

TOWN MEETING:

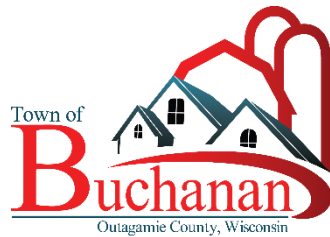
June 19, 2018

AGENDA ITEM #: 12f

ACTION TYPE:

Legislative

(For Discussion and Possible Action)



"In the Spirit of Town Government"

AGENDA MEMORANDUM

To: Honorable Town Chairperson and Town Supervisors
From: Tony Brown, Administrator
Date: June 19, 2018
RE: **Modified Special Assessment Policy for Town Capital Road Projects**

SUMMARY: At the February 5, 2018 Special Board meeting the Town Board and Staff discussed the current and near term spending implications on the Town of Buchanan Debt Policy. In future years if the Town borrows funds, as identified in the 2018-2022 CIP, the Town will violate Section No. 4, General Guidelines, of the Town of Buchanan Debt Policy, which states, "Total annual debt service payments on tax-supported debt of the Town will not exceed 25% of total general government operating revenues." After reviewing debt service as a percentage of operating revenue the Town will not be in compliance with this provision in 2022 and would not be again until 2025. This means a larger part of the funding the Town receives will be consumed by debt service payments and potentially affect other Town services.

Taking this into account, there was a discussion about options to mitigate the violation of this benchmark and continuing to address deferred maintenance by decreasing the backlog of infrastructure needs. A number of options were identified – maintaining the status quo, modifying the debt policy, decreasing the level of projects in the CIP, a referendum to increase spending, a vehicle registration fee and partnering with residents on projects. However, the only option that allows the Town to continue making forward progress is special assessments. Special assessments are not ideal, but they do offer a number of pros:

- Special assessments are generally a dependable source of revenue.
- Special assessments are a means of raising money outside Town debt and general property taxes.
- Special assessments provide a means of levying charges for public services against property otherwise exempt from taxation.

Near the end of the discussion, the Board instructed Staff to review the existing Special Assessment Policy and come back to the Board for future discussions.

Staff has reviewed the existing policy, which was adopted in January 2008, and modified it. The modifications are based on a mix of what 10 other communities do, a review by the Town Engineer and the unique circumstances that exist in the Town of Buchanan. Staff did not take this effort lightly and tried to create a Policy that was fair and equitable to the residents of the Township.

Outlined below are some of the major modifications:

- **Clarification** – The Policy document has been reformatted and assembled to provide a clear understanding of the contents. In addition a number of aspects have been simplified for staff and residents, e.g., what is and is not special assessed.

- **Process** – The Town process for an assessment is laid out step-by-step in Section 1 to give everyone a level of consistency and fairness as to what the expectations are.
- **Definitions** – Additional definitions are provided to explain what exactly is being mentioned and discussed in the policy. For instance, the Anticipated Useful Life of Facilities is identified. This has the added benefit of allowing the Town to put a replacement schedule together for planning purposes.
- **Assessment Methods** – A section was added to explain assessment methods. Section 3 goes over the Front Foot, Front Area, Lot of Connection and Benefit Zone (Area Wide) method in some detail and includes a calculation formula. It is worth noting Section 3 is not intended to designate a specific method to a type of facility (street construction, stormwater facilities, street lighting, etc.) it is meant to give elected officials an understanding of different approaches should unique circumstances arise where the preferred methods identified in Section 4-8 are not able to accommodate the situation.
- **Street Construction** – For street construction projects the Town would utilize the Front Area Method for special assessments. As is noted in the Policy, this method alleviates some of the concerns about using the Front Foot Method.

The logic behind the assessable costs is that for street construction the Town will pay for removal of the entire road and the installation of the new road. But, if the road cross section for any urban or rural road is upgraded from its existing condition property owners have to pay for the size and/or design difference by the identified percentages. These percentages are broken down by zoning district. The General Agricultural, Single-Family Residential and Two-Family Residential District's would pay 66.67% of the assessable costs. Then, Multifamily Residential, Local Commercial, Regional Commercial, Planned Commercial and Industrial Districts would pay 100% of the assessable costs.

- **Stormwater Facilities** – For stormwater facility projects, the Town would utilize the Lot or Connection Method. Every parcel within the project limits connects to the stormwater facility, so everyone is receiving the same benefit. This type of work will be assessed at 100%.
- **Other roadway features like street lighting and sidewalks** would be assessed at 100% for new developments and/or installations. The method would be different for each facility. For street lighting, it would be assessed on a per lot basis, unless a front area assessment was adopted for the project. For sidewalks, it would be assessed on a front foot basis, unless a per lot assessment was adopted for the project.
- **Curb and Gutter** – This roadway feature would be assessed the same as the street construction section.

As the Board is reviewing this DRAFT Policy for future implementation there are a number of policy considerations:

- What is the goal for capital projects on an annual basis? As a rough measurement on a 25 year schedule the Town should be spending approximately \$2,000,000 to repair 1.8 miles of road and

ditches, and 3,420 LF of driveways and culvert pipes. A benchmark of some sort might bring more clarity to what method is most suitable.

- Should the Town consider utilizing concrete on roads? This will increase the overall amount of assessable costs, however it will decrease the likelihood of the Town coming back to the same area for a road project, i.e., residents would only be assessed once a lifetime.
- Who pays for stormwater detention ponds? Does the Town pay the entire cost, or should there be some cost share for the facility?
- Do the cost share (Resident vs. Town) percentages identified seem fair and equitable?
- Does the method for each facility seem fair and equitable?

The Board identified a need to ensure the Town has a revenue stream that is sufficient to offset some of the planned future borrowing, while continuing to make road improvements everyone agrees are needed. Special Assessments are one component of a multifaceted approach to spread the cost out.

POLICY/PLAN REFERENCE(S):

FISCAL IMPACT:

Is there a fiscal impact? No

Is it currently budgeted or planned?

Amount:

RECOMMENDED ACTION: Staff would recommend the Board consider some of the policy questions and provide feedback on them and the DRAFT Special Assessment Policy. Then, Staff will continue to rework it and return in July for a future discussion.

AWB

###

Attachments:

Town of Buchanan, Special Assessment Policy, V02

Town of Buchanan, Special Assessment Policy, V02, REDLINED

Town of Buchanan, Comprehensive Special Assessment Policy, January 2008

Capital Improvement Program (CIP) Update, Memo, Town Board Meeting, February 5, 2018