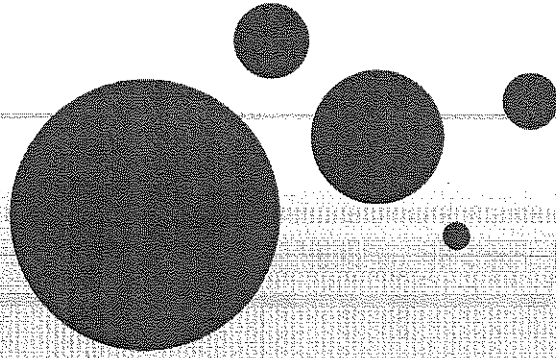


**SPECIAL ASSESSMENTS
FOR RESIDENTIAL PROPERTIES**

****PART 2****

City of Appleton



PRESENTATION OUTLINE

Part 1

- What is a special assessment?
- Special assessment terminology
- Special assessment calculation example
- Why does the City charge special assessments?
- Review an underground utility drawing
- What is included in the special assessments?
- Real life example
- New Subdivisions
- Questions?



Part 2

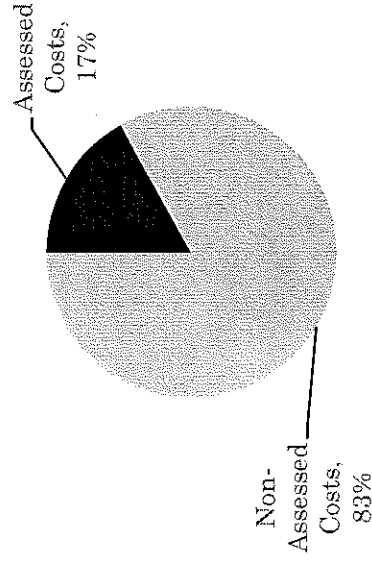
- Special Assessment Policy options
- Staff recommendations



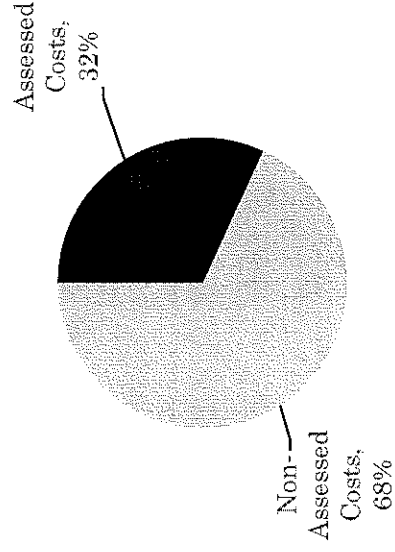
REVIEW FROM LAST WEEK

- o City special assesses based on property benefit
- o City assesses a portion of the total project cost

Utilities



Roads & Sidewalks



SPECIAL ASSESSMENT POLICY OPTIONS

- **Modify the Special Assessment Policy**
 - Change % charged
 - Change list of assessable items as included in Assessment charts
 - Change the Payment Plan options
 - Or any combination of the above

- **Eliminate Special Assessments**

MODIFY SPECIAL ASSESSMENT POLICY

o Possible affects of modifying plan

- Retains some assessment for benefitting tax exempt properties
- Fairness/equity concern for property owners who recently paid special assessments or are currently on deferred payment arrangement
- Reduces burden on property owners being assessed and transfers expenses to the general tax levy/utility rate
- Property owners choosing longer installment period will pay more interest
- Others?

ELIMINATE SPECIAL ASSESSMENTS

o Possible affects of eliminating special assessments

- Fairness/equity concern for property owners who recently paid special assessments or currently on deferred payment arrangement
- Tax-exempt properties no longer share financial responsibility for infrastructure improvements from which they benefit (\$240,000 5-year average annual revenue)
- City needs to fund projects without this revenue stream
- Long-term ability to fund projects
- Increased demand for projects by citizens
- More competition between operations and infrastructure funding during budget process
- Eliminates burden on property owners that would have been assessed
- Eliminates burden on other non-general fund properties such as Parking Utility and Valley Transit
- Reduction in administrative duties associated with the assessment process
- Implementation Plan
- Others?

OPTIONS TO FUND PAVING/SIDEWALK PROJECTS OTHER THAN SPECIAL ASSESSMENT REVENUE

- In general, the City uses cash for the vast majority of our paving and sidewalk projects
- Option #1 - Fit paving and sidewalk projects within current budgeting constraints
- Option #2 - Increase tax levy through referendum
 - \$1.3 million tax levy increase
- Option #3 - Borrow for paving and sidewalk projects
 - \$1.3 million general fund

OPTION #1: FIT PAVING/SIDEWALK PROJECTS WITHIN CURRENT BUDGETING CONSTRAINTS

- Municipalities may increase their tax levy each year by no more than the percentage growth in equalized value from net new construction (0.77% in 2013)
- In 2004, City State Shared Revenue decreased by \$1.2 million and the City eliminated 27 full-time positions
- For comparison purposes \$1.3 million in expenses equates to:
 - The City's Asphalt Paving Program annual budget
 - 23 full-time City positions with benefits
 - More than the City's Snow & Ice annual budget
 - Operations of 1 City Fire Station
 - More than the City's Health Department annual budget
 - The City's Recreation Program annual budget
 - More than the City's Forestry annual budget
 - A 2.1% across the board reduction of tax levy funded Departments

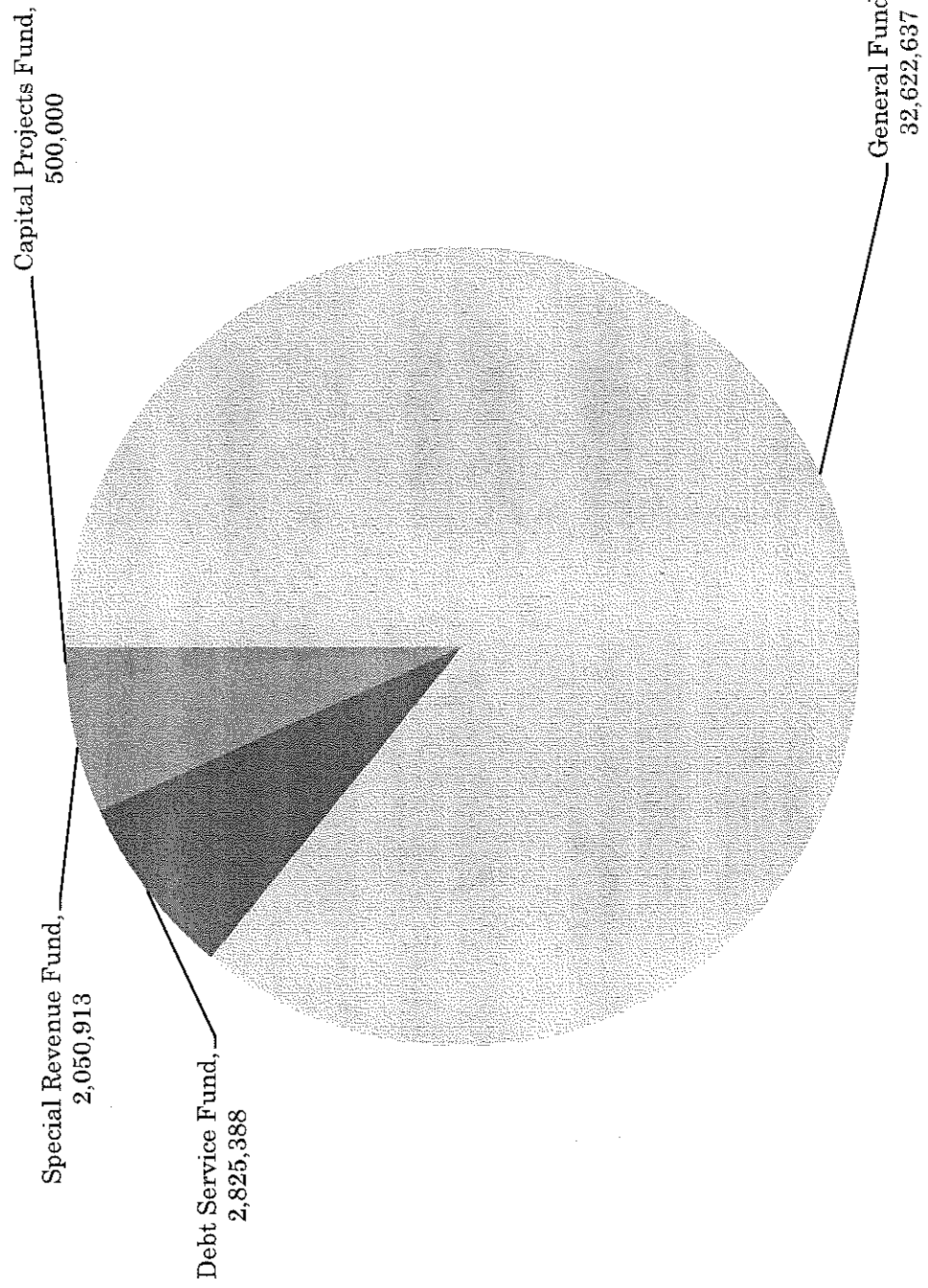
OPTION #2: INCREASE TAX LEVY THROUGH REFERENDUM

- Tax levy can be increased above the allowable limits if the amount is approved by referendum. The governing body must adopt a resolution specifying the proposed amount of increase in the levy and stating whether the proposed increase is for the next levy only or if it will apply on an on-going basis. (State Statute 66.06.02(4))
- Increasing the tax levy limit \$1.3 million would add approximately 28 cents to the tax rate
- Equivalent of \$48 additional tax on a home assessed at \$175,000

OPTION #3: BORROWING FOR PAVING/SIDEWALK PROJECTS

- Increases debt service levy / decreases operating levy capacity (see pie chart)
- Once you start borrowing for infrastructure, it may be difficult to stop this practice
- Increases overall price of infrastructure projects (borrowing costs and interest)
- Reduces City's borrowing capacity by \$1.3 Million annually
- Replacing revenue with debt will not be viewed favorably by bond rating agencies

2014 PROPERTY TAX LEVY DISTRIBUTION



**OPTIONS TO FUND UTILITY PROJECTS
OTHER THAN SPECIAL ASSESSMENT REVENUE**

- Option #1 - Fit utility projects within current budgeting constraints
- Option #2 - Increase utility rates
 - \$12,000 for Water Utility
 - \$101,000 for Storm Water Utility
 - \$435,000 for Waste Water Utility
- Option #3 - Borrow for utility projects
 - \$548,000

3 AREAS YOU NEED TO DISCUSS

- o 1 – What changes, if any, you want to make with the general tax funded projects (street and sidewalk projects)
- o 2 – What changes, if any, you want to make with the utility funded projects (water, storm and sanitary)
- o 3 – What changes, if any, you want to make with the new subdivision funded projects

STAFF RECOMMENDATIONS

- Create a 10-year payment option for special assessments of more than \$2,000 in addition to the \$1,000 5-year option.
- Modify Sanitary Sewer assessment to be similar to water main and storm sewer where reconstruction projects would be funded by the Wastewater Utility. Laterals would continue to be assessed to the benefiting property owner.
- Modify New Subdivision portion of the policy that all new subdivisions platted after 1-1-2015 be assessed for concrete paving and sidewalk to the property owner in lieu of developer escrowing funds (back to prior to 1-1-2004 Policy). All Development Agreements currently in place remain with Developers escrowing funds/line of credit.

???

Questions

