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## MEMORANDUM

**TO:** Gary T. Barczak  
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**FROM:** Peter C. Daniels, P.E., City Engineer

**DATE:** September 17, 2019

**SUBJECT:** **Communication regarding 2020 Special Assessment Rates**

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The Engineering Department is recommending a **5% increase** in the 2020 special assessment rates. The bids we received in 2019 revealed a huge **32% increase** in the cost of constructing concrete streets in 2019 when compared to last year.

While the City has continued to receive numerous competitive bids on our projects this year, unfortunately the huge demand for contractors regionally has followed the capitalistic “law of supply and demand” whereby all the bids we received were significantly higher than bids we received in 2018. The significant increase in demand is attributable to WisDOT, who bid out more work this spring than any time in the last 10 years. The Foxconn project also bid out a huge amount of new underground and paving work recently as well. The City has been forced to cancel several 2019 street projects and an alley project in order to keep the budget in line due to these increases in 2019.

But while the City experienced a huge increase in 2019, the City has not been experiencing these dramatic increases in the past few years. So the average increase in prices has only averaged about 5% per year over the last 5 years. The City actually experienced small decreases in costs in 2016 and 2018 with only a small 2% increase in 2017.

Therefore we would like to recommend that the special assessment rates increase **5%** for 2020 in order to counteract the loss of buying power due to these inflationary pressures in the construction industry.