



FUNDING THE FUTURE

Work Sessions # 2 & 3:
*Financial Stewardship
of Laramie's
Infrastructure Assets*

Overview

- Current Financial Picture - City Goals A 1, A2 & C1, C2, C3
- Best Practices for Management of Public Assets
 - Asset Current Infrastructure (Worksession 1)
 - **Determine Current Funding Sources and levels (Worksession 2)**
 - Prioritize Work
- Determine Current Funding Sources & Levels
 - Economic Assessments
 - Funding Research: Sources/Debt Management
 - Overview of Sources in detail
 - Presentation Todd Bishop, Kaiser & Co. – Local Improvement District
- Timing of Revenues & Capacity

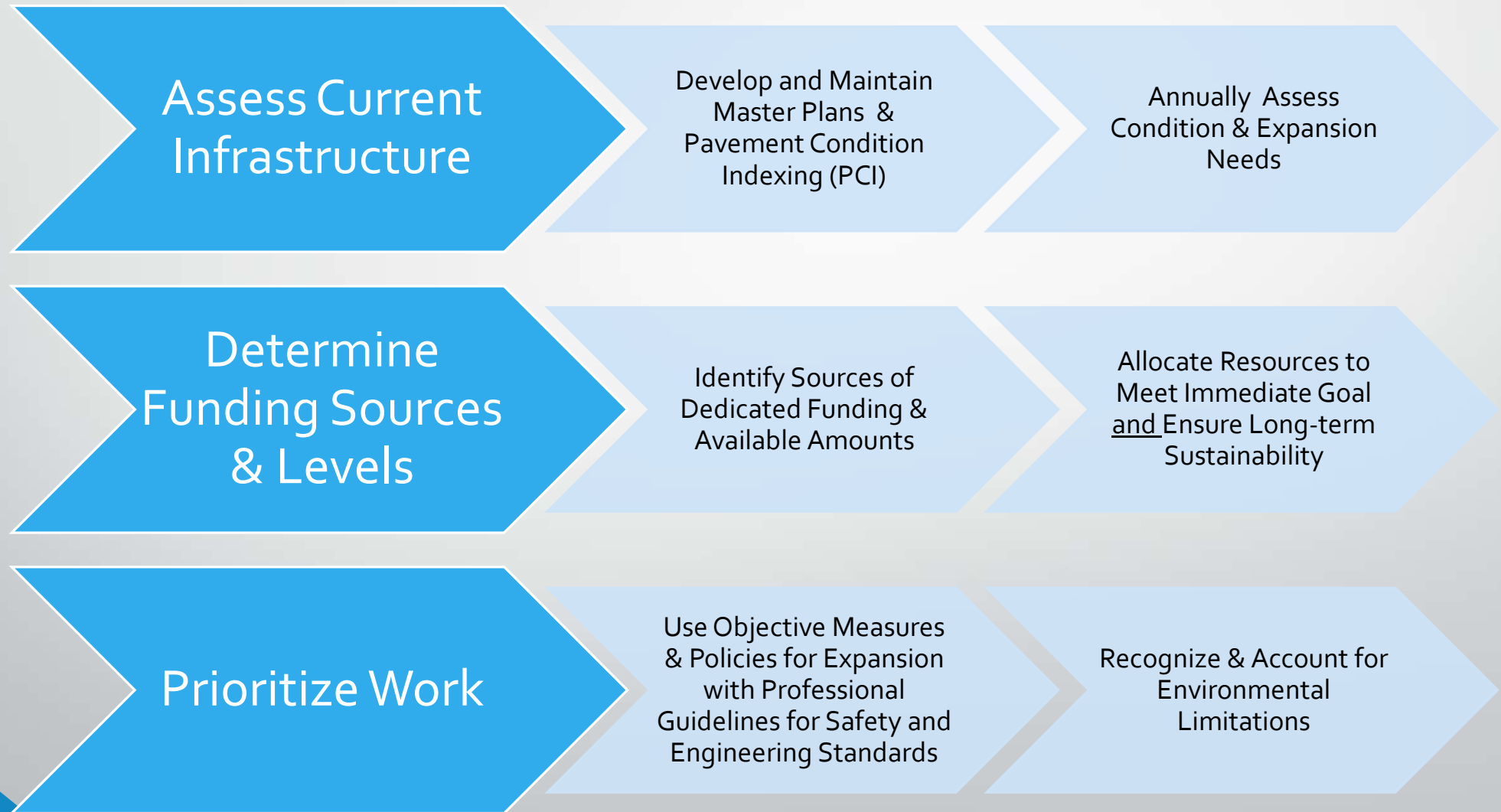
2018 Adopted City Goals

- Goal A1. Continue Fiscal sustainability effort initiated in 2016...
 - ✓ Renewal of 5th and 6th penny
 - ✓ Reporting of direct distribution needed to fund basic services
 - ✓ Identify other funding sources
- Goal A2. Continue Fiscal sustainability effort initiated in 2016...
 - ✓ From 2016 annually report the amount of state direct distribution funding needed to provide Laramie residents basic municipal services each year.
 - ✓ Identify and report which basic services are vulnerable to reduction, or elimination, in the event of changes in the State direct distribution.
 - ✓ Basic service recommended cuts may include programs and capital.

2018 Adopted City Goals

- Goal C. Improve Conditions of City Streets and Storm Water Management
 - ✓ Step 1. Adopt a financial policy for improving unpaved streets, and corresponding areas of insufficient drainage, within the City that considers both municipal and neighborhood funding options by September 30, 2018.
 - ✓ Step 2. Adopt a street improvement plan to bring the overall Pavement Condition Index (PCI) to non-critical level by 2025.
 - ✓ Step 3. Appropriate funding and complete on average one improvement project per year within the Storm Water Drainage master plan.

Best Practices for Management of Public Infrastructure Assets



Phase 1: Assess Current Infrastructure

- Master Plans & Pavement Condition Indexing (PCI)
 - Master plans inventory infrastructure and identify deficiencies and prioritize needed improvements
 - City staff link master plans for water, sewer, and storm drainage with street PCI ratings to ensure the highest return on the City's construction investment
- Annual Condition Assessment
 - City staff inspect infrastructure annually to ensure condition assessments are current
 - Engineering recommends priorities based on professional standards, best practices, and public health & safety
- Growth & Development Needs
 - We are a growing city and just assessing current assets isn't sufficient.
 - Staff are constantly monitoring and assessing growth patterns, economic development, and demand for services to determine where and when to "up-size" existing, or build new, infrastructure.
 - Expansion projects are presented to Council for prioritization.

Phase 2: Determine Funding Levels & Sources

- **Economic Assessment: Assess needs with funding opportunities**
 - Develop current financial plan and funding levels (PCI, Storm, Unpaved)
 - From City master plans, highest return on investments, engineering requirements and city staff “best practice” recommendations establish a 4 - 6 year updated financial plan for storm drainage and streets; with overall review of other utilities (water and sewer)
 - Develop current funding levels within the 4 - 6 year operations.
- **Funding Research: Research and Recommend funding Method**
 - Debt Management practice and policy
 - Current Funding : Passing of Specific Purpose Tax 6th cent tax, general fund revenues
 - Other funding options, fees, special districts, SLIB grants & loans, other grants, 7 cent.
- **Funding Capacity: Based on overall cost estimates**
 - Legislative action to assist City of Laramie equity in state shared revenues
 - Legislative action to allow local control of storm drainage utility.
 - Local funding where Municipalities do not have additional options to generate revenue.

Economic Assessment

Fiscal Outlook for the Next Decade: 2019 - 2029

Enterprise Utility Systems of Water & Sewer currently have sufficient financial resources to support operations, maintenance, and capital construction renewal and expansion project costs.

General Fund Municipal Systems of Streets and Storm Drainage currently have insufficient financial resources to support operations, maintenance, and capital construction renewal and expansion project costs. Current estimate of needed capital investment for municipal street and storm drainage = \$175.5 - \$195.5 M.

- \$79.5 Million in needed storm drainage improvements (\$159 M Total).
- \$25 Million to *maintain* level-of-service of existing paved streets (PCI 60, low-average).
- \$45 Million to *improve* level-of-service of existing paved streets (PCI 65-75, average to low-above-average).
- \$26 - \$46 Million to convert remaining gravel roads to pavement, depending upon paving standard (17 miles).

Economic Assessment

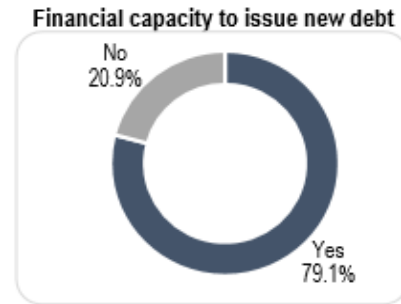
While overall revenue is projected to post a 2.28% gain 2014-2019, regional inflation has more than offset this small growth. From 2008 - 2019, total revenue from both State and local sources has decreased by 2.43%.

	FY2014	FY2015	FY2016	FY2017	FY2018 Projected	FY2019 Projected*	% Change FY14 to FY19	\$\$ Change FY14 to FY19
LOCAL TAXES								
County Sales & Use Tax, 5 th Cent	\$4.315	\$4.594	\$4.541	\$4.566	\$4,708	\$4.747	10.00%	\$0.432
County Sales & Use Tax, 6 th Cent	3.355	3.571	3.530	3.549	3.567	3,421	1.97%	0.066
County Sales & Use Tax, 7 th Cent *	-	-	-	-	-	-	-	-
Municipal Franchise Fees	1.622	1.638	1.699	1.714	1.723	1.731	6.72%	0.109
Municipal Property Tax (8 Mill)	<u>1.765</u>	<u>1.770</u>	<u>1.828</u>	<u>1.875</u>	<u>1.881</u>	<u>1.900</u>	<u>7.65%</u>	<u>0.135</u>
Total Local Tax	\$11.057	\$11.573	\$11.598	\$11.704	\$11.879	\$11.799	6.71%	\$0.742
STATE-SHARED TAXES								
Suppl. Funding/Direct Distribution	\$5.561	\$4.810	\$5.261	\$4.777	\$4.270	\$3,997	-28.12%	(\$1.564)
State Sales & Use Tax, 1st-4th Cents	4.591	5.272	5.299	5.359	5.585	5.640	22.85%	1.049
Gasoline Tax	0.686	0.715	0.764	0.802	0.796	0.804	17.20%	0.118
Special Fuels Tax	0.298	0.336	0.294	0.309	0.302	0.305	2.35%	0.007
Cigarette Tax	0.102	0.101	0.101	0.095	0.088	0.081	-20.59%	(0.002)
Auto Tax	0.439	0.471	0.478	0.483	0.485	0.488	11.16%	0.049
Mineral Royalty Tax	0.705	0.712	0.714	0.721	0.721	0.721	2.27%	0.016
Severance Tax	1.144	1.150	1.145	1.144	1.144	1.144	0.00%	0.000
Pari-Mutual/Wyoming Lottery		<u>0.082</u>	<u>\$0.093</u>	<u>0.138</u>	<u>0.164</u>	<u>0.164</u>	-	<u>\$0.082</u>
Total State-Shared Tax	\$13.526	\$13.649	\$14.149	\$13.828	\$13.555	\$13.344	-1.35%	(\$0.182)
Net Change FY14-19: All State Shared and Local Taxes							+2.28%	\$0.560
Net Change FY08-19: All State-Shared and Local Taxes--Including Removal of Food Tax							-2.43%	(\$0.625)

Funding Research: Debt Management– National Issue

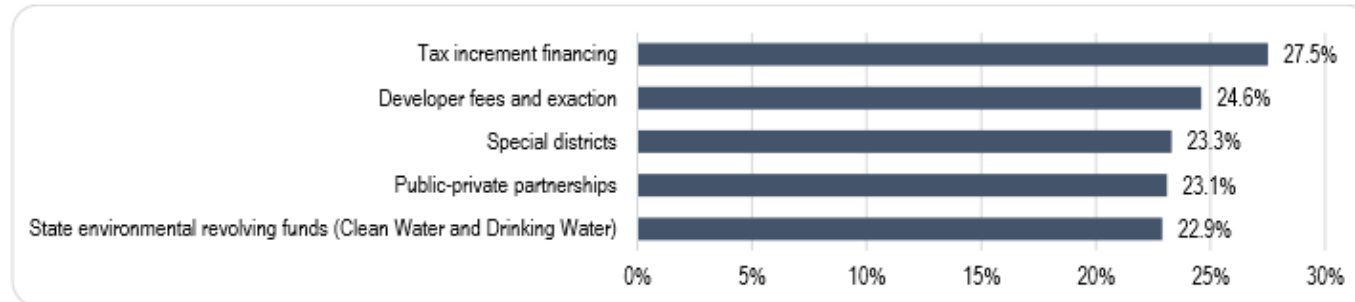
Infrastructure Financing

More than one in five responding local governments (20.9%) do not have the capacity within applicable debt caps to issue new debt in order to finance infrastructure improvements.



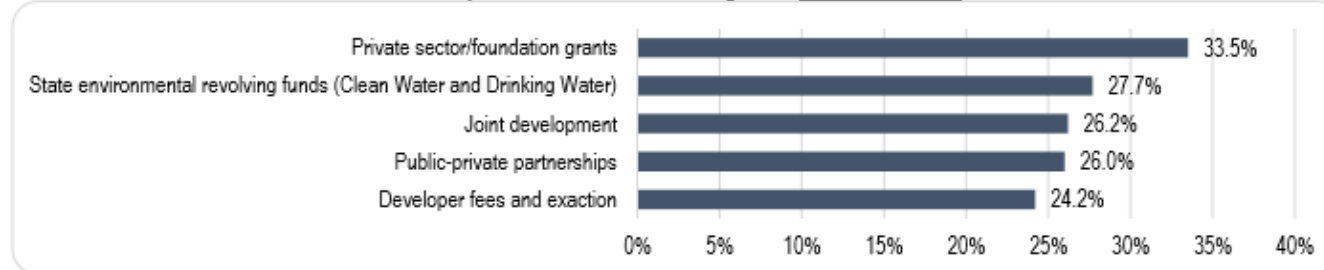
Aside from traditional infrastructure financing mechanisms, such as general obligation bonds and state/federal funding, the most commonly reported infrastructure financing tools already being used included tax increment financing (27.5%), developer fees and exaction (24.6%), and special districts (23.3%).

Top 5 infrastructure financing tools already being used



Aside from traditional infrastructure financing mechanisms, the most commonly reported infrastructure financing tools that respondents would be likely to use included private sector/foundation grants (33.5%), state environmental revolving funds (27.7%), and joint development (26.2%).

Top 5 infrastructure financing tools likely to be used



Funding Sources & Amounts: A National “Local” Issue

2016 Innovations and Emerging Practices in Local Government Survey

ICMA, Center for Urban Innovation at Arizona State University, & Alliance for Innovation

On a scale of 1 to 3, how would you rate the current status of your jurisdiction's core infrastructure assets (roads, bridges, sewer, sidewalks, etc.)?
n = 538



Funding Research:

Debt Management Guidelines

- DEBT is a financing tool which should be judiciously used when the City has legal, financial and market debt capacities and will be considered only for one-time improvement projects or equipment when some or all of the following conditions exist.
 - ✓ Big equipment lease with option to purchase (3 to 7 years) when cash flow is needed to balance the budget or assist with other capital funding;
 - ✓ Estimated future revenue is *sufficient* to ensure repayment of the long term debt obligation;
 - ✓ Other financing options have been explored including pay-as-you go and are not viable for the timely or economic acquisition or completion of a capital project;
 - ✓ When the project's useful life will exceed the term of the financing;
 - ✓ Debt will not be used to fund ongoing operating expenses of the City.

Funding Research: Debt Management – General Fund

- DEBT MANAGEMENT – CURRENT POLICIES

- ✓ Limit bonding to only Specific Purpose Tax 6th penny which is used for the debt payment;
- ✓ City challenged with revenues – debt affordability is low and the City's current practice is pay-as-you go method;
- ✓ Balance critical operations with infrastructure to provide flexibility; long term debt does not allow flexibility and can put operations and services in jeopardy;
- ✓ Limit debt to only to short term lease with option to purchase obligations ;
- ✓ Overall tax exempt bonding (SPT & Leases) bank qualified is \$10M.

Funding Research: Debt Management - General Fund

- **DEBT MANAGEMENT – CURRENT PRACTICES**

- ✓ **Bonding -**

- ✓ General Fund is limited to General Obligation debt based on 4% of total Assessed Valuation. General Obligation Debt must be approved by the voters. In FY17, the CAFR reported a debt limit of \$9,564,622
- ✓ The City's past practice is to only bond debt back by 1% so debt is paid by SPT not General fund.

- ✓ **Lease/Purchases & Wyoming Association of Municipalities(WAM Energy Efficiencies)**

- ✓ City uses the WAM energy lease for energy efficient projects; funding available to \$100,000 at zero percent interest.
- ✓ The City has considered lease with option to purchases on a short term basis for big equipment and some building improvements (i.e. Animal Shelter).

Funding Research: Debt Management - General Fund

- DEBT MANAGEMENT – Long Term Debt Considerations
 - ✓ Other financing options have been explored including pay-as-you-go and are not viable for the timely or economic acquisition or completion of the capital project
 - ✓ Estimated future revenue is sufficient to ensure repayment of the long term debt obligation.
 - ✓ Municipal Services Center (North Campus) is the first project to consider a long term debt in the General fund in order to move forward with the project.
 - ✓ Future consideration of street or storm drainage (New SLIB Chapter 38 Street and Clean Water CWSRF for storm) will take on additional long term debt. The Ability to repay must be considered and substantiated within the grant application guidelines.
 - ✓ Debt payments are paid out of general fund operations.

Funding Research: Debt Management - General Fund

- DEBT MANAGEMENT – Long Term Debt Considerations

- ✓ Debt Financing Policy update to review current practices due to long term constraints on “fixed debt payments” current practice limits debt financing with the general fund.
- ✓ Municipal Services Center GF interfund loan approximately \$230,000 payment per year. Staff has recommended disposition of 4th street properties to expedite debt payoff. Council’s policy decision on 4th properties will directly affect available monies for debt payments like street and storm drainage improvements, unless secured by an additional revenue source i.e. possible drainage fee on utility bill... pending legal opinion.
- ✓ Funding available under new Chapter 38 and CWSRF but funding causes additional general fund debt; recommendation not exceed annual debt service payment of an additional \$300,000 or approximately \$5.0 million in total debt outstanding.
 - ✓ Chapter 38 loan – \$5.0M New Street Program 20 year (1% interest payment for the first 5 years \$277K, after 5 years, 1.75 interest \$293K, 20 year term).
 - ✓ CWSRF – Clean Water Loan \$5M 50% forgiveness, 2.5% , 20 years) (\$2.5M \$160K.)
- ✓ Future debt payments under these programs are simply deferred payments, with interest, for infrastructure. New debt payments assumed by the City through these programs will reduce available debt for other purposes, unless secured by an additional revenue source.

Funding Research:

Current & Other Funding Options to discuss

- Gasoline & Special Fuels Tax
- Direct Distribution
- Local Option taxes (5th, 6th, 7th)
- SLIB Loans
 - New Chapter 38 SLIB loan program
- SRF Loans
 - Clean Water SRF Loans
- Other Fees – Drainage Utility
- Local Improvement Districts
- Assessment Districts
- Other grants (i.e. tiger)

Funding Research:

Current Funding – Gas Tax & Direct Distribution

- **City 39-17-111 Gasoline Tax**
 - All gas taxes approximately \$1.1 million.
 - The remainder to be distributed monthly to incorporated cities and towns to be *used in their street and alley programs*
- **City 39-17-211 special Diesel**
 - Five percent (5%) shall be distributed to incorporated municipalities based on the ratio that the total population of the municipality bears to the total population of all municipalities within the state. Each treasurer of a municipality shall credit the revenues to the *municipal street fund for the improvement and maintenance of municipal streets*
- **City 39-17-311 alternative fuels -**
 - The remainder to be distributed monthly to incorporated cities and towns to be used *in their street and alley programs*
- **Direct Distribution**
 - City uses majority of the Direct Distribution to support capital programs
 - Direct Distribution (FY14 to FY19) **25% reduction** in funding FY19 \$3,997,000
 - Formula changes and reduction of hardship (10% to 5%) has not had a positive impact on Laramie and other hardship communities; helps cities with high volatile sales tax.
 - The trend is the Direct Distribution is being reduced and highly likely to be eliminated by the legislature.

Gas Taxes & Direct Distribution

	FY 2018 Budget	FY 2019 Budget	FY 2020 Budget
Operating Revenue	\$ 20,608,548	\$ 21,223,070	\$ 20,882,026
Operating Expenditures	25,936,351	26,733,584	26,283,816
Excess (Deficiency) of Funds	(5,327,803)	(5,510,514)	(5,401,790)
Reserves Generated from Operating Activ *	3,800,000	3,800,000	3,800,000
Potential Funding from Direct Distribution	1,527,803	1,710,514	1,601,790

	FY 2018 Budget	FY 2019 Budget	FY 2020 Budget
Direct Distribution and Gas Taxes	\$ 6,740,386	\$ 5,735,745	\$ 4,990,000
Less: Operating Reserve from Direct Distribution	(1,500,000)	(1,500,000)	(750,000)
Less: Existing Debt Service	(444,871)	(408,146)	(359,111)
Available for Capital Budget Allocation	4,795,515	3,827,599	3,880,889
Est. Requirement for Equipment & Other Capital	(1,500,000)	(1,500,000)	(1,500,000)
Est. Available for Street Overlay/Maint/Drainage	3,295,515	2,327,599	2,380,889
* Estimated funding reserves available based on additional revenue or under expended.			
Note: FY18 has additional capital grants/funding			

Available Funding

Recommend continuation of \$1.5M of the direct distribution each year as an operating budget reserve

Based on actual operating results, this reserve will be released for capital spending to the extent the City's operating results are structurally balanced. Street and drainage spending can be prioritized.

Recommend capital-related debt service is funded by the direct distribution

An allocation of \$1.5M per year is recommended for equipment and other General Fund capital projects

An estimated \$2.0M per year, in total, is available for street construction and overlay based on the current direct distribution. Negative changes reduce this amount.

An estimated \$300K per year is available for debt payments related to street and storm projects

SPT Tax Collection Estimates



Projects	Total Cost	Bonded Costs	Use of Annual Collections*
Fire Burn/Drill tower	\$ 3,876,221	\$ 3,050,000	\$ -
Rec Center & Ice Center	2,500,000	-	218,100
City Hall/Annex/4 th street	3,352,981	1,100,000	170,554
Police/buildings & properties	-	-	-
Paths & Trails	2,135,446	500,000	130,860
Parks	6,821,080	650,000	523,004
Streets & Storm	22,137,747	4,200,000	1,465,632
Cashper Aquifer	250,000	-	21,810
Community/Gateway enhancements	1,000,000	-	87,240
Payments on Bonded Debt	N/A	-	954,000
Total	\$ 42,073,475	\$ 9,500,000	\$ 3,571,200

This potential tax is projected to collect \$5.58M County-wide. The City's 64% share of this tax results in annual collections of *\$3,571,200, which will be allocated proportionally among projects.

Funding Research: Other Sources

State Land & Investment (SLIB)

Chapter 38 program (streets and storm)

Bill Status

Rule Comment period June 22nd - August 16th.

Promulgate Rules expected in December 2018.

First offering of loans tentatively April, 2019
SLIB Board Meeting.

Application Process Uses

Planning & Construction;

Renovation & Upgrade of existing infrastructure; and/or

Purchase of land, buildings, and improvements associated with capital construction.

Chapter 38

Loan Terms & Fees

Loan term 5 (years) to 25 (years).

A half percent .5% origination fee of loan amount.

Interest Rate 1% (first 5 years), 1.75% each year remaining on the loan

Application Requirements

Plan to Adequately maintain project for the life of the loan.

All infrastructure funded at time of receipt of loan. Water & Sewer must be completed.

No other loans exist under Chapter 38.

Funding Research: Other Sources

State Land & Investment (SLIB)

Chapter 38 program (streets and storm)

Application Procedure

Application with Signed Resolution.

Detailed project cost (Specific project), timeline, and proposed repayment sources. Engineers feasibility Statement.

Commitment letter from all funding sources.

Maintenance Plan life of loan.

Loan Considerations & Security

Project contributes health, safety and welfare of citizens.

Applicant's need for the project and financial need of applicant in relation to the project.

Ability to repay the loan & loans secured with pledge revenues & assignments.

Chapter 38

Ineligible Costs

Costs incurred prior to loan.

Engineering fees, design, inspection, contract administration in excess of 15% of project costs

Ineligible Costs continued....

Costs of sidewalks that are owned and maintained by a private property owner; W.S. 15-4-306.

Costs of contingency or extra work allowance in excess of 10% of estimated construction costs.

Funding Research: Other Sources

State Land & Investment (CSWRF)

Clean Water State Revolving Funds – Chapter 11

- Chapter 11 – Program Application
 - ✓ Sanitary Sewer and Sanitation.
 - ✓ Storm Water Control.
 - ✓ Landfill Water Pollution Control.
 - ✓ Other Water Pollution Control.
- Chapter 11– Program Features
 - ✓ Principal Forgiveness – A portion of some loans may be forgiven if money for that purpose is available and if the applicant meets criteria.
 - ✓ City of Laramie qualifies for 75% but more likely to receive 50%.
 - ✓ Criteria includes population, annual median income, and unemployment rate.
 - ✓ Qualifications on
 - ✓ Green Projects – If qualified has a zero percent interest rate.
 - ✓ Loan terms - .5% (½ percent) origination fee, up to 30 years (normally 20) loan term, 2.5% interest rate.
 - ✓ Other requirements – Intended Use Plan, Environmental Review, Loan application & loan repayment source (sufficient financials to repay), Fiscal Sustainability plan (most projects) which includes:
 - ✓ Inventory of critical assets, evaluate condition and performance, certify that will be conservation efforts, and plan for maintenance

Funding Research: Other Sources

Storm Water Utility Drainage Act

W.S. 16-10-100 to 110

- W.S 16-10-104 – Establishing a Storm Drainage Utility
 - ✓ Can form a utility drainage in the boundaries that you serve;
 - ✓ City establishes the Utility by ordinance; and/or
 - ✓ Details the administration of the Utility.
- W.S 16-10-105 – Drainage Utility Voter Approval
 - ✓ Proposition of financing the utility be brought to the voters under W.S. 22-21-203
 - ✓ Requires advertising;
 - ✓ Fund utility based on bonds or specifications within the ballot.
 - ✓ Subject to voter approval, City may fund Storm drainage through
 - ✓ General or special revenue funds;
 - ✓ Revenue or other bonds form of indebtedness;
 - ✓ Service charges; or a combination of these sources.

Funding Research: Other Sources

Storm Water Utility Drainage Act

W.S. 16-10-100 to 110

- W.S 16-10-105 – Drainage service charges uses of funding
 - ✓ Pay the cost of designing, planning, constructing, reconstruction, acquiring, operating, improving, extending and maintaining surface water drainage systems;
 - ✓ Provide an adequate depreciation fund;
 - ✓ Pay the principal and interest of the any bonds issues or indebtedness;
 - ✓ Study of surface water drainage requirements.

Funding Research: Other Sources

Types – Special districts and other entities

- Airport joint powers boards;
- Broad of educational services;
- Cemetery Districts;
- Conservation Districts;
- Downtown Development Authorities;
- Fire Protection Districts;
- Flood Control Districts;
- Hospital Districts;
- Housing Authorities;
- Irrigation Districts;
- Airport joint powers boards;
- Broad of educational services;
- Museum Districts;
- Predator Management Districts;
- Recreation Districts;
- Regional Transportation Authorities;
- Resort Districts
- Rural Health Districts;
- Senior Citizen's districts;
- Solid Waste Disposal Districts;
- Water and sewer districts;
- Water conservancy districts;
- Watershed improvement districts;
- Weed and pest districts;
- Other districts as specified by law

Districts that may be applicable to Streets & Storm

- *Joint Power Boards;*
- *Improvement & Service Districts;*
- *Special Improvement Districts;*
- *Road Districts;*
- *Sanitary And Improvement Districts;*
- *Drainage Districts*

Funding Research: Other Sources

Special Improvement Districts

W.S. 15-6-431

Pros

- Common method to finance municipal improvement
- LID's can be funded a combination of funding; including a local match with state funding.
- Low interest tax-exempt bonds can be sold in an amount equal to unpaid assessments
- Revolving fund provides additional bond security
- Property owners who benefit from the improvements, can pay for all or a portion of improvements based on assessments.

Cons

- The district formation process is complex and time consuming.
- Bond rates and cost of financing is higher versus general obligation bonds.
- Assessment levels may be too high for district property owners to shoulder the entire cost.
- Many streetscape improvements are not eligible to be funded by improvement districts.
- LID's have no mill levy.

Funding Research: Other Sources

Special Assessment Districts w.s. 16-12-103

REVIEW OF OTHER DISTRICTS:

- W.S 39-13-104 – Municipalities can request up to 8 mills of property tax levy – The City is at the *maximum* mill levy.
- W.S. 16-1-101 to 110 – Joint Powers Boards
 - ✓ Joint Powers Boards have no taxing authority.
 - ✓ Can issue bonds, have lease revenue or apply for grants (107)
- Can other special assessment districts can apply to street or storm outside of city control?
 - ✓ W. S. 16-12-03 lists applicable special districts some that may pertain to initiative of funding street & storm drainage projects: joint powers boards, improvement and service districts, road districts, local improvement districts (discussed earlier) and drainage districts.
 - ✓ Each district has unique statutes relating and a limited number of districts have the ability to levy property mills taxes i.e. hospital districts, water and sewer districts ;
 - ✓ *Improvement and Service Districts* doesn't qualify (W.S. 18-12-102 – 18-12) indicates this district is for unincorporated territory to provide services.
 - ✓ *Road Districts* pertain to County Roads and doesn't qualify (24-1-111).
 - ✓ *Sanitary and Improvement Districts* doesn't qualify (W.S. 35-3-102) indicates that district cannot be in municipal boundaries.
 - ✓ Drainage Districts – W.S. 41-9-101 – 253 appears that districts must be brought forth by the public by petition that is filed in district court. Judge determines whether adequate number (statutory requirements) of land owners signed the petition. The Judge/Court appoints the district's commissioners. Drainage Districts can have joint operations with City and levy mills.

Funding Capacity: TIMING & CAPACITY

Funding Limited in this biennium, potential for growth (Fy21-Fy22)

- SPT TAX bonding is \$4.2M for the biennium and non-bonded monies will be approximately \$1.5M per year collection for FY19 and FY20 will pay for FY20 & FY21.
- SID, Storm drainage Utility and other funding mechanisms can take from 1 year to 2 years to complete.
- Long term strategy to fund Street and Storm can be limited due to the uncertainty of direct distribution cuts at the legislature.
- Debt capacity in General fund is limited and funding capabilities are required for SRF & CWSRF applications – Recommend only \$5.0M in additional funding unless principal forgiveness or secured additional revenues.
- *Legislature actions take time* including equity in state shared revenues, storm drainage enterprise or fees (without voter election), drainage districts, and council constraints on funding at Municipal level as minimal options to generate revenues or authority over local taxation.

Funding Capacity: TIMING & CAPACITY

Recognize & Account for Limitations & Constraints – both environmental & economic

- Laramie has an exceptionally short construction season – about 4 months at this elevation.
- Insufficient pool of private contractors and/or suppliers which limits the amount of construction work that can be performed in any given year.
- Historically, \$2 -3 M of street/drainage work is able to be completed each year.
- While some contractors may accept a construction load that exceeds their capacity, the City pays a premium for these contracts, which can lower the return for each dollar spent. In addition, residents often dislike this approach to contracting City public works activities because project sites are usually closed / out of service for longer periods of time.
- How much funding “target” to complete all the work?

Funding Capacity:

TIMING & CAPACITY

Competing Goals and limited monies available to obtain the goals

Goals – Streets and Storm Drainage

- Street goal – To improve PCI critical index levels by 2025
 - Requires an increase in overlay and maintenance while maintaining current funding levels
 - Establish a standard for unpaved streets with possible cost share.
 - Complete one drainage project per year.
- **Goals – Fiscal Stability & balancing projects with operations**
- **Strategy for Legislative topics**

Allocate Resources to Ensure Long-term Sustainability

FY 2019-2020

- \$2.0M in new street/drainage projects
- \$4.2M in bond proceeds from SPT tax (FY19 & Fy20)

Future ongoing revenue of \$3.5M a year is available, if the SPT tax passes and if the direct distribution does not decrease, for street/drainage spending.

Spending in excess of \$3.5M, given the conditions above, must be offset with new revenue sources.

FY 2021-2022 & Beyond

- \$1.5M in SPT tax collections for street/drainage each year (after Fy21 \$1.85M)
- \$2.0M per year from existing General Fund revenue sources
- Financing proceeds from SLIB or SRF for major projects
- Allow for some growth in operations

Street & Drainage Funding Recommendation

Estimate of Current Available Annual Funding with overall goals

\$2.0 M from 2018 SPT

\$2.0M from General Fund – if no changes in direct distribution (\$1.0 million to overlay/main.

Possible Additional Sources from Loan, Storm drainage utility

Potential Infrastructure Improvement Limits

\$2.0-3.0M per year for construction

\$2.0-3.0M per year for overlay and other preventative maintenance

Maximum Additional Funding Needed

Using \$3.0M per year maximum construction and overlay value, \$2.5M per year in additional funding could be utilized

Using \$2.0M per year maximum construction value and overlay value, \$500,000 in additional funding could be utilized

Adverse changes in the direct distribution increase, dollar for dollar, the amount of additional funding required

Phase 3: Prioritize Work

Use Objective Measures to Prioritize

- Master plans and the PCI determine what to replace and at what point in the life-cycle to ensure maximum return on the taxpayer/ratepayer investment.
- American Society of Civil Engineers: The process of establishing priorities should be disciplined, fair, rational, and transparent.
- Government Finance Officer's Association: Condition measures and standards should be the basis of multi-year planning and budget allocation decisions.
- Objectively prioritizing projects and maintenance reduces long-term cost to the taxpayer.

Recognize & Account for Limitations & Constraints – both environmental & economic

- Laramie has an exceptionally short construction season – about 4 months at this elevation.
- Insufficient pool of private contractors and/or suppliers which limits the amount of construction work that can be performed in any given year.
- Historically, \$2 -3 M of street/drainage work is able to be completed each year.
- While some contractors may accept a construction load that exceeds their capacity, the City pays a premium for these contracts, which can lower the return for each dollar spent. In addition, residents often dislike this approach to contracting City public works activities because project sites are usually closed / out of service for longer periods of time.