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MEMORANDUM

TO: Dan Roadt
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FROM: Peter C. Daniels, P.E., City Engineer

DATE: July 14, 2020

SUBJECT: **Communication regarding 2021 Special Assessment Rates**

The Engineering Department is recommending a **4% increase** in the 2021 special assessment rates. The bids we received in 2020 revealed a **4.4% increase** in the cost of constructing concrete streets in 2020 when compared to last year.

While the City has continued to receive numerous competitive bids on each of our projects this year, unfortunately the huge demand for contractors regionally has continued which sets in motion the capitalistic law of supply and demand whereby all the bids we received were higher than bids we received in 2019 due to low supply and high demand.

Fortunately these increases were much smaller though than the all-time historically high increase in bid costs of 32% in 2019. Those significant increases in demand were attributable to WisDOT, who bid out more work last spring than any time in the last 10 years. The Foxconn project also bid out a huge amount of new underground and paving work last as well. But that work has now subsided.

Therefore we would like to recommend that the special assessment rates increase **4%** for 2021 in order to counteract the loss of buying power due to these inflationary pressures in the construction industry.

Conversely in the spirit of resolution R-2020-0322 passed by the Council on June 2, 2020 whereby because of the COVID-19 pandemic and the various federal laws and regulations implemented as a result of the COVID-19 pandemic, and the various emergency orders and regulations implemented by state and local governments, the Council acknowledged that all West Allis property tax payers are experiencing hardship. So the Engineering Department could be directed to leave the 2021 special assessment rates the same as the 2020 rates to help alleviate these hardships.