



**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

## Reasons for the SUD

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  $\frac{3}{4}$  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