CHRONOLOGY OF EVENTS ON POSSIBLE CHANGES TO SPECIAL ASSESSMENT POLICY

2012
• Council Holds Workshop (May 29, 2012) On Current Special Assessment Policy (PowerPoint Attached)
• Council Decides to Make No Change to Policy

2015
• Annual Citizens Survey Identifies Significant Opposition to Vehicle Registration Fee (63.1% Somewhat Unsupportive or Very Unsupportive)

2016
• Council Discusses Possible Uses of VRF
• Reduction of Special Assessments For Pavement Considered As One Possible Use of VRF

2017
• Council Revisits Possible Uses of Vehicle Registration Fee Due to Appleton’s Adoption of This Fee to Eliminate Street Special Assessments (PowerPoint Attached)
• Council Decides to Take No Action On VRF

2018
• Summer – Long-Range Finance Committee (LRFC) Asked to Review Using VRF as Funding Source to Replace Special Assessments
• October - LRFC Tentatively Proposes $30 VRF to Replace Concrete Pavement Portion of Special Assessments
• November - Staff reports to LRFC on Neenah’s adoption of a Transportation Utility Fee (TUF) as Alternative to VRF To Eliminate Special Assessments
• November - Council Requests LRFC to Consider TUF as an Option

2019
• January - LRFC Recommends that Council Consider TUF
• Staff Makes Presentation to Chamber of Commerce on TUF
• Council Direct Staff to Prepare Necessary Policy Changes to Implement TUF
• May - Staff Submits Report on TUF Implementation
• June/July - Staff Makes Presentations to Community TUF
• July - Council Rejects TUF As Funding Option to Replace Special Assessments
• August - Council Decides to Form A Committee to Review Options For Special Assessments
Workshop on Special Assessments

May 29th, 2012

Key Issues

- Overview of Current Policy
- Taxes vs. Special Assessments
- Life of Improvements
- Charge to Commercial Properties vs. Residential
- Billing Issues
  - Combination of Individual Special Assessments
  - Interest Rate
  - Length of Repayment
- Hardship Cases
Survey of Communities

- Conducted to supplement discussion and provide examples of how other communities finance street projects
- Communities involved
  - **Local Comps**: Menasha, Neenah, Fond du Lac, Appleton, Green Bay
  - **City Comps**: Sheboygan, La Crosse, Janesville, Eau Claire
  - State Wide resource provided information for 9 other smaller cities and villages

Current Policy

- City Special Assess Street and Utility Improvements
- Define Life of Improvement
  - Streets; economic life of 3 - 25 years depending on improvement
  - Work conducted after being specially assessed will be given credit for remaining life
- Charged to All Property Types
  - Charged at different rates based on use
    - Residential - 2/3
    - Other (Non-Residential) – 3/4
  - Doesn’t always equal cost sharing proration
Current Policy (continued)

- Invoiced with Tax Bills
  - Option to extend payment to 5, 10, or 15 years depending on the aggregate amount of special assessments
  - Interest charged at 6% per annum
- Hardships
  - Only reference to hardships is in Sec. 25-90 of code
  - Option to defer payment, resolution by council
  - Typically used for undeveloped properties
    - Currently have 29 properties with deferred special assessments

Taxes vs. Special Assessments

<table>
<thead>
<tr>
<th>Taxes</th>
<th>Special Assessments</th>
</tr>
</thead>
<tbody>
<tr>
<td>All taxpayers contribute to public work improvements annually</td>
<td>Charges levied against property to defray costs of public work improvements which benefit such property</td>
</tr>
<tr>
<td>Justification: &quot;...all citizens benefit from any public work project&quot;</td>
<td>Any property may be assessed</td>
</tr>
<tr>
<td>Only property subject to property taxes contribute</td>
<td>E.g.- Gov and Non-Profits</td>
</tr>
<tr>
<td>All project costs are funded through Debt/Tax Levy</td>
<td>Reduces debt constraint on the General Fund</td>
</tr>
<tr>
<td>Communities that fund via Taxes</td>
<td>Municipality uses a reasonable formula to allocate actual benefits</td>
</tr>
<tr>
<td>Waukesha</td>
<td>Authorized by WI. Statues</td>
</tr>
<tr>
<td>Pleasant Prairie</td>
<td>Communities that special assess:</td>
</tr>
<tr>
<td>Shorewood</td>
<td>Green Bay</td>
</tr>
<tr>
<td>Suamico</td>
<td>Appleton</td>
</tr>
<tr>
<td>Waupun</td>
<td>Eau Claire</td>
</tr>
<tr>
<td>Eagle River</td>
<td>La Crosse</td>
</tr>
<tr>
<td></td>
<td>Neenah</td>
</tr>
<tr>
<td></td>
<td>Fond du Lac</td>
</tr>
</tbody>
</table>
Taxes vs.
Special Assessments

• Policy issues
  – Consistency Over Time – Equity Considerations

• Financial Implications
  – City share is borrowed
  – Impact on debt capacity
  – For 2012, City would borrow $2.5 million more

Life of Improvements

• Established by City Code (Section 25-11)
  – Sealcoats – 3 Years
  – Cold-mixed Asphalt – 5 Years
  – Hot-mixed Asphalt – 12 Years
  – Concrete Pavement – 25 Years
Useful Life of Improvements

<table>
<thead>
<tr>
<th>City</th>
<th>Seal Coat</th>
<th>Cold-mix</th>
<th>Hot-mix</th>
<th>Concrete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oshkosh</td>
<td>3</td>
<td>5</td>
<td>12</td>
<td>25</td>
</tr>
<tr>
<td>Appleton</td>
<td>1</td>
<td>N/A</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Neenah</td>
<td>N/A</td>
<td>N/A</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Green Bay</td>
<td>N/A</td>
<td>N/A</td>
<td>20</td>
<td>35</td>
</tr>
<tr>
<td>Sheboygan</td>
<td>N/A</td>
<td>N/A</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Janesville</td>
<td>5</td>
<td>N/A</td>
<td>15</td>
<td>30</td>
</tr>
</tbody>
</table>

Special Assessment Rate

- Calculation of Assessment Rate
- Maximum Widths/Thickness Assessed

<table>
<thead>
<tr>
<th></th>
<th>R-1/R-2</th>
<th>R-3/R-4/R-5</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade &amp; Gravel</td>
<td>% 100</td>
<td>% 100</td>
<td>% 100</td>
</tr>
<tr>
<td></td>
<td>Max Width 32'</td>
<td>Max Thickness -</td>
<td>Max Width 36'</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asphalt</td>
<td>66 2/3</td>
<td>32'</td>
<td>1''</td>
</tr>
<tr>
<td>Asphalt w/ Curb</td>
<td>66 2/3</td>
<td>32'</td>
<td>3''</td>
</tr>
<tr>
<td>Concrete</td>
<td>66 2/3</td>
<td>32'</td>
<td>7''</td>
</tr>
</tbody>
</table>

- City Assumes Cost of Intersections
Residential Share vs. Commercial Share

<table>
<thead>
<tr>
<th>City</th>
<th>Residential Share</th>
<th>Commercial Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oshkosh</td>
<td>66%</td>
<td>75%</td>
</tr>
<tr>
<td>Neenah</td>
<td>66%</td>
<td>100%</td>
</tr>
<tr>
<td>Sheboygan</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>La Crosse</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Janesville</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Eau Claire</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Green Bay</td>
<td>33%</td>
<td>65%</td>
</tr>
</tbody>
</table>

Assessed Costs vs. Actual Costs

- Policy states City covers 1/3 or 1/4 of costs associated with street construction
- Due to deductions, credits, or limits, actual City share is higher
  - 2012 Streets CIP
    - Special Assessed Amount: $2,548,880
    - City Costs: $4,120,600 (61%)
Examples of Credits/Limits

- Corner Lot Credits
- Double Frontage Credits
- Additional Depth/Width
- Intersections
- Use of Prior Year Rates
- Cap on Increase Over Prior Year Rates
- Churches/Schools at Residential Rate

Repayment Issues

1. Combination of Individual Special Assessments
2. Interest Rate
3. Length of Payment
Combination of Special Assessments on tax bill

- Previous interpretation of policy had individual assessments dictate length of payment
- In 2012 an interpretation was made to allow total aggregate special assessments to dictate payment length. This decision allows citizens to better manage special assessment costs

<table>
<thead>
<tr>
<th>Comparison of Interpretation</th>
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</thead>
<tbody>
<tr>
<td><strong>Previous Interpretation</strong></td>
</tr>
<tr>
<td><strong>Special Assessments</strong></td>
</tr>
<tr>
<td>Street Asmnt.*</td>
</tr>
<tr>
<td>Concrete Asmnt.</td>
</tr>
<tr>
<td>Sidewalk Asmnt.</td>
</tr>
<tr>
<td>Sanitary Asmnt.**</td>
</tr>
<tr>
<td>Storm Sewer Asmnt.</td>
</tr>
<tr>
<td>Amount Due Yr 1</td>
</tr>
<tr>
<td>Principal Owed Yr 2</td>
</tr>
<tr>
<td>Principal Owed Yr 3</td>
</tr>
</tbody>
</table>

| **Current Interpretation**   |
| **Special Assessments**      |
| Street Asmnt.*               | $2,925 |
| Concrete Asmnt.*             | $114  |
| Sidewalk Asmnt.*             | $450  |
| Sanitary Asmnt.              | $900  |
| Storm Sewer Asmnt.*          | $300  |
| Amount Due Yr 1              | $312  |
| Principal Owed Yr 2          | $312  |
| Principal Owed Yr 3          | $312  |

*Assumes a 15 year payment plan
** Assumes a 10 year payment plan
Interest Rates

• Current policy - payment plans currently accrue interest at 6% annually

• Historical Rates
  - Prior to 9/26/1999 – 10%
  - From 9/26/1999 through 6/14/2009 - 8%
  - Since 6/14/2009 – 6%

• Rates Other Wisconsin Communities Charge

Interest Rates
Rates Used by Other Municipalities

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Crosse</td>
<td>3%</td>
</tr>
<tr>
<td>Sheboygan</td>
<td>3.62%</td>
</tr>
<tr>
<td>Green Bay</td>
<td>4.5%</td>
</tr>
<tr>
<td>Menasha</td>
<td>4.75%</td>
</tr>
<tr>
<td>Oshkosh</td>
<td>6%</td>
</tr>
<tr>
<td>Eau Claire</td>
<td>6%</td>
</tr>
<tr>
<td>Fond du Lac</td>
<td>6%</td>
</tr>
<tr>
<td>Janesville</td>
<td>6%</td>
</tr>
<tr>
<td>Neenah</td>
<td>7.5%</td>
</tr>
<tr>
<td>Appleton</td>
<td>9%</td>
</tr>
</tbody>
</table>
Interest Rates

• Considerations
  — City is not a lending institution
  — Alternative Financing; Lack of desire to compete with local financing institutions
  — Cost of Borrowed Money
    • 5 Year Average = 3.70%
    • 10 Year Average = 4.00%
    • Common ‘Rule of Thumb’ — Borrowing Rate Plus 2%
  — Impact of Additional Borrowing on the City’s Debt Capacity
  — Difficulty to administer floating interest rates
  — Timing of Project Certifications

Length of Payment Options

• Assessment Totals < $500 – Paid in Full
• Assessment Totals > $500 to $999– 5 or 10 Years
• Assessment Totals > $1,000 – 15 Years
Other Municipalities Installment Plans

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Menasha</td>
<td>$500-$2,499 – 5 Years</td>
</tr>
<tr>
<td></td>
<td>$2,500 + -10 Years</td>
</tr>
<tr>
<td>Fond du Lac</td>
<td>$500-$5,000 – 5 Years</td>
</tr>
<tr>
<td></td>
<td>$5,001 + -10 Years</td>
</tr>
<tr>
<td>La Crosse</td>
<td>10 or 15 Years</td>
</tr>
<tr>
<td>Green Bay</td>
<td>5 Years</td>
</tr>
<tr>
<td>Oshkosh</td>
<td>5 or 10 Years</td>
</tr>
<tr>
<td></td>
<td>$1,000 + -15 Years</td>
</tr>
<tr>
<td>Janesville</td>
<td>5 Years</td>
</tr>
<tr>
<td>Eau Claire</td>
<td>10 Years</td>
</tr>
<tr>
<td>Neenah</td>
<td>5 Years</td>
</tr>
<tr>
<td>Appleton</td>
<td>5 Years</td>
</tr>
<tr>
<td>Sheboygan</td>
<td>$100-$4,999 – 5 Years</td>
</tr>
<tr>
<td></td>
<td>$5,000 + -10 Years</td>
</tr>
</tbody>
</table>

Hardships

- Current Policy
  - Section 25-90
    - City Council may direct City Treasurer to pay all/portion of special assessments for “worthy”, indigent persons
    - Applications provided by Clerk, considered by “Board of Public Works” for recommendation
Other Options for Hardships

• **Extend the Length of Payment**
  - Janesville & Green Bay – Option of 10 years with proven hardships
  - Eau Claire – option of 20 years

• **Petition to Council for Full/Partial Forgiveness**
  - Eau Claire – Persons in risk of losing homestead may petition council to pay a portion or full amount of special assessment

• **Defer Payment**
  - Eau Claire – Payment will be deferred until property is sold. Accrues interest at 6% Per Annum
  - Green Bay – Indigent persons may receive deferment of special assessment charges. Persons are subject to periodical review by staff
Report On Vehicle Registration Fee

JANUARY 10, 2017

History of Vehicle Registration Fee (VRF)

- Permitted under Chapter 341, Wisconsin Statutes
- Permitted since the 1960’s
- Recent growth in popularity due to limits on other revenues
Who uses the VRF in Wisconsin?

12 cities, village and towns statewide have enacted

- Appleton $20.00 Arena (T) $20.00 Beloit $20.00
- Fort Atkinson $20.00 Gillett $20.00 Janesville $20.00
- Kaukauna $10.00 Lodi $20.00 Milwaukee $20.00
- Prairie du Sac (V) $20.00 Sheboygan $20.00 Tigerton (V) $10.00

- Gillett and Kaukauna initiated in 2015.

3 counties statewide have enacted
1. Chippewa $10.00
2. St. Croix $10.00
3. Iowa $20.00

How Does VRF Work?

- Must be used for transportation related purposes
- Fee added to annual vehicle registration by DMV
- Permitted for vehicles up to 8,000 lbs.
- 2015 DMV Registrations estimate that 54,381 vehicles in the City of Oshkosh qualify for VRF
Potential Uses of VRF

Any transportation related use allowed
- Streets - Repair / Replacement
- Sidewalks
- Trails
- Transit

Maintenance
- Snow Removal
- Lights / Signals / Signs
- Traffic Markings

May replace other transportation funding sources

OPTION 1
Eliminate Pavement Special Assessment

- Replace special assessments to property owners – $1.7 million estimated in 2017
- Provides relief to property owners, especially in older areas with lower valued homes
- Equity Issue: not retroactive – all special assessments prior to 2017 would still apply
- Will not eliminate all special assessments (i.e. utilities)
- Similar to approach used by Appleton
OPTION 2
Eliminate Special Assessments for City's Hot Mix Asphalt Program (Mill & Overlay)

- Street is already built to urban standards
- Guaranteed Life of 12 years
- Maximum anticipated life is 20+ years
- Adds life to street, especially useful when utilities are in good condition
- Lengthens time between assessments
- Disadvantage: Mill & Overlay is costly alternative

OPTION 3
Use For Maintenance

Options for use:
- Sidewalk Rehabilitation Program
- Street Patching
- Pot Hole Repair
- Adopt a Bare Pavement Policy for snow and ice removal
- Enhance Services/Facilities:
  - Street Lights
  - Bike Lanes
  - Landscaped areas (medians, roundabouts)
  - Maintain Trails

Advantages:
- Lowers Levy Requirement
- Free up Levy for other Services
OPTION 4
Eliminate Special Assessment for Cold Mix Overlay

- Estimated cost of $140,000 in 2017
- Guaranteed Life of 3 years
- Max Life of 8-15 years
- Would eliminate special assessments to fund this program
- Could expand cold mix program to extend life of streets

OPTION 4
Eliminate Special Assessment for Cold Mix Overlay

Advantages:
- Reduce opposition for Cold Mix Overlay Program
- No multiple assessments over short period
- Spreads out replacement schedule for streets nearing end of life
- Avoids petitions to prematurely replace streets with good utilities

Disadvantages:
- Offering cold mix at no cost may encourage people to request more asphalt streets
- Revenue may not be enough to keep up with demand

Examples:
- 4th Avenue
- Custer
- Ontario
Summary

- Vehicle Registration Fee gaining interest state wide
- Would require significant public education
- Options available for uses of Vehicle Registration Fee
- Options have implications for special assessment policy
- Options may impact operational and / or capital budgets for street improvements
<table>
<thead>
<tr>
<th>Land Type per</th>
<th>LRFC Rec</th>
<th>Avg Cost</th>
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</thead>
<tbody>
<tr>
<td>Special Assessment Policy to Council 2014-2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES 1</td>
<td>Exempt</td>
<td>$727,882</td>
</tr>
<tr>
<td>Resid. &lt;= 2 units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES 2</td>
<td>Exempt</td>
<td>$305,389</td>
</tr>
<tr>
<td>Resid. &gt; 2 units Churches, schools, other Tax exempt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Commercial Manufacturing/Industrial</td>
<td>Not Exempt</td>
<td></td>
</tr>
<tr>
<td>Avg Amount needed to support exemptions</td>
<td>$1,033,271</td>
<td></td>
</tr>
<tr>
<td>Vehicle Registration Fee needed to support cost of exemption</td>
<td>$20.67</td>
<td>Minimum needed</td>
</tr>
<tr>
<td></td>
<td>$30.00</td>
<td>Rounded up to nearest $10</td>
</tr>
</tbody>
</table>
TO: Honorable Mayor & Members of the Common Council
FROM: Mark A. Rohloff, City Manager
DATE: July 3, 2019
RE: Ordinance Creating Transportation Utility Fee to Replace Special Assessments

BACKGROUND
For several years, the Council has discussed alternatives to special assessing properties for street improvements. Some of the reasons for considering alternatives to special assessments include the rising costs of street construction expenses and the impact on individual properties that have to absorb large, one-time special assessment charges. Recently, several cities in the region, notably Appleton, Neenah, and Green Bay, have adopted alternative funding sources to eliminate special assessments for the reconstruction of roads.

Council asked the Long Range Finance Committee (LRFC) to investigate this issue and develop recommendations if the city were to consider an alternative to special assessments. This review has been ongoing since the LRFC took up the issue in summer 2018. In January 2019, after considering several alternatives, including, but not limited to, making no change to the special assessment policy, a vehicle Registration Fee (aka “Wheel Tax”) most recently adopted by the cities of Green Bay and Appleton, and a Transportation Assessment Replacement Fee (TARF) adopted by the city of Neenah, the LRFC recommended a Transportation Utility Fee similar to that adopted by Neenah. Council directed staff to develop a proposed ordinance and fee structure to enact such a fee to replace special assessments as a funding source for street reconstruction projects.

ANALYSIS
Staff has provided both the Council and LRFC with various analyses of the different approaches to a replacement for special assessments. A matrix comparing the different approaches is attached. The pros and cons to the different approaches are summarized as follows:
Special Assessments
Pros:
• Based on reasonable assumption of benefit to properties.
• Well established under state statutes.
• Commonly used by municipalities with a long history in Oshkosh.
• Assesses costs to both taxable and tax exempt properties.
Cons:
• Benefit can last much longer than length of individual ownership.
• Inflation in construction costs has resulted in larger assessment bills.
• City must borrow approximately $1 million annually to finance special assessments.
• Properties owners are not able to anticipate and budget for these expenditures.

Vehicle Registration Fee
Pros:
• Historical authority under statutes.
• Increasingly being used by cities, most recently to specifically replace special assessments.
• Easy to collect via State and annual vehicle registration.
• City would not have to borrow $1 million annually to finance special assessments.
Cons:
• Exempts vehicles > 8,000 lbs., so it exempts vehicles that cause the most damage.
• Does not collect from users who come from out of the city.
• Shifts costs to residents and small businesses.
• Institutions with minimal vehicle ownership but large traffic impact will pay little to nothing.
• Static amount of revenue dilutes buying power of fee over time.
• Elimination of special assessments would apply to projects started after January 1, 2019. Prior special assessments would still apply (similar to other cities).

Transportation Utility Fee
Pros:
• Basis of impervious area is a reasonable surrogate for vehicle impact.
• Easy to collect via utility bill.
• Fee applicable to both taxable and non-taxable properties.
• Cap on maximum fee, minimizes exposure for larger properties.
• City would not have to borrow $1 million annually to finance special assessments.
• Spreads costs of street improvements over an extended period.
• Creates predictable amount for property owners to budget – no surprises.
Cons:
- Limited use in Wisconsin.
- Two pronged approach to fee, although both based on impervious area.
- Maximum is per parcel; limited options to maintain fairness and reasonableness.
- Elimination of special assessments would apply to projects started after January 1, 2019. Prior special assessments would still apply (similar to other cities).

Based on an evaluation of the various pros and cons of the different proposals, the LRFC and staff agreed that a Transportation Utility Fee remains the most reasonable alternative to special assessments. The proposed ordinance creates a new chapter in the Municipal Code (Chapter 21). Articles I and II of the Ordinance would update current provisions of the Code regarding Special Charges and Special Assessments, reflect changes required based on the establishment of the new Transportation Utility, update statutory references, and consolidate provisions pertaining to special charges and special assessments. Article III will create the Transportation Utility, adopt findings to be made by Council that are necessary for the establishment of the fee, and cites relevant provisions in Wisconsin Statutes that give the city authority to establish such a fee, including Sections 62.04, 62.11, 66.0621, 66.0807, 66.0809, 66.0811, and 66.0813.

Should the Ordinance be adopted by Council, staff will provide Council with the applicable resolutions to adopt the annual fee, proposed at $4.50 per month/Developed Area Unit (DAU), establish a DAU of 2,817 sq. ft., set a cap of 100 DAUs per parcel, and other provisions that have been previously provided to Council.

**FISCAL IMPACT**
As reported to Council in the staff report, the proposed monthly fee of $4.50 will generate approximately $3.25 million in annual revenue. The $3.25 million will enable Council to eliminate the street special assessments for the following costs of street reconstruction, with the corresponding portion of the monthly fee:

- Concrete Paving, $1,750,000 ($2.42 of monthly fee)
- Asphalt Paving, $400,000 ($0.55)
- Driveway Aprons, $250,000 ($0.35)
- New Sidewalk, $50,000 ($0.07)
- Sidewalk Rehabilitation, $800,000 ($1.11)

In addition to eliminating the street reconstruction special assessments to property owners, the City will not have to borrow approximately $1 million annually to finance the special assessments of those property owners who choose to finance repayment of their special assessments through the City. This will allow the city to reduce its own annual borrowing, or allow it to redirect this debt to other capital uses.
Upon the creation of this fee, the city will also create a segregated Transportation Utility Fund to manage the revenues and expenditures. This will ensure transparency for the use of all funds so that the proceeds of the fee will go towards their intended purpose.

For property owners, the fee replaces special assessments that will occur at some time over the life of their street. This fee effectively serves as insurance for an unknown special assessment(s) that may come up over the years. Additionally, when compared to a large one-time special assessment cost, property owners will discover that the cost of a street special assessment will far exceed the monthly fee over the life of the road improvement. For example, a residential property with an $8,100 street assessment will have to pay the Transportation Fee for 150 years before the fee costs more than the special assessment. A commercial/industrial property with a $216,000 special assessment versus a maximum Transportation Fee of $5,400 annually will have to pay the fee over 40 years before the fee costs more than the special assessment. In both cases, it makes more economic sense for these properties to pay the Transportation Fee rather than be subject to special assessments.

RECOMMENDATION
Staff and the Long Range Finance Committee recommend the replacement of special assessments with a Transportation Fee as a more reasonable method of having property owners share in the costs of street replacement costs.

Respectfully Submitted,

Mark Rohloff
City Manager

Attachment
<table>
<thead>
<tr>
<th>Comparison of Alternatives to Special Assessments as Funding Source for Street Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Assessments</td>
</tr>
<tr>
<td>Raises needed revenue of $3.25 million annually?</td>
</tr>
<tr>
<td>Out of town students contribute directly/indirectly?</td>
</tr>
<tr>
<td>Tenants pay directly/indirectly</td>
</tr>
<tr>
<td>Residents pay directly/indirectly</td>
</tr>
<tr>
<td>Visitors/customers pay directly/indirectly</td>
</tr>
<tr>
<td>Payable by businesses in multiple jurisdictions?</td>
</tr>
<tr>
<td>Tax exempt properties pay?</td>
</tr>
<tr>
<td>Payable by governmental entities?</td>
</tr>
<tr>
<td>Cost less over extended period?</td>
</tr>
<tr>
<td>Reduces city borrowing?</td>
</tr>
<tr>
<td>Considers impact of large vehicles over 8,000 lbs.?</td>
</tr>
<tr>
<td>Easy to collect?</td>
</tr>
<tr>
<td>Affordable for residents and small businesses?</td>
</tr>
<tr>
<td>Cap for larger properties?</td>
</tr>
<tr>
<td>Spreads costs over an extended period?</td>
</tr>
<tr>
<td>Predictable amount?</td>
</tr>
<tr>
<td>Considers inflation of construction costs?</td>
</tr>
<tr>
<td>Accounts for multiple parcels?</td>
</tr>
<tr>
<td>Considers prior special assessments paid?</td>
</tr>
<tr>
<td>Are traffic impacts considered?</td>
</tr>
<tr>
<td>Are Sidewalks included as an option?</td>
</tr>
<tr>
<td>Is density of land use considered?</td>
</tr>
<tr>
<td>Implement without voter approval? (i.e. referendum)</td>
</tr>
<tr>
<td>Commonly used in WI?</td>
</tr>
</tbody>
</table>