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## City Council Regular Meeting

**DEPARTMENT:** Public Works  
**FROM:** Justin Scharnhorst, Deputy Director  
**MEETING:** January 6, 2025

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**SUBJECT:**

Consider and take possible action of a professional service contract with Freese and Nichols, Inc. for the development and analysis of a street maintenance fee. (*Staff Contact: Justin Scharnhorst, Deputy Director of Public Works*)

**SUMMARY:**

One of the City's top priorities is improving the condition of streets throughout the community. To support this effort, the City recently completed an Asset Management Study that assessed current street conditions. The study concluded that additional resources are necessary to enhance and maintain streets at a desired quality level.

To address the annual depreciation of the city's street network, an analysis of a potential street maintenance fee is being proposed. This analysis would provide City Council with the data required to consider adopting such a fee during the FY25-26 budget discussions. The primary goal of this fee is to generate funding for capital improvements and facility expansions necessitated by new development. The analysis will evaluate the feasibility of various funding mechanisms, including amortized charges, lump-sum fees, capital recovery fees, and contributions in aid of construction.

City Council has previously discussed implementing both stormwater and street maintenance fees to establish dedicated and reliable funding mechanisms for these critical infrastructure areas.

**Cost Summary:**

The street maintenance fee study is proposed at \$134,900 for the following basic services:

1. Identification of policies and goals
2. Data compilation
3. Development of the street maintenance fee rate model
4. Staff presentations and City Council meeting briefings

5. Establishment of maintenance methodology, inquiry/appeal processes, and billing audits
6. Completion of a technical memorandum for the street maintenance fee

**On-Call Implementation Assistance:** \$30,000

**Cost Summary:**

- If both the stormwater and street maintenance fee studies are pursued concurrently, the total cost is **\$282,100**, which includes a \$30,000 contingency, resulting in a savings of \$50,200.
- If conducted independently:
  - Stormwater utility fee study: **\$167,400**
  - Street maintenance fee study: **\$164,900**

Developing the two studies concurrently would result in significant cost savings by streamlining efforts and eliminating redundancies. However, pursuing only one study would increase the overall cost due to the loss of shared efficiencies.

**RECOMMENDATION:**

Staff recommends approving the study for both storm water and street maintenance fees.

**PRIOR ACTION/INPUT (Council, Boards, Citizens):**

- At the February 13, 2024, City Council Strategic Planning Session, the Council expressed support for holding additional discussions about establishing Stormwater Management and Street Maintenance Fees.
- At the May 8, 2024 Finance Committee meeting, the committee unanimously directed staff to move the items forward to the entire Council for continued discussion.
- At the May 20, 2024 City Council meeting, the City Council unanimously directed staff to hire a consultant to assist in the development of Stormwater Management and Street Maintenance Fee Development Studies.

At the November 18, 2024 City Council meeting, the City Council directed staff to hire a consultant to assist in the development of Stormwater Management and Street Maintenance Fee Development Studies to determine the feasibility and impact of the program.

**REFERENCE:**

N/A

**FISCAL IMPACT:**

Adopted Independently:

Proposed Expenditure/Revenue: \$137,000

Account Number(s): 10131002-62010

Fund: General

Account Description: Engineering Services

Proposed Expenditure/Revenue: \$27,900 - Supplemental Appropriations

Adopted together:

Proposed Expenditure/Revenue: \$137,000

Account Number(s): 10131002-62010

Fund: General

Account Description: Engineering Services

Supplemental Appropriations = \$145,100

**STAFF CONTACT:**

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