



# CITY OF RAPID CITY

No. PW412503-05

## Engineering Division

300 Sixth Street

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November 25, 2003

To: Public Works Committee

From: Jim Preston  
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Ted Vore  
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Cc: Legal and Finance Committee  
Mayor Shaw

Ref: Fifth Street Funding

The current estimate for construction of Fifth Street and the sewer line along Highway 16B from Fifth Street to Highway 79 is \$6,762,831.00. The proposed funding is:

Source	Amount	Comments
2012 Funds	\$1,923,072	2012
Landowners (IDPF)	\$966,248 + \$576,928 = \$1,543,176	CIP + 2012 (See Note 1)
TIFD	\$1,100,000	Previously taken from IDPF
SDDOT breakeven	\$450,000	DOT (See Note 2)
Drainage	\$963,600	CIP
Water Enterprise	\$314,000	Enterprise Fund
Sewer Enterprise	\$544,300	Enterprise Fund
IDPF Lazy P6	\$121,000	IDPF - Already Funded
Total	\$6,959,148	

(1) Landowner IDPF proposed up front funding sources:

From IDPF: \$843,108 from Elm Ave + \$123,140 from Hwy 79 sewer  
= \$966,248.

From 2012 +\$576,928.00

Total \$1,543,176



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Re-prioritization of the projects in the CIP Drainage, Water Enterprise Fund and Sewer Enterprise Fund is required to make the necessary funds available for this project. No. PW112503-05

- (2) The SDDOT currently has \$200,000.00 allocated for the Highway 16B portion of this project. This allocation is based on the original design concept and cost estimate. Final SDDOT funding will be determined when the design is finalized.

Based on the above funding proposal the amount of funding required from the drainage, water enterprise, and sewer enterprise funds dramatically increased above that which was originally budgeted and approved by the City Council on May 19, 2003. The following is a summary of proposed reallocation funds from the Drainage, Water Enterprise and Sewer Enterprise funds necessary to cover the shortfall.

Drainage – The current funding proposed from the CIP Drainage fund is \$963,600.00. The May 19, 2003 proposed funding from Drainage for this project was \$610,000.00. Records indicate the initial allocation of \$610,000.00 caused the 2004 910 Drainage budget to be exceeded by \$302,416.00. The additional current allocation from drainage of \$353,600.00 ( $\$963,600 - \$610,000 = \$353,600$ ) brings the total additional amount required to \$656,016.00. This will require elimination or rescheduling of drainage projects within the CIP.

The only 910 Drainage project budgeted for 2004 of this order of magnitude is the Lemmon Avenue Reconstruction Project from College to Monroe (CIP Project No. 50120). This overall \$1,900,000.00 project has \$840,000.00 budgeted for drainage in 2004. This project could be eliminated or reallocated for a later time in the five year CIP. Reallocation to a later date would require a major shift in timing and funding of all the 910 CIP Drainage projects now currently in the plan. The major component of the Lemmon Avenue Reconstruction Project is drainage. However, a considerable component of this project involves street reconstruction.

The other option is to eliminate most of the smaller drainage projects budgeted for 2004 in 910 Drainage. Many of these smaller drainage projects are a component of a larger street or utility project. Elimination of these smaller projects may adversely affect other prioritized projects.

Water Enterprise – The current funding proposed from the Water Enterprise Fund is \$314,000.00. The May 19, 2003 proposed funding from Water Enterprise was \$100,000.00. This means an additional \$214,000.00 must be funded from the Water Enterprise Fund for this project. This will require elimination or rescheduling of Water Enterprise projects within the CIP.

We currently have \$250,000.00 budgeted in 2004 for design of the East Anamosa (Elk Vale Area) Street Water Reservoir. The remainder of this \$2.5MM to \$3MM project is proposed to be funded through bonding or an SRF Loan. I propose we also bond or borrow for the design portion of this project, thus freeing up these funds in 2004 for the Fifth Street Project. To do this we will need to fund the design portion of the project from the cash balance in the Water Enterprise Fund then reimburse this cost with a bond or loan. Please

note, we plan on continuing with the reservoir design under the assumption a bond or loan can be acquired fairly quickly for this project. This bond or loan will be funded by water rates which will need to be increased to fund the bond or loan and/or tax increment district. No. PW112503-05

Sewer Enterprise – The current estimate for the sewer portion of these projects is \$665,300.00. Per the direction given at our last meeting it is assumed that the \$121,000.00 IDPF Loan to Lazy P6 will be used to fund the sewer extension portion of this project. Therefore, the proposed funding from the Sewer Enterprise Fund is \$544,300.00. The May 19, 2003 proposed funding from Sewer Enterprise was \$265,860.00. This means an additional \$278,440.00 must be funded from the Sewer Enterprise Fund for these projects. This will require elimination or rescheduling of sewer enterprise projects within the CIP. I propose elimination or rebudgeting of the following to meet this need:

Eliminate Sewer Main Reconstruction Project Various Locations (1)	\$150,000.00
Eliminate Meadowbrook Sewer Reconstruction (2)	\$ 71,000.00
Savings on Emergency Generator Recently Purchased (3)	\$ 16,000.00
Reduce Eglin Street Lift Station Budget (4)	<u>\$ 41,440.00</u>
Total	\$278,440.00

- (1) This budget line item accounts for small emergency or unforeseen sewer projects.
- (2) This sewer project is to be done in conjunction with street widening. The approximately \$250,000.00 needed for the street widening is not currently allocated in the CIP.
- (3) Emergency Generator budgeted for \$43,000.00. Actual cost \$27,000.00
- (4) Eglin Lift Station originally thought to require high lift pumping system. Now not required thus reducing cost of pumping system.

Under the above analysis it appears we can fund the Fifth Street Project as proposed. However, it will take elimination or reallocation of funds from other projects. This reallocation should be approved prior to finalization of this proposed funding scheme.

Please note, the current cost estimate for Fifth Street is a preliminary cost estimate. When we finalize the design we will be able to fine tune the estimate. When we open bids for the project we will have even a better handle on project costs. However, final cost will not be known until the project is complete. Therefore, we propose using a current preliminary cost estimate of \$6,960,000.00 for this project. This will eliminate the perception that this cost estimate is more final than it is.