



Department of Transportation
Division of Planning & Engineering
700 East Broadway Avenue
Pierre, South Dakota 57501
605.773.2995
dot.sd.gov | sd511.org

MEMORANDUM

DATE: December 7, 2022

TO: Joel Jundt
Secretary

FROM: Mike Behm, Director
Division of Planning & Engineering

SUBJECT: Transportation Commission Meeting – December 15, 2022
Item for Consideration

Consideration of State Highway Fund Loan

The attached application from the city of Hot Springs is for construction work that was let by the Department of Transportation is currently ongoing on US Highways 18, 18B, and 385. Due to additional costs being incurred by the city during construction, they have requested a state highway fund loan for transportation related expenses. The attached application outlines their requested loan amount \$1.967 M and terms of repayment.

cc: File



State Highway Fund Loans for Local Governments Initial Project Application

Please review

Please provide the information below to the South Dakota Department of Transportation (SDDOT).

General

The applicant is A city A county A township

Applicant name **City of Hot Springs** Date submitted **12/05/2022**

Project name **USHwy18/385 road recon, suspended sidewalk, City Water/Sewer** Project zip code **57747**

Mailing address **303 N. River St.** City **Hot Springs** State **SD** Zip code **57747**

Contact person **Misty Summers-Walton** Title **Finance Officer** Phone **605-745-3135**

Contact address **303 N. River St.** City **Hot Springs** State **SD** Zip code **57747**

Email address **hsfinanceofficer@ha-sd.org**

Project description

Route name/facility **USHwy 18/385-Sidewalk N of Jennings to S. of Minnekahta, Add'l asphalt Baltimore/Albany**

Location **Along USHwy 18/385 throughout City of Hot Springs**

SDDOT Region **Rapid City** County **Fall River** City **Hot Springs**

Type of project Highway Other (please specify) **Both Highway and Other**

Is this project eligible on a federal-aid route? Yes No

Project description (Briefly describe the project here and in more detail in attachment A.)

State projects-reconstruction of USHwy18/385-grading, surfacing, curb&gutter,storm sewer, roadway lighting and traffic signal. City projects-architectural style lighting, engineer design & construction of suspended sidewalk along N. River St. from Jennings to (almost) Minnekahta Ave. Asphalt repair at Baltimore and Albany intersections.

Please briefly describe project benefits below and in more detail in attachment B. These would include the project's importance to the community and to economic development in an area.

The reconstruction of 18/385 is of high importance to the Community and City of Hot Springs as well as the State of South Dakota, as is the Suspended Sidewalk over the Fall River which runs through town and along the project route. The decorative style lighting and the sidewalk provide for both safety and economic development as we plan to re-invigorate the area with these developments. In Hot Springs our history is rich and on display throughout the route and the suspended sidewalk and lighting are vital to the project.

Please briefly describe below what might happen if the project does not receive the loan.

The City is unsure how we will fund and pay for the unexpected and added expenses related to these projects which are already underway. Project costs exceeded anticipated amounts, more than doubling the city water/sewer replacement expenes and a 40% increase to the suspended sidewalk.

1. Are other funding opportunities available? Yes No
2. Will the proposed project foster and support economic development? Yes No
3. Does an emergency exist? Yes No
4. Does the local government have the ability to repay the loan? Yes No

Project financing

Project status (Please explain the current status of the project, including planning, design, start and completion dates.)

Currently "in construction" (which has made additional funding impossible to obtain)

Estimate project construction time line March 2022 Start date December 2023 End date

Total project cost as bid costs + additional amts as necessary State Highway Fund loan amount requested 1,967,000

Describe any costs that may be ineligible

Proposed project financing sources (do not include State Highway Fund repayment source):

State Highway Fund Loan	0.00
Assessments	0.00
User payments/fees	0.00
Local funds	1,511,950.00
Other (please specify) <u>university ave exchange</u>	2,800,000.00
TOTAL	0.00

Proposed project financing uses:

Preliminary engineering	0.00
Design	0.00
Right-of-way acquisition	0.00
Construction	0.00
Other	0.00
Other	0.00
TOTAL	0.00

Loan repayment terms 10 years at 0% Start date asap

Repayment sources for State Highway Fund loan to local government:

<u>local funds-sales tax revenues</u>	1,967,000.00
_____	0.00
_____	0.00
TOTAL	0.00

Checklist

Check both the following to indicate the attachments are included with this application.

- Attachment A: Description of proposed project
- Attachment B: Benefits of proposed project

Certification

Misty Summers Walton Signature Finance Officer Title 12/5/2022 Date

Print and sign the completed Initial Project Application and all applicable attachments and submit them for initiation of the state loan review process to:

State Highway Fund Loan for Local Governments
 South Dakota Department of Transportation
 Division of Planning and Engineering
 Administration Program Manager
 700 E. Broadway Ave.
 Pierre, SD 57501-2586

Questions?
 Call (605) 773-8149

Attachment A

Description of Proposed Project

Describe the problem this project is designed to address and include a map. Attach additional pages if necessary.

See approved plans for projects

NH 0018(184)39 PCN 03TH

NH 0018B(02)40 PCN 06DE

NH 0385(48)35 PCN 028Z

NH 0385(60)35 PCN 07V4

HS 2020-100 PCN X05J

HS 2020-001 PCN X05P

NH 0385(00)35 PCN 07W3

Attachment B

Benefits of Proposed Project

Describe how State Highway Fund financing will help attract new public/private investment, reduce project costs and accelerate project completion. Identify other project benefits, such as access, mobility, economic development, preservation and environmental improvement. Attach additional pages if necessary.

See attached

Attachment B

The City has known of the State plans to reconstruct Hwy 18/385 through Hot Springs for years. We had time to plan and prepare for additional necessary projects occurring in conjunction with this large State project. They included, water and sewer main replacements, architectural style lighting and the construction of a suspended sidewalk. This project runs right through our downtown and is of critical importance to our City.

Although not a “transportation” expense, the City plans included removing and replacing old water and sewer lines throughout the project, originally estimated to cost \$1,091,950. The City proactively set aside monies in both the Water and Sewer Funds to support the expense. We also applied for and received grant funding through the Community Development Block Grant Program, we received \$770,000. Due to unprecedented economic conditions and supply chain issues, the original bid for the project came in at \$1,727,507.65. After accepting the bid, the scope of the project increased significantly when an additional 1900ft of water line was identified as “in need of replacement” after a water line break uncovered an issue with previously installed pipe from Minnekahta to Battle Mountain Ave. Additional unexpected change orders have resulted in a current contract of \$2,242,442.17. The City has also additionally incurred out of pocket expenses totaling \$250,000 to date. We will be asking Council to approve the application of additional funding through a bond issue, which we plan to repay with Water/Sewer revenues.

Transportation related expenses include the enhanced lighting, the suspended sidewalk and the inclusion of asphalt repairs. Early on in planning, the City committed to replacing the architectural style lighting we currently enjoy in our downtown area, as opposed to the standard highway lights offered by DOT. We set aside \$450,000 to cover those expenses. We also committed to a suspended sidewalk, providing additional safety allowing wider traffic lanes along the river in our downtown area, mitigating the dangers caused by large trucks traveling through a heavily congested pedestrian area. The suspended design over Fall River serves as an anchor to our downtown revitalization. We have made progress clearing invasive plant species along the river and developing pedestrian access to our warm waters. We believe this will attract more locals and visitors to our downtown area, giving our community a needed economic boost. Originally estimated engineering and construction costs were \$2,800,000. With the help of Governor Noem we arranged a trade for the long term care and maintenance of University Ave. in exchange for the needed funding. The same economic issues impacted this project, and the original bid came in at \$3,904,538 for construction only. Engineering costs total \$433,000. Since accepting the construction bid we have added additional expenses of \$25,000 to increase the length of the second pedestrian bridge and \$21,380.25 of additional micro-pile grout needed. The City has also identified two intersections, on Albany Ave. near Vision Source and Baltimore Ave. across from Glass Pro, along the State reconstruction route with long standing drainage problems. These low areas are safety hazards during winter months, as they collect water and considerable ice forms, and the City determined it necessary to add \$34,119.29 in expenses to correct these safety hazards.

Although not included in our request for additional funding, the City is also currently funding a wayfinding study and plan to provide funding for signage, maintaining the historic charm of our downtown area, while directing locals and visitors whether pedestrians or motorists, to our local areas of interest and attractions.

To City of Hot Springs these projects are vital and their importance is tied to both safety and economic development. We were, are, and will be committed to doing things right, we just weren't financially prepared for the significant increases in costs. When completed, this project will define the look and feel of our city for the next 50 plus years and we simply can't miss the opportunity to complete them. It is our hope you consider assisting the City financially in any way possible.

Thank you,

Misty Summers-Walton, Finance Officer

Dated 12/5/22

Est. Additional Road Reconstruction Related Costs as of 2022-11-17

Original pre-bid estimates	Sidewalk/Lights/ Drainage
Suspended sidewalk (including engineering costs)	\$ 2,800,000.00
Street lights	\$ 420,000.00
Total	\$ 3,220,000.00
 Post bid costs	
Suspended sidewalk construction	\$ 3,904,538.00
Estimate 2nd pedestrian bridge length increase	\$ 25,000.00
Suspended sidewalk engineering costs	\$ 433,000.00
Additional micro-pile grout	\$ 21,380.25
Suspended sidewalk total	\$ 4,383,918.25
 Suspended sidewalk increase	 \$ 1,583,918.25
 Unanticipated costs	
Albany & Baltimore intersections asphalt repair	\$ 34,119.00
Total	\$ 4,418,037.25
 Transportation cost increase	 \$ 1,198,037.25
 Eligible transportation costs	
Street Lights	\$ 348,100.00
Sidewalk	\$ 1,583,918.25
Albany & Baltimore intersections	\$ 34,119.00
Transportation Commission potential maximum loan amount	\$ 1,966,137.25