



TARF: An Alternative to Special Assessments

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1

2

Introduction: Politics of Special Assessments

As costs for public improvements increase.....

- Resistance to special assessments grow as individual assessments shock:



SCREAMING HEADLINES:

- ❖ 'Doomed Dozen' wins relief but continues fight against Grand Chute's special assessments
- ❖ HOMEOWNERS STUNNED BY \$42,600 SPECIAL ASSESSMENT
- ❖ Grand Chute businessman faces whopping \$286,577 bill for work on Elsner Road
- ❖ Homeowners may be forced to sell because of massive special assessment

... Search for Alternatives: eg. Wheel Tax as implemented by Appleton & others

Neenah's Choice: TARF or Tax Assessment Replacement Fee: Part of Utility Bill.



2

Why Focus on Alternatives

- Cost of Public Improvements in street repairs and improvements increasing rapidly
 - ✓ Neenah Street Reconstruction costs in 2014: \$1.3 Million
 - ✓ Street Reconstruction costs in 2019: \$2 Million, more than a 50% increase
 - ✓ As Costs continue to grow, special assessments will increase
- Alternate financing tools are perceived essential in light of excessive costs to taxpayers
 - ✓ Growth in Special Assessments costs result in taxpayer resentment
 - ✓ Failure of system to spread costs among all benefited also creates tension
- TARF accomplishes two objectives:
 - ✓ Reduces costs to individual property owners
 - ✓ Spreads costs to additional beneficiaries



3

Presentation Outline: a Google Maps Edition

- Traditional maps provided not only a specific view of route & destination
 - Like Google Maps.
- They also provide a broader context that sometimes reveal a better route
 - Google Maps does not provide the broader context, looking instead at details
 - This presentation, because the TARF approach is so new, cannot give that broader context without more experience
- The remainder of my presentation will:
 - Provide brief description of how TARF works;
 - Explore the advantages of TARF
 - Summarizes disadvantages of the different funding mechanisms



4

First, the fundamentals: How TARF works

- The Common Council, under its power to protect the welfare of the public, established a “Transportation Utility”
- Using ITE recognized traffic generation factors, Neenah’s TARF ordinance apportions pavement repair and rehabilitation based on the a parcel’s impervious surface area
 - ✓ Theory: larger developed area translates to increased traffic benefiting the rate payer; use of City streets, kept in good shape, attracts more traffic...
 - ✓ Charge based on Impervious Area Unit (residential average impervious area)
- IMPORTANT: ordinance provides appeal and exemption process, provides fairness to property owners with unique circumstances.



How TARF Works, continued.

- Council sets TARF revenue during budget process
 - 💰 Initially, goal to replace special assessment for resurfacing &/or reconstruction of pavement
 - 💰 Historically, special assessments raised \$400,000
- TARF fee for 2019 was set at \$23 per Impervious Area Unit (IAU) of the property assessed, with exemptions for vacant property
- First TARF billing occurred in late March, 2019
 - 💰 TARF fee billed quarterly: residential charge \$5.75 / quarter
 - 💰 TARF charge to large properties capped at 87 IAU or roughly \$500 a quarter



This past winter was particularly rough on road surfaces and they in turn were rough on auto alignments!



TARF: a Summary & Limitations

- The TARF charge proceeds from the theory that good quality roads benefit all and costs should be borne in proportion to a property's traffic generation characteristics.
- Neenah TARF only applies to pavement reconstruction; resurfacing and replacement.
 - Other large public infrastructure projects, as well as installation of new streets, cannot access TARF funds.
 - However, the TARF approach may provide a mechanism for addressing infrastructure crises such as lead water laterals



7

TARF Advantages

- Allows for broader participation in the funding of road repairs.
 - √ Those that generate traffic are more responsible for cost of improvements, in line with benefits derived.
- Reduces large special assessment bills to residential properties
 - √ Recognize that good roads benefit entire population
 - √ Reduce inflammatory headlines!
- While broader payment for road projects would result from greater tax support, TARF not subject to levy limits imposed on the property tax



8

Potential Statutory Restrictions

- Do Levy limits apply to TARF? Would Implementation of TARF require further restriction of your local levy?
 - sec. 66.0602(2m)(b)2.: If a fee is imposed for services previously funded by Levy, must reduce the tax levy by the amount raised by fee
 - Not apply to TARF-not replacing tax levy with fee income.
 - Instead, funding costs previously covered by Special Assessments.
- Fees Imposed by Wisconsin Municipalities must reasonably relate to the actual cost of the public work funded by the fee: sec. 66.0628
 - Since the TARF (raised by the community at large) replaces special assessments (raised by specific property owners fronting on roads reconstructed) factually inaccurate to assert the cost is unreasonable.
- Transportation aids: sec. 86.30. Again, TARF replacing Special Assessments
 - Should have no impact on TARF, since Local aids for operations, not capital costs.

9

Funding Mechanisms Disadvantages

- **Special Assessments:**
 - ✓ Large payments with little advanced notice
 - ✓ Lacks popular support.
 - ✓ Great benefit to traffic generators with little participation in costs
- **Wheel tax:**
 - ✓ Only addresses vehicle use, not traffic generation: large benefit with little cost
 - ✓ Registration often results in vehicles mistakenly included from adjoining municipalities
- **TARF**
 - ✓ Requires careful development of ordinance by staff or consultants for record.
 - ✓ Unlike other methods, no specific statutory reference, legal challenge?



The consequence from avoiding potholes!



10

Experience in Other Communities

- **TARF ordinances (also referred to as Transportation Utility Fees or TUFs) exist in other areas**
 - ✓ Mostly used in Western States (e.g. Oregon).
 - ✓ See institute of Transportation Studies presentation, attached
- Ordinance examples from other states:
 - ✓ City of Phoenix, OR
 - ✓ City of Newburg, OR
 - ✓ City of Hubbard, OR
- **Wisconsin Experience is Limited**
 - ✓ Attempted in the Wausau area by the Village of Weston
 - ✓ Lasted for a short time and was repealed by referendum:
 - ❖ Opposition to subsidizing bus system



11

Conclusion

- Tax Assessment Replacement Fee a promising alternative that more fairly spreads the cost of infrastructure repair and upgrade among all who benefit.
- NOT a panacea:
 - Final solution found only when general population sees that good and well maintained infrastructure benefits everyone
 - However TARF, by spreading cost broadly, may provide a significant contribution to the infrastructure conundrum!

THANK YOU !



12

TARF: Oshkosh Experience

- Attempt to adopt failed
- Lynn Lorensen returns to examine Oshkosh's experience.



Program Attachments

- The following documents are attached or linked for the curious:
 - ✓ [Chapter 17, Article VIII](https://library.municode.com/wi/neenah/codes/code_of_ordinances?nodeId=SPAGEOR_CH17UT_ARTVIIIIRASREFE), Neenah Code of Ordinances:
 - ✓ Statutory excerpts providing authority to create TARF utility
 - ✓ Neenah Staff Memo explaining TARF and statutory support for TARF



Program Attachments, continued

- ITS TUF Presentation Outline, 2014
- Ordinance Examples
 - ✓ City of Phoenix, AZ
 - ✓ City of Newberg, OR
 - ✓ City of Hubbard, OR
- City of Milwaukee Transportation Utility Fee: a proposal
 - ✓ Lafollette Institute Presentation from 2007
 - ✓ Never Adopted

