

TAB 2

Point Paper
1st Ward Phase II Infrastructure Project
March 3, 2008

Issue:

The Ward I Phase II Infrastructure Improvement Project is planned for the area from 5th Ave. W. to 8th Ave. W., between 10th and 12th Streets West. Staff requires direction from the City Commission regarding the commencement of this project, or, alternatively, the repair of deteriorated streets in that neighborhood.

Background:

The CRA funded Phase I of the Ward I infrastructure project, which included water, sewer and street improvements to an area of the 1st Ward (see attached map), bordered by 10th Street West on the south, 2nd Ave. West on the east, 5th Avenue West on the west, and 11th Street Drive on the north. The size of the project area was limited to accommodate financial restrictions: This first phase cost approximately \$4,000,000. In 2004, this area of the 1st Ward was selected as the greatest priority because, for years, it had regularly experienced failing infrastructure and contained a repetitive flood property.

In this year's budget, the CRA Board approved the expenditure of up to \$400,000 for the engineering of the second phase of the Ward I infrastructure project (see attached map & scope of services for engineering). This work has not yet begun, pending the identification of funding to complete the construction once the design is complete. While the "Strand decision" is looming, it is not yet determined whether the CRA will be able to "independently" take a bank loan as we have in the past.

Staff has suggested alternate funding mechanisms that would allow the project to be completed in a timely manner:

- As suggested by bond counsel, it appears that the City Commission could take a loan, and if they desired, could enter into an agreement with the CRA to reimburse the City.
- If the School Board buys the real estate that was purchased for the elementary school re-build, much of the required funding will be liquid this year.
- Finally, if the Strand Decision does preclude the CRA from borrowing, the CRA should consider budgeting so as to accomplish additional, lasting redevelopment projects with TIF on-hand, in lieu of carrying such a high personnel cost.

If City Commission is not inclined to consider such an option (it may not be necessary after Strand is resolved) and does not authorize the engineering to begin, the City should consider the repaving of the streets in this area, which are in terrible condition. The Department of Public Works has not attempted to work in this area, because it would be wasted money if the full infrastructure project is on the near horizon.

Alternatives:

1. Authorize the CRA to begin the design component of the Ward I, Phase II Infrastructure Project, recognizing that City participation may be necessary in order to complete the construction.
2. Authorize the Public Works Director to identify funding to provide a short-term fix to the condition of the streets in this area; or
3. Do nothing

Recommendation: Alternative 1

Budget Impact: Dependent upon direction of City Commission

