TOWN OF CLAYTON

SPECIAL ASSESSMENT

POLICIES AND PROCEDURES

Drafted by Town Staff

Adopted by Action of the Town Board

Adopted this _____ day of _____, 201_

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TOWN OF CLAYTON
POLICIES AND PROCEDURES FOR SPECIAL ASSESSMENTS

SECTION 1: PRIMARY PURPOSE OF SPECIAL ASSESSMENTS

Special Assessments are used as a method to finance certain local public improvement projects and services which are not appropriate for finance by the general tax levy or Town of Clayton Utility funds. Special assessments are flexible and can be used to pay for streets, sewer and water facilities, condemnation of lands, street lights, or other public improvements. Special Assessments, and/or charges, can also be used for public services such as tree care, snow and ice removal, street maintenance, sewer services, weed cutting, and refuse collection. In the case of such special charges for current services rendered, the provisions of Sec.66.0627, Statutes shall apply. Special Assessments are only to be used in instances where the public improvements or services have benefit to certain specific properties as opposed to public improvements or services benefiting the Town as a whole. In some instances there may be benefit to both the community and the property, and in these cases apportionment of assessments may be made.

I. PURPOSE OF POLICY

The purpose of this Policy Document is to describe the policies and procedures which provide for the fair and equitable sharing of the costs for public improvements or special services by those properties specially benefiting from the public improvements or services in accordance with Statutory provisions and Town of Clayton Ordinances. Although the special assessment law is flexible and permits most any public improvement (whether new or reconstruction), or public service to be specially assessed, the Town of Clayton has, by past practices, followed written and unwritten policies and procedures in the special assessment process. This document is presented to provide written guidelines to be applied in the policies and procedures of levying of special assessments in the Town of Clayton. These written policies may or may not be similar to those written and unwritten policies and procedures followed by the Town in the past. These assessment policies are designed to serve as a general guide for the Town Board of the Town of Clayton in allocating benefit to properties for the purpose of defraying the cost of public improvements or services. These policies may be waived by the Town Board if the policies create obvious inequities when the assignment of benefit to particular property is difficult because of an extreme situation which is unlikely to occur in the future. At no time shall this document prevent the Town Board from acting outside of the policies in this document, provided such action is in the best interest of the Town and within the limits of the law. Where allowed by law, the Town Board may utilize an additional or alternative assessment method.

II. POLICY REVISIONS

It is anticipated that the requirements of this policy will, from time to time, be updated to reflect the conditions appropriate for the time period. Such changes, revisions, or modifications shall not be made retroactive to special assessments and proceedings previously implemented, except in the event of changes, reconstruction, relocation, or other such reasons requiring the consideration of the levying of new or additional special assessments, when determined by the Town Board to be in the best interest of the Town.

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III. AUTHORITY TO SPECIALLY ASSESS

The Town of Clayton may proceed to special assess property under either of two optional powers granted them by the special assessment Statutes Wisconsin. Statutes 66.0703: the police power, and the taxing power, and in accordance with the provisions of Wisconsin Statutes 66.0702.

In addition to other methods provided by law, the Town has adopted a local Ordinance under the authority granted in Statutes 66.0701, which permits the Town to specially assess the installation or construction costs of any public work or improvement by alternative procedures identified in the local Ordinance. This Ordinance permits the Town to levy special assessments subsequent to the completion of the public work or improvement. This document is intended to establish the procedures for the Town to undertake special assessments by local Ordinance, as authorized in Wisconsin Statutes 66.0701, in addition to the procedures established in Wisconsin Statutes 66.0703, or pursuant to other authorizing Wisconsin Statutes.

IV. GENERAL STATEMENT OF INTENT

In full accordance with the provisions of law, and when in the best interest of the Town, it is the Town of Clayton's intent to specially assess for the costs of those specific public improvements and public services which are of benefit to certain limited, definable properties. This policy shall not be interpreted as conflicting with the Town's Ordinances including the special assessment Ordinances or the land division Ordinance, but is intended to be interpreted as a guideline in the application of special assessment proceedings. In the event of a direct and irreconcilable conflict between this policies and procedures manual and Town Ordinance, the Ordinance shall control.

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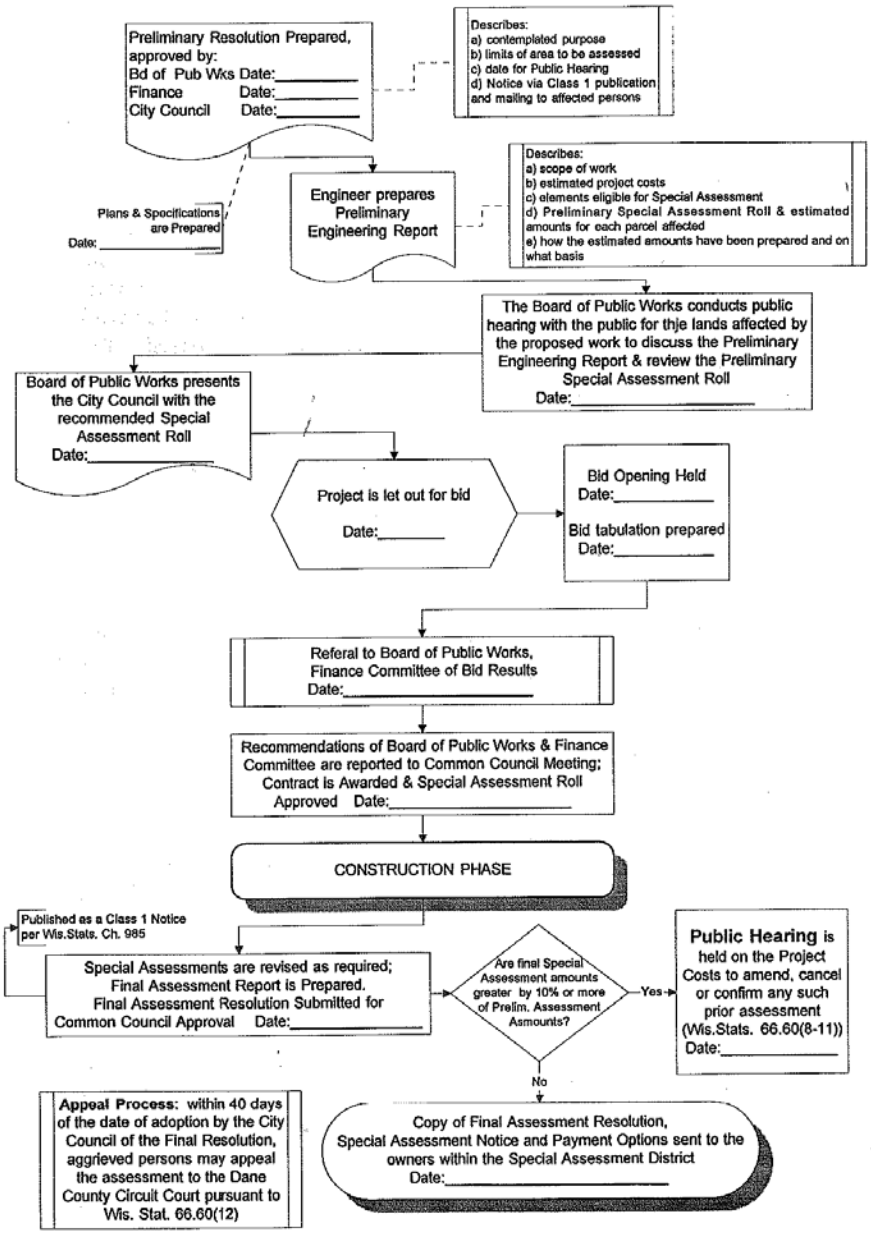
Special Assessment Process: Project Name

Wisconsin Statute Reference 66.60 & 66.62 - Project #_____



Revised 6/12/96 njd

V. RECOMMENDED PROCEDURES FOR POLICE POWER SPECIAL ASSESSMENTS UNDER WISCONSINCONSIN STATUTESS 66.0701

A. Procedures: The following is presented as the recommended Official Policy for the Town of Clayton police power assessment process under local Ordinance (by authority granted in Wisconsin Statutes 66.0701).

1. The Town Board shall determine to assess part or all of the costs of a specific public service or improvement to the benefiting properties under the provisions of Wisconsin Statutes 66.0701, by declaring its intent in a PRELIMINARY RESOLUTION. The Town may proceed with the special assessment process before, during or after the completion of the work or rendering of the service under Section the Ordinances. The Preliminary Resolution shall be approved by the Town Board and the Preliminary Resolution shall describe:

    a. The Town's intent to exercise special assessment powers under the police powers and pursuant to Sec.66.0701, Statutes.
    b. The contemplated purpose,
    c. The limits of the area to be assessed, and
    d. The number of installments to be allowed or shall say that the number will be determined at the hearing, in accordance with Section 10 below,
    e. The date for the Public Hearing,
    f. Instructions for the Town Clerk to publish the Preliminary Resolution as a Class 1 Notice and mail the notice (Preliminary Resolution) to any affected persons at least ten days before the hearing. The hearing must be held not less than ten, not more than forty days after publication of the notice.

2. The Engineer shall view the premises of the public improvements or service and determine that benefits will accrue to the affected parcels. The Engineer shall prepare and file with the Town Clerk and Town Treasurer a Preliminary Engineering Report describing:

    a. The scope of the work,
    b. The estimated project costs,
    c. The elements of the work which may be specially assessable,
    d. A Preliminary Special Assessment roll of the affected properties and the estimated amount of the special assessments for each affected property,
    e. A Statement that the engineer has investigated the benefits to the property and that the property to be assessed is benefited, and
    f. An explanation of how the estimated special assessment amounts had been prepared on a fair and equitable basis in accordance with Statutes, Ordinances, and the provisions of this policy.

3. The Town Board when possible shall conduct a public hearing for the lands affected by the proposed work prior to letting of bids and contracts for the work. This is to allow interested parties to discuss the recommended assessment. The Town Board may, during or after the completion of the work or rendering of the service, hold the public hearing,

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but the general intent of this policy is to hold the hearing in advance to allow public input. The Town Board shall review the Preliminary Special Assessment Roll with those affected property owners in attendance at the Public Hearing in accordance with the guidelines of this policy, and shall determine and recommend the following:

a. The work or service costs, or portions thereof, to be specially assessed for,
b. The rates or percentages of the costs to be borne by the Town, and
c. The rates or percentages of the costs to be borne by the affected property owners, and
d. The types, interest rate, methods, deferments, and numbers of installments for the special assessments.

4. The Town Board shall present and recommend a PRELIMINARY SPECIAL ASSESSMENT ROLL.

5. The proposed work shall be let out for bidding.

6. Construction of the project shall take place after the bids have been reviewed by the Town Board and contracts awarded by the Town Board and after the Town Board has approved the Preliminary Special Assessment Roll. The Town may choose to proceed with the special assessments after the project has been constructed or service rendered.

7. After completion of the project, the Town Board shall present to a recommended FINAL ASSESSMENT RESOLUTION and SPECIAL ASSESSMENT ROLL.

8. Upon adoption by the Town Board, the Town Clerk shall PUBLISH the Final Resolution as a Class 1 Notice and MAIL copies of the Final Assessment Resolution and Assessment Roll to the affected property owners.

9. The property owner may APPEAL the final special assessment to the circuit court in the manner prescribed in Wisconsin Statutes 66.0703(12) within 40 days of the date of adoption of the Final Assessment Resolution by the Town Board and the assessment resolution shall so state.

10. The final special assessment amounts for all affected property owner are greater than the Preliminary Special Assessment Roll by more than 10 % of the amounts approved, the special assessment process shall be REOPENED at Step 3. If the actual special assessment amounts are less than the amounts approved in the assessment roll, the special assessment shall be levied at the actual amount of the assessment. If the actual special assessment amounts are substantially greater than the amounts approved in the Preliminary Special Assessment Roll, or if other changes are necessary due to errors in the special assessments or the special assessment process, the Town may choose to reopen the assessment process. In addition, the Town may choose not to reopen the assessment process (in which case the assessments shall be levied at the amount not exceeding 110 % of the amount approved in the Preliminary Special Assessment Roll).

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11. Assessments shall be paid in full or in annual installments. Assessments may also be partially or in whole prepaid after the installment method has been selected. The number of annual installments in which an assessment is to be paid will be determined in the Preliminary Assessment Resolution based on the total amount of the assessment in accordance with the following:

    a. If the assessment is less than $500.00, the assessment shall be paid in one (1) annual installment.
    b. If the assessment is at least $500.00 but less than $999.00, the assessment shall be paid in three (3) annual installments.
    c. If the assessment is at least $1,000.00, but less than $4,999.00, the assessment shall be paid in five (5) annual installments as determined in the Preliminary Special Assessment Roll.
    d. If the assessment is greater than $5,000 the assessment shall be paid in seven (7) or more annual installments as determined in the preliminary assessment roll. In no event shall the assessment installments be greater than twenty (20) years. The Town Board shall set the criteria used to determine the length of installments greater than ten (10) years.

12. The rate of interest on the outstanding balance shall be at least 1 % greater than the rate of interest the Town paid on the bonds which were issued to finance the project, or in the event no bonds were issued, then at least 1 % greater than the average rate of interest on all definitive bonds issued in the previous calendar year. The term of the assessment repayment should generally match the term of the debt.

B. Provisions for Petitioning to the Town for Public Improvements: Any taxpayer and property owner in the Town of Clayton may petition the Town for the installation of public improvements to serve the property owned by said petitioner in the Town.

1. Requirements of Petition. The petition for the installation of public improvements shall:

    a. Statutes that the petitioner(s) request public improvements to serve property owned petitioner(s),
    b. Describe said property,
    c. State the type of public improvements requested,
    d. Contain a Waiver of Special Assessment Notice and Hearing (see below) Stating that each petitioner individually shall be responsible and liable for and thereby obligates himself to pay the total direct and indirect costs of the installation of said public improvements,
    e. State the petitioner's desired payment term of the special assessments, and
    f. Include a request for curb and gutter when sewer and/or water are petitioned.

2. Effect of Petition. In the event a petition for the installation of public improvements is presented to the Town Board, the Board shall have the exclusive discretion to accept, reject, or modify (through negotiation with the petitioner(s)) the petition. The Board may refer said petition to its standing Committees for determination of project costs, project

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financing, feasibility and timing of construction, and other matters, or may table it, modify it through negotiation with the petitioner(s), or may reject it, but shall act on said petition in some manner within six (6) months of receipt of said petition. If no action is taken by the Town Board, the petition is considered no longer valid.

3. Timing of Petition. Petitions shall be filed with the Town Board on or before July 1st of the year preceding the desired installation of the public improvements so as to be considered in the Town budget for the following year and so as to permit the necessary engineering of the requested public improvements. Petitions may be filed with the Town Board at other times of the year, and with other desired installation times. The Town Board shall review these petitions, without commitment or obligation, for consideration of the project costs, project financing, feasibility and timing of construction, and other such matters, and may elect to authorize the installation of the requested public improvements as a special project or as an addition to a previously authorized project.

C. Waive of Notice and Public Hearing. Section 66.0703 (7) (b) Wisconsin Statutes provides that if every owner of property affected by the proposed special assessment executes a waiver, the Town may levy the assessment without the requisite notice and hearing. When the notice and hearing have been waived in writing, the Town Board need only adopt the Final Assessment Resolution and the assessments are levied and become a lien against the property.

VI. DETERMINATION OF ASSESSABLE ITEMS

This determination is not intended to be applied to the requirements for installing public improvements determined necessary by the Town Board due to land divisions unless the sub-dividers are not required to install such improvements or provide these as part of the land division review and approval process.

On major projects that provide benefit to the entire community as a whole, a portion of the project costs shall be borne by the community as a whole.

VII. WHAT MAY BE INCLUDED AS COST

The cost of any work or improvement to be paid in whole or in part by special assessment on property may include the direct and indirect cost thereof, the damages occasioned thereby, the interest on bonds or notes issued in anticipation of the collection of the assessments, a reasonable charge for the services of the administrative staff of the Town and the cost of any architectural, engineering and legal services, and any other items of direct or indirect cost which may reasonably be attributed to the proposed work or improvement. The amount to be assessed against all property for any such proposed work or improvement shall be apportioned among the individual parcels in the manner designated by the Town Board. Special assessments of condemnation benefits may be assessed in accordance with Sec. 66.63. Statutes.

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SECTION 2: COST ALLOCATION

There are two factors to be taken into consideration when determining the cost allocation of any improvement: the public benefit as opposed to the private benefit, and the allocation of the private benefit costs between or among the benefitted properties.

Public/Private Benefit: With regard to public and private benefit the following policies are in effect in the Town of Clayton:

I. STREET IMPROVEMENTS

A. 100 % of the cost of new local street improvements, including street widening, will be allocated against the benefitted property.

B. Replacement of existing street surface between curb and gutter on either side of the street will not be assessed.

II. ORIGINAL AND REPLACEMENT OF DRIVEWAY APPROACHES - Original and replacement costs of driveway approaches from curb flag to property line, including curb opening, shall be assessed against benefited property the same as the underlying project. If there is a conflict the decision of whether to assess will be made in the best interest of the property owner.

III. LOCAL SANITARY SEWER COLLECTION MAINS

A. New sanitary sewers will be 100 % assessed against benefited property when requested by petition from the property owner.
B. Replacement or repairs of sanitary sewers will not be assessed.
C. Where sanitary sewer has not been petitioned by property owner, the frontage cost shall be based on a ten (10) year linear regression of utility plant value for eight (8) inch sanitary sewer (including lateral costs) or the actual construction cost, whichever is less. Assessments calculated under this method shall be based on actual front footage with a maximum of 100 feet (100').
D. Sanitary sewer installed through areas that provide no current or future benefit to adjacent properties shall not be assessed. All costs, including oversizing costs, shall be funded by the Town of Clayton Utility through interceptor fees outlined in Chapter A of this policy.
E. The cost for sanitary sewer installed through a property that may redevelop in the future shall be 100% assessed against the property. A value equal to an assessment as calculated based on Section C above shall become due upon connection of the existing structures to the main. If and when the existing property redevelops, 100% of the remaining portion of the assessment shall become due.

IV. LOCAL WATER DISTRIBUTION MAINS

A. New water mains will be 100% assessed against benefited property when requested by petition from the property owner.
B. Replacement or repairs of water mains will not be assessed.

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C. Where watermain has not been petitioned by property owners, the frontage assessment shall be based on a ten (10) year linear regression of plant value for eight inch (8") watermain, including costs of hydrants and laterals, or actual costs, whichever is less. Assessments calculated under this method shall be based on actual front footage with a maximum of 100 feet (100').

D. Watermain installed through areas that provide no current or future benefit to adjacent properties shall not be assessed. All costs, including oversizing costs, shall be funded by the Impact fees outlined in Chapter 2 of Town Ordinance.

E. The cost for water main installed through a property that may redevelop in the future shall be 100% assessed against the property. A value equal to an assessment as calculated based on Section C above shall become due upon connection of the existing structures to the main. If and when the existing property redevelops, 100% of the remaining portion of the assessment shall become due.

V. SANITARY SEWER AND WATER LATERALS AND APPURTENANCES

A. The expense of laying laterals from sanitary sewer and water mains to the right-of-way line and of connecting such laterals with the mains shall be 100 % charged to and made a lien upon the real estate to be served by such laterals. The laterals shall be constructed and connections made for the actual average cost thereof using the average size and average length of all laterals constructed in the particular project.

B. Repair and replacement of a sanitary sewer lateral from the connection at main to property line is the property owner's responsibility and will be 100 % assessed if performed by Town.

C. Repair and replacement of a water lateral from the main to and including curb stop is the Town responsibility and will not be assessed.

D. Repair and replacement of a water lateral from the curb stop to property line is the property owner's responsibility and will be 100 % assessed if performed by Town.

VI. SANITARY AND STORM SEWER FACILITIES

A. The entire cost of interceptors and stormwater management facilities shall be 100 % assessed or charged to the estimated total area to be served by the interceptor or stormwater management facilities. The allocation of interceptor or stormwater management facilities charges shall be in accordance with the "Policy Establishment Allocation of Interceptor and Stormwater Management Facilities Connection Charges" (Appendix A).

B. The Town will generally exclude from such assessments or connection charges parks and other public lands not planned for development.

C. The cost of interceptor and Stormwater Management Facilities shall be assessed or charged at the time either local sewers are installed by adding such cost to the assessments for the local sewer or in the case of land divisions, assessed prior to public improvements installed by developer.

D. Interceptor and Stormwater Management Facilities connection charges shall be subject to cumulative annual adjustment based upon the Engineering News Record construction price index using the year that the charges for the discrete sewer service area or watershed served was established as the base year. A copy of the construction price index shall be kept on file

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at the office of the Town Engineer and made available to the public for inspection and copying upon request.

VII. CURB AND GUTTER

The total cost of all work involved in the original construction of curbs and gutters shall be 60% assessed against benefited properties. In addition to the cost of the curb and gutter itself, the total cost shall include the gravel sub-base, yard restoration and other incidental costs associated with the curb and gutter construction.

When curb and gutter replacements are necessary, costs shall be shared on a 50/50 basis between Town and benefiting property.

VIII. SIDEWALKS

1. New Sidewalks Not Assessed

Subject to section 1(A), new sidewalks that are outlined in the most recently adopted Bicycle and Pedestrian Plan (Plan) shall not be assessed against adjoining residential properties with one or two-family dwelling units. The cost will be paid 100% by the Town for these properties.

A. Nothing in this section shall preclude the Town from assessing 100% of the cost of the improvement, repair or replacement of a driveway apron, curb or gutter to the benefiting property owner.

B. Sidewalks listed in the Plan shall be prioritized by the Town Engineer using the criteria of traffic counts, street width and parking on the affected street and destination to major shopping centers, places of employment, parks, bus stops, and schools. Based on available funding, sidewalks will be installed on the streets with the highest priority rating. If residents on a sidewalk section desire to have their section moved ahead, a petition shall be presented to the Town Engineer signed by a majority of the affected residents. The Town Engineer will factor this petition into the priority ranking. A public hearing is to be held with the affected property owners prior to bidding of the work.

2. New Sidewalks Assessed

The total cost of all work involved in the construction of new sidewalks that are not identified in the most recently adopted Bicycle and Pedestrian Plan shall be assessed against benefited properties as outlined below, in addition to the cost of the sidewalk itself. Total cost shall include the gravel sub-base, yard restoration and other incidental costs associated with the sidewalk construction.

A. New sidewalks in existing areas, where installed on one side of the street, shall be assessed 100% evenly distributed to property owners on both sides of the street if land use for both sides of the street is the same.

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B. New sidewalks in existing areas, where installed on both sides of the street, shall be assessed 100 %, evenly distributed to adjoining properties.

C. The Town shall continue to require the developer to install sidewalks as part of the improvements in all new developments except on streets exempted under the Land Division Ordinance.

3. Replacement Sidewalks

A. Where sidewalks exist on one side of the street only, the replacement cost shall be split evenly between property owner and Town (25 % to each side of the street and 50 % to the Town).

B. Where sidewalks exist on both sides of the street, the replacement cost shall be split evenly between property owner and Town (50 % to adjoining property owner and 50 % to the Town).

C. For replacement sidewalks other than residential properties with one or two-family dwelling units, the property owner shall be assessed full cost.

IX. TOWN OWNED PROPERTY

Town owned property will be assessed against the Town at the same rate as per assessment against private property in the same project if the Town lands benefit from the improvements.

SECTION 3: SPECIAL ASSESSMENT METHOD

Common practice has been to utilize a formula involving one or more factors which serve as an index for benefits. This policy outlines three basic formulas that are most commonly used and indicates the type of improvements for which each formula is most commonly used. The formulas are as follows:

I. FRONT FOOT METHOD

Formula Net Front Footage = Total of Assessable Frontages
Rate = (Total Project Cost)/ (Net Front Footage) = Cost/Front Foot
Assessment = (Cost / Front Foot) * (Assessable Frontage)

One of the most widely used formulas is the front foot method. This method is used where benefit is assumed to be proportional to the front footage of the property. This method is especially well adjusted to such projects as constructing local streets and construction of sewers and water mains in subdivisions which are laid out on a rectangular pattern.

Great difficulties with the front foot method arise when subdivisions are laid out in a non-rectangular pattern. Often this results in wedge shaped lots with front footage which are very much larger or smaller than the average. It is clear that front footage is a poor indication of benefit in such a case. The front foot method raises several assessment policy questions. These are:

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A. Side Street Improvements and Corner Lots. There are many alternatives to assessing the side footage of a corner lot depending on its depth and the type of improvement. Generally, two basic kinds of treatment are accorded corner lots when determining assessment charges.

1. Sanitary and Storm Sewer and Water:

a. Since the property can make use of only one connection on a regular sized lot for each service, it is impractical to surmise that sewer and water lines both on the front and side afford the property a benefit greater than that of an interior lot, therefore, a reasonable policy would be to assess for only the frontage as determined by the width of the lot. The additional costs to be spread among each of the lots within the assessment district.

b. A corner lot which can be subdivided and a second building erected on it does in fact benefit and should be assessed for the width plus the minimum length that it would take to comprise a second lot.

c. There are instances where the length of the lot should be assessed in full, i.e. where the long side is the only means of serving the property, such as on a dead end street.

2. Sidewalk or Curb, Gutter and Street Improvements: A corner lot does indeed benefit to some degree on both assessable sides from sidewalks, curbs, gutters and street improvements, consequently it should be assessed. However, it is generally conceded that the side lot assessment should not equal 100 % of the cost. Therefore, it is the policy of the Town of Clayton to assess 100 % of the width of the short side plus 50 % of the length of the long side up to 140 feet and 100 % of the additional length beyond 140 feet. The entire project cost shall be assessed against the assessable footage.

B. Double Frontage Lots: Typically double frontage lots have restricted access. If the frontage being improved has no access to the improvements being installed, it shall not be assessed.

C. Odd Shaped Lots: Because of natural features, railroad right-of-ways, easements or by design some lots may be very irregularly shaped and therefore merit special consideration when assessed

1. It is the policy of the Town of Clayton to assess sanitary and storm sewer and water on the odd shaped lots on an effective width determined by dividing the square footage of the lot by the average length of a lot in the subdivision, or as determined by the Town.

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2. Sidewalks, curb, gutter and street improvements will be assessed against the odd shaped lots on the actual footage except that a minimum assessment will be based 90 % of a standard lot within the proposed project limits.

3. Odd Lot - Assessable Footage
   Formula: Assessable Frontage = (Lot SF.) / Average Length

D. Gross/Net Footage: In assessing a project based on the front foot method it is necessary to measure the net assessable footage. In several cases this may not necessarily be the gross footage. There may be areas which will not receive any benefit. Therefore, it is the policy of the Town of Clayton not to assess areas where it is judged that a benefit does not occur, such as unbuildable parcels, right of ways, low lands and easements. The cost of the improvements in front of these parcels shall be included in the assessment and spread against all properties being assessed.

II. AREA METHOD

Formula: Rate = (Total Project Cost) / (Gross Acres or SF. of Benefit)
Assessment = (Rate) * (Net Area)

The area or square foot method avoids some of the problems of the front foot method such as problems of corner lots and curved streets, but there are other problems. In many cases, benefits from a street or sanitary or storm sewer are not as closely related to area as to front footage. In a residential area, for example, an unusually deep lot still serves as the site for only one house and the benefit which a deep lot with a large total area receives from the improvement not significantly greater than the benefit received by a lot of average depth.

In other cases, however, area is more appropriate than any front footage. In the case of a drainage project, for example, benefits would normally be more closely related to area than the front footage.

There are two possible steps beyond the primary calculation to determining the assessable benefit depending on how the area is developed or laid out at the time of assessment. These are:

A. If the area is subdivided and the units in the subdivision are relatively equal in size then the following calculation may be made to determine the cost per unit:

   Formula: Rate= (Total Project Cost)/ (Number of Units in Subdivision) = Cost /Unit
   Assessment = (Cost/Unit) * (Unit)

B. If the area is subdivided but the units are of varying sizes (as in an industrial park) then the following calculation may be used:

   Formula: Rate= (Total Project Cost)/ (Total Area in Acres or Square Footage)
   =Cost/Area
   Assessment = (Cost/Area) * (Gross Lot or Parcel Area)

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III. LOT OR CONNECTION METHOD

Formula: Rate= (Total Project Costs)/ (Number of Assessable Units) = Cost/Connection or Lot
Assessment = (Cost/Connection or Lot) * (Connection or Lot)

A third method of assessment which has become quite popular with the advent of curved street and cluster housing is the lot or connection method. The allocation is based on the assumption that every lot or every connection to sewer and water receives the same benefit from the improvement regardless of the differences in the size or shape of the lot. The lot or connection method is best used where there is some uniformity of lots within the subdivision or uniformity of uses of the property.

IV. BENEFIT ZONE

The benefited zone or proximity method is usually an adaption of either the front foot or the area procedures. The same methods are followed except that certain properties because of either location or use are judged to receive a greater benefit than other properties in the assessment area. Generally, under this procedure property not fronting on the improvement is assessed a lower rate per foot than are abutting properties, with the rate declining as the distance from the improvement increases. Fixed rules cannot be used when discussing this type of assessment except that several factors should be taken into consideration. These are as follows:

A. Distance from facility.

B. Utilization of the property to be assessed both general (residential, commercial or industrial) and specific (customer oriented or service oriented).

C. Size of the property being assessed.

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SECTION 4: PREFERRED METHOD OF ASSESSMENT

It is difficult to summarize assessment policy with regard to methodology because of the many unique cases that can and do arise. However, we have listed below the general types of improvements, the several methods and a rating, 1-3, as to the best method of assessment for the type of improvement.

Improvement	**Foot**	**Front Area**	**Lot**	**Special**	**Benefited Zone**
Curb, gutters, & sidewalks	1	3	2		
Pavement, alleys	1	3	2		
Storm Sewer		1	2		
Sanitary Sewer	2	3	1		
Water	2	3	1		
Street lights	1	1			
Storm, Sanitary Interceptors and/or					
Major Water System Facility Additions		1			

(1 to 3 = Most common to least common.)

I. VARIATIONS:

A. Special Improvements: Occasionally there is a need for or a request for special improvements such as oversized water or sanitary sewer services. These special improvements shall be assessed against the benefited property in the amount of the actual cost of the special improvement. Water mains greater than 10 inches (10") shall be considered transmission mains. Sanitary sewer mains greater than eight inches (8”) shall be considered sub-interceptors. For mains that are larger than ten inches (10") the Town of Clayton Utility District will pay the incremental materials and installation cost for the difference between the ten inch (10") water main and the size installed. These costs will be covered by Impact fees. For sanitary sewer mains that are greater than eight inches (8”) the Town of Clayton Utility District will pay the incremental materials and installation cost for the difference between the eight inch (8”) sanitary sewer main and the size installed. These additional costs will be funded through interceptor fees. Where it is necessary to oversize a facility in order to meet the needs of a specific use or uses, the cost of the oversizing will be directly assessed against the specific benefited properties.

B. Combined Methods: There is nothing to prohibit the Town Board from combining two or more of the above methods. The Board could assess street improvements on a front foot method, sewer and water main on a lot basis and storm drainage on an area basis if that appears to be the most equitable means of assessing the various project costs. Major sanitary sewer interceptors, water main storage, supply and transmission facilities and storm drainage facilities may be assessed over a wider area and by a different method than is the lateral benefit derived from the same improvement.

SECTION 5: SPECIAL POLICY SITUATIONS

There are a number of possible situations which require special consideration in the event they may arise in given improvement programs. It is the intent of the section to clarify those situations with specific policy. The areas are as follows:

1. The policies set forth heretofore in this document do not alter the requirements of the subdivision Ordinance with regard to the developer’s responsibility in providing and paying for required improvements.

2. The policies set forth heretofore in this document are consistent with the Statutes Law, 5 which requires that service stubs and laterals as defined therein, when installed by the municipality, shall be charged and a lien be placed against the lot or parcel served.

3. The Town of Clayton will assess any improvement to railroad property or right-of-way, as required by Wisconsin Statutes Law.

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4. Under the authority granted by the Statutes of Wisconsin, the Town of Town of Clayton will consider deferments for property with A-X and A-T zoning. The deferment shall extend only while the property remains un-platted and is used by the owner for farming or agricultural purposes. During the deferral period the property owner shall accrue an annual charge equal to the Engineering News Record, Construction Cost Index on the unpaid balance of the cumulative assessment.

5. Other deferments. On lands designated Rural Development (RD) under the Zoning Code of the Town, assessments shall be deferred on the unused portion of contiguous tax parcels in common ownership aggregating 10 acres or more which are not essential to or used in connection with a business operated on the property. Deferral shall be until the property is sold, or transferred or developed. During the deferral period the property owner shall accrue an annual charge equal to the Engineering News Record, Construction Cost Index on the unpaid balance of the cumulative assessment.

6. Assessments against single and double occupancy residential property in an industrial or commercial district will be based on the normal residential assessment for similar improvements. That portion of the cost which is not assessed will either be spread against the other benefiting properties or deferred until such time as the use of the property changes.

7. The Town of Clayton will not re-assess a parcel if it has previously been assessed for the same type of improvement, except where it can be demonstrated that the new improvement does benefit the property in addition to previous project.

8. For projects involving Federal funding, the Town will apply the Federal funding first to the non-assessable projects before assessable costs.

9. Projects involving County funding will be done in accordance with the County policy to maximize County participation and reduce assessment costs.

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SECTION 6: SPECIAL ASSESSMENT CHECKLIST

This checklist is a summary of actions required for levying special assessments for compliance with Statutes, Town Ordinances and policy. It is not intended nor does it propose to list all actions required. Furthermore, the Town may vary from this procedure under local alternate assessment procedures adopted under Section 66.62, Statutes.

ACTIONS	DATE
1. Town Board adopt preliminary resolution:	_____
2. Engineer's Report filed with the Clerk:	_____
3. Publish Class 1 Notice 10 days before Public Hearing:	_____

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4. Mail Notice to every interested property owner 10 days before Public Hearing: _____

5. Public Hearing before Board of Public Works not less than 10 days nor more than 40 days after Public Notice: _____

6. Board approves Preliminary Special Assessment role and awards contract: _____

7. Adopt Final Assessment Resolution and Assessment Roll to be levied: _____

8. Publish Final Assessment Resolution: _____

9. Mail Final Assessment Resolution to all affected property owners: _____

10. If all affected property owners waive Notice and Hearing, eliminate steps 3, 4, 5, & 6: _____

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APPENDIX A

TOWN OF CLAYTON
UTILITY DISTRICT #1 AND STORMWATER UTILITY
POLICY ON ESTABLISHMENT AND ALLOCATION OF INTERCEPTOR AND STORMWATER MANAGEMENT FACILITY CONNECTION CHARGES

I. General Statement of Policy

It is the policy of the Town of Clayton Utility District #1 and the Town of Clayton Stormwater Utility (collectively "Utilities") that new users of the Utilities shall pay a pro rata share of new interceptor and stormwater management facilities that serve discrete sewer service areas or watersheds. (Interceptor facilities are defined as the interceptors and related facilities such as manholes, catch basins, inlets, and appurtenances as well as pumping stations and force mains which serve a discrete sewer service area or watershed. Stormwater Management Facilities include stormwater basins designed to store water

either temporarily or permanently and natural and man-made drainage ditches, swales, creeks and wet or dry open culverts designed to service a discrete watershed).

In determining what are appropriate terms and conditions for a territory to be served by the interceptor or stormwater management facility, the Utilities shall be guided by the principle that the properties to be served shall bear their proportionate share of the costs. Existing ratepayers will not be expected to participate in costs of extensions to the new service area unless substantial benefits of an economic, environmental or other nature are to be realized by ratepayers.

II. Determination of Connection Charges

A. Connection Charges

The costs of a facility in which users will participate are:

- Costs reasonably and necessarily incurred to construct interceptors and/or stormwater management facilities to serve discrete sewer service areas or watersheds.
- Costs of providing excess capacity in interceptor sewers or stormwater management facilities until such time as the future users in the new areas connect to the system.
- Costs of associated sub-interceptors to service discrete sewer service areas or water sheds.

Interceptor sewers have an anticipated physical life of approximately fifty years and the life of stormwater management facilities is indefinite. This requires that they be constructed of sufficient capacity to serve present users and future users. The capacity required to serve future users is referred to as excess capacity. It is more economical to construct interceptors with excess capacity as opposed to the construction of parallel sewers, particularly because such interceptors are initially constructed in largely undeveloped lands. The same is true for stormwater management facilities.

It is reasonable that future users, as well as present users, pay the total cost of interceptors or stormwater management facilities that serve them. It would be unfair and unreasonable for a future user to pay only the costs incurred at the time of initial construction and not pay the costs associated with providing the excess capacity. The investment in excess capacity is made for the future users benefit and is not available for other uses by the Utility. Since future users make no payment until they connect to the system, only a part of the total cost of the interceptor or stormwater management facility can be collected when first placed in service. The costs not recovered at the time of initial construction are recovered through interceptor or stormwater management charges against the new users served.

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B. Charge Methods

This policy outlines two charge methods. The charge method which will more accurately distribute the cost of the facility shall be utilized. The charge methods are as follows:

1. Area Method

The cost of constructing interceptors or stormwater management facilities varies with location because of varying construction conditions. It varies with the time of construction because of varying labor and material costs and general economic conditions. Because each interceptor and stormwater management facility has its unique service area, the cost to serve any particular property varies according to the property's location relative to the interceptor or stormwater management facilities and the area that can be served by them.

To reflect these factors, the area method connection charge is computed in the following manner:

a. Determine the potential discrete service area or watershed of a new facility primarily through the use of land use projections and by topography. The potential service area excludes wetlands, land excluded by adopted regional plans and land other Wisconsin undevelopable.
b. Calculate the Total Capital Costs for constructing the facility. Where a new facility connects to an existing facility, a proportionate share of the current replacement cost of the existing facility, based upon Statutes use, is included as a capital cost of the new facility.
c. Calculate the over-sizing costs to service upstream future service areas.
d. Calculate capital costs for all sub-interceptors to service the discrete sewer service area or watershed.
e. Calculate Total Chargeable Costs by subtracting upstream over-sizing cost from and adding sub-interceptor costs and downstream over-sizing costs to Total Capital Costs.
f. The Total Chargeable Costs are divided by the potential discrete service area or watershed to arrive at a cost per 1,000 square feet of area served. This rate is the initial facility connection charge.

An example of an area connection charge calculation is included in *Table A-1: Area Connection Charge Example*.

Table A-1:
Area Connection Charge Example

Total Capital Costs	$100,000

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Total Upstream Over-sizing Costs	$7,000
Sub-Interceptor Costs	$8,000
Downstream Over-sizing Costs	$5,000
Total Chargeable Costs	$100,000-$7,000+$8,000+$5,000 = $106,000
Total Area (1000 sf)	2000
Connection Charge Rate	$106,000/ 2000 = **$53 / 1000 sf**

2. Peak Flow Method

Each property in the service area will generally benefit from a facility in proportion to their actual Peak Daily Flow (PDF) contributions. The PDF based rate insures that each user pays for their portion of use of the facility's total capacity.

The PDF contribution rate is computed in the following manner:

a. Calculate the Total Capital Costs for constructing the facility. Where a new facility connects to an existing facility, a proportionate share of the current replacement cost of the existing facility, based upon Statutes use, is included as a capital cost of the new facility.
b. Calculate over-sizing costs necessary to service upstream future service areas.
c. Calculate capital costs for all sub-interceptors to service the discrete sewer service area or watershed.
d. Calculate Total Chargeable Costs by subtracting upstream over-sizing cost from and adding sub-interceptor costs and downstream over-sizing costs to Total Capital Costs.
e. For sanitary sewer facilities, establish PDF contributions for different usage types (single family residential, condos, apartments, retail, office space, etc.) based on average daily flow contributions within the Town for similar usages.
f. Calculate total anticipated PDF contributions. Determine potential PDF contributions based on the most recent land use/neighborhood plans and existing uses.
g. Calculate the Connection Charge Rate by dividing the Total Chargeable Costs by the total anticipated PDF contribution. This rate is the initial facility connection charge.

An example of a PDF connection charge calculation is included in *Table A-1: PDF Connection Charge Example*.

Table A-2: PDF Connection Charge Example	
Total Capital Costs	$100,000
Total Upstream Over-sizing Costs	$7,000
Sub-Interceptor Costs	$8,000

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Downstream Over-sizing Costs	$5,000
Total Chargeable Costs	$100,000-$7,000+$8,000+$5,000 = $106,000
PDF	200 gpm $_{peak}$
Connection Charge Rate	$106,000/ 200 gpm $_{peak}$ = **$530 / gpm $_{peak}$**

C. Adjustments

1. Annual Adjustments

The initial rate is adjusted annually to recover the costs associated with providing excess capacity and to reflect the benefit received by the new user. The amount of the annual adjustment is such that the new user will pay an amount that would build an equivalent sewer at the time they connect to the system, and the Utility will recover costs equivalent to its initial investment.

The annual adjustment is based upon the Engineering News Record (ENR) Builders' Construction Cost Index, which index most closely reflects construction costs. The factors used in determining the construction costs include labor costs involved in construction, such as common labor, cement finisher, carpenter and medium equipment operator, plus fringe benefits. They also include construction materials such as 3,000 psi ready-mix concrete, 24-inch reinforced concrete pipe, 2 x 10 S4S (lowest grade) lumber and paving asphalt.

The index base is 100 for the period 1957-1959. Each interceptor or stormwater management facility is assigned a base index equal to the ENR Sewer Construction Cost Index at the time of construction of the facility. (The ENR Index assigned for any given year is the previous year's July Index. For example the index for 2001 is the July Index in 2000.) That base index is used in conjunction with the most current index to adjust the initial charge. An example of a connection charge rate adjustment using ENR indexing is provided in *Table A-1: Connection Charge Rate Adjustments using ENR Indexing*.

Table A-3:
Connection Charge Rate Adjustments using ENR Indexing

Yr. of Construction	2001
Connection Rate for Yr. of Construction	$7.06 / 1000 sf
Current Year	2009
ENR Index for Yr. of Construction	579.53
ENR Index for Current Yr.	772.05
ENR Index Adjustment for Current Yr.	772.05 / 579.53 = 1.33
Connection Charge Rate for Current Yr.	($7.06/1000 sf) * 1.33 = **$9.41 / 1000 sf**

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If the ENR Builders' Construction Cost Index is not available for use in a given year, a substitute index shall be used or a projection of construction costs shall be determined using available historical data.

2. Land Use Adjustments

Connection charge rates shall be adjusted if the total amount collected verses total amount estimated varies by more than 5% due to actual land uses verses estimated land uses.

3. Sub-interceptor Adjustments

The connection charge rate shall be adjusted at anytime to include additional sub-interceptors or stormwater management facilities for the same discrete sewer service area or watershed.

III. Application of Connection Charges

A. A connection charge will be collected from all lands when connected to the system.

B. A connection charge will be imposed upon all lands, including municipally owned lands, except for marsh lands, conservancy lands, lands designated as permanent open space, agricultural protection areas or other undeveloped areas not to be served by a public facility in plans adopted by the Town Plan Commission or other area-wide planning agency organized under Section 66.945, Wisconsin Statutes.

C. The connection charge shall be computed on a net area or estimated total PDF basis for plats and certified surveys. Public roads shall be excluding for sanitary sewer facilities, however shall be included for stormwater facilities.

D. The cost of sewers constructed to relieve interceptors which have reached capacity will be borne by the Utility as a whole or by new properties not previously charged.

E. Areas in adjacent watersheds that may temporarily pump to an existing interceptor will pay a connection charge based on the rate for that interceptor. They will be exempt from the charge associated with a new interceptor when built.

F. In all cases not covered by this policy, the Utility shall determine whether a connection charge shall be imposed and the amount thereof.

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G. Only one connection charge may be collected by the Utility for each parcel. If the connection rate is adjusted after a parcel has paid their charge, the Utility may not go back and collected the adjusted amount from this parcel.

IV. Use of Interceptor and Stormwater Management Facility Connection Fees

The charges collected for the construction of a facility shall be deposited in the associated Utility Construction Account and used to defray the capital costs incurred to construct the facilities to serve each discrete sewer service area or watershed. The charges for new customers relieve existing customers of paying debt service attributable to plant construction, primarily where improvements are made without the addition of new capacity. Where a plant addition does provide additional capacity, these charges help offset local capital costs and reduce the cost of future excess capacity to current users.

A. Payment of Connection Charges

The connection charge shall be made to and paid by the party connecting to the interceptor or conveying water to a the facility. A penalty of one percent per month will be assessed for all such charges not paid at the time the user is connected to the Utility's system.

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