

CONSTRUCTION COST APPROXIMATION  
ALTERNATE 1

| ITEM                            | UNIT | Area 1 |       |        | Area 2 |       |        | Area 2B |       |        | Area 3 |       |        |
|---------------------------------|------|--------|-------|--------|--------|-------|--------|---------|-------|--------|--------|-------|--------|
|                                 |      | Price  | Quan. | Cost   | Price  | Quan. | Cost   | Price   | Quan. | Cost   | Price  | Quan. | Cost   |
| Mobilization                    | L.S. |        | L.S.  | 100544 |        | L.S.  | 58783  |         | L.S.  | 153233 |        | L.S.  | 74616  |
| Pavement & EW - Arterial        | L.F. | 63.79  | 2470  | 157561 | 70.71  | 2224  | 157259 | 70.71   | 2172  | 153582 | ---    | ---   | ---    |
| Pavement & EW - Collector       | L.F. | 47.92  | 5782  | 277073 | 60.61  | 3238  | 196255 | 60.61   | 7148  | 433240 | 47.92  | 3267  | 156555 |
| Pavement & EW - Local           | L.F. | 34.98  | 15660 | 547787 | 36.21  | 5361* | 194122 | 43.24   | 14297 | 618202 | 34.98  | 16986 | 594170 |
| Pavement on Poor Soil-Arterial  | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 97.88   | 500   | 48940  | ---    | ---   | ---    |
| Pavement on Poor Soil-Collector | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 85.15   | 1050  | 89408  | ---    | ---   | ---    |
| Pavement on Poor Soil-Local     | L.F. | ---    | ---   | ---    | 65.61  | 500   | 328.05 | 77.33   | 2984  | 230830 | ---    | ---   | ---    |
| Curb & Gutter, Type A           | L.F. | 7.50   | 4725  | 35438  | 7.50   | 4206  | 31545  | 7.50    | 5073  | 38048  | ---    | ---   | ---    |
| Curb & Gutter, Type C           | L.F. | 7.00   | 40964 | 286748 | 7.00   | 16761 | 117327 | 7.00    | 47099 | 329693 | 7.00   | 38428 | 268996 |
| Curb, Asphalt                   | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | ---     | ---   | ---    | ---    | ---   | ---    |
| Valley Gutter, 6' width         | L.F. | 14.00  | 160   | 2240   | 14.00  | 120   | 1680   | 14.00   | 240   | 3360   | 14.00  | 80    | 1120   |
| Valley Gutter, 4' width         | L.F. | 10.00  | 930   | 9300   | 10.00  | 390   | 3900   | 10.00   | 972   | 9720   | 10.00  | 1260  | 12600  |
| Aprons                          | Ea.  | 300.00 | 70    | 21,000 | 300.00 | 32    | 9600   | 300.00  | 62    | 18600  | 300.00 | 86    | 25800  |
| Regrade Manholes                | Ea.  | 125.00 | 32    | 4000   | 125.00 | 21    | 2625   | 125.00  | 63    | 7875   | 125.00 | 44    | 5500   |
| Regrade Valve Boxes             | Ea.  | 80.00  | 14    | 1120   | 80.00  | 17    | 1360   | 80.00   | 53    | 4240   | 80.00  | 15    | 12.00  |

\*5421 ft. actual reduced by 60' to compensate for narrow section on Sharp Street.

CONSTRUCTION COST APPROXIMATION - Page 2

ALTERNATE 1

| ITEM                          | UNIT | Area 1 |       |         | Area 2 |       |         | Area 2B |       |         | Area 3 |         |      |
|-------------------------------|------|--------|-------|---------|--------|-------|---------|---------|-------|---------|--------|---------|------|
|                               |      | Price  | Quan. | Cost    | Price  | Quan. | Cost    | Price   | Quan. | Cost    | Price  | Quan.   | Cost |
| Storm Sewer<br>Summation      | L.S. |        | L.S.  | 60480   |        | L.S.  | 57680   |         | L.S.  | 41720   |        | ---     |      |
| Drainage Channel<br>Summation | L.S. |        | L.S.  | 33600   |        |       | ---     |         | L.S.  | 89950   |        | ---     |      |
| Sump Drain<br>System          | L.S. |        |       | ---     |        | L.S.  | 33595   |         | L.S.  | 71640   |        | ---     |      |
| Subtotal                      |      |        |       | 1536891 |        |       | 898536  |         |       | 2342281 |        | 1140557 |      |
| + 30% Eng.,<br>Legal & Cont.  |      |        |       | 461067  |        |       | 269561  |         |       | 702684  |        | 342167  |      |
| TOTAL                         |      |        |       | 1997958 |        |       | 1168097 |         |       | 3044965 |        | 1482724 |      |

CONSTRUCTION COST APPROXIMATION  
ALTERNATE 2

| ITEM                            | UNIT | Area 1 |       |        | Area 2 |       |        | Area 2B |       |        | Area 3 |       |        |
|---------------------------------|------|--------|-------|--------|--------|-------|--------|---------|-------|--------|--------|-------|--------|
|                                 |      | Price  | Quan. | Cost   | Price  | Quan. | Cost   | Price   | Quan. | Cost   | Price  | Quan. | Cost   |
| Mobilization                    | L.S. |        |       | 84520  |        | L.S.  | 49715  |         | L.S.  | 129801 |        | L.S.  | 62171  |
| Pavement & EW - Arterial        | L.F. | 51.39  | 2470  | 126933 | 55.05  | 2224  | 122431 | 55.05   | 2172  | 119569 | ---    | ---   | ---    |
| Pavement & EW - Collector       | L.F. | 35.51  | 5782  | 205319 | 48.21  | 3238  | 156104 | 48.21   | 7148  | 344605 | 35.51  | 3267  | 116011 |
| Pavement & EW - Local           | L.F. | 26.90  | 15660 | 421254 | 26.90  | 5361* | 144211 | 32.08   | 14297 | 458648 | 26.90  | 16986 | 456923 |
| Pavement on Poor Soil-Arterial  | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 85.48   | 500   | 42740  | ---    | ---   | ---    |
| Pavement on Poor Soil-Collector | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 72.74   | 1050  | 76377  | ---    | ---   | ---    |
| Pavement on Poor Soil-Local     | L.F. | ---    | ---   | ---    | 56.30  | 500   | 28150  | 66.17   | 2985  | 197517 | ---    | ---   | ---    |
| Curb & Gutter, Type A           | L.F. | 7.50   | 4725  | 35438  | 7.50   | 4205  | 31545  | 7.50    | 5073  | 38048  | ---    | ---   | ---    |
| Curb & Gutter, Type C           | L.F. | 7.00   | 40964 | 286748 | 7.00   | 16761 | 117327 | 7.00    | 47099 | 329693 | 7.00   | 38428 | 268996 |
| Curb, Asphalt                   | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | ---     | ---   | ---    | ---    | ---   | ---    |
| Valley Gutter, 6' width         | L.F. | 14.00  | 160   | 2240   | 14.00  | 120   | 1680   | 14.00   | 240   | 3360   | 14.00  | 80    | 1120   |
| Valley Gutter, 4' width         | L.F. | 10.00  | 930   | 9300   | 10.00  | 390   | 3900   | 10.00   | 972   | 9720   | 10.00  | 1260  | 12600  |
| Aprons                          | Ea.  | 300.00 | 70    | 21000  | 300.00 | 32    | 9600   | 300.00  | 62    | 18600  | 300.00 | 86    | 25800  |
| Regrade Manholes                | Ea.  | 125.00 | 32    | 4000   | 125.00 | 21    | 2625   | 125.00  | 63    | 7875   | 125.00 | 44    | 5500   |
| Regrade Valve Boxes             | Ea.  | 80.00  | 14    | 1120   | 80.00  | 17    | 1360   | 80.00   | 53    | 4240   | 80.00  | 15    | 1200   |

\* 5421' Actual reduced by 60' to compensate for narrow section on Sharp Street



CONSTRUCTION COST APPROXIMATION  
ALTERNATE 3

| ITEM                            | UNIT | Area 1 |       |        | Area 2 |       |        | Area 2B |       |        | Area 3 |       |        |
|---------------------------------|------|--------|-------|--------|--------|-------|--------|---------|-------|--------|--------|-------|--------|
|                                 |      | Price  | Quan. | Cost   | Price  | Quan. | Cost   | Price   | Quan. | Cost   | Price  | Quan. | Cost   |
| Mobilization                    | L.S. |        | L.S.  | 77608  |        | L.S.  | 47067  |         | L.S.  | 122911 |        | L.S.  | 54265  |
| Pavement & EW - Arterial        | L.F. | 51.39  | 2470  | 126933 | 55.05  | 2224  | 122431 | 55.05   | 2172  | 119569 | ---    | ---   | ---    |
| Pavement & EW - Collector       | L.F. | 35.51  | 5782  | 205319 | 48.21  | 3238  | 156104 | 48.21   | 7148  | 344605 | 35.51  | 3267  | 116011 |
| Pavement & EW - Local           | L.F. | 30.17  | 15503 | 467726 | 30.17  | 5237* | 158000 | 35.36   | 14087 | 498116 | 30.17  | 16846 | 508244 |
| Pavement on Poor Soil-Arterial  | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 85.48   | 500   | 42740  | ---    | ---   | ---    |
| Pavement on Poor Soil-Collector | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 72.74   | 1050  | 76377  | ---    | ---   | ---    |
| Pavement on Poor Soil-Local     | L.F. | ---    | ---   | ---    | 59.57  | 500   | 29785  | 69.45   | 2985  | 207308 | ---    | ---   | ---    |
| Curb & Gutter, Type A           | L.F. | 7.50   | 4725  | 35438  | 7.50   | 4206  | 31545  | 7.50    | 5073  | 38048  | ---    | ---   | ---    |
| Curb & Gutter, Type C           | L.F. | 7.00   | 10961 | 76727  | 7.00   | 6327  | 44289  | 7.00    | 15612 | 109284 | 7.00   | 6060  | 42420  |
| Curb, Asphalt                   | L.F. | 2.50   | 30003 | 75008  | 2.50   | 10434 | 26085  | 2.50    | 31487 | 78718  | 2.50   | 32368 | 80920  |
| Valley Gutter, 6' width         | L.F. | 14.00  | 160   | 2240   | 14.00  | 120   | 1680   | 14.00   | 240   | 3360   | 14.00  | 80    | 1120   |
| Valley Gutter, 4' width         | L.F. | 10.00  | 930   | 9300   | 10.00  | 390   | 3900   | 10.00   | 972   | 9720   | 10.00  | 1260  | 12600  |
| Aprons                          | Ea.  | 300.00 | 36    | 10800  | 300.00 | 11    | 3300   | 300.00  | 42    | 12600  | 300.00 | 24    | 7200   |
| Regrade Manholes                | Ea.  | 125.00 | 32    | 4000   | 125.00 | 21    | 2625   | 125.00  | 63    | 7875   | 125.00 | 44    | 5500   |
| Regrade Valve Boxes             | Ea.  | 80.00  | 14    | 1120   | 80.00  | 17    | 1360   | 80.00   | 53    | 4240   | 80.00  | 15    | 1200   |

\*5331' Actual reduced by 94' to compensate for narrow section on Sharp Street.

CONSTRUCTION COST APPROXIMATION - Page 2  
 ALTERNATE 3

| ITEM                       | UNIT | Area 1 |       | Area 2  |       | Area 2B |        | Area 3 |       |         |  |  |  |         |
|----------------------------|------|--------|-------|---------|-------|---------|--------|--------|-------|---------|--|--|--|---------|
|                            |      | Price  | Quan. | Cost    | Price | Quan.   | Cost   | Price  | Quan. | Cost    |  |  |  |         |
| Storm Sewer Summation      | L.S. |        | L.S.  | 60480   |       | L.S.    | 57680  |        | L.S.  | 41720   |  |  |  | ---     |
| Drainage Channel Summation | L.S. |        | L.S.  | 33600   |       | L.S.    | ---    |        | L.S.  | 89950   |  |  |  | ---     |
| Sump Drain System          | L.S. |        |       | ---     |       | L.S.    | 33595  |        | L.S.  | 71640   |  |  |  | ---     |
| Subtotal                   |      |        |       | 1186299 |       |         | 719446 |        |       | 1878781 |  |  |  | 829480  |
| + 30% Eng., Legal & Cont.  |      |        |       | 355890  |       |         | 215834 |        |       | 563634  |  |  |  | 248844  |
| TOTAL                      |      |        |       | 1542189 |       |         | 935280 |        |       | 2442415 |  |  |  | 1078324 |

CONSTRUCTION COST APPROXIMATION  
ALTERNATE 4

| ITEM                            | UNIT | Area 1 |       |        | Area 2 |       |        | Area 2B |       |        | Area 3 |       |        |
|---------------------------------|------|--------|-------|--------|--------|-------|--------|---------|-------|--------|--------|-------|--------|
|                                 |      | Price  | Quan. | Cost   | Price  | Quan. | Cost   | Price   | Quan. | Cost   | Price  | Quan. | Cost   |
| Mobilization                    | L.S. |        | L.S.  | 66928  |        | L.S.  | 44743  |         | L.S.  | 111341 |        | L.S.  | 45624  |
| Pavement & EW - Arterial        | L.F. | 42.32  | 2470  | 104530 | 59.99  | 2224  | 133418 | 59.99   | 2172  | 130298 | ---    | ---   | ---    |
| Pavement & EW - Collector       | L.F. | 29.54  | 5782  | 170800 | 45.80  | 3238  | 148300 | 45.80   | 7148  | 327378 | 29.54  | 3267  | 96507  |
| Pavement & EW - Local           | L.F. | 24.00  | 15503 | 372072 | 2436   | 5237* | 127573 | 28.55   | 14087 | 402184 | 24.00  | 16846 | 404304 |
| Pavement on Poor Soil-Arterial  | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 71.55   | 500   | 35775  | ---    | ---   | ---    |
| Pavement on Poor Soil-Collector | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 58.15   | 1050  | 61058  | ---    | ---   | ---    |
| Pavement on Poor Soil-Local     | L.F. | ---    | ---   | ---    | 47.66  | 500   | 23830  | 55.86   | 2985  | 166742 | ---    | ---   | ---    |
| Curb & Gutter, Type A           | L.F. | 7.50   | 4725  | 35438  | 7.50   | 4206  | 31545  | 7.50    | 5073  | 38048  | ---    | ---   | ---    |
| Curb & Gutter, Type C           | L.F. | 7.00   | 10961 | 76727  | 7.00   | 6327  | 44289  | 7.00    | 15612 | 109284 | 7.00   | 6060  | 42420  |
| Curb, Asphalt                   | L.F. | 2.50   | 30003 | 75008  | 2.50   | 10434 | 26085  | 2.50    | 31487 | 78718  | 2.50   | 32368 | 80920  |
| Valley Gutter, 6' width         | L.F. | 14.00  | 160   | 2240   | 14.00  | 120   | 1680   | 14.00   | 240   | 3360   | 14.00  | 80    | 1120   |
| Valley Gutter, 4' width         | L.F. | 10.00  | 930   | 9300   | 10.00  | 390   | 3900   | 10.00   | 972   | 9720   | 10.00  | 1260  | 12600  |
| Aprons                          | Ea.  | 300.00 | 36    | 10800  | 300.00 | 11    | 3300   | 300.00  | 42    | 12600  | 300.00 | 24    | 7200   |
| Regrade Manholes                | Ea.  | 125.00 | 32    | 4000   | 125.00 | 21    | 2625   | 125.00  | 63    | 7875   | 125.00 | 44    | 5500   |
| Regrade Valve Boxes             | Ea.  | 80.00  | 14    | 1120   | 80.00  | 17    | 1360   | 80.00   | 53    | 4240   | 80.00  | 15    | 1200   |

\* 5331' Actual reduced by 94' to compensate for narrow section on Sharp Street.

CONSTRUCTION COST APPROXIMATION - Page 2  
 ALTERNATE 4

| ITEM                       | UNIT | Area 1 |       | Area 2  |       | Area 2B |        | Area 3 |       |         |  |      |        |
|----------------------------|------|--------|-------|---------|-------|---------|--------|--------|-------|---------|--|------|--------|
|                            |      | Price  | Quan. | Cost    | Price | Quan.   | Cost   | Price  | Quan. | Cost    |  |      |        |
| Storm Sewer Summation      | L.S. |        | L.S.  | 60480   |       | L.S.    | 57680  |        | L.S.  | 41720   |  | L.S. | ---    |
| Drainage Channel Summation | L.S. |        | L.S.  | 33600   |       | L.S.    | ---    |        | L.S.  | 89950   |  | L.S. | ---    |
| Sump Drain System          | L.S. |        |       |         |       | L.S.    | 33595  |        |       | 71640   |  |      |        |
| Subtotal                   |      |        |       | 1023043 |       |         | 683923 |        |       | 1701931 |  |      | 697395 |
| + 30% Eng., Legal & Cont.  |      |        |       | 306913  |       |         | 205177 |        |       | 510579  |  |      | 209219 |
| TOTAL                      |      |        |       | 1329956 |       |         | 889100 |        |       | 2212510 |  |      | 906614 |

CONSTRUCTION COST APPROXIMATION  
ALTERNATE 5

| ITEM                            | UNIT | Area 1 |       |        | Area 2 |       |        | Area 2B |       |         | Area 3 |       |        |
|---------------------------------|------|--------|-------|--------|--------|-------|--------|---------|-------|---------|--------|-------|--------|
|                                 |      | Price  | Quan. | Cost   | Price  | Quan. | Cost   | Price   | Quan. | Cost    | Price  | Quan. | Cost   |
| Mobilization                    | L.S. |        | L.S.  | 47468  |        | L.S.  | 30699  |         | L.S.  | 75363   |        | L.S.  | 31791  |
| Pavement & EW - Arterial        | L.F. | 38.89  | 2470  | 96058  | 41.25  | 2236  | 92235  | 41.25   | 2172  | 89595   | ---    | ---   | ---    |
| Pavement & EW - Collector       | L.F. | 27.59  | 5830  | 160850 | 36.63  | 3258  | 119341 | 36.63   | 7204  | 263883  | 27.59  | 3275  | 90357  |
| Pavement & EW - Local           | L.F. | 20.68  | 15571 | 322008 | 20.68  | 5415  | 111982 | 20.68   | 14687 | 303727  | 20.68  | 17268 | 357102 |
| Pavement on Poor Soil-Arterial  | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 61.69   | 500   | 30845   | ---    | ---   | ---    |
| Pavement on Poor Soil-Collector | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 52.66   | 1050  | 55293   | ---    | ---   | ---    |
| Pavement on Poor Soil-Local     | L.F. | ---    | ---   | ---    | 39.48  | 500   | 19740  | 39.48   | 2985  | 117848  | ---    | ---   | ---    |
| Regrade Manholes                | Ea.  | 125.00 | 32    | 4000   | 125.00 | 21    | 2625   | 125.00  | 63    | 7875    | 125.00 | 44    | 5500   |
| Regrade Valve Boxes             | Ea.  | 80.00  | 14    | 1120   | 80.00  | 17    | 1360   | 80.00   | 53    | 4240    | 80.00  | 15    | 1200   |
| Storm Sewer Summation           | L.S. |        | L.S.  | 60480  |        | L.S.  | 57680  |         | L.S.  | 41720   |        | L.S.  | ---    |
| Drainage Channel Summation      | L.S. |        | L.S.  | 33600  |        | L.S.  | ---    |         | L.S.  | 89950   |        | L.S.  | ---    |
| Sump Drain System               | L.S. |        |       |        |        | L.S.  | 33595  |         | L.S.  | 71640   |        |       |        |
| Subtotal                        |      |        |       | 725584 |        |       | 469257 |         |       | 1151979 |        |       | 485950 |
| 30% Eng., Legal, & Cont.        |      |        |       | 217675 |        |       | 140777 |         |       | 345594  |        |       | 145785 |
| TOTAL                           |      |        |       | 943259 |        |       | 610034 |         |       | 1497573 |        |       | 631735 |

CONSTRUCTION COST APPROXIMATION  
ALTERNATE 5A

| ITEM                            | UNIT | Area 1 |       |        | Area 2 |       |        | Area 2B |       |         | Area 3 |       |        |
|---------------------------------|------|--------|-------|--------|--------|-------|--------|---------|-------|---------|--------|-------|--------|
|                                 |      | Price  | Quan. | Cost   | Price  | Quan. | Cost   | Price   | Quan. | Cost    | Price  | Quan. | Cost   |
| Mobilization                    | L.S. |        | L.S.  | 49847  |        | L.S.  | 31865  |         | L.S.  | 78232   |        | L.S.  | 33766  |
| Pavement & EW - Arterial        | L.F. | 40.49  | 2470  | 100010 | 42.85  | 2236  | 95813  | 42.85   | 2172  | 93070   | ---    | ---   | ---    |
| Pavement & EW - Collector       | L.F. | 29.19  | 5830  | 170178 | 38.23  | 3258  | 124553 | 38.23   | 7204  | 275409  | 29.19  | 3275  | 95597  |
| Pavement & EW - Local           | L.F. | 22.01  | 15571 | 342718 | 22.01  | 5415  | 119184 | 22.01   | 14687 | 323261  | 22.01  | 17268 | 380069 |
| Pavement on Poor Soil-Arterial  | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 63.29   | 500   | 31645   | ---    | ---   | ---    |
| Pavement on Poor Soil-Collector | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 54.26   | 1050  | 56973   | ---    | ---   | ---    |
| Pavement on Poor Soil-Local     | L.F. | ---    | ---   | ---    | 40.81  | 500   | 20405  | 40.81   | 2985  | 121818  | ---    | ---   | ---    |
| Regrade Manholes                | Ea.  | 125.00 | 32    | 4000   | 125.00 | 21    | 2625   | 125.00  | 63    | 7875    | 125.00 | 44    | 5500   |
| Regrade Valve Boxes             | Ea.  | 80.00  | 14    | 1120   | 80.00  | 17    | 1360   | 80.00   | 53    | 4240    | 80.00  | 15    | 1200   |
| Storm Sewer Summation           | L.S. |        | L.S.  | 60480  |        | L.S.  | 57680  |         | L.S.  | 41720   |        |       |        |
| Drainage Channel Summation      | L.S. |        | L.S.  | 33600  |        | L.S.  |        |         | L.S.  | 89950   |        |       |        |
| Sump Drain System               | L.S. |        |       |        |        | L.S.  | 33595  |         | L.S.  | 71640   |        |       |        |
| Subtotal                        |      |        |       | 761953 |        |       | 487080 |         |       | 1195833 |        |       | 516132 |
| 30% Eng., Legal, & Cont.        |      |        |       | 228586 |        |       | 146124 |         |       | 358750  |        |       | 154840 |
| TOTAL                           |      |        |       | 990539 |        |       | 633204 |         |       | 1554583 |        |       | 670972 |

CONSTRUCTION COST APPROXIMATION  
ALTERNATE 6

| ITEM                            | UNIT | Area 1 |       |        | Area 2 |       |        | Area 2B |       |         | Area 3 |       |        |
|---------------------------------|------|--------|-------|--------|--------|-------|--------|---------|-------|---------|--------|-------|--------|
|                                 |      | Price  | Quan. | Cost   | Price  | Quan. | Cost   | Price   | Quan. | Cost    | Price  | Quan. | Cost   |
| Mobilization                    | L.S. |        |       | 39556  |        | L.S.  | 29521  |         | L.S.  | 69512   |        | L.S.  | 25461  |
| Pavement & EW - Arterial        | L.F. | 32.33  | 24.70 | 79855  | 44.40  | 2236  | 99278  | 44.40   | 2172  | 96437   | ---    | ---   | ---    |
| Pavement & EW - Collector       | L.F. | 22.28  | 5830  | 129892 | 36.96  | 3258  | 120416 | 36.96   | 7204  | 266260  | 22.28  | 3275  | 72967  |
| Pavement & EW - Local           | L.F. | 16.45  | 15571 | 256143 | 16.70  | 5415  | 90431  | 16.70   | 14687 | 245273  | 16.45  | 17268 | 284059 |
| Pavement on Poor Soil-Arterial  | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 52.62   | 500   | 26310   | ---    | ---   | ---    |
| Pavement on Poor Soil-Collector | L.F. | ---    | ---   | ---    | ---    | ---   | ---    | 43.59   | 1050  | 45770   | ---    | ---   | ---    |
| Pavement on Poor Soil-Local     | L.F. | ---    | ---   | ---    | 32.68  | 500   | 16340  | 32.68   | 2985  | 97550   | ---    | ---   | ---    |
| Regrade Manholes                | Ea.  | 125.00 | 32    | 4000   | 125.00 | 21    | 2625   | 125.00  | 63    | 7875    | 125.00 | 44    | 5500   |
| Regrade Valve Boxes             | Ea.  | 80.00  | 14    | 1120   | 80.00  | 17    | 1360   | 80.00   | 53    | 4240    | 80.00  | 15    | 1200   |
| Storm Sewer Summation           | L.S. |        |       | 60480  |        | L.S.  | 57680  |         | L.S.  | 41720   |        | L.S.  |        |
| Drainage Channel Summation      | L.S. |        |       | 33600  |        | L.S.  | ---    |         | L.S.  | 89950   |        | L.S.  |        |
| Sump Drain System               | L.S. |        |       |        |        | L.S.  | 33595  |         | L.S.  | 71640   |        | L.S.  |        |
| Subtotal                        |      |        |       | 604646 |        |       | 451246 |         |       | 1062537 |        |       | 389187 |
| 30% Eng., Legal, & Cont.        |      |        |       | 181394 |        |       | 135374 |         |       | 318761  |        |       | 116756 |
| TOTAL                           |      |        |       | 786040 |        |       | 586620 |         |       | 1381298 |        |       | 505943 |

APPENDIX D

REGION WEST ASSOCIATES

1533 SUMAC DRIVE  
LOGAN, UTAH 84321  
(801)752-1767

Edward H. Al  
Part  
Mark A. Peters  
Managing Part

December 12, 1978

Mr. Paul McCarthy  
Robert Jack Smith & Associates  
P.O. Box 1104  
Rawlins, Wyoming 82301

SUBJECT: Letter of Transmittal and Executive Summary of Financial Recommendations for the Town of Saratoga, Wyoming Street Improvement Program.

Dear Paul:

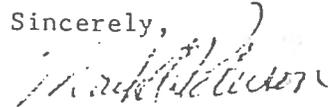
Enclosed herewith you will find 2 copies of the above referenced report. The basic findings and recommendations of our report are as follows:

- 1) Wyoming law limits the types of financing available for this project to essentially one method only. That method is improvement district financing. A copy of Wyoming's statute governing improvement district finance is attached as Appendix A.
- 2) Grant and loan programs sponsored by the federal government are extremely limited. Farmers Home Administration offers the best hope for low cost loans. A copy of their regulations is attached as Appendix B. Grant opportunities available from the state offer the most hope for reducing the assessment-borne costs of the project. A copy of the Farm Loan Board's Regulations is attached as Appendix C.
- 3) While the Town of Saratoga's revenues have been increasing at the rate of 25+% per year over the last few years, population has been growing at an annual average rate of 16%. This growth coupled with prevailing rates of inflation means that Saratoga would be hard pressed to reduce the amount of annual debt service required to finance street improvements from existing sources of revenue. Therefore, several methods for improving the Town's cash flow are discussed. They focus on stimulating proprietary income and privilege fees.
- 4) Based upon the foregoing, two basic strategies for financing the project are described. The first is a maximum-property-owner-cost approach with financing set at 6.5% for 10 years. Under this approach the cost of the project works out to almost exactly the cost per square foot of assessed property of the Snowy Range Heights street improvement recently financed. The minimum cost strategy involves a significant reduction in debt costs through grant subsidies, low interest rate debt financing, and payments by the Town. The cost savings are such as to make the program affordable for all but the most profoundly indi-

gent residents of Saratoga.

It is our strongly held belief that this program is affordable in even its most expensively financed form. We have enjoyed this opportunity to serve you and the Town of Saratoga, Wyoming.

Sincerely, )

  
Mark A. Peterson  
Managing Partner

Enclosures

FINANCIAL RECOMMENDATIONS  
FOR THE TOWN OF SARATOGA, WYOMING  
STREET IMPROVEMENT PROGRAM

12 December, 1978

by:

Region West Associates  
1533 Sumac Drive  
Logan, Utah 84321

Under a Subcontract From:

Robert Jack Smith & Associates  
P.O. Box 1104  
Rawlins, Wyoming 82301

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FINANCIAL RECOMMENDATIONS  
FOR THE TOWN OF SARATOGA, WYOMING  
STREET IMPROVEMENT PROGRAM

I. Introduction:

The Town of Saratoga is characteristic of many small communities in the mountain west which have experienced profound and rapid growth during the 1970's. Unlike many western boomtowns, however, Saratoga does not have a mine or power plant in its backyard. In fact, in terms of commuting distance, Saratoga is approximately 40 miles from the most concentrated developments currently underway in the Hanna Basin coal fields.

Some individuals have argued that Saratoga has created its own impact. The charge is rather like hitting the nail with a palsied swing. The fact of the matter is that Saratoga has stimulated its own rapid growth. But that stimulation owes its original impetus to factors that were and are beyond the control of local officials and the public in general. When coal development in eastern Carbon County, Wyoming began its current upswing in the early 1970's, Saratoga was the second largest town in Carbon County. As such it had a bank, a well developed if small retail and service capability, exceptional recreational facilities, and one of the most scenic locations in that part of the county. Additionally, Saratoga had land available for development and skilled housing contractors owing to the relatively stable demand for recreational housing created by the clientele of the Old Baldy Club and the Saratoga Inn. In short, Saratoga was a very attractive place to live when compared to contemporary conditions in communities more proximate to the mineral developments. Thus, in only a few short years Saratoga's population has increased 2.25 times from the 1970 Census figure of 1181.

In dealing with that growth, Saratoga has succeeded in obtaining assistance from various state and federal programs to improve primarily its water and sewer system. These improvements have led to a continued interest in and market for new housing in Saratoga. Thus, the argument that Saratoga has stimulated its own impact is accurate in the same sense that one can chide a mortally wounded soldier for not having the foresight to step out of the path of the oncoming bullet.

While the foregoing may appear to be a strong endorsement of pro-growth policies, there are some side effects that have not been positive. The purpose of this financial report is to address modes of mitigating one of these side effects. Saratoga has recently completed the formation and financing of its first special improvement district to pave streets in a newer subdivision on the southern edge of the community. Paved streets are now a requirement for all new subdivisions permitted by the municipality. The major portion of the town that existed before the boom, however, is almost totally devoid of paved streets, and is likely to remain so if methods are not found to reduce the high cost of property assessments if the streets can only be financed through the traditional method of an improvement district. The primary reason for this observation is the fact that the incomes and property values attributable to the residents of the older section of Saratoga cannot sustain the costs associated with this \$6.5 million project.

The issues surrounding methods of financing the streets of Saratoga, Wyoming are really a miniature portrait of the problems confronting most previously stable communities which have since become boomtowns. In Saratoga's case, issues related to the need for further improvements to

the water system, rehabilitation or replacement of substandard housing, and the needs of persons living on low to moderate and fixed incomes are all related to the proposed street paving program. For that reason the final section of this report will propose a range of strategies which may be followed in order for the town to deal with as few or as many of these related issues as it chooses.

## II. Long-Term Capital Improvements Financing Under Wyoming Law.

There are three types of debt financing available to Wyoming municipalities for an improvement project such as paving streets. They are described in descending order of their generality and investor creditworthiness.

(1) General obligations (G.O.) debt is the most traditional, most marketable, generally most acceptable tool of public debt capital generation in the United States. A G.O. debt requires a pledge of the full faith and credit of the borrower. The purchaser of the bonds knows that the investment is secure not only in terms of its purpose and proposed repayment schedule, but also because any event of default will be covered by a lien on the borrower's general tax capability. The standard forms of G.O. debt require elections. Because there are usually specified statutory debt limitations on G.O. debt as well as the "full faith and credit" aspect and electoral endorsement requirements G.O. debt usually carries the lowest available interest rates. Wyoming municipalities are constitutionally limited in the amount of G.O. debt they may carry to 4 percent of the current fiscal year's assessed valuation except for water and sewer in which

case they may carry an additional 4 percent of their assessed valuation in G.O. debt. Thus, the maximum G.O. debt limitation for all municipal purposes is at most 8 percent. The current legal G.O. debt limit for Saratoga under its 1978-79 assessed valuation of \$2,744,896 is \$109,795 at 4 percent for improvements other than water and sewer, and a like amount additionally for water and sewer improvements. Clearly G.O. debt does not pose a significant alternative for the proposed street improvements.

(2) Revenue supported debt is a widely accepted approach to municipal capital financing. Revenue bonding usually requires a first lien standing for the lender on all revenues to be generated from the specific project or revenues pledged from some other single or combination of tax sources, however, revenue bonding limits the liability of the borrower in case of default to only those revenues pledged in the covenants of the debt obligation. Sometimes revenue bonds are further secured by pledges of operating rights to the constructed facility in the event of a default. Revenue bonds have achieved applicability to projects aside from those normally construed as being revenue producing for municipalities and other public governmental agencies. This is accomplished through the pledge of some excise tax or special income source. For example, Wyoming law permits the pledge of payments received from the royalties paid by the Federal Government under the Federal Mineral Leasing Act of 1920 (as amended) to the State of Wyoming, and there are then distributed under a formula to each municipality in the state for a period of up to ten years.

Revenue bonds generally carry a higher interest rate than do G.O. bonds because they are held in somewhat lower esteem by the investor market. Revenue bonds do not always require elections. Thus, they are somewhat

more facile tools for debt financing in areas where political realities make voter approval of debt issues somewhat difficult. Unlike G.O. bonds, where bonding capacity is usually established by the size of the existing tax base, revenue bond buyers usually require that issuers meet what are known as "parity requirements." A typical parity requirement would demand that the revenue source from which repayment is to be pledged on the new obligation has been sufficient in the most recent fiscal year to not only meet the operating revenue requirements and other debt needs placed upon it, but also have enough reserve left to make the debt service plus a margin on the new obligation.

(3) Special Improvement District financing is the remaining method of debt capital generation which may be unilaterally undertaken by the municipality. Under Wyoming law, residents of an area within a municipality petition the governing body to order the formation of the district. There are no statutorily prescribed limitations on the total amount of such securities which may be issued by a municipality, however, there are practical limits.

Assessment districts, as they are usually called, are limited to ten years duration. They are generally financed through the issuance of term bonds which are repaid by assessments against the benefited property. The assessments are liens on the property second only to the collection of general property taxes and G.O. debt levies in order of priority. The practical limitation which most heavily impinges on the issuance of special improvement districts is the ability of the resident property owners to pay. Other practical limits relate to the creditworthiness and marketability of the bonds. Generally speaking special assessment bonds are not rated by the two national rating companies (Moody's and Standard

and Poor's). Bonds which are unrated do not have broad market appeal. Another factor to consider is that special assessment bonds are usually term bonds meaning that they are nominally expected to mature at the end of the ten year period, however, the state law requires that assessments be paid in equal annual installments. Given current IRS Regulations on the investment of debt service funds, bonds must be called prior to their maturity dates. As a rule investors do not care for this aspect of a bond unless a premium is available to compensate for the abbreviation of their anticipated flow of funds. All of these factors are usually reflected in the ultimate cost of the bonds to the issuer. That is to say, the cost of money raised through the sale of special improvement district bonds is higher. Nevertheless, such bonds are likely to be the best tool available for the finance of non-revenue generating public improvements where general obligation financing is not sufficient to the task. A copy of Wyoming's Special Improvement District Statute is attached to this report as Appendix A.

III. Loan and Grant Assistance To Finance Saratoga's Streets

Saratoga has enjoyed a high degree of success in acquiring both state and federal grant assistance in recent years. Funds under both the HUD, Community Development Bloc Grant and Department of Commerce, Economic Development Administration have been obtained in the past two fiscal years. This has amounted to about \$400,000. At the state level, the Town of Saratoga has received the following assistance in improving public facilities related to impact needs:

| <u>Date</u> | <u>Type of Assistance</u>            | <u>Amount</u>      |
|-------------|--------------------------------------|--------------------|
| 7/26/76     | Joint Power Loan Program             | \$2,020,000        |
| 7/26/76     | Coal Tax Grant-Debt Service          | 2,884,200          |
| 3/02/78     | Coal Tax Grant-Street Study          | 25,000             |
| 1/31/78     | Mineral Royalty Grant-Sewer Imp.     | 334,000            |
| 7/20/78     | Mineral Royalty Grant-Engnrng. Study | <u>30,000</u>      |
|             | .Grants Total                        | <u>\$3,271,200</u> |

That these funds have been enormously helpful to the Town cannot be denied. To lay claim to further assistance may be an extremely difficult accomplishment. Part of the problem lies in the last three entries on the table above. These three entries, while not monetarily significant, all carry 1978 dates. Recent events involving the State Department of Economic Planning and Development, Farmers Home Administration and the Town suggest that Saratoga has worn out its welcome for a while. Arguments that the funds were needed, spent wisely and obtained fairly are all rational, but have little or nothing to do with the politics of the situation.

All of the preceding comes by way of pointing out that Saratoga's

chances for significant grant assistance for a major street construction program are not high. Nevertheless, some programs do have applicability. The following material has been broken into two groups: 1) Loan Programs; and 2) Grant Programs.

1) Loan Programs

A. Farmers Home Administration "Community Facility Loans" -- This program involves the sale of bonds to FmHA for the financing of public facilities of virtually all types which "... shall primarily serve rural residents. The terms "rural" and "rural area" shall not include any area in any city or town having a population in excess of 10,000 inhabitants according to the latest decennial census of the United States."

Contact on this program is initiated through contact with the FmHA officer for Carbon County. A copy of the FmHA regulations for this program is attached as Appendix B.

Generally the terms of FmHA loans for community facilities are a 5 percent interest rate, and the maximum number of years possible up to 40 years. Since FmHA is only able to finance facilities in a fashion compatible with state law, the maximum term of years for this project would be ten years. Approval of an application is subject to review by the state director of FmHA, and the availability of funds. Wyoming's available funds have been on the order of \$2 million for the past few years. However, Wyoming has had a fair amount of success in acquiring additional funds through the pooling of other states' unused loan allocations. FmHA will not normally finance a project where other reasonable sources of financing from traditional capital sources exists. In Saratoga's case, the placement of a wholly property assessment supported \$6.5 million street

improvement financing in the normal debt securities market will be very difficult. FmHA, it is our belief, would have no difficulty in establishing Saratoga's eligibility for financing under this criteria.

B. State Farm Loan Board Joint Powers Loan Program -- There is currently (as of September 1, 1978) on hand in the Joint Powers Loan Account \$3,915,000. Joint Powers Loans are made on terms of up to 40 years at a 5.5 percent interest rate (the rate is established by the Board and may vary from 4 percent to 8 percent although all Joint Powers Loans have been set at 5.5 percent.). The Farm Loan Board has expressed a desire to retain the funds in the account for "a rainy day." It is our recommendation that the Town of Saratoga seek a short term construction loan which would be repaid when the bonds are sold to the market or FmHA. This has three distinct advantages: 1) It provides a low cost construction loan; 2) It resolves the problem of FmHA's desire to avoid multiple cash advances for construction cost; and 3) It avoids the problems attendant with attempting to conduct reassessment proceedings, and float additional bonds in the event of a cost overrun. A copy of the Joint Powers Loan Regulations is attached in Appendix C.

2) Grant Programs

In general Federal grant programs for constructing public facilities for which Saratoga might be eligible are as scarce as hen's teeth. There will be no Round III of EDA Local Facilities grant funds. The "in-process" status of Saratoga's HUD Community Development Bloc Grant of \$173,000 makes application for additional funds after January 1, 1979 a futile exercise. There is a glimmer of light, however, in the Coal Conversion Act passed

and signed by the President in the early autumn of 1978. Included within the act is a \$20 million grant program to assist communities impacted by expansion of coal mining and coal-related industrial activity. Rules and Regulations of the program are scheduled to be published January 15, 1979. Our investigation indicates that eligibility will center on being designated as an impact region by the Governor. This must be done on the basis of several criteria the most important of which is proof of an 8 percent annual increase in employees of coal mining and conversion facilities residing in the designated region. This growth may have occurred within the last three years, or be firmly anticipated over the next five years. In order to achieve designation, Saratoga, the Council of Governments, the Joint Powers Board, and the County Commission should write letters immediately to Governor Herschler's office requesting Carbon County be designated for eligibility. The funding for this program is so small that the chances of receiving a significant amount of assistance are very low. However, eligibility designation should provide a leg-up in the event that some version of the Hart-Randolph "Inland Energy Impact Assistance Act" passes Congress during the next session. This legislation carries the somewhat more significant figure of \$150 million in grant funds for impact aid.

Saratoga's overall level of grant receipt from state and federal sources puts it high up in grant dollars per capita. Like the little boy who cried wolf, too many pleas for assistance will ultimately cause deaf ears. Whether Saratoga has reached this stage with the Farm Loan Board cannot probably be determined until new applications for assistance are made. It seems clear at present that DEPAD views Saratoga's welcome as having been overstayed. Whether the administrative actors have sufficient power to thwart a hearing on Saratoga's project will only be known when tested.

Appendix C contains the Farm Loan Board Regulations for Joint Powers Loans, Coal Tax Grants, and Federal Mineral Royalty Grants. Since the regulations are straightforward, no attempt will be made to describe the application process. The strategy to adopt in making application, i.e., amounts requested and the purpose of the funds, is worth a detailed discussion.

There are three relatively separable aspects to the street paving program:

|     |                                |                    |
|-----|--------------------------------|--------------------|
| 8%  | storm drainage                 | \$ 520,000         |
| 20% | dirtwork (excavation, grading) | 1,300,000          |
| 72% | curb, gutter and paving        | <u>4,680,000</u>   |
|     | TOTAL                          | <u>\$6,500,000</u> |

Under the Farm Loan Board's Regulations the full project cost could be underwritten by the streets and highways side of the Coal Tax Fund, if the Board were so disposed. Historically, however, this has not been the case. Furthermore, there are insufficient funds available to carryout such an effort. The Farm Loan Board's former practice of pledging future collections of the fund to debt service was annulled by the WCDA vs. Witzemberger suit. There is, however, an opportunity to obtain a debt service subsidy authorized from current collections of coal tax. The final section of this study will address a scenario which specifies exact amounts.

The concept, briefly, is to hold a small quantity of coal tax funds (under \$200,000) in escrow, paying out of it the difference annually between the full amount of debt service due and the average debt service required over the ten year obligation. The property owners would receive a reduction in debt service which would be reflected by a flat debt service over the first five years and then declining over the last five years.

This financing would work best of course, where a significant reduction in capital cost has occurred.

The most easily separable portion of the project cost is the storm drainage component. At \$ 520,000 it represents a large cost to be swallowed by the town, and a very large grant allocation for the Farm Loan Board to make. The coal tax grant program is of no use in this case. There are insufficient funds, and storm drainage by itself is not an eligible application of funds. The Federal Mineral Royalty grant program is, however, flush enough and unrestricted in its applicability to public facilities. One word of caution which must be added is that much of this information regarding coal tax grants and federal royalties may be changed during the upcoming general session of the Legislature. An interim committee of the Legislature has reportedly been reviewing the difficulties of administering the coal tax after WCDA vs. Witzemberger. Some sentiment in favor of swapping coal tax dollars in exchange for federal royalty money paid to the Highway Department and the University has been expressed.

In summary, federal grant sources do not offer much in the way of serious possibilities. The Coal Conversion Act with its miniscule allocation of dollars is a very long odds chance. The Hart-Randolph bill has not yet been enacted. Categorical grant programs appear exhausted, and given the Carter Administration's austerity budget, likely to stay that way. The state's programs do hold promise, but are fraught with political peril. The applications for assistance will require strong support from the town's populace, and their political representatives; carefully researched, extremely convincing application documentation; and a clear linkage and criticality of need manifested to both DEPAD and the Farm Loan Board.

On the loan side, FmHA offers great possibilities, however, if grants of the magnitude described can be secured, the need for FmHA participation is not so desperate. A project underwritten in the fashion described should be marketable at competitive rates in the traditional market.

IV. Saratoga Financial Capability

The Town of Saratoga since the early 1970's has experienced significant population growth due to extensive coal development in the Hanna Basin to the north. This increase in population (from 1,181 in 1970 to 2,658 as of early 1978) has been reflected in a remarkable increase in municipal revenues. Over the period from Fiscal Year 1975 through Fiscal Year 1978, Saratoga's municipal revenues have increased at the rate of 25.6 percent per year on average. The following material describes Saratoga's income picture from FY '75 through FY '78:

| <u>Fiscal Year 1974-75</u> |                  | <u>Fiscal Year 1975-76</u> |                   |
|----------------------------|------------------|----------------------------|-------------------|
| Beginning Balance          | \$114,714.40     | Beginning Balance          | \$120,713.69      |
| General Receipts           | 188,569.97       | General Receipts           | 230,207.05        |
| Water & Sewer Receipts     | <u>79,431.57</u> | Water & Sewer Receipts     | <u>108,564.30</u> |
| TOTAL                      | \$382,715.94     | TOTAL                      | \$459,485.04      |

| <u>Fiscal Year 1976-77</u> |                   | <u>Fiscal Year 1977-78</u> |                   |
|----------------------------|-------------------|----------------------------|-------------------|
| Beginning Balance          | \$159,059.81      | Beginning Balance          | \$187,442.34      |
| General Receipts           | 247,512.10        | General Receipts*          | 397,518.82        |
| Water & Sewer Receipts     | <u>148,449.64</u> | Water & Sewer Receipts     | <u>168,805.17</u> |
| TOTAL                      | \$555,021.55      | TOTAL                      | \$753,766.33      |

During the period since the 1970 census, Saratoga's population has been growing at the average rate of 16 percent per year. Per capita revenue has, exceeded the town's growth, however, if the effect of inflation is taken into account, it becomes clear

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\* Excludes EDA grant of \$232,000 and the proceeds of a land sale, \$57,150.

that the community's revenue flow is lagging behind. It is, however, worthwhile noting that in recent years the revenue collected has inevitably exceeded the amounts set forth in the budget. The estimated income for fiscal year '78-'79 appears at this point to be no exception to the rule. Furthermore, the year end balances have grown larger by significant amounts each year. All this suggests that Saratoga's rapid growth coupled with the improvements and expansions to the town's capital facilities which have occurred over the last few years have created unforeseen economies. A brief analysis of the town's revenue sources suggests that almost every aspect of the town's financial picture is improving, save one. That lagging element is the property tax. While municipal revenues have advanced at the rate of 25.6 percent per year on the average, the property tax has grown only 14.6 per year.

There is little the town can do about the property tax. Assessed valuation on most property within the town is a dim reflection of true value. The debt carrying capacity of the town for general obligation indebtedness is insufficient to meet even the most minimal capital facilities requirements. The Wyoming limitation on municipal general obligation debt other than water and sewer is 4 percent of municipal assessed valuation. In Saratoga's case this translates into \$110,000 worth of available debt capacity.

While it is reasonable to argue that property based financing is regressive, and that the relatively slower pace of growth in municipal property tax receipts is therefore landable, it does point up a profound need for other tax resources. The municipal share of the statewide 3 percent sales tax and the 1 cent optional sales tax are both extremely valuable resources, however, neither tax is suitable as a source of debt

repayment in a fashion which meets the pledge requirement of most debt indentures. The 3 percent sales tax is pretty clearly a general tax. Given the recent actions of the Wyoming Courts, it is quite likely that a debt supported by general sales tax collections would require an election, and if the amount financed exceeded \$110,000, the debt would probably be held unconstitutional. Furthermore, a pledge of sales tax revenue from the statewide 3 percent sales tax beyond the current tax year could be construed as an effort by the Town to bind the state legislature. Since the Sales Tax is not constitutionally established, the legislature is free to amend or repeal any or all portions of the tax or its distribution plan without a vote of the people.

As to the local option 1 cent sales tax, it must be renewed by election every two years. There is no possibility of an extended pledge of the 1 cent tax. There is, however, a clear ability to establish a sinking fund for capital acquisition with the 1 cent tax. The Town could also use the optional tax on a piecemeal basis to pay a portion of the required assessments each year, and adjust assessments accordingly. This might prove to be somewhat cumbersome, and difficult to work into the bond indenture.

The municipality's regularly paid share of the federal mineral royalty offers a source of potential debt service similar to the 1 cent optional sales tax with a couple of significant exceptions:

1. The source of the funds is federal rents and royalties, not state tax funds;
2. The state legislation and the federal legislation as well both authorize the pledge of future royalty collections (up to ten years) to debt service.

Thus, it is quite possible that federal mineral royalty money might be of use to the Town in assisting the reduction of assessment costs for the

street improvement district(s). The approach would require two elements aside from the process of arranging the financing technique. One can be dealt with in this study to some extent, the other is outside the scope of this effort.

The element about which little or nothing can be contributed by this document is that of legal analysis and planning to implement a pledge of mineral royalties to support the street improvement. The other element required is the augmentation of lost revenue. Unlike the pledge of gasoline tax in the Saratoga Special Improvement District #1 where the Town will certainly recover the full amount of revenue it will place in the "additional security fund," the pledge of funds as contemplated here is meant to actually reduce the amount of property owner paid assessments. Since the funds will be spent, some method must be found to refill the Town's coffers or the Town must accept relatively less revenue for other public purposes.

Current municipal estimates place anticipated mineral royalty collections at \$45,000 per year. Although such a sum is less than .5 percent of the FY '78-79 budget, as a single resource to replace, it poses some difficulties. As an example of that point, consider that the 1 cent optional sales tax is estimated to provide \$90,000 to Saratoga in FY '78-'79. Under the preferred scenario for financing the Town's streets, to be discussed in the following section, the allocation of federal mineral royalty could provide an annual reduction in debt service. The first year of 8 percent and 12 percent in the last year of a ten year term financing.

There are few available methods for the Town to increase its revenue generating capacity. One method is for the Town to generate more proprietary income. Since the water and sewer utility is already owned by the town,

and rates have only recently been substantially increased it does not appear likely that sales of these services will be of particular value. This is especially so when one remembers that a considerable amount of such revenue is pledged to the repayment of a \$2,020,000 obligation for new water facilities financed with state Farm Loan Board lending.

Purchase of the local electric utility by the municipality has possibilities which are outside the scope of this study, but potentially worth exploring. Briefly, if electrical demand from Carbon Power and Light increases dramatically, there might be sufficient new business to generate new revenue for the utility (if the utility were sold to Saratoga at a very favorable price) which would presumably provide additional revenues for the Town's treasury. On the other hand, without a complete analysis of the situation, it appears that there is no less expensive operational structure for a utility than as an REA which is Carbon Power and Light's current status. The thought that Saratoga might profit from acquiring the utility is conceivable, particularly if some detrimental factor such as too many customers were to cause Carbon Power and Light to lose some of its REA related benefits. Certainly other municipalities in Wyoming have benefited from operating their own electric utilities. However, their operations have been in existence for many years, and owe their success in large measure to the Bureau of Reclamation's cheap power supply from the dams on the North Platte River.

The only other significant source of proprietary revenue might come from recreational charges. Once again a comprehensive analysis is beyond the scope of this effort. The Town has received and expended a significant sum of money over the years on improvements to the community's recreational facilities. Most of these improvements have been funded from

grants. Consequently, the Town has apparently not felt the need to put the recreation program on a paying basis. At present, only the municipal swimming pool generates revenue. Given that Saratoga is something of a recreational center for southern Wyoming, and given the precedent set by the current arrangement regarding the Town lake, it would be appropriate for the Town to establish recreational use charges. A fee system could be established such that modest fees (e.g. a \$5 family card) for permanent residents could be charged with higher single-use fees assessed transients and others who only visit the community to use the hot spring, the fishing lake or the tennis courts during the tourist seasons. It is not possible to accurately estimate at this time what such a system might generate in revenues, but it ought to prove sufficient to free-up other municipal funds to cover items so that ultimately federal mineral royalty collections might comfortably be made available to cover street paving debt service.

There are not many avenues open for municipalities to expand their tax revenue resources. The state legislature controls virtually all tax levying authority, and even "home rule charter" cities are restricted from altering the statutory and constitutional restraints on debt and taxation. Municipalities can, however, garner some additional revenue from the licensing and control of various enterprises. One field which Saratoga is only now exploring is the licensing of business enterprises. Although potentially politically volatile, this method might provide significant additional revenue to the community, and might be used to underwrite the difference between a flat rate assessment throughout the community (under the assumption of one townwide street improvement district) and the higher cost associated with building sturdier more

load-bearing thoroughfares in the commercial zoned areas of the Town. If one assumed the existence of 75 commercial enterprises in the Town, each paying \$400 per year for a business license, the yield would be \$30,000 annually. One aspect which must be weighed carefully is the competitive effect of such a licensing fee in increasing the overhead of Saratoga businesses vis-a-vis their competitors in Rawlins, for example. Another consideration is whether such a licensing fee would serve to push business enterprises into unincorporated areas. Presumably county land use control would deter such strip development. So long as these licensing fees remain relatively modest, however, these factors should not prove to be lethal to the concept. Finally, it should be noted that these fees will be passed on to all purchasers of goods and services who trade with Saratoga vendors, thus like the state's severance tax the burden will be passed along in large part to all users of Saratoga's resources (in this case the Town's streets).

In summary, this section has dealt with the Town's ability to shoulder a portion of the cost associated with financing approximately \$6.5 million in street improvements. While the town's revenues have accelerated at the rate of 25.6% per year over the past few years, the town's population over the period since the 1970 census has grown at the rate of 16 percent per year. The critical objective is to find new sources of revenue, if the town itself is to assist in financing street improvements. Because the federal mineral royalty payment has been created in a fashion which permits it to be pledged for ten years as a debt service source, it has been viewed here as being the best source of assistance in reducing assessment costs. There must be some method of generating additional revenue over and above existing sources, however, if such a pledge of a current resource is not going to work a hardship on the town's treasury. Two

fairly plausible alternatives involving the establishment of revenues from recreational activities and business licensing have been described. A long-shot source of revenue from the acquisition by the town of the Carbon Power and Light electric utility has also been discussed. The generation of \$45,000 in current dollars to offset the pledge of \$45,000 per year from federal mineral royalty payments appears to be possible. Beyond that the Town does not appear to be capable of generating revenue to assist in the underwriting of the debt service on a townwide street improvement project given the rather severe limitations imposed by Wyoming law.

V. Financing Strategies for Saratoga's Streets:

To this point the analysis has dealt primarily with sources of funds for financing Saratoga's existing, unpaved streets. Out of that discussion have come three central observations:

1. Improvements to Saratoga's streets will require some debt financing through the formation of one or more special improvement districts as permitted under Wyoming law. Other forms of debt financing (i.e. longer term G.O. or Revenue bonds) do not appear to be available or legal.
2. Some grant programs appear to be available to assist in the reduction of the overall project cost. The best odds programs available do, however, pose some problems since they are state funded or administered programs. The problems stem from a perception in the state administration that Saratoga has received in excess of its "fair share" of various state impact assistance programs.
3. The Town's own ability to reduce the cost of individual property assessments is limited. The revenue resources of the community are not yet fully utilized, but those resources, aside from the Town's possible acquisition and operation of the local electric utility, are not likely to generate more than \$50,000 annually. This is large enough to permit the shifting of the community's statutorily authorized allotment of federal mineral royalty funds to the support of the street improvement program.

The next step is to meld these three conclusions with the estimated costs and other data of the project to determine approaches which will be successful in financing the proposed street improvements. The basic information associated with the program is:

1. Cost: Construction cost is estimated at \$6,500,000 in 1979 dollars. The breakdown of cost components is approximately:
  - a. Grade preparation and other dirt-work @ 20% of project cost - \$1,300,000
  - b. Construction of storm drainage system @ 8% of project cost \$520,000;

c. Guttering and paving @ 72% of project cost - \$ 4,680,000

2. Size: The project will involve curb, gutter and paving for 83,700 lineal feet encompassing some 11,000,000 square feet of land within town's boundary. An estimated 2500 people live within the project area amounting to an estimated 780 homes. Additionally, the Town's commercial sector, and the local school's are within the project area.

The financial situation of maximum cost to the property owners is as follows:

Cost: \$6,500,000  
Interest: 6.5%

Terms: 10 Years

| <u>Year</u> | <u>Principal</u> |   | <u>Interest</u> | <u>Total</u>       |
|-------------|------------------|---|-----------------|--------------------|
| 1           | \$640,000        | + | \$422,500       | \$1,072,500        |
| 2           | 650,000          | + | 380,250         | 1,030,250          |
| 3           | 650,000          | + | 338,000         | 988,000            |
| 4           | 650,000          | + | 295,750         | 945,750            |
| 5           | 650,000          | + | 253,500         | 903,500            |
| 6           | 650,000          | + | 211,250         | 861,250            |
| 7           | 650,000          | + | 169,000         | 819,000            |
| 8           | 650,000          | + | 126,750         | 776,750            |
| 9           | 650,000          | + | 84,500          | 734,500            |
| 10          | 650,000          | + | 42,250          | 692,250            |
|             |                  |   |                 | <u>\$8,823,750</u> |

Under the above "maximum-property-owner-cost" amortization schedule the first year's debt service would cost 9.75¢ per square foot of property. A lot of 10,000 square feet in size (100' x 100') would carry a first year assessment of \$975. Using a running foot method of assessment, property owners situated in the middle of a block would pay approximately \$1281 for a 100 foot frontage lot. Presumably an allocation of higher costs to properties served by wider or more heavily constructed thorough-

fares would alter the foregoing single property figures significantly since they are calculated on an average basis.

Applying the information discussed previously in this report, the following scenario describes a "least-property-owner-cost" scenario. It assumes that 8 percent of the project cost is covered by a grant of funds from one of the following sources:

1. Federal Coal Conversion Act Impact Assistance Funds
2. Wyoming Coal Tax For Impact Assistance
3. Farm Loan Board Administered Federal Mineral Royalty Funds
4. HUD Community Development Bloc Grant
5. EDA Community Development Funds
6. Hart-Randolph Inland Energy Impact Assistance Funds

This scenario further assumes that the town will dedicate \$45,000 per year to the debt repayment. The bonds will be sold to Farmers Home Administration at 5 percent, and the Farm Loan Board of the State of Wyoming would make a grant of coal tax funds to reduce the early years' debt service to the average debt service required over the ten year term of the bonds. The following table displays this information.

SARATOGA STREET STUDY

Total Project: \$6,500,000  
 Grant Portion: \$ 520,000  
 Amount to Finance: \$5,980,000

Terms: 10 years  
 Interest Rate: 5%  
 Bond Purchaser: Farmers Home Administration

| Year | Principal | Interest @ 5% | Total              | Farm Loan Board Coal Tax Grant | Town of Saratoga Payment | Total Annual Property Assessment | Assessment's per sq. ft. | Assessments per running foot + 2 property owners |
|------|-----------|---------------|--------------------|--------------------------------|--------------------------|----------------------------------|--------------------------|--|
| 1    | \$598,000 | \$299,000     | \$897,000          | \$134,550                      | \$45,000                 | \$717,450                        | 6.52¢                    | \$8.57   |
| 2    | 598,000   | 269,100       | 867,100            | 104,650                        | 45,000                   | 717,450                          | 6.52¢                    | 8.57   |
| 3    | 598,000   | 239,200       | 837,200            | 74,750                         | 45,000                   | 717,450                          | 6.52¢                    | 8.57   |
| 4    | 598,000   | 209,300       | 807,300            | 44,850                         | 45,000                   | 717,450                          | 6.52¢                    | 8.57   |
| 5    | 598,000   | 179,400       | 777,400            | <u>14,950</u>                  | 45,000                   | 717,450                          | 6.52¢                    | 8.57   |
| 6    | 598,000   | 149,500       | 747,500            | \$373,750                      | 45,000                   | 702,500                          | 6.39¢                    | 8.39   |
| 7    | 598,000   | 119,600       | 717,600            |                                | 45,000                   | 672,600                          | 6.11¢                    | 8.04   |
| 8    | 598,000   | 89,700        | 687,700            |                                | 45,000                   | 642,700                          | 5.84¢                    | 7.68   |
| 9    | 598,000   | 59,800        | 657,800            |                                | 45,000                   | 612,800                          | 5.57¢                    | 7.32   |
| 10   | 598,000   | 29,900        | 627,900            |                                | 45,000                   | 582,900                          | 5.30¢                    | 6.96   |
|      |           |               | <u>\$7,624,500</u> |                                | <u>\$ 450,000</u>        | <u>\$6,800,750</u>               |                          |  |

To put this in perspective using the same basis as the max-cost scenario previously described: A 10,000 square foot property would bear an assessment of \$652 the first five years, dropping to \$530 in the last year; on the running foot cost allocation formula a 100 frontage feet property would pay \$857 the first five years decreasing to \$696 in the last year.

The foregoing high and low cost scenarios point up one basic fact -- the overall cost of the project is not unconscionably high. Even under the maximum cost scenario, the price per square foot is almost exactly the cost per square foot of the project financed in the Snowy Range Heights Improvement District. The basic issue then becomes, how much will the property owners within the boundaries of the proposed area to be paved be willing to pay for these improvements?

Recommendations:

The portion of the Town of Saratoga scheduled for improvement by this project represents a long-term problem dating back to a time when impact was an unknown concept in Saratoga. In some respects this makes a heavily subsidized financing of this project unlikely. There is an additional difficulty inherent in the sale of even .6.0 million in special assessment bonds let alone financing the entire program. That difficulty lies in the issue of marketability. The most likely placement of these bonds would be with FmHA. FmHA in Wyoming, however, receives an allotment of loan capability just like every other state. In Wyoming that allocation is approximately \$2 million annually. Wyoming's state FmHA has, however, been successful in acquiring unused allocations from other states in the annual loan pooling which occurs toward the end of the FmHA fiscal year. If FmHA cannot or is not willing to take up these securities, the town must look to the traditional market for placement. Judging the traditional market for these securities indicates that placement of these bonds may be difficult, and the interest rate might easily be as high as the 6.5 percent described in the max-cost scenario, even with subsidization.

Another issue that must be addressed is the number of low and moderate and fixed income property owners who will be affected. Hopefully, the combination of moderate assessment costs and limited numbers of these property owners will be sufficient to avoid thwarting the efforts to consummate the construction and financing of this project. Nevertheless, as with so many other aspects of community development, the solution of one problem points up other shortcomings in the community system. In this case, to successfully achieve the project, the town may have to undertake the stimulation of Section 8 type housing for elderly and low-income persons.

The basic recommendation of this financially analysis is to proceed with the project. Every grant making alternative should be attempted, however, at base the project, given current cost estimating is financeable under the most expensive terms for the property owners within the project area. The marketability of the bonds poses a potential bugbear, however, the potential number of possible investors with which to place the bonds will ultimately prove to be a function of the town population's commitment to seeing the program through.

In terms of timing, initial activity to establish an assessment district(s) should be undertaken immediately. Pursuit of the first stages leading up to the establishment of the improvement district, but not progressing to the actual certification of assessments is necessary in order to provide convincing pressure on grant making bodies. As recommended in section III, the town, the COG and the Joint Powers Board should act immediately to inform the Governor of Carbon County's desire to be designated a coal impact area for purposes of establishing eligibility under the federal Coal Conversion Act Impact Assistance program. Pre-applications for funding the storm drainage component should be initiated with all other relevant federal grant-making bodies.

Once the establishment of the assessment district(s) is well under way (perhaps after the hearing on the petitions and protests concerning the establishment of the district(s) contact with FmHA should be made to determine their willingness and capability to take up the town's bonds. Contact with the State Farm Loan Board for coal tax grant subsidy of debt service should be initiated in January or February of 1979 for a hearing before the board in the early spring. Application for Federal Mineral Royalty grant funds should be pursued gingerly for the storm drainage component of the project in the event other grant funds cannot be secured. The July hearing on the allocation of royalty payments should coincide relatively well with the determination by federal grant making entities as to the town's eligibility for funds to construct storm drainage.

The town should also, during the period between the first of the year and the close of FY'79 explore the proposals made in this document concerning improving the town's revenue capabilities. Successful pursuit of the foregoing items should lead to the ability to initiate construction of the street paving program in the late spring of 1979. As a minimum for effectively pursuing these recommendations, the Town should support the costs of a competent municipal administrative assistant, a consulting engineering firm, and a municipal financial advisor.

In summary, the project appears financially feasible. Reductions in the direct cost of property assessments to finance the project will make the program more supportable by the town's property owning constituency, and more marketable with investors. For those reasons, it is our recommendation that every possible grant making resource and revenue improvement be explored. Even if these efforts fail, the project appears to be affordable, and the exercise ought to have the effect of determining the community's real level of commitment to the program.