Proposed Street Utility District
Village of Pewaukee

Public Hearing
May 4, 2010

Presentation Overview

- Why the Village is considering the Street Utility District (SUD) as part of the potential consolidation with the City of Pewaukee

- Two primary reasons for the SUD
Presentation Overview

- How the SUD would work
- The status of the consolidation / SUD creation process

How does the SUD fit into the overall Consolidation Plan?

- Merger studies have shown that consolidation of the Village and City would likely result in significant cost savings
  - At least $330,000 per year in General Government operating expenses
  - Estimated $90,000 per year in Sewer and Water Utility operating expenses
  - Up to $8.3 million in Water Utility infrastructure costs avoided over time
How does the SUD fit into the overall Consolidation Plan?

- A major obstacle has been the difference in tax base and tax rates
  - City’s 2010 tax rate is $2.68 per $1,000 fair market value
  - Village’s 2010 tax rate is $4.51 per $1,000 fair market value

How does the SUD fit into the overall Consolidation Plan?

- Merger discussions were resumed in 2006 on the principal of finding ways that property owners in both the City and Village would benefit from the savings
How does the SUD fit into the overall Consolidation Plan?

The Memorandum of Understanding approved by the City and Village in 2006 as a basis for resuming merger discussions shows an intent to move the merger question to a referendum if a way could be found to meet the objective of benefits to both communities.

How does the SUD fit into the overall Consolidation Plan?

Since early 2009, the Merger Advisory Committee has been exploring ways to better distribute the benefits (i.e. tax and utility rate reductions) of a merger.
How does the SUD fit into the Consolidation Plan?

- One proposal was to find a way to gradually blend the tax rates
  - Constitutional amendment
  - Legislation to create a statute allowing a consolidation tax/special assessment district
- Despite substantial efforts, no movement forward was made on either of these paths in the recently concluded legislative sessions

How does the SUD fit into the Consolidation Plan?

- Alternative proposals
  - Creation of a Street Utility District to fund the cost of certain street/sidewalk/street lighting costs in the Village
  - Use of Village utility reserves
- The proposed plan includes both of these alternatives
Reasons for the SUD

1. Better distribution of the savings from consolidation
   - Takes some of the costs out of the general property tax and puts them on the Village area only
   - Helps create a property tax reduction in both communities, rather than a large savings for Village and a small increase for the City

2. Funding tool to preserve services within the Village area
   - A way to pay for and preserve services such as public street lighting and sidewalks
   - A way to fund these services without making current City property owners help pay for them
How an SUD works - Generally

- Wisconsin Statutes §66.0827 allows cities, villages and towns to create a Utility District to pay for:
  - Highways
  - Sewers
  - Sidewalks
  - Street lighting
  - Water for fire protection
- A Utility District can fund its services with special assessments, user charges, or taxes

How an SUD works - Generally

- Can only be used to pay for services that are different from or a higher level of service than what is generally provided in the rest of the community
- The budget for the District is set each year based on the cost of providing the extra services
The Proposed SUD for Pewaukee

The proposed SUD for Pewaukee would:
- Include the entire current Village area
- Be used to pay for streets, street lighting and sidewalk costs for services over and above what is provided in the rest of the City

The Proposed SUD for Pewaukee

The proposed SUD for Pewaukee would:
- Be funded with a small tax on properties in the current Village area
  - Current estimate is $0.33 per $1,000 fair market value, but could be less based on the actual budget
  - Amount would change each year depending on the budget
  - SUD tax would be in addition to the general tax rate of the merged City
- Would automatically dissolve after 10 years (under the proposed plan)
Impacts of the SUD

- The initial year tax rate for the consolidated City with the SUD and the use of Village utility reserves to make debt payments is estimated at $2.52 per $1,000 fair market value
  - Tax rate for current Village properties would be $2.52 plus the SUD tax of $0.33 for a total of $2.85 (versus the current tax rate of $4.51—a reduction of $1.66)
  - Tax rate for current City properties would be $2.52 (versus current tax rate of $2.68—a reduction of $0.16)

Consolidation / SUD Creation Process

- Merger Advisory Committee has prepared a recommended consolidation plan for the Village Board and City Council to consider
- Next steps (after the Public Hearing):
  - Village Board creation of the SUD by ¾ vote (6 out of 7 Board members)
  - Village Board and City Council vote on the consolidation ordinance only if the SUD is created
  - Consolidation must be approved by a referendum in both communities for the SUD and the consolidation ordinance to take effect