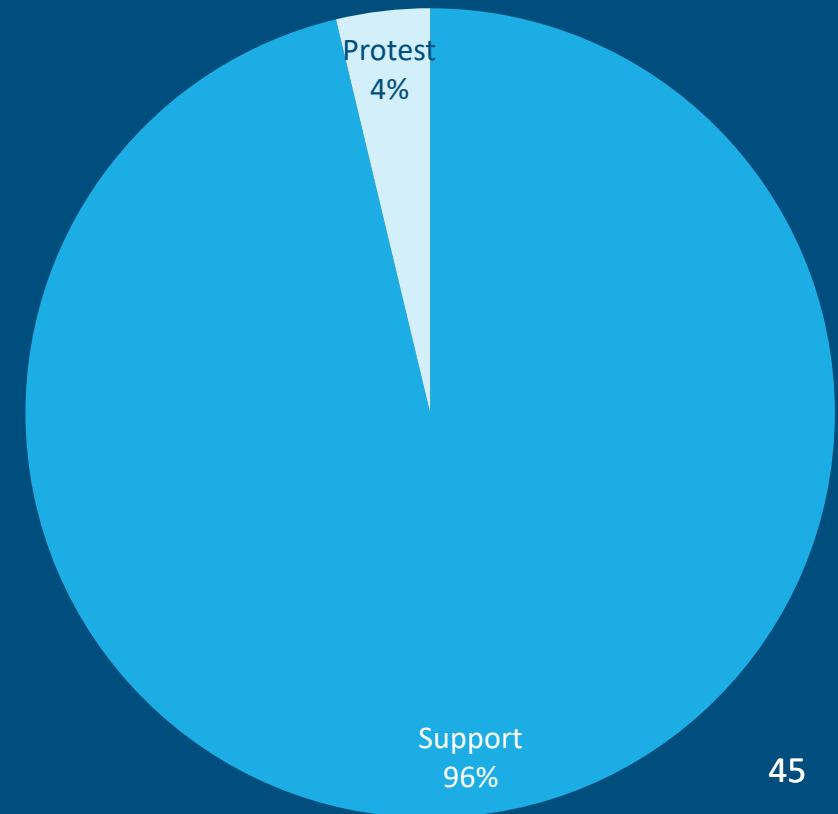
Who is impacted by proposed increase to caps?

- Does not impact any existing special assessments
- Typical number of single family homes that will be special assessed for local street reconstruction projects from 2024 to 2027?
 - Typically about 200 per year



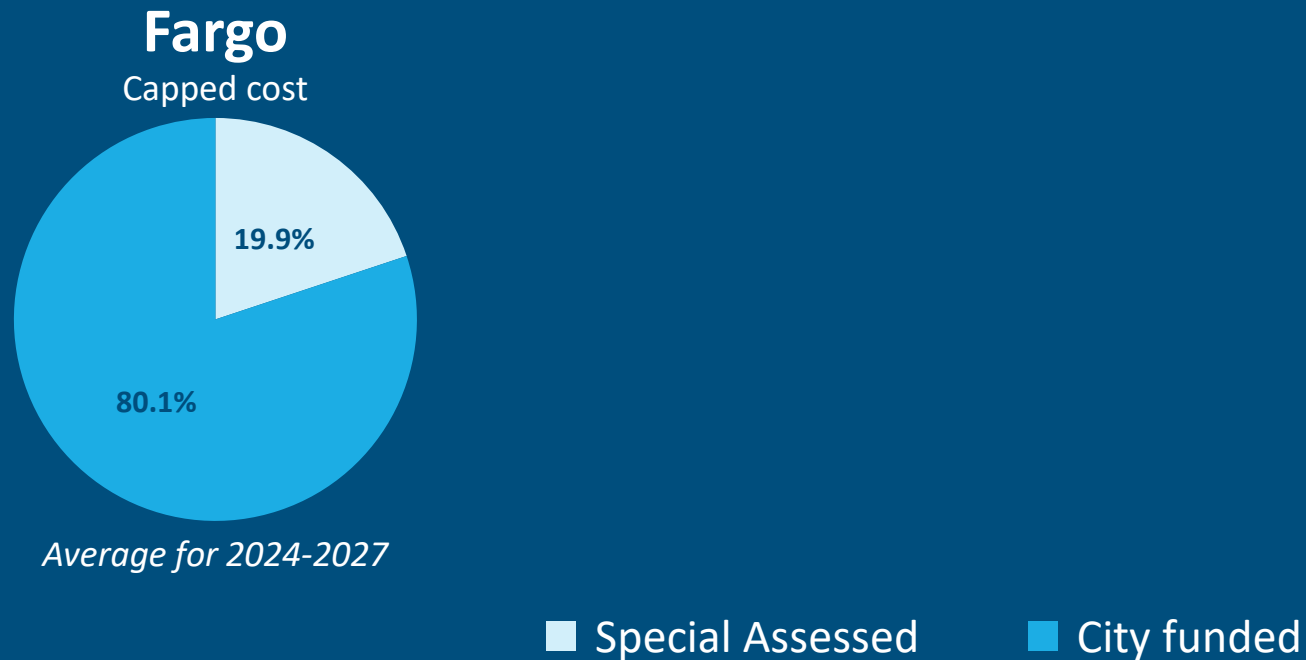
What has the reaction been?

- 4 Core Neighborhood Reconstruction Projects for 2024 have been bid and awarded
 - All correspondence has included the 20% increase for 2024 caps
 - Total of 214 parcels
 - 8 protests received



SPECIAL ASSESSMENTS COMPARISONS

LOCAL STREET RECONSTRUCTION



COST TO A HOMEOWNER

IMPROVEMENT DISTRICT BR-24-B1 (9TH ST S – HAWTHORNE)



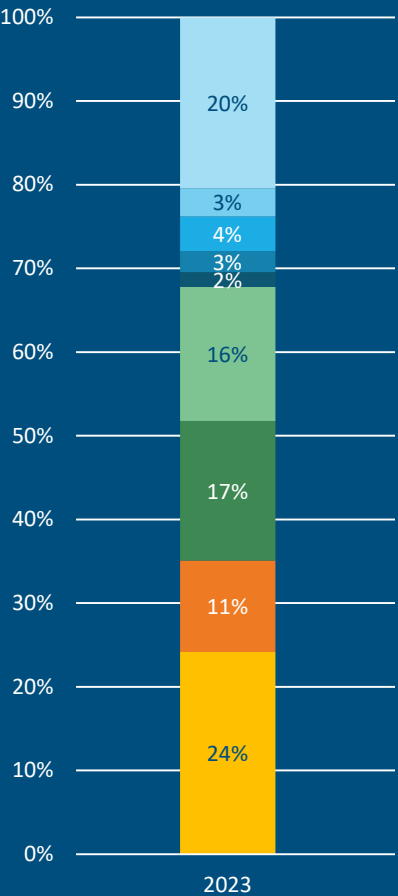
49.91' Wide Lot

2024 – 2027 CIP SUMMARY

Cost by Category	2023 CIP
Core Neighborhood – Utility Repl. and Street Recon.	\$12,589,548
Pavement Preservation	\$10,142,848
Storm Sewer Utility	\$1,830,412
Traffic and Streetlight	\$2,361,683
Safety Improvements	\$1,114,920
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2024 – 2027 CIP SUMMARY

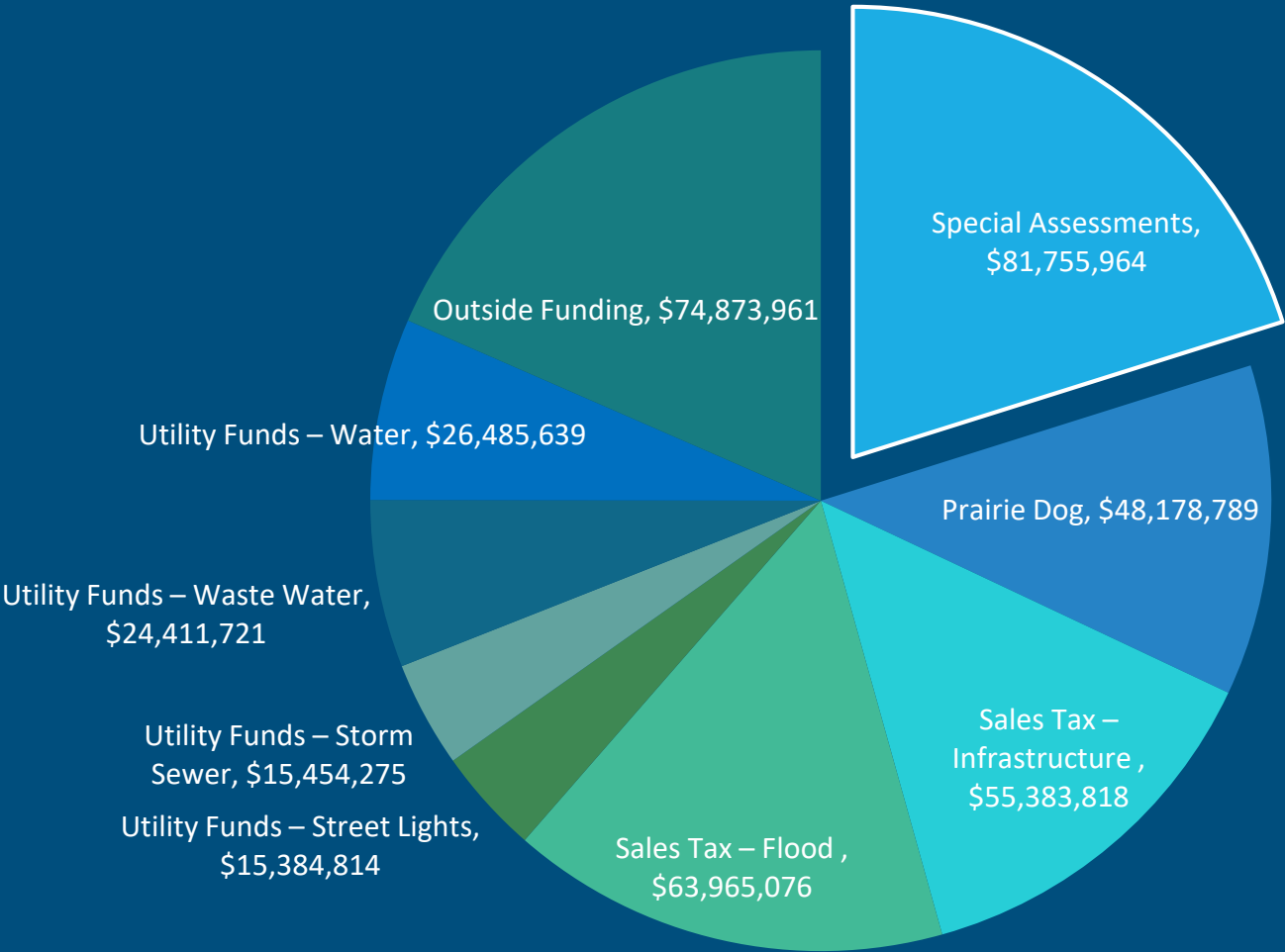
Percent of Funding by Source with Proposed Increases to Caps



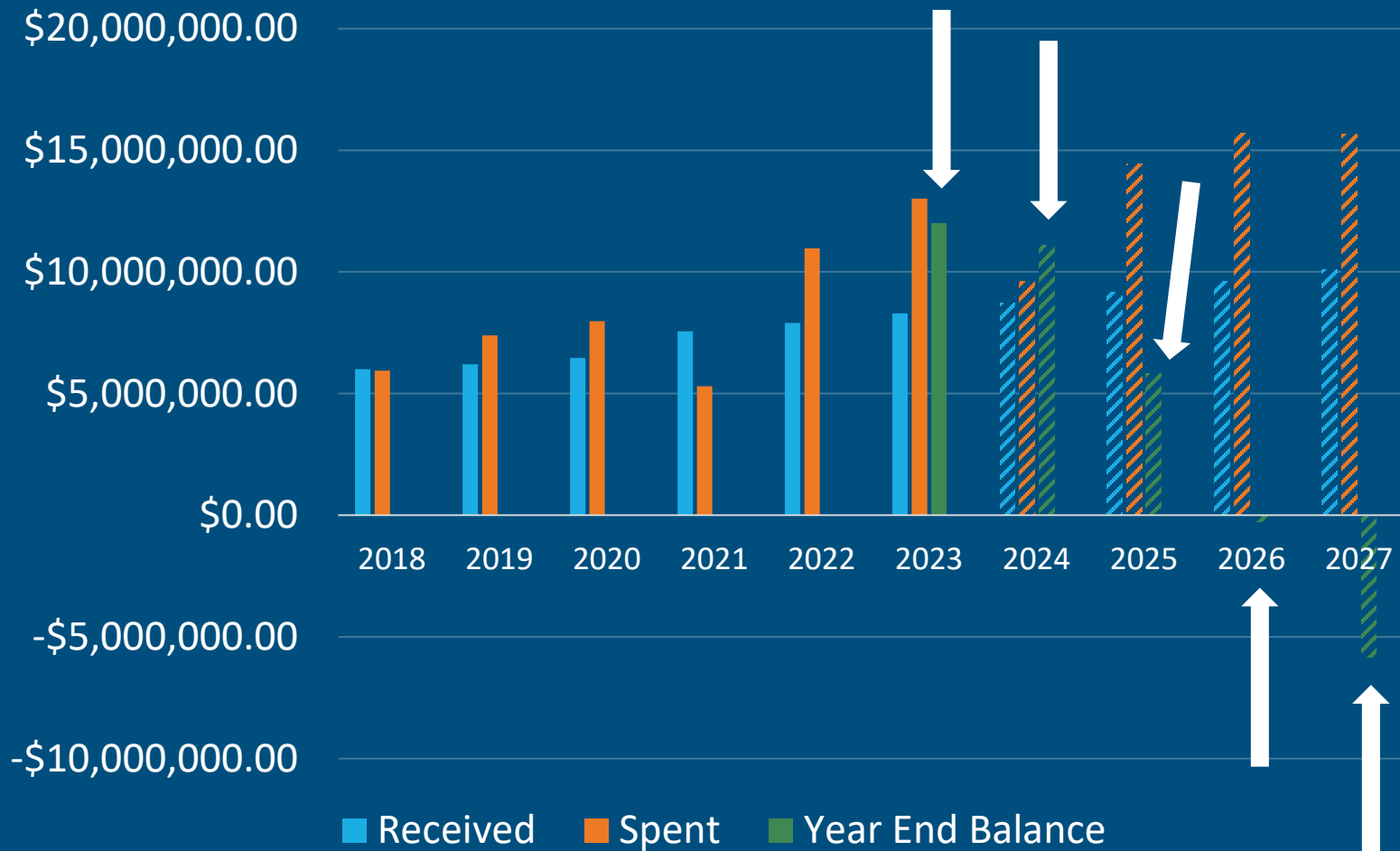
- Special Assessments
- Sales Tax – Infrastructure
- Sales Tax – Flood
- Utility Funds – Street Lights
- Utility Funds – Storm Sewer
- Utility Funds – Waste Water
- Utility Funds – Water
- Outside Funding

2024 – 2027 CIP SUMMARY – \$ BY FUND

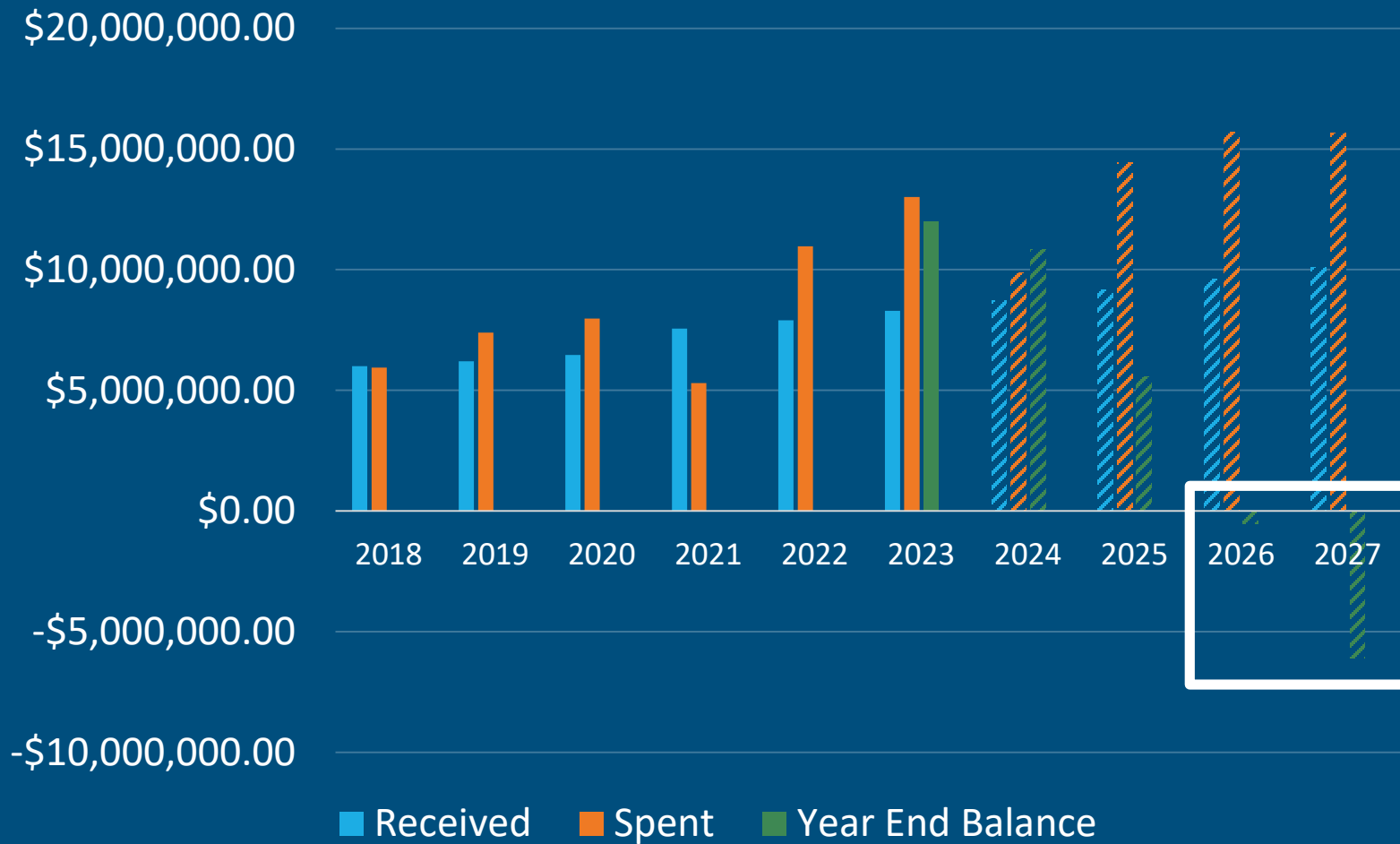
Total by Fund (2024-2027)



STREETS SALES TAX HISTORY AND PROPOSED



STREETS SALES TAX HISTORY AND PROPOSED



Negative fund balance
If needs continue to outpace revenues

INFRASTRUCTURE FUNDING POLICY

FUTURE CHANGES

Current funding policy is not sustainable (Sales Tax needs outpace revenues)

NEXT STEPS





2024 – 2027

CAPITAL IMPROVEMENT PLAN (CIP)

Questions and Discussion



2024 – 2027

CAPITAL IMPROVEMENT PLAN (CIP) **(INFORMATIONAL MEETING – 11/6/2023)**

HOW MUCH WORK SHOULD WE BE DOING?



Conservative

CIP - 80 Years

ACP - 80 Years

PVC - 80 Years

• Replace more now to be sure we keep up

HOW MUCH WORK SHOULD WE BE DOING?



Conservative

CIP - 80 Years

ACP - 80 Years

PVC - 80 Years



Optimistic

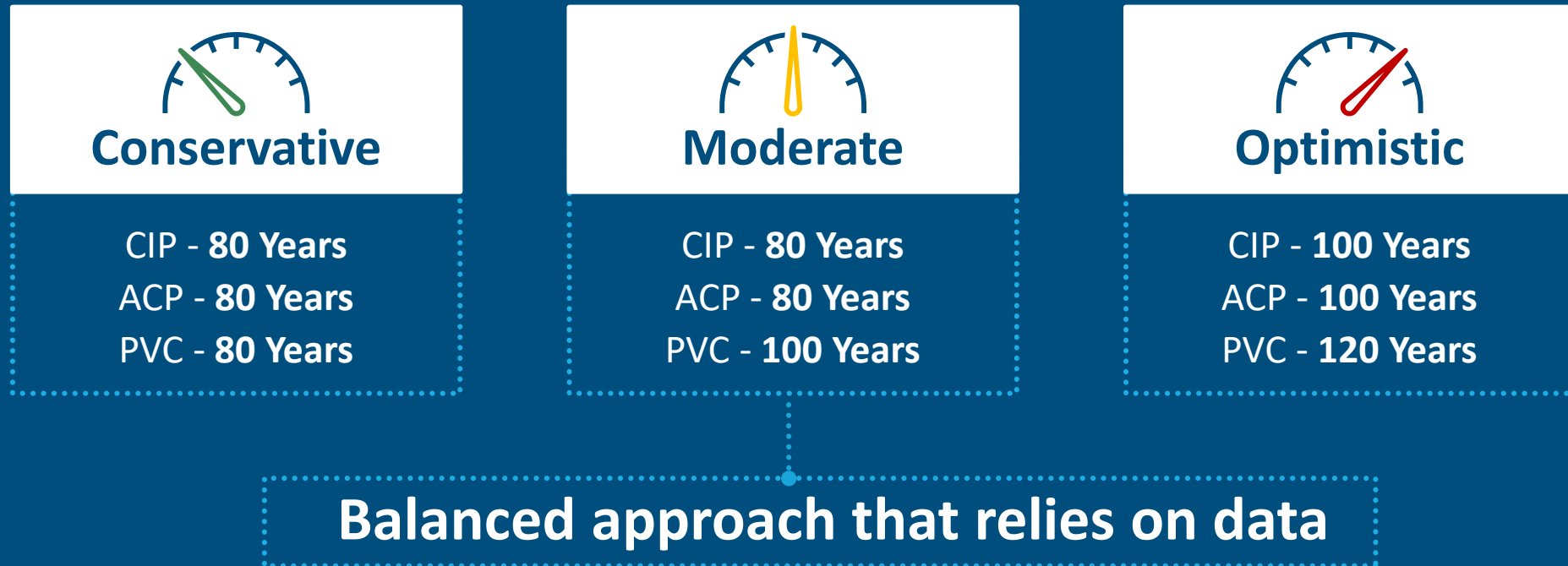
CIP - 100 Years

ACP - 100 Years

PVC - 120 Years

Hope that it lasts longer than expected

HOW MUCH WORK SHOULD WE BE DOING?



HOW MUCH WORK ARE WE DOING?

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2024	3.28	2.70	1.50	1.01
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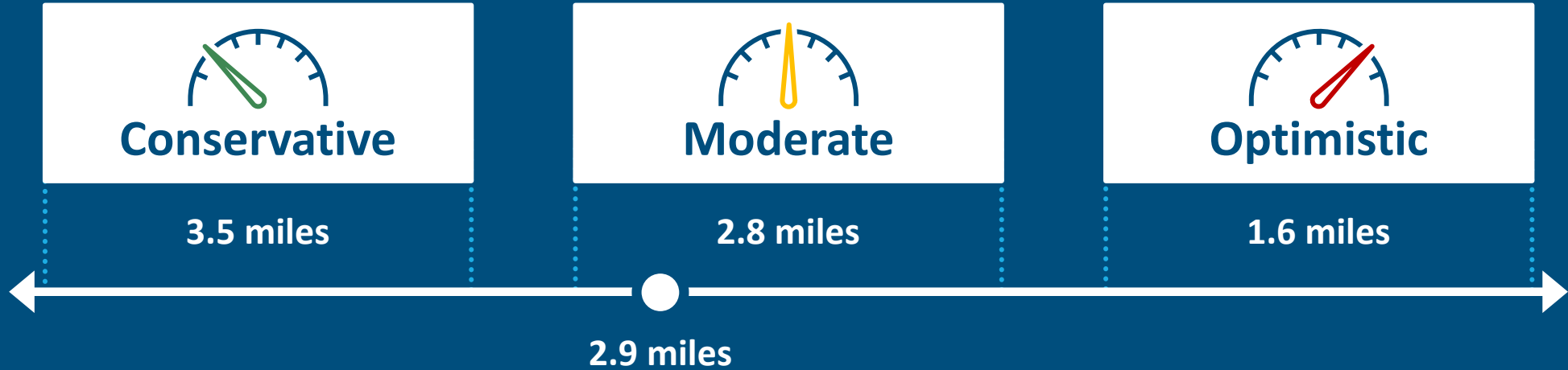
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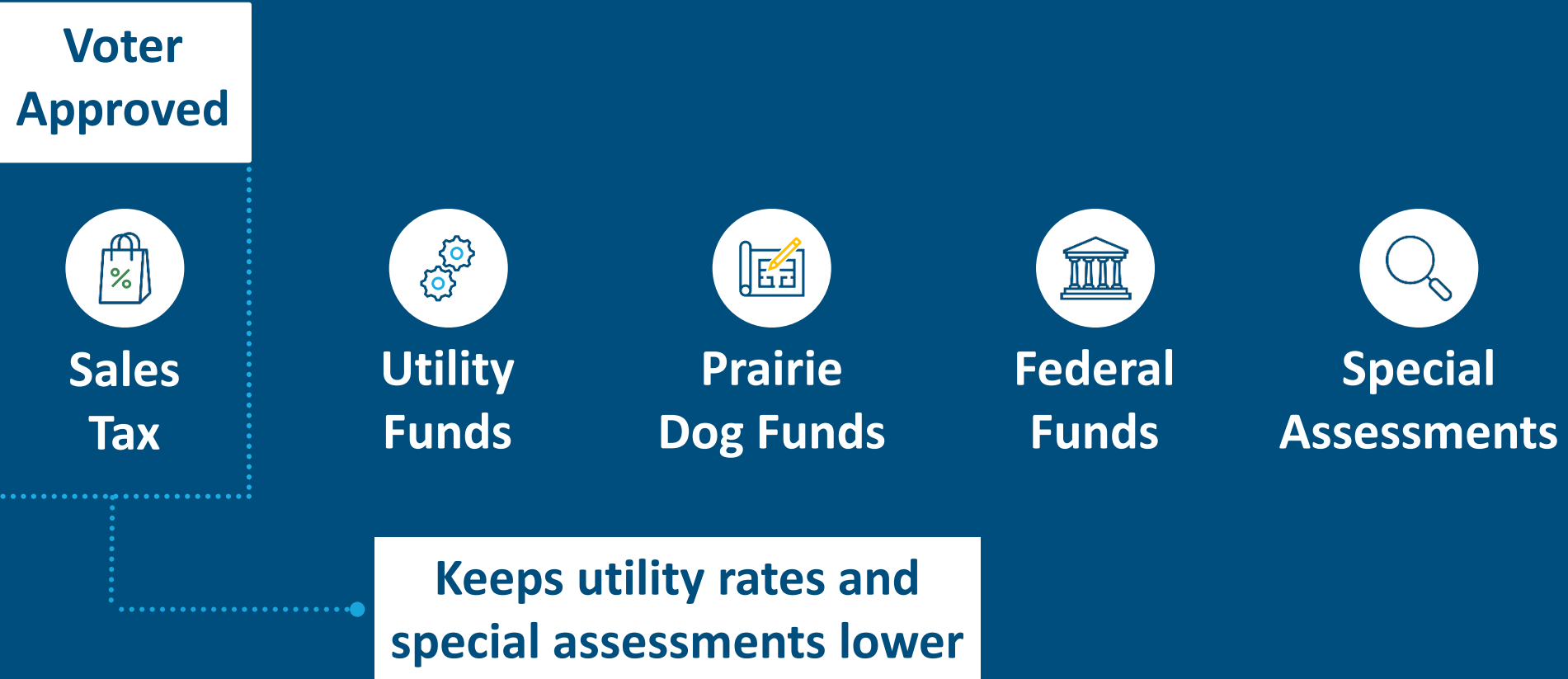


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CIP FUNDING



SALES TAX

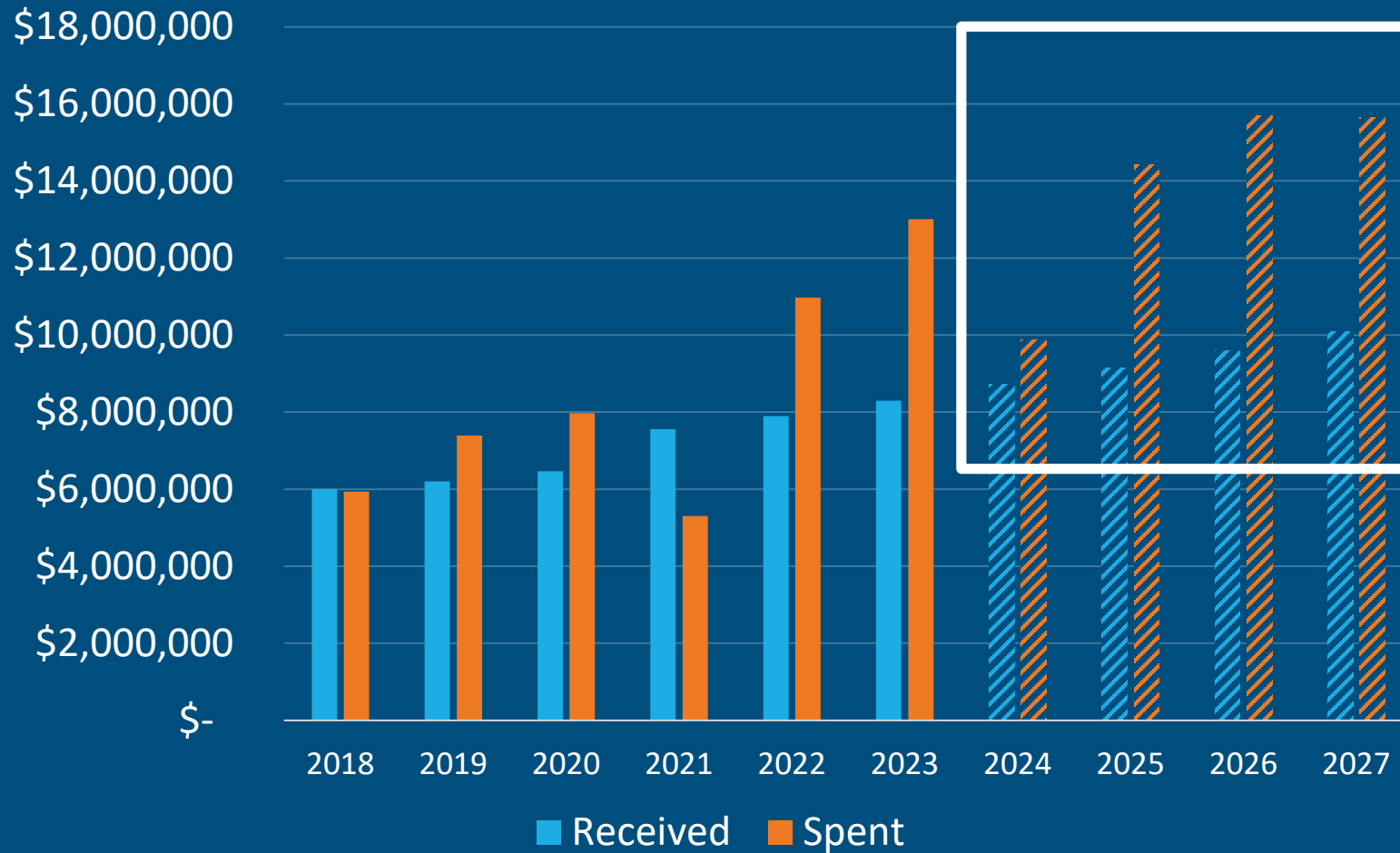
$$\begin{array}{ccccccc} 5\% & + & 2\% & + & 0.5\% & = & 7.5\% \\ \text{State of ND} & & \text{The City of Fargo} & & \text{Cass County} & & \text{Sales Tax} \end{array}$$

HOW 2% BREAKS DOWN



**Sales
Tax**

STREETS SALES TAX HISTORY AND PROPOSED



Needs are outpacing revenues

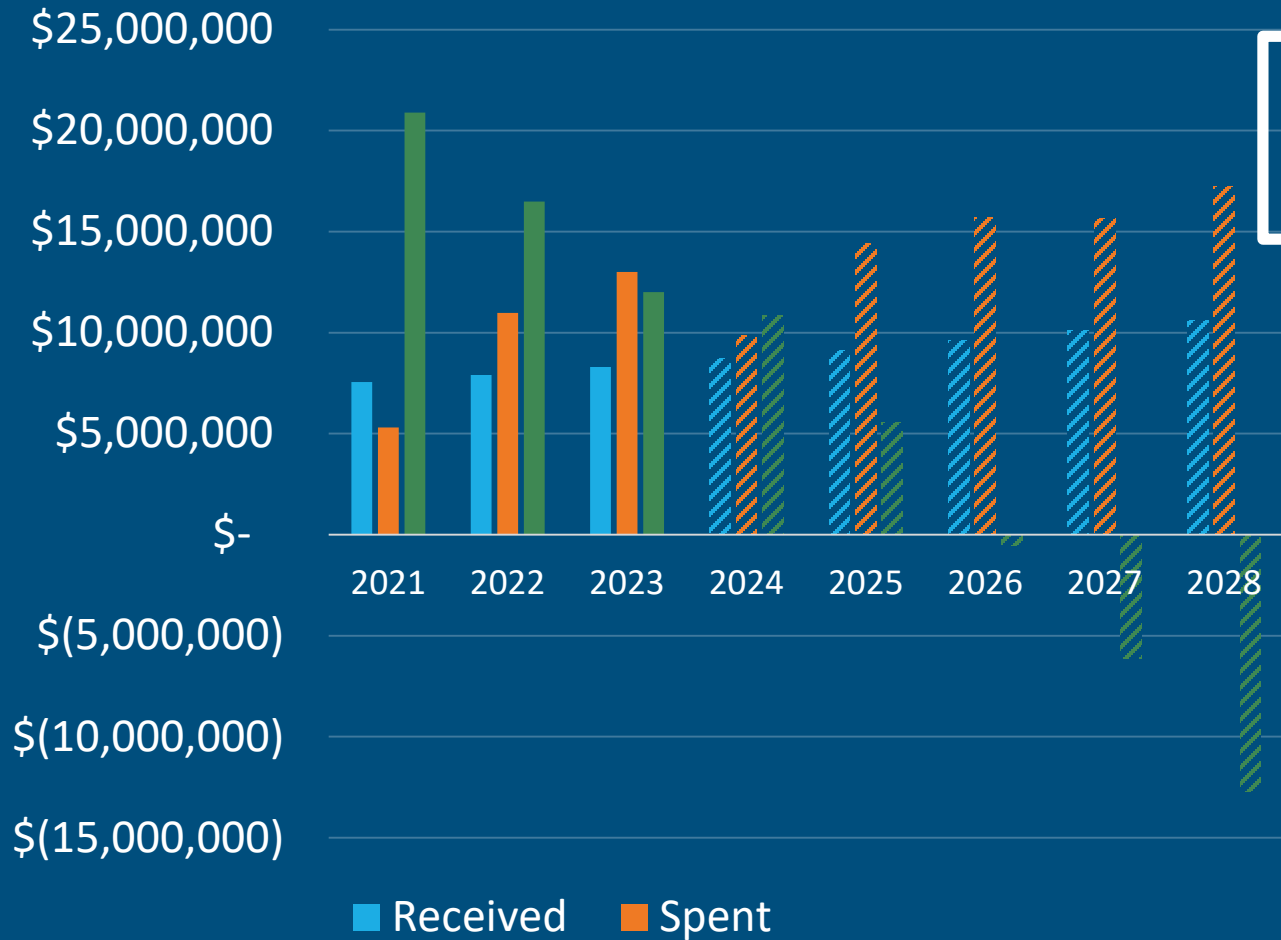
Street Sales Tax Fund Balance

Beginning of 2022 = \$20,896,025

Beginning of 2023 = \$16,488,604

Current = \$12,427,574

STREETS SALES TAX HISTORY AND PROPOSED



CIP FUNDING



**Sales
Tax**



**Utility
Funds**



**Prairie
Dog Funds**

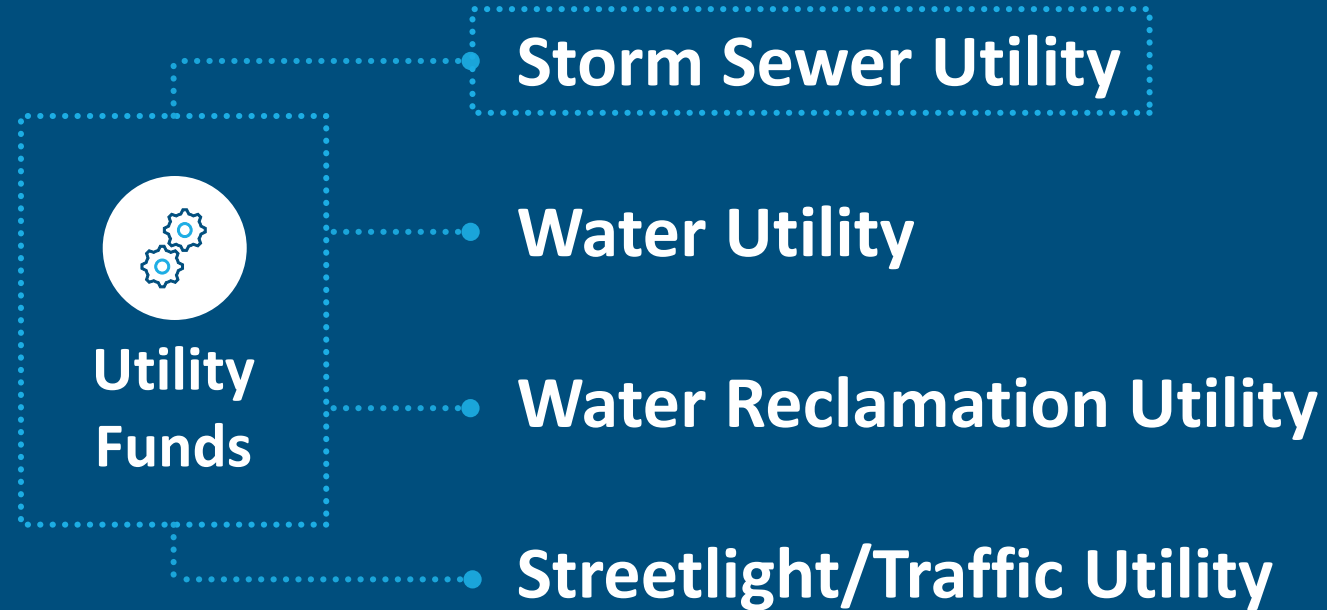


**Federal
Funds**



**Special
Assessments**

CIP FUNDING



STORM SEWER UTILITY



Rates

- Recommended by Engineering and approved by City Commission
- Revenue adequacy model is routinely updated – forecasts rate changes based on model results



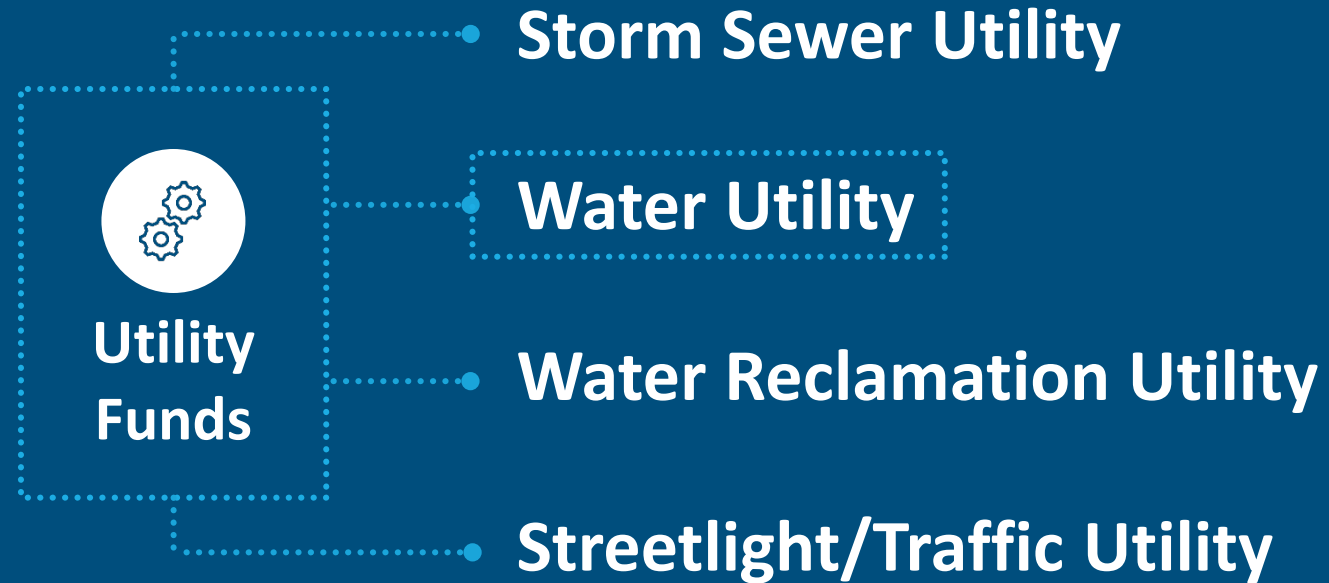
Portion of Revenue Used in CIP

- Citywide & emergency repairs (100% funded)
- Reconstruction/rehab of storm sewer mains/structures (50% funded)

Remaining portion of utility:

- Operation, cleaning, inspection, and maintenance of mains, manholes, inlets, and lift stations
- Storm utility staff

CIP FUNDING



WATER UTILITY



Rates

- Recommended by Water Utility and approved by City Commission
- Revenue adequacy model is routinely updated – forecasts rate changes based on model results



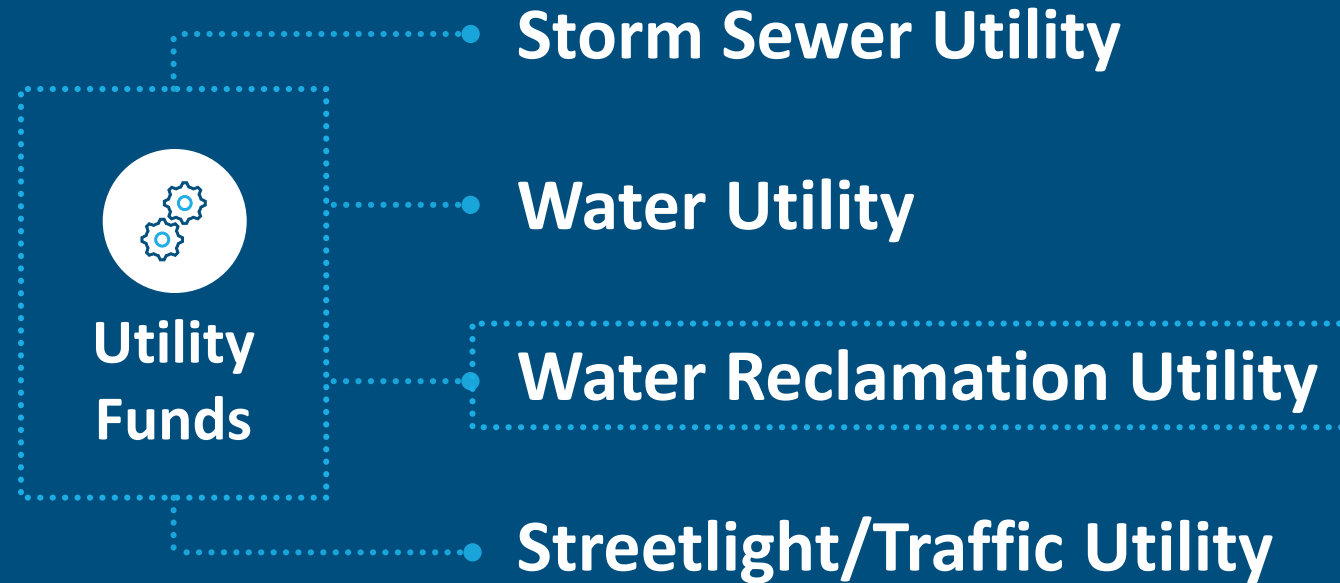
Portion of Revenue Used in CIP (rates and sales tax supported)

- Water service replacement as part of recon. project (100% funded)
- Oversized (trunk) mains (100% funded)
- Any portion not covered by special assessment cap

Majority of revenue used for:

- Capital improvements, maintenance, and operations of plant, pump stations and water towers

CIP FUNDING



WATER RECLAMATION UTILITY



Rates

- Recommended by Water Reclamation and approved by City Commission
- Revenue adequacy model is routinely updated – forecasts rate changes based on model results



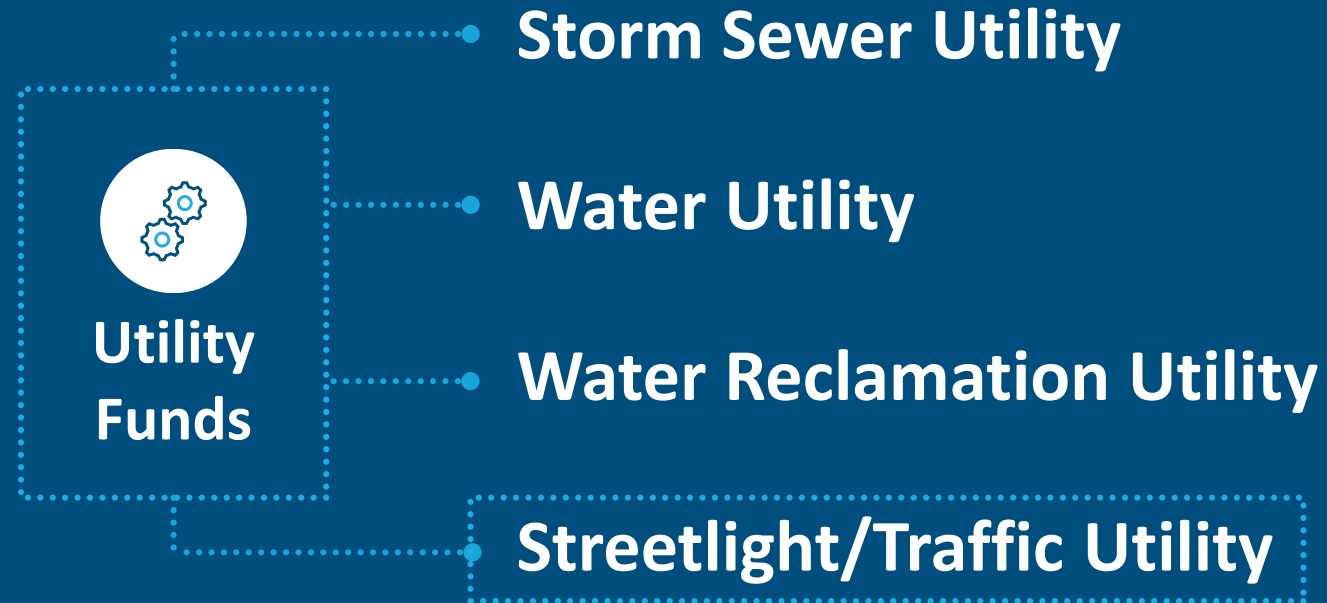
Portion of Revenue Used in CIP (rates and sales tax supported)

- Sewer service replacement (within roadway) and as part of recon project (100% funded)
- Oversized (trunk) mains (100% funded)
- Any portion not covered by special assessment cap
- Emergency repairs

Majority of revenue used for:

- Capital improvements, maintenance, and operation of plant and lift stations

CIP FUNDING



STREETLIGHT/TRAFFIC UTILITY



Rates

- Recommended by Engineering and approved by City Commission
- Increased in 2024 Budget



Portion of Revenue Used in CIP

- Maintenance projects of streetlights and traffic signals (100% funded)
- Replacement of streetlights on recon projects (100% funded)
- Replacement of traffic signals on recon projects (100% funded)
- Replacement of pavement markings citywide (100% funded)
- Safe Routes to Schools project list (100% funded)

Remaining portion of utility:

- Electricity costs for streetlights and traffic signals
- Streetlight/Traffic maintenance staff

CIP FUNDING



**Sales
Tax**



**Utility
Funds**



**Prairie
Dog Funds**



**Federal
Funds**



**Special
Assessments**

PRAIRIE DOG FUNDS



Funds

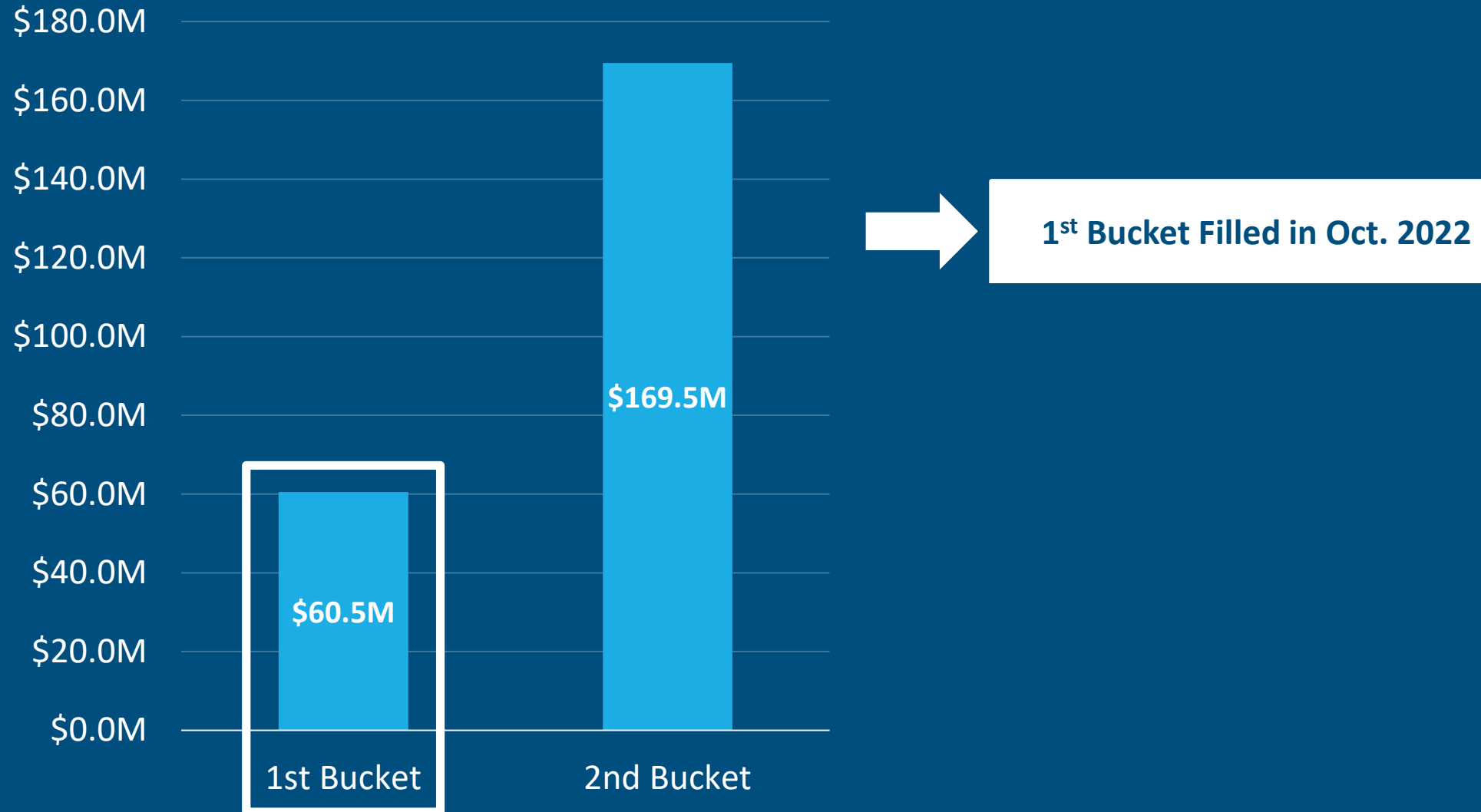
- Allocated by the state and come from oil production
- May not be used for debt repayment
- May not be used for routine maintenance and repair projects



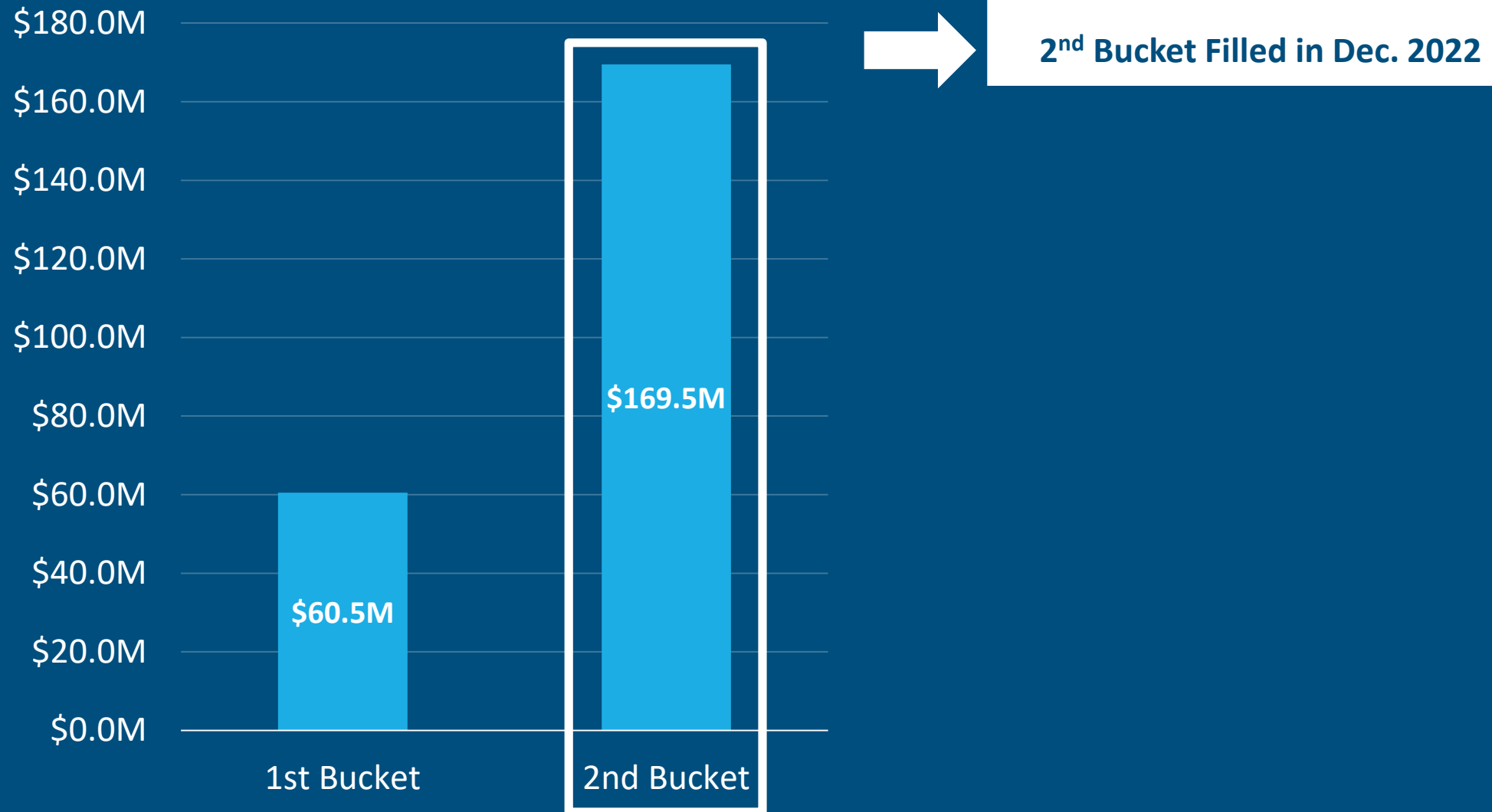
Essential Infrastructure Projects

- Capital construction projects to construct new infrastructure or to replace existing
 - Water treatment plants
 - Wastewater treatment plants
 - Sewer lines and water lines, including lift stations and pumping systems
 - Water storage systems, including dams, water tanks, and water towers
 - Storm water infrastructure, including curb and gutter construction
 - Road and bridge infrastructure, including paved and unpaved roads and bridges
 - Airport infrastructure
 - Electricity transmission infrastructure
 - Natural gas transmission infrastructure
 - Communications infrastructure, excluding fiber optic infrastructure

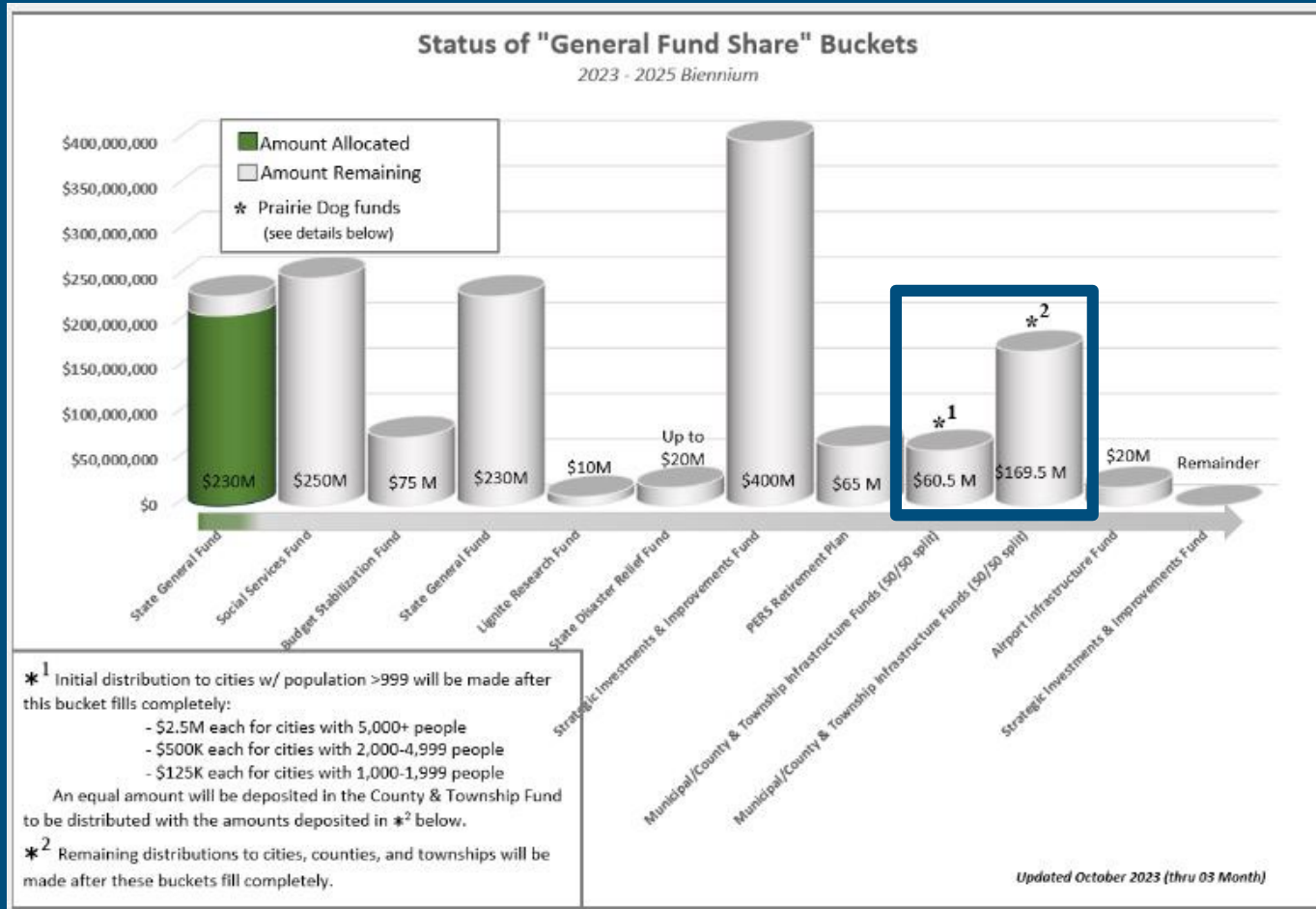
PRAIRIE DOG FUNDS



PRAIRIE DOG FUNDS



PRAIRIE DOG FUNDS



- Buckets aren't likely to fill until 2025
 - To fill both buckets, need to average about \$63M per month
 - In first three months, average is about \$67M per month
- Plan to use 2023-2025 Biennium funds in 2025 & 2026
- Anticipate about the same amounts as previous (~\$24M)

CIP FUNDING



**Sales
Tax**



**Utility
Funds**



**Prairie
Dog Funds**

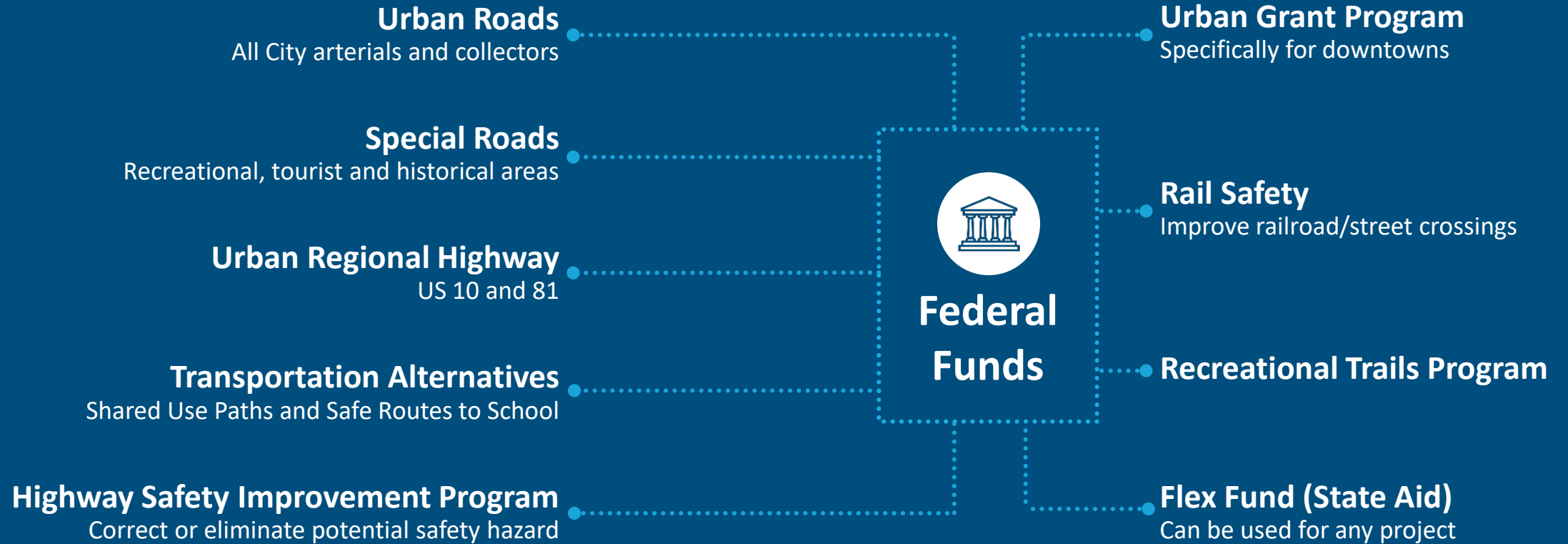


**Federal
Funds**



**Special
Assessments**

CIP FUNDING



Distributed to MetroCOG and allocated by the Policy Board

CIP FUNDING



**Sales
Tax**



**Utility
Funds**



**Prairie
Dog Funds**



**Federal
Funds**



**Special
Assessments**

CIP FUNDING

Infrastructure Funding Policy

Determines how costs are allocated
Adopted by City Commission

Paving rehab (mill and overlay)

50% special assessed & 50% City funded

Most other items are “capped”

Water, sewer and pavement replacement



**Special
Assessments**

WHAT ARE SPECIAL ASSESSMENT CAPS?

The way in which the City of Fargo limits the maximum amount a property owner will pay for an improvement

Provides for a predictable special assessment amount for property owners

Ensures all property owners are treated equitably



HOW DO WE DETERMINE FUNDING ON EACH PROJECT?

Through our design
process we
determine...

Bid Item
Remove Pipe All Sizes All Types
F&I Fittings C153 Ductile Iron
F&I Hydrant
F&I 1-1/4" Trench Found Rock 4" thru 12" Dia
Connect Pipe to Exist Pipe
F&I Pipe w/GB C900 DR 18 - 6" Dia PVC
F&I Pipe w/GB C900 DR 18 - 8" Dia PVC
F&I Casting Water Service
F&I Gate Valve 6" Dia
F&I Gate Valve 8" Dia
Bore Pipe 1" Dia Water Service
Bore Pipe 1.5" Dia Water Service
F&I Pipe w/GB 1" Dia Water Service
F&I Pipe w/GB 1.5" Dia Water Service
Rem & Repl CS & Box 1" Dia
Rem & Repl CS & Box 1.5" Dia
Connect Water Service
Furnish Temp Water Svc

HOW DO WE DETERMINE FUNDING ON EACH PROJECT?

We then bid the project and the unit price is determined by the low bidder

Bid Item	Unit	Quantity
Remove Pipe All Sizes All Types	LF	1,445
F&I Fittings C153 Ductile Iron	LB	1,605
F&I Hydrant	EA	4
F&I 1-1/4" Trench Found Rock 4" thru 12" Dia	LF	500
Connect Pipe to Exist Pipe	EA	7
F&I Pipe w/GB C900 DR 18 - 6" Dia PVC	LF	135
F&I Pipe w/GB C900 DR 18 - 8" Dia PVC	LF	2,650
F&I Casting Water Service	EA	1
F&I Gate Valve 6" Dia	EA	9
F&I Gate Valve 8" Dia	EA	5
Bore Pipe 1" Dia Water Service	LF	350
Bore Pipe 1.5" Dia Water Service	LF	100
F&I Pipe w/GB 1" Dia Water Service	LF	850
F&I Pipe w/GB 1.5" Dia Water Service	LF	100
Rem & Repl CS & Box 1" Dia	EA	44
Rem & Repl CS & Box 1.5" Dia	EA	2
Connect Water Service	EA	44
Furnish Temp Water Svc	EA	44

HOW DO WE DETERMINE FUNDING ON EACH PROJECT?

All of this
determines the
actual cost of
construction

Bid Item	Unit	Quantity	Unit Price
Remove Pipe All Sizes All Types	LF	1,445	\$20.00
F&I Fittings C153 Ductile Iron	LB	1,605	\$12.00
F&I Hydrant	EA	4	\$6,500.00
F&I 1-1/4" Trench Found Rock 4" thru 12" Dia	LF	500	\$15.00
Connect Pipe to Exist Pipe	EA	7	\$1,500.00
F&I Pipe w/GB C900 DR 18 - 6" Dia PVC	LF	135	\$115.00
F&I Pipe w/GB C900 DR 18 - 8" Dia PVC	LF	2,650	\$130.00
F&I Casting Water Service	EA	1	\$1,500.00
F&I Gate Valve 6" Dia	EA	9	\$2,500.00
F&I Gate Valve 8" Dia	EA	5	\$3,000.00
Bore Pipe 1" Dia Water Service	LF	350	\$90.0
Bore Pipe 1.5" Dia Water Service	LF	100	\$150
F&I Pipe w/GB 1" Dia Water Service	LF	850	\$75.00
F&I Pipe w/GB 1.5" Dia Water Service	LF	100	\$100.00
Rem & Repl CS & Box 1" Dia	EA	44	\$1,000.00
Rem & Repl CS & Box 1.5" Dia	EA	2	\$1,200.00
Connect Water Service	EA	44	\$800.00
Furnish Temp Water Svc	EA	44	\$1,500.00

HOW DO WE DETERMINE FUNDING ON EACH PROJECT?

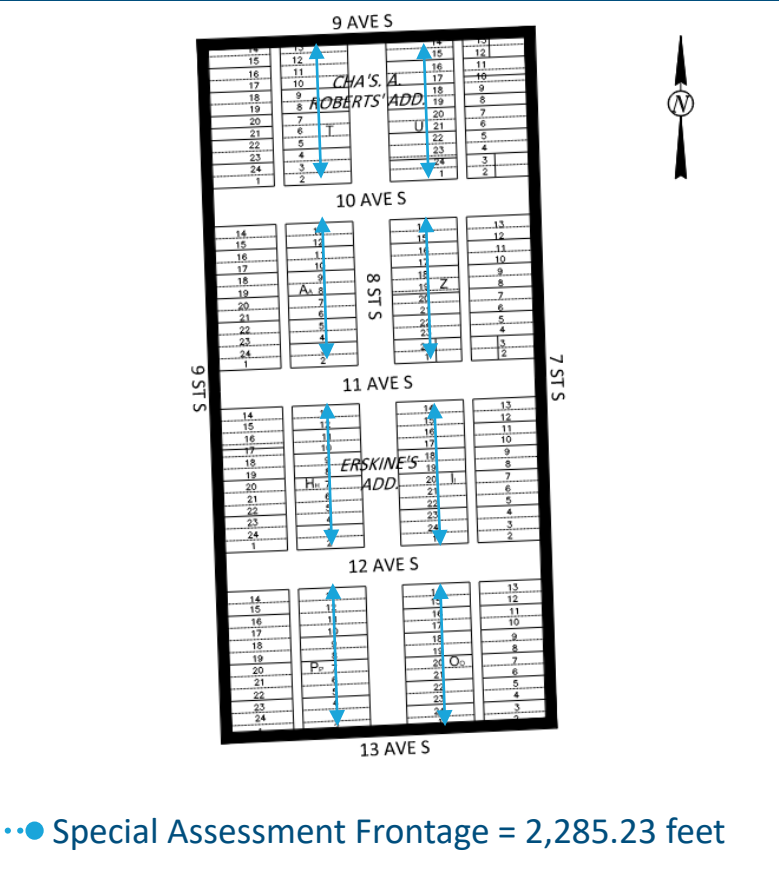
Water Main			
Construction Cost			\$759,035.00
Admin	4%	\$30,361.40	
Contingency	5%	\$37,951.75	
Engineering	10%	\$75,903.50	
Interest	4%	\$30,361.40	
Legal	3%	\$22,771.05	
Total Estimated Cost			\$956,384.10

Bid Item	Unit	Quantity	Unit Price	Extension
Remove Pipe All Sizes All Types	LF	1,445.00	\$20.00	\$28,900.00
F&I Fittings C153 Ductile Iron	LB	1,605.00	\$12.00	\$19,260.00
	EA	4	\$6,500.00	\$26,000.00
	LF	500	\$15.00	\$7,500.00
	EA	7	\$1,500.00	\$10,500.00
	LF		\$115.00	\$15,525.00
	LF		\$130.00	\$344,500.00
	EA		\$1,500.00	\$1,500.00
	EA		\$2,500.00	\$22,500.00
	EA		\$3,000.00	\$15,000.00
	LF	350	\$90.00	\$31,500.00
Bore Pipe 1.5" Dia Water Service	LF	100	\$150.00	\$15,000.00
F&I Pipe w/GB 1" Dia Water Service	LF	850	\$75.00	\$63,750.00
F&I Pipe w/GB 1.5" Dia Water Service	LF	100	\$100.00	\$10,000.00
Rem & Repl CS & Box 1" Dia	EA	44	\$1,000.00	\$44,000.00
Rem & Repl CS & Box 1.5" Dia	EA	2	\$1,200.00	\$2,400.00
Connect Water Service	EA	44	\$800.00	\$35,200.00
Furnish Temp Water Svc	EA	44	\$1,500.00	\$66,000.00
Water Main Construction Cost =				\$759,035.00

Add fees and contingency to construction cost

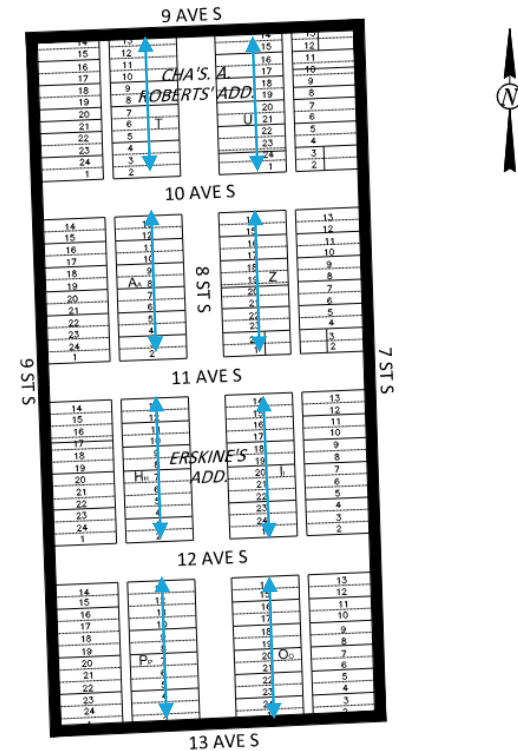
HOW DO WE DETERMINE FUNDING ON EACH PROJECT?

We calculate the
length of special
assessment frontage



HOW DO WE DETERMINE FUNDING ON EACH PROJECT?

The total amount to be special assessed is calculated



Special Assessment Frontage = 2,285.23 feet

• Footage x Capped Cost = Special Assessments
2,258.23 feet x \$42.45/foot = **\$97,008.01**

HOW DO WE DETERMINE FUNDING ON EACH PROJECT?

Water Main

Construction Cost Fees

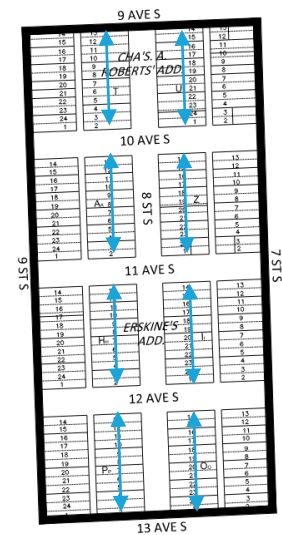
Admin	4%	\$30,361.40
Contingency	5%	\$37,951.75
Engineering	10%	\$75,903.50
Interest	4%	\$30,361.40
Legal	3%	\$22,771.05

Total Estimated Cost		\$956,384.10
-----------------------------	--	---------------------

Funding

Special Assessments	10.14%	\$97,008.01
Utility Funds - Water - 501	89.86%	\$859,376.09

Bid Item	Unit	Quant		
Remove Pipe All Sizes All Types	LF	1,445.		
F&I Fittings C153 Ductile Iron	LB	1,605.		
	EA	4		
	LF	500		
	EA	7		
	LF	135		
	LF	2,650.		
	EA	1		
	EA	9		
	EA	5		
	LF	350		
	LF	100		
	LF	850	\$75.00	\$63,750.00
	LF	100	\$100.00	\$10,000.00
Rem & Repl CS & Box 1" Dia	EA	44	\$1,000.00	\$44,000.00
Rem & Repl CS & Box 1.5" Dia	EA	2	\$1,200.00	\$2,400.00
Connect Water Service	EA	44	\$800.00	\$35,200.00
Furnish Temp Water Svc	EA	44	\$1,500.00	\$66,000.00
Water Main Construction Cost =				\$759,035.00



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2,258.23 feet x \$42.45/foot = **\$97,008.01**

HOW DO WE DETERMINE FUNDING ON EACH PROJECT?

Water Main

Construction Cost Fees

Admin	4%	\$30,361.40
Contingency	5%	\$37,951.75
Engineering	10%	\$75,903.50
Interest	4%	\$30,361.40
Legal	3%	\$22,771.05

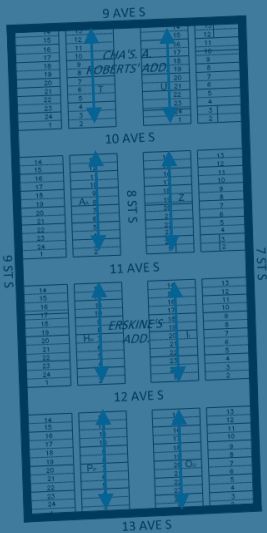
Total Estimated Cost **\$956,384.10**

Funding

Special Assessments	10.14%	\$97,008.01
Utility Funds - Water - 501	89.86%	\$859,376.09

Amount city funded = Total Estimated Cost – Amount Special Assessed

Bid Item	Unit	Quan		
Remove Pipe All Sizes All Types	LF			
F&I Fittings C153 Ductile Iron	LB			
	EA			
	LF			
	EA			
	LF			
	EA			
	EA			
	EA			
	LF			
	LF			
	LF	850	\$75.00	\$63,750.00
	LF	100	\$100.00	\$10,000.00
Rem & Repl CS & Box 1" Dia	EA	44	\$1,000.00	\$44,000.00
			\$1,200.00	\$2,400.00
			\$800.00	\$35,200.00
Furnish Temp Water Svc	EA	44	\$1,500.00	\$66,000.00
Water Main Construction Cost =				\$759,035.00

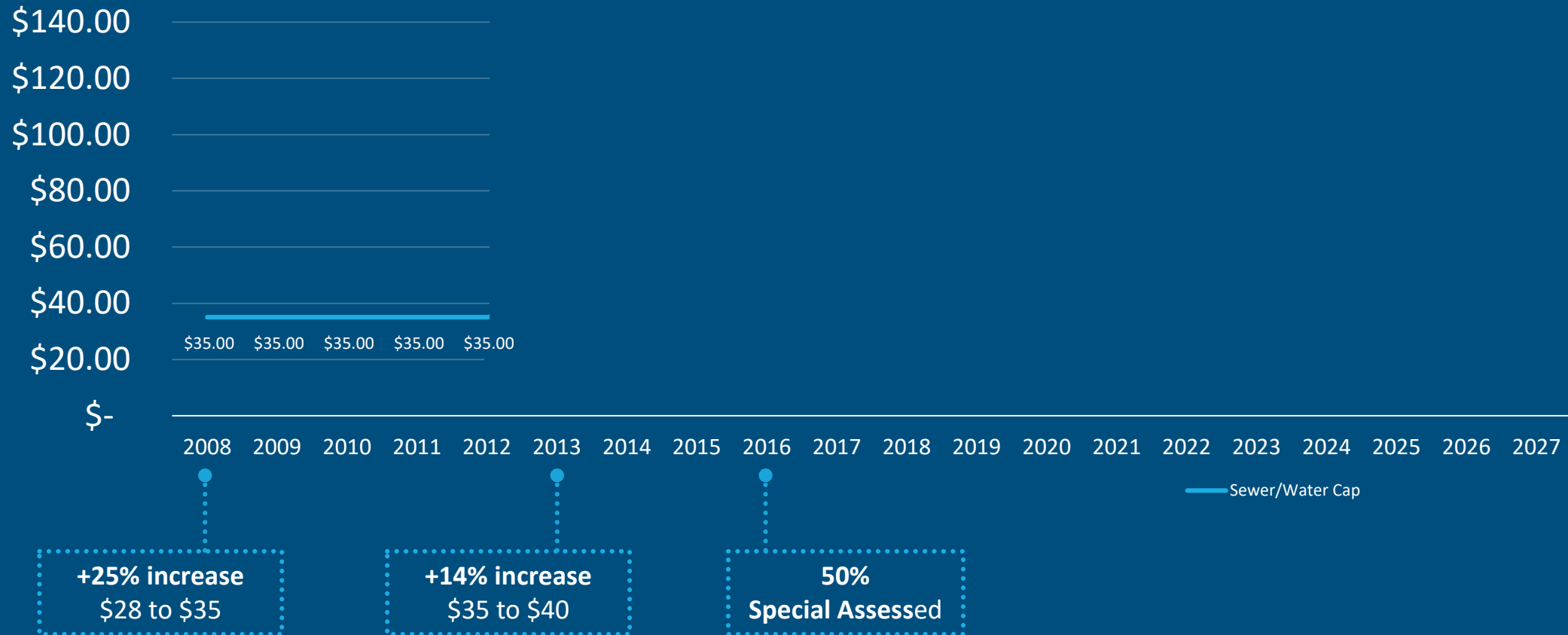


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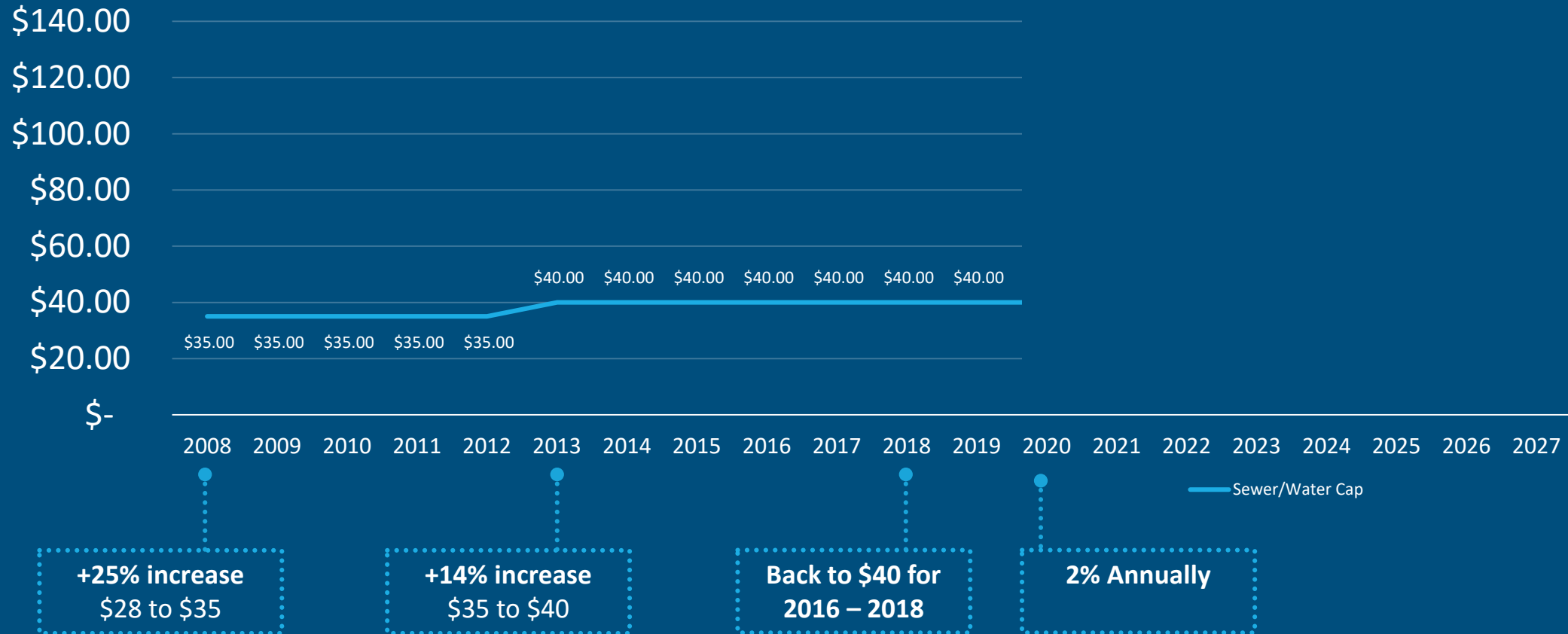
CHANGES TO SPECIAL ASSESSMENT CAPS

WATER/SEWER

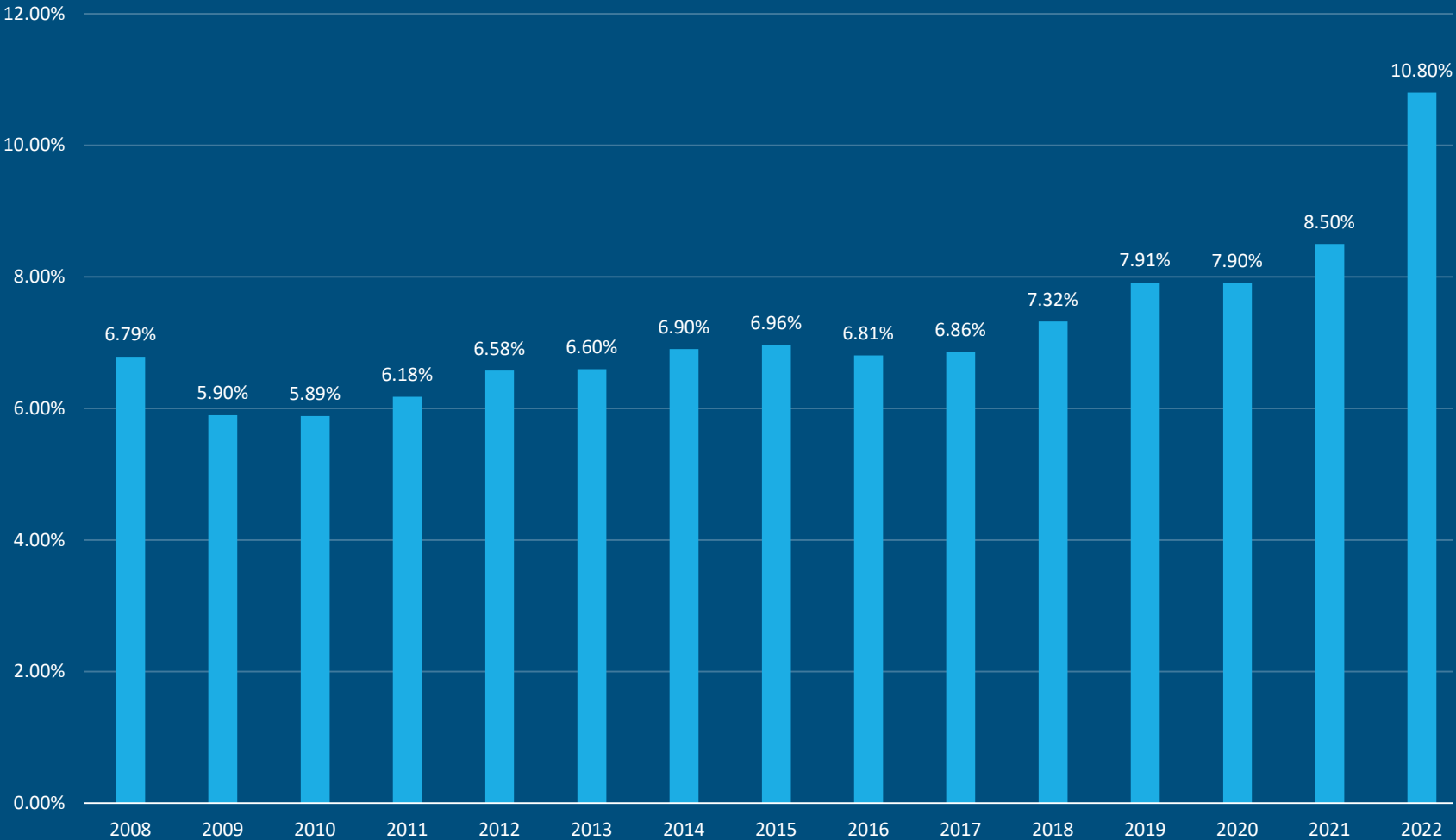


CHANGES TO SPECIAL ASSESSMENT CAPS

WATER/SEWER

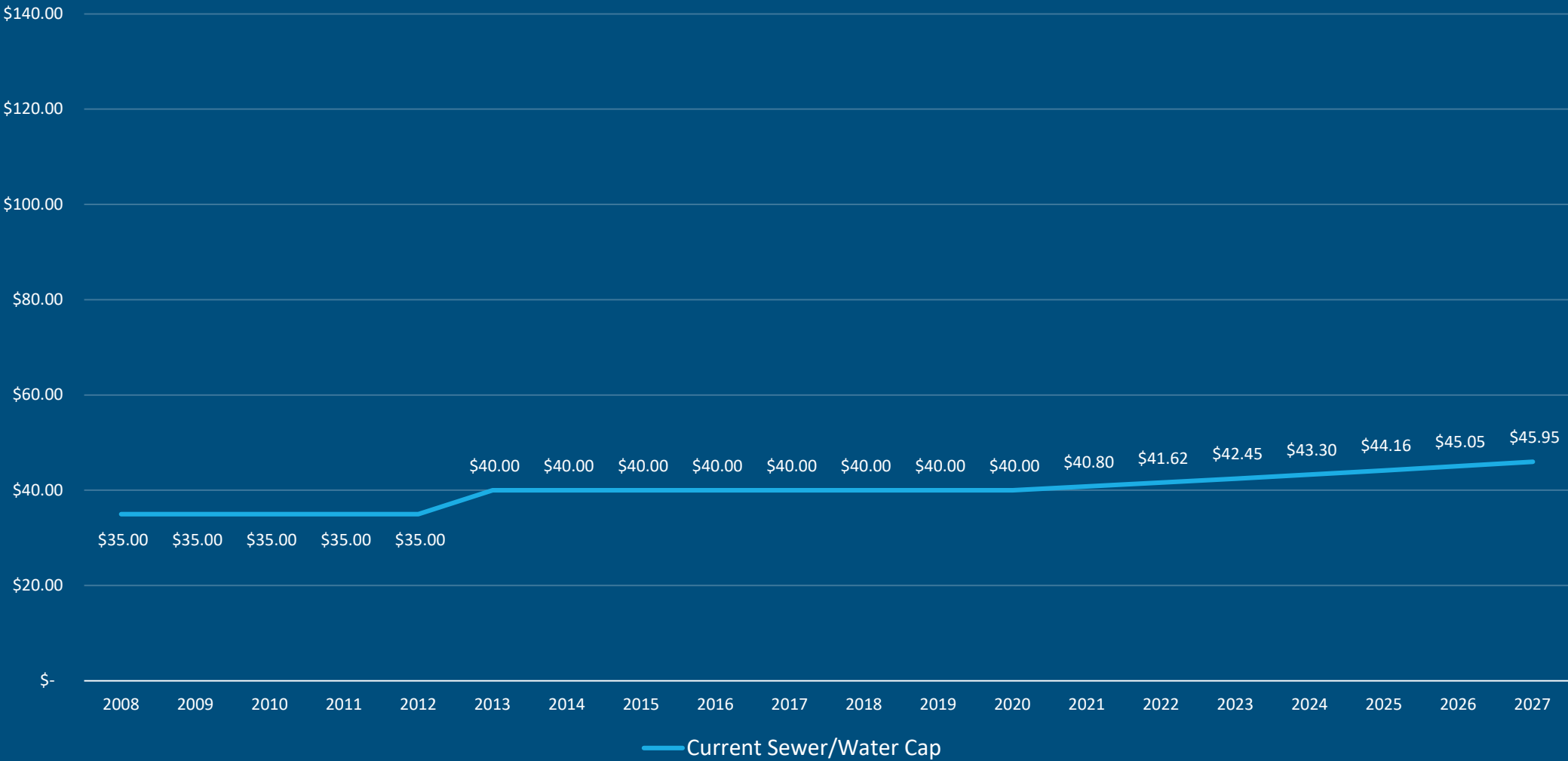


ANNUAL CONSTRUCTION INFLATION

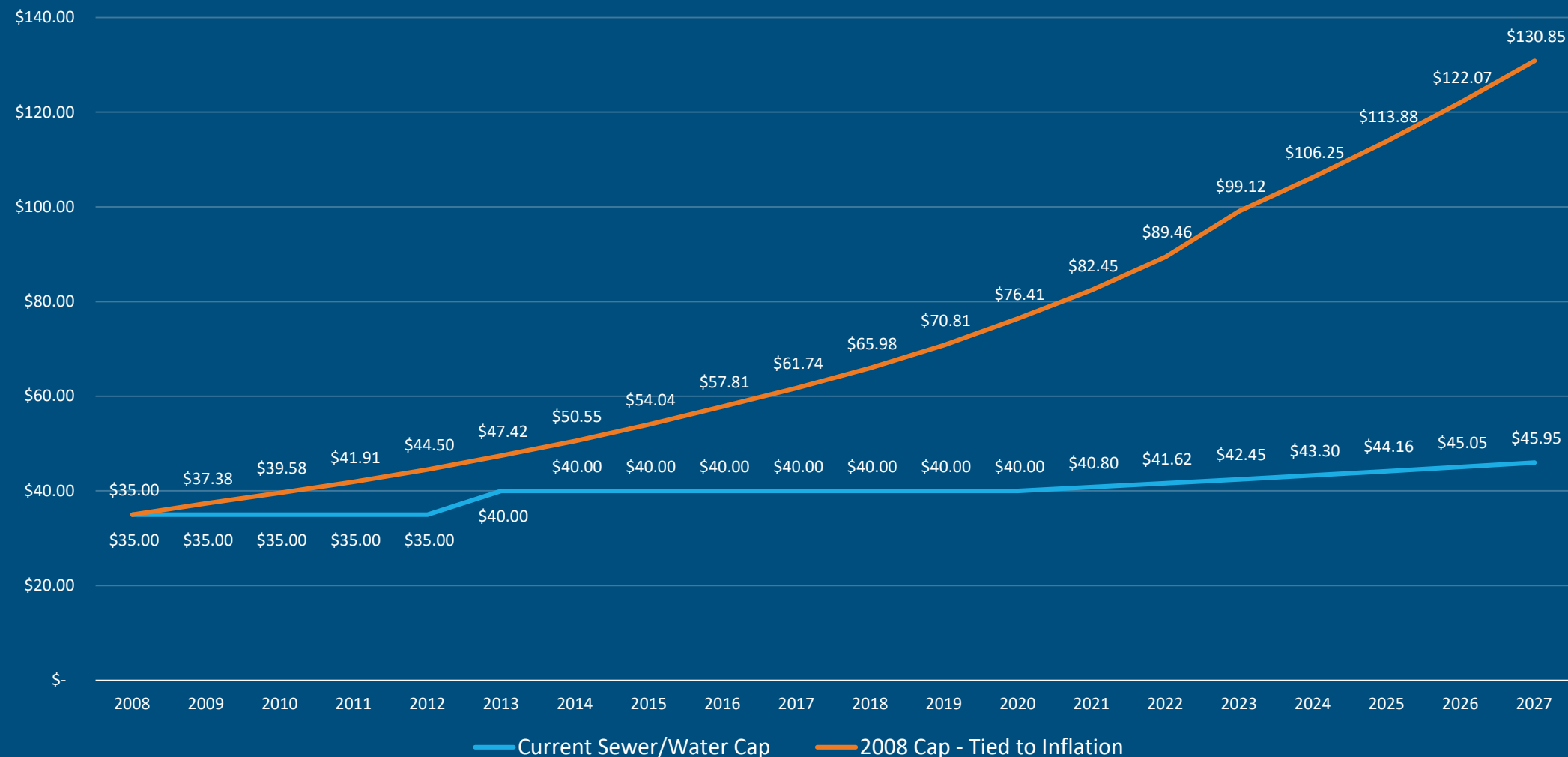


Data from FHWA – National Highway Construction Cost Index

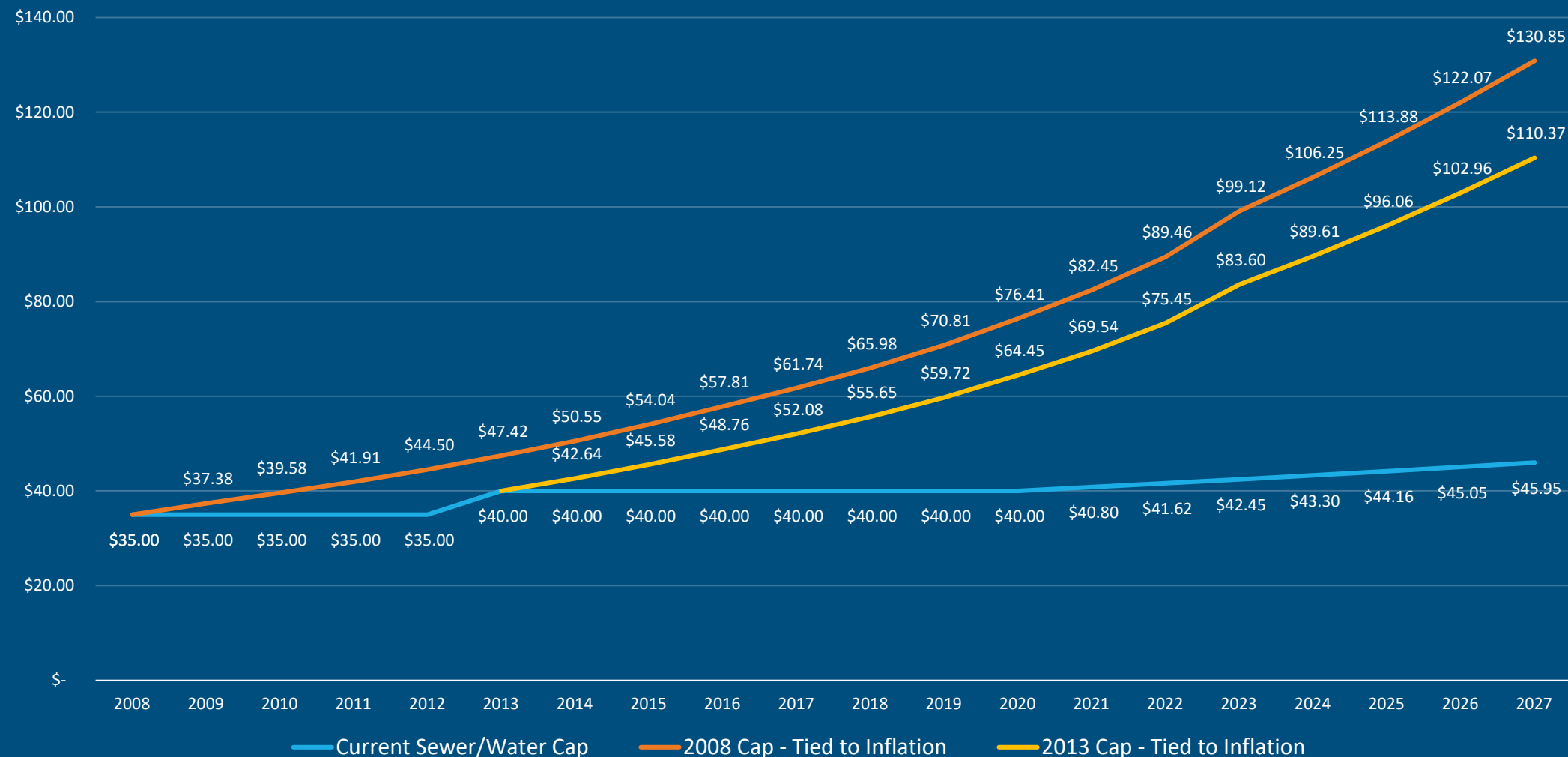
CAPS VS CONSTRUCTION INFLATION



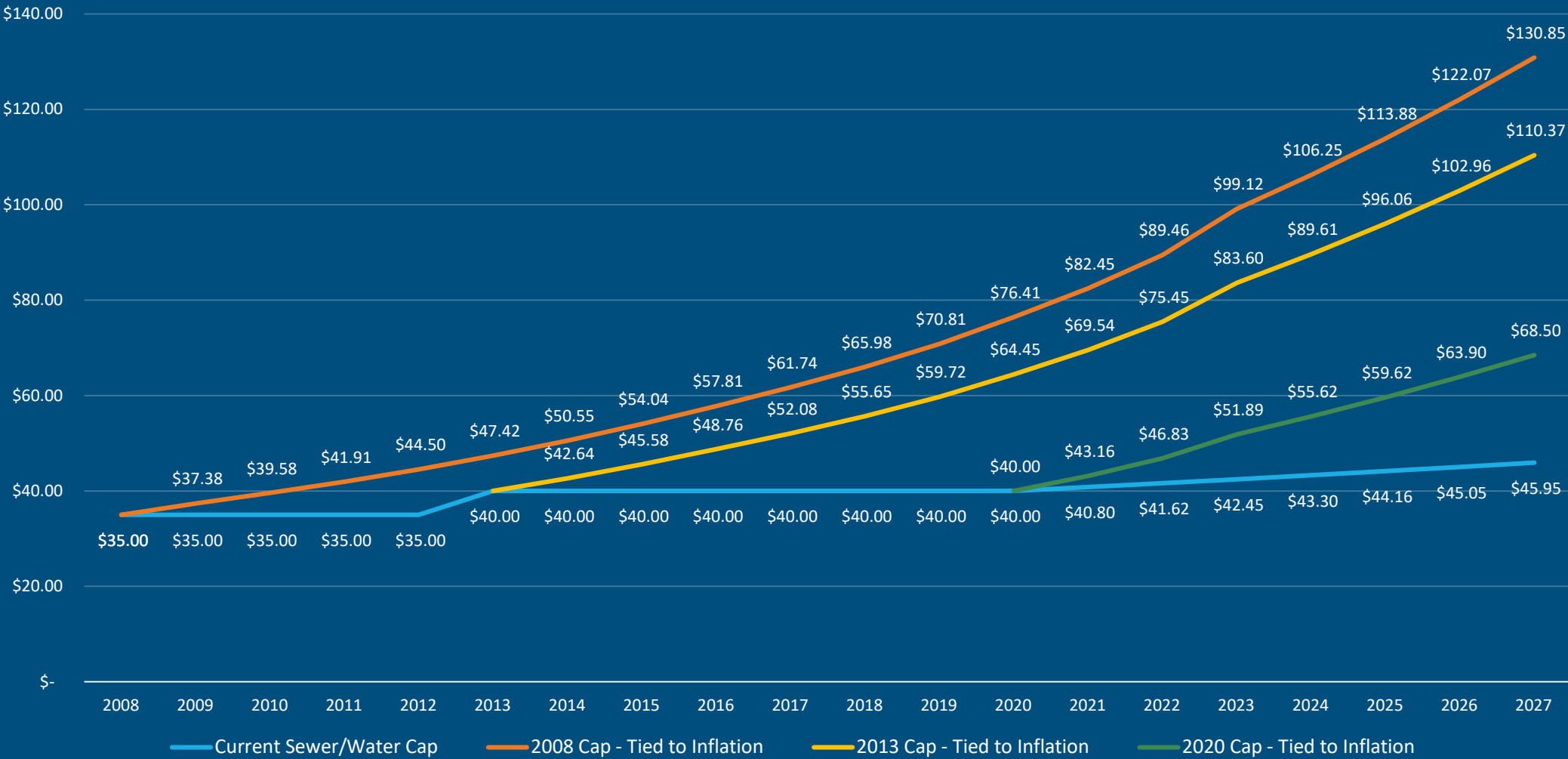
CAPS VS CONSTRUCTION INFLATION



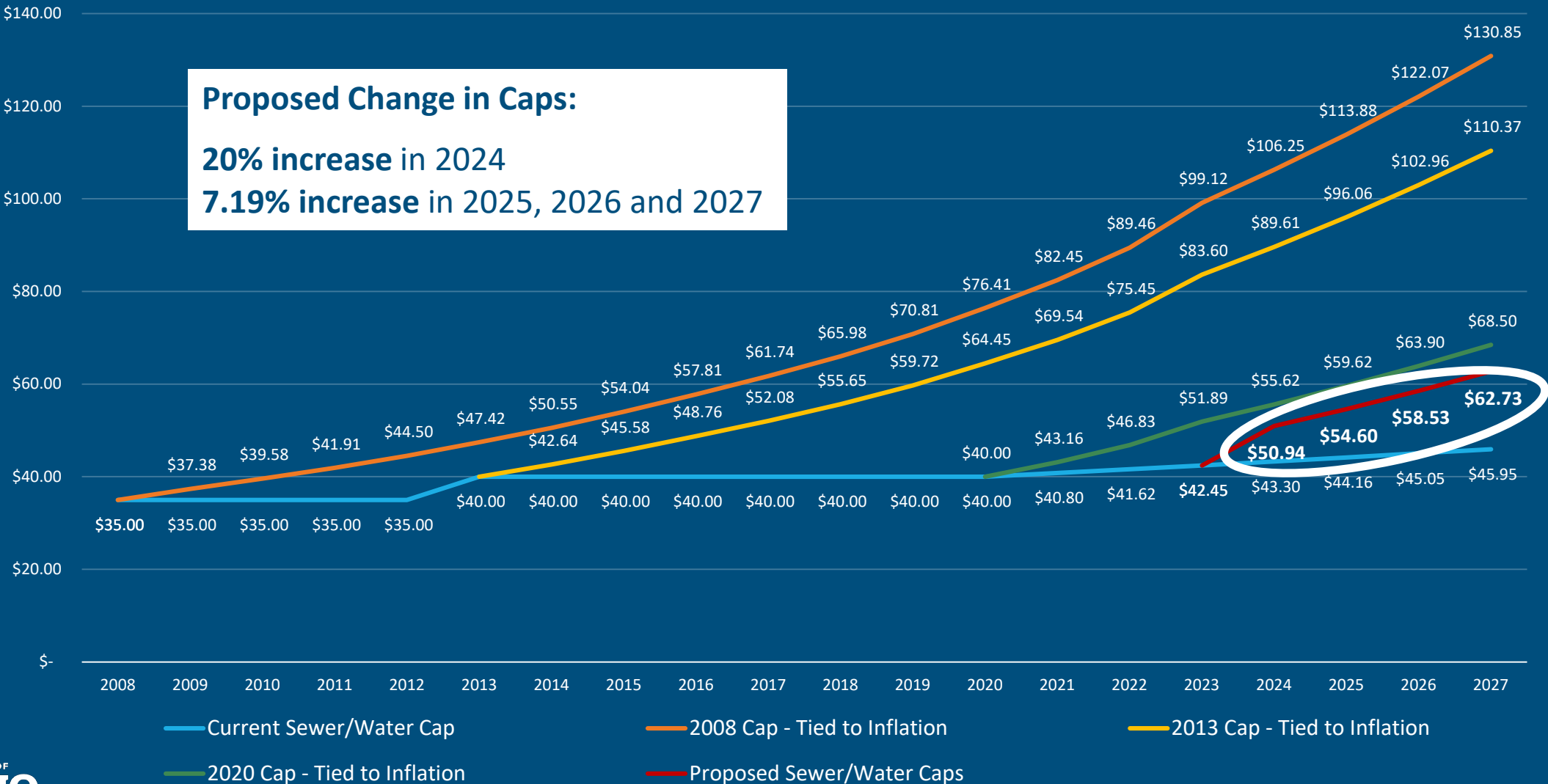
CAPS VS CONSTRUCTION INFLATION



CAPS VS CONSTRUCTION INFLATION




CAPS VS CONSTRUCTION INFLATION



COST TO A HOMEOWNER

STREET RECONSTRUCTION

 60' Wide Lot	No Caps (100% Assessed)
Typical Property Owner Assessment	\$47,335
Equivalent Monthly Cost	\$280

% Special Assessed (in Core Neighborhoods)	100%
Impact Over Next 4 Years (2024 – 2027)	City share would be reduced by \$74,027,802

SPECIAL ASSESSMENT ASSISTANCE PROGRAM



Helps alleviate the burden that special assessments can place on low- and moderate-income homeowners



Eligibility

- Special assessment with an initial balance greater than \$500
- Live in owner-occupied housing unit
- Have a qualifying household income



Homeowner must apply annually – *Based upon funds being available*

- “Social Service Funds” Account
 - 100% of principal and 50% interest
- “Other services” in 501
 - 50% of interest

SPECIAL ASSESSMENT ASSISTANCE PROGRAM

Usage by Year	Homeowners	Total Cost
2020	145	\$41,508.81
2021	153	\$52,262.48
2022	141	\$45,301.57

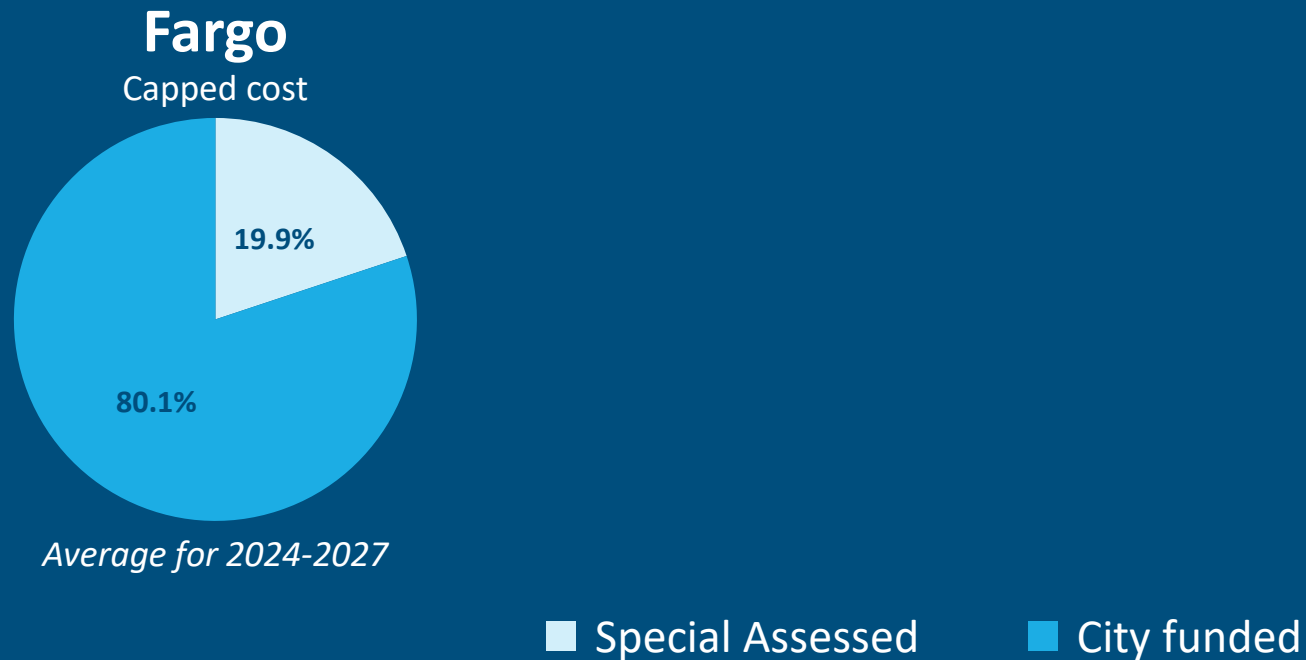
SPECIAL ASSESSMENTS COMPARISONS

MILL & OVERLAY



SPECIAL ASSESSMENTS COMPARISONS

LOCAL STREET RECONSTRUCTION



EFFORTS TO KEEP COSTS DOWN

- Initial investment vs. long term maintenance costs
- Example: Thinner pavement section today would result in greater patching and overlay frequency

- Allow as many acceptable materials as possible
- Example: Storm sewer pipe, allow RCP, PVC, or PP
- Increases competition and the market determines the lowest cost

- When projects are bid
- How much work is being bid
- Flexible with project completions
 - Increases the number of contractors able to bid projects

- Recycled asphalt pavement (up to 20%)
- Designs take constructability into consideration
 - Increased efficiency and lowers cost
- Reduce paving widths where possible
 - 12' wide lane reduced to 11' wide lane = 8.3% reduction
 - 36' wide roadway reduced to 32' wide = 11.1% reduction

INFRASTRUCTURE FUNDING POLICY

PROPOSED REVISION

Caps

**20% increase to “caps”
in 2024**

**7.19%* increase to “caps”
in 2025, 2026 and 2027**

**Average annual rate of inflation from 2008 to 2022*

Concrete Pavement Rehab Projects

Current language in policy
50% of project cost & no more than 25% of cap

Proposed language
Up to 50% of the cap

2024 - 2027 CIP was based on proposed policy revision being approved

PROJECT CATEGORIES WITHIN CIP



**Locally
Funded &
Programmed**



**Federal Aid
Projects**



**Prairie
Dog**



**Flood
Control**



**New
Development**



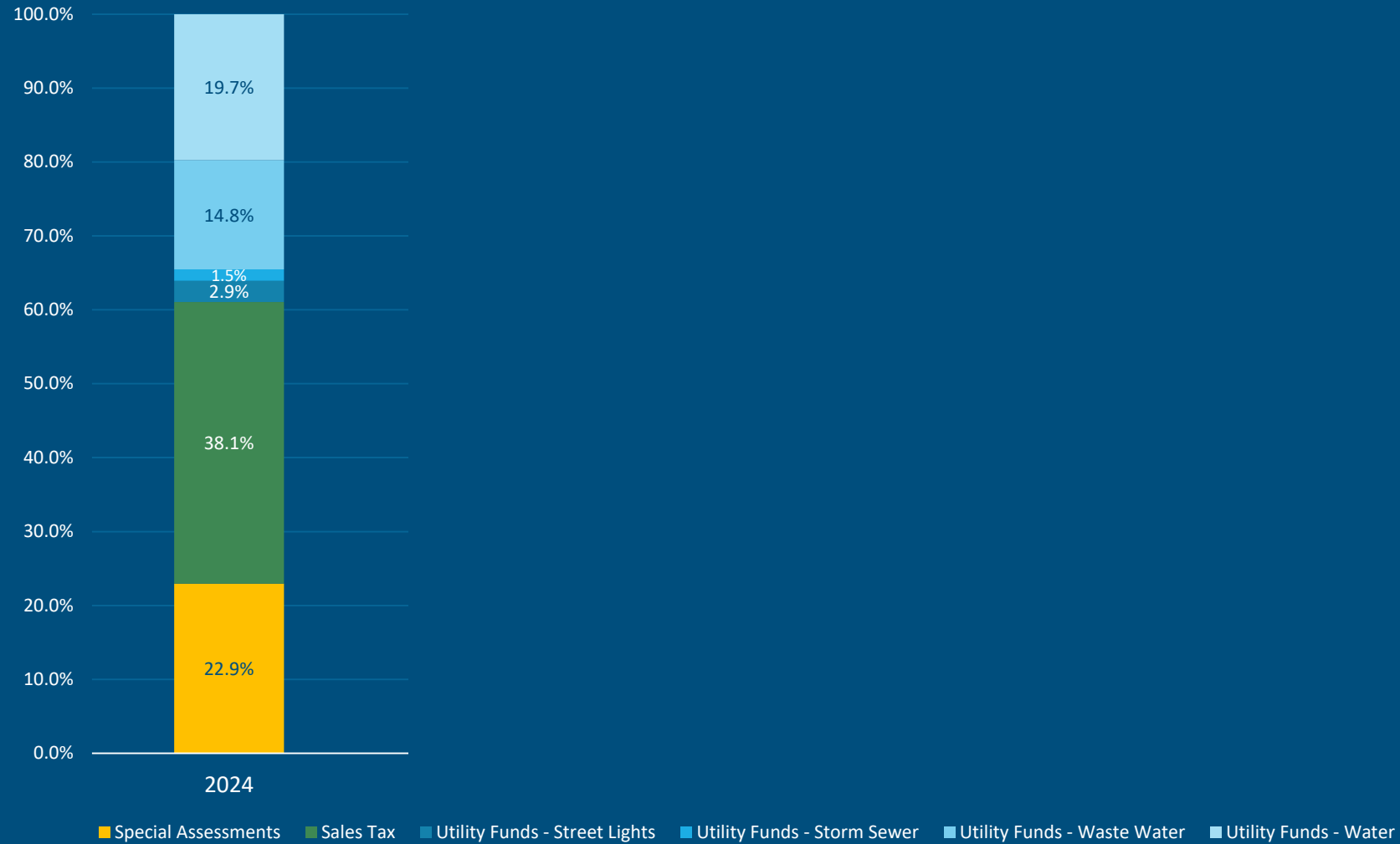
**Alley
Paving**

PROJECT CATEGORIES WITHIN CIP



CORE NEIGHBORHOOD PROJECTS

Percent of Funding by Source with Proposed Increases to Caps



PROJECT CATEGORIES WITHIN CIP



**Locally
Funded &
Programmed**



**Federal Aid
Projects**



**Prairie
Dog**



**Flood
Control**



**New
Development**



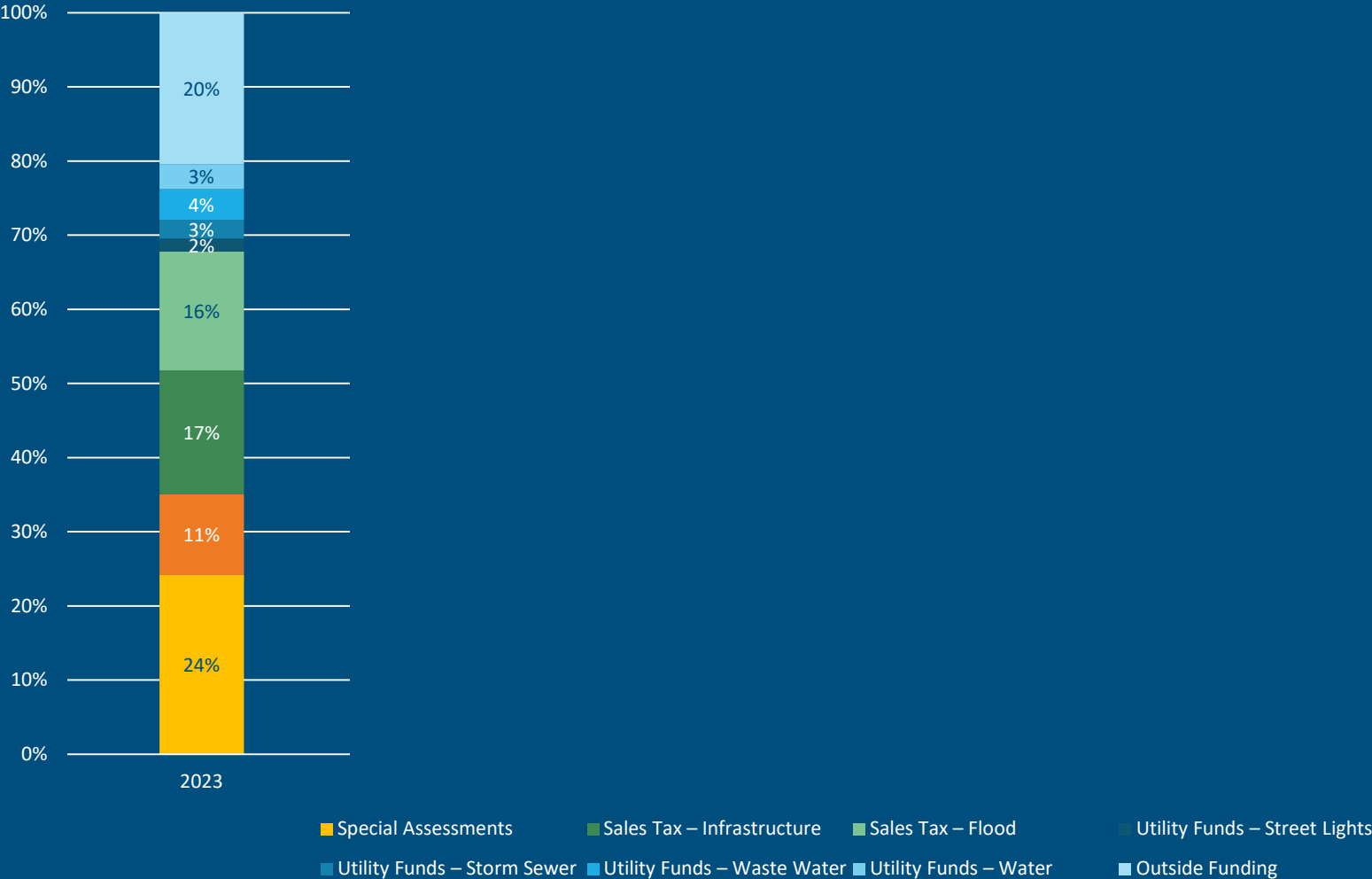
**Alley
Paving**

2024 – 2027 CIP SUMMARY

Cost by Category	2023 CIP
Core Neighborhood – Utility Repl. and Street Recon.	\$12,589,548
Pavement Preservation	\$10,142,848
Storm Sewer Utility	\$1,830,412
Traffic and Streetlight	\$2,361,683
Safety Improvements	\$1,114,920
Sidewalk	\$2,668,951
Miscellaneous	\$2,563,628
Federal Aid	\$23,371,194
Prairie Dog Projects	\$12,410,537
Flood Control	\$13,160,278
Total CIP:	\$82,214,000

2024 – 2027 CIP SUMMARY

Percent of Funding by Source with Proposed Increases to Caps



WHY A FOUR-YEAR CIP?



Predictable

- Share information with residents about future plans and timelines
- Allows residents to make better decisions
 - Sidewalk and/or driveway repairs/replacement
 - Sewer and/or water service replacement
- Allows the City to make educated decisions when planning
 - Public works & Engineering: Example; patch, mill and overlay, or wait for reconstruction?



Transparent

- Share with residents details of plans and how it will be funded
- Work with the Planning Department to host neighborhood informational meetings to educate residents of the improvement projects through 2027

WHAT COMES NEXT?



Approvals Required

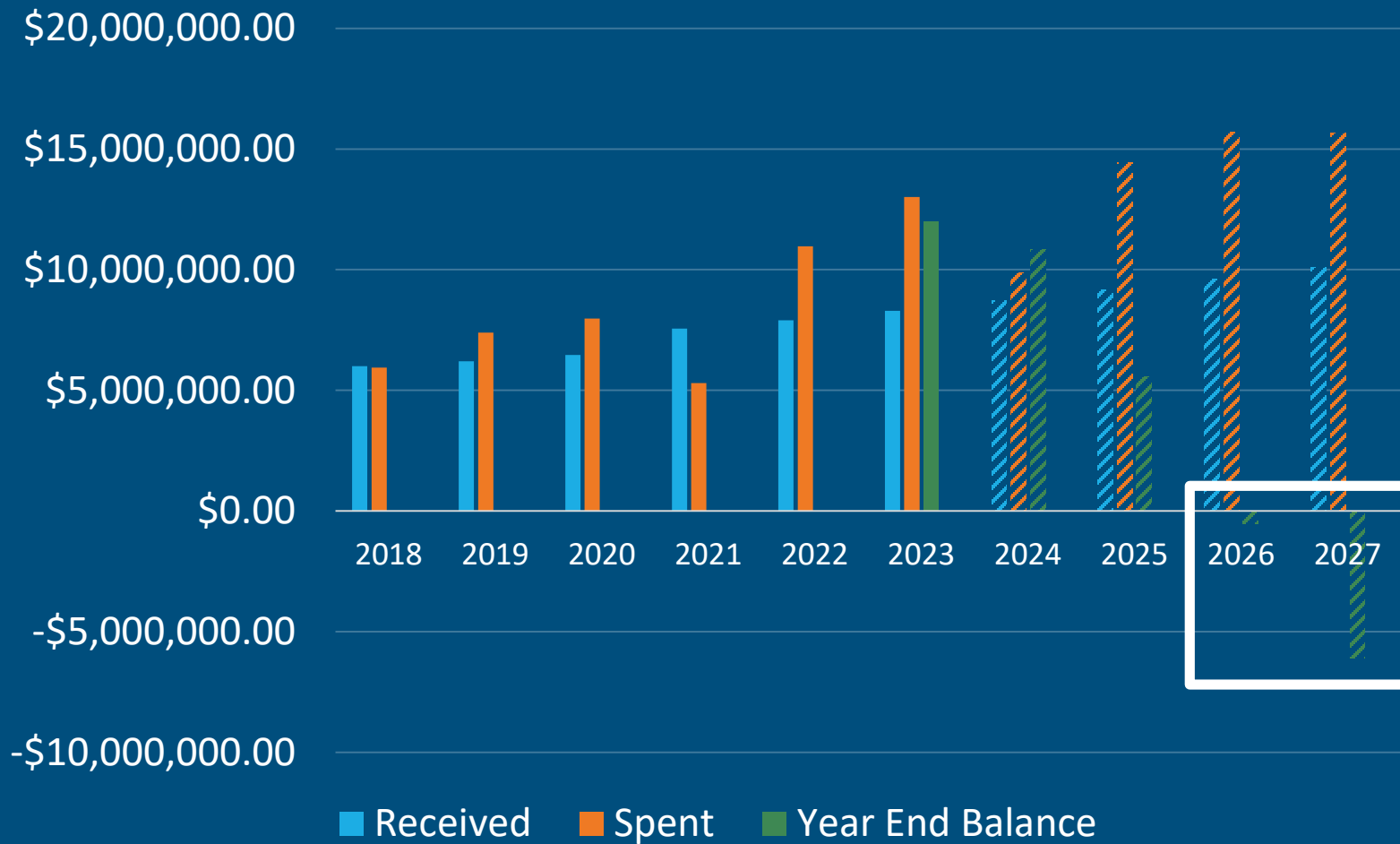
- PWPEC approval on **December 4, 2023**
- Commission approval on **December 11, 2023**
 - Provide opportunities to meet with Commissioners
 - Answer questions or make clarifications/changes before we seek approval



If Approved, Schedule Meetings with Neighborhoods Throughout 2024

- Communicate four-year plan
 - Project limits
 - Project scopes
 - Project funding/special assessments

STREETS SALES TAX HISTORY AND PROPOSED

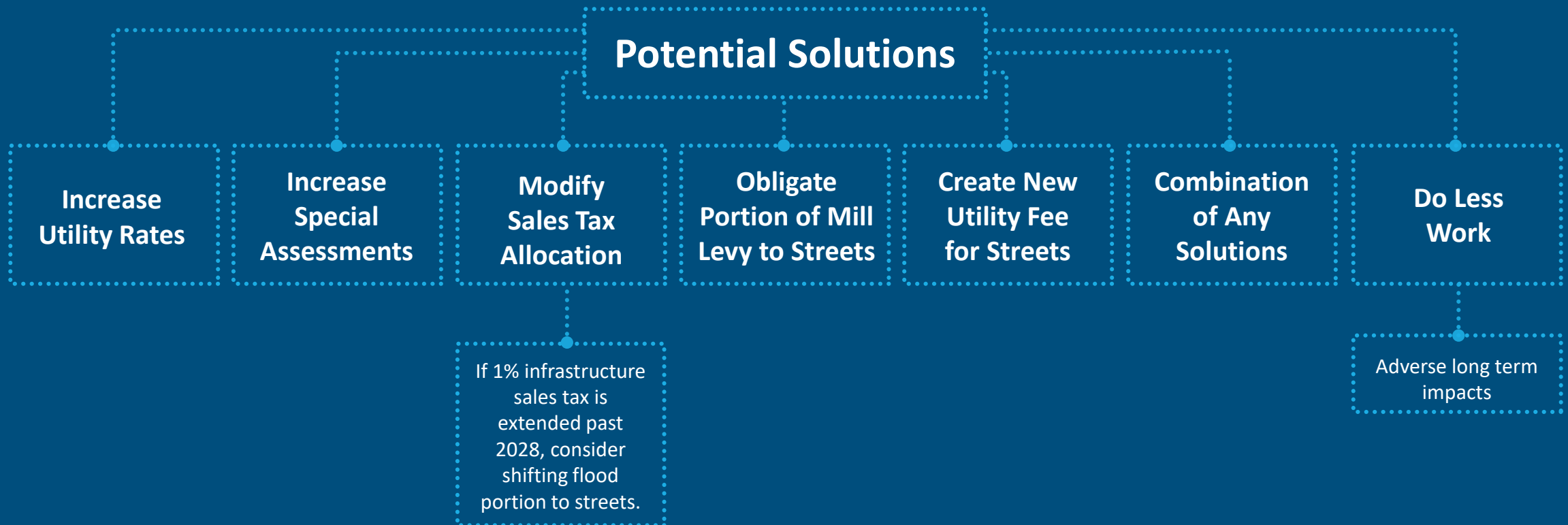


Negative fund balance
If needs continue to outpace revenues

INFRASTRUCTURE FUNDING POLICY

FUTURE CHANGES

Current funding policy is not sustainable (Sales Tax needs outpace revenues)



INFRASTRUCTURE FUNDING POLICY

ADVERSE IMPACTS OF DOING LESS WORK

Resident Impact

Residents have come to expect quality infrastructure.

By delaying maintenance and improvements, city and our residents will see an increase in costs in the long term.

Infrastructure Impact

Condition of our infrastructure will decrease.

Spend more money on repairs rather than replacement. Need to raise general fund budget for maintenance.

Economic Impact

Likely to have adverse impact on economic development.

Several studies find quality infrastructure is vital living standards and economic growth and development.



2024 – 2027

CAPITAL IMPROVEMENT PLAN (CIP)

Questions and Discussion



North Dakota State Latin Motto – “Serit ut alteri saeclo prosit.”

“One sows for the benefit of another age.”

2024 – 2027

CAPITAL IMPROVEMENT PLAN (CIP)