

Comprehensive Policy Plan
"Utilities"

Policy Letter 510: Infrastructure Funding

BACKGROUND:

The community works very hard to coordinate its planning objectives, with real development decisions and with real engineering requirements. However, very often these efforts are frustrated or driven by the amount, method and mechanics of financing the construction, improvement or maintenance of streets, sewer, water and all of the other municipal hardware that is necessary to make development work. The system, as it is, can frustrate good decision-making. Pressures to make improvements can cause inequities between those who must pay and those who benefit. Maintenance budgets must compete with new construction. Either deferred maintenance or deferred construction can raise ultimate cost substantially. In the end, attempts at orderly decision-making can run aground on disjointed financing systems.

POLICY STATEMENT:

The City of Fargo should establish a process to study existing infrastructure funding in order to determine if the current mix of special assessments, sales tax, state, and federal revenues are sufficient to allow for planned future growth and maintenance of the existing infrastructure.

CONCLUSION:

The Capital Improvement Program, developed by the Public Works Department has been a great first step in rationalizing the City's public works financing. What seems to be needed to strengthen this is an outside consultant working with key personnel of the City. The consultant should evaluate the existing financing system which would include engineering and administrative fees as well as the method of allocating those costs to the property. The study could evaluate alternative financing mechanisms such as impact fees, other tax sources, and possibilities for savings. Finally, this study should examine the impacts of economic development incentives, as well as other development incentives.