

TOWN UTILITY DISTRICTS FREQUENTLY ASKED QUESTIONS

1. What is a Town Utility District?

A town utility district is primarily a financial device, through which a town can exercise its powers to provide specific services in a geographic area smaller than the whole town, and tax and/or charge only the property owners of the smaller area for specific services received. These services could include: providing potable water; collecting, treating and disposing of sewage; or collecting and managing storm water. Town utility districts are authorized by Sec. 66.0827(1) of the Wisconsin Statutes.

2. How is a Town Utility District Formed?

Typically, the Town Board would determine the boundaries of a proposed town utility district as well as the services that would be provided by the district. This proposal would then be presented to town residents and a public hearing would be scheduled. After obtaining input from residents at a public hearing, a town utility district may be created by a majority vote of the town board.

3. What Effect Would a Town Utility District Have on the Current Sanitary District?

The statute authorizing town utility districts states that the town board may, if a town sanitary district is in existence for the town, dissolve the sanitary district. If the sanitary district is dissolved, all assets, liabilities and functions of the sanitary district would be taken over by the utility district. In essence, the functions of the sanitary district to provide potable water and to collect, treat and dispose of sewage would be conducted in the same location, with the same physical assets, by the same personnel, under the guidance of the town utility district. There would be virtually no change in operations of utilities.

4. Who Would be in Control of the Town Utility District? The town board may manage the affairs of the district itself, or it may choose to create and appoint a management board of three, five or seven members. Initial appointments to a new board are made for different length terms, so that subsequent appointees terms are staggered, with one member's term expiring each year.

5. What Powers Would a Town Utility District Have?

A town utility district would have the power to operate a municipal water utility, a sewage treatment facility, or storm water management facilities. The powers would include the operation of the above facilities as well as the ownership, management and maintenance of the pipes, laterals, mains and interceptors that transport water or sewage within the utility district. However, all functions previously performed by a sanitary district and assumed by a utility district remain subject to regulation by the Public Service Commission ("PSC") as if no transfer had occurred. The PSC has

jurisdiction to regulate rates when a district is formed to collect taxes, to pay sewerage costs unassignable to individual properties. The PSC also has jurisdiction over water utilities and the rates charged for water provided by the utility district.

6. How Would a Town Utility District Benefit the Residents of the Town of Freedom?

- First, the development process within the Town of Freedom would be streamlined if all development issues could be run through one point person, namely the Town Engineer.

- Second, the Town Utility District would allow for better coordination of the public works and water/sewer infrastructure within the town.

- Third, a Town Utility District creates the potential for more efficient use of utility and public works employees, to fully utilize their time and expertise.

- Finally, we believe that there will be cost efficiencies and savings for developers and ultimately the residents. A Town Utility District will allow developers to coordinate all development issues (i.e. zoning, subdivision, and utilities) with the Town. It will also allow the Town to maximize the abilities of the Town Engineer by having him provide the initial review of development plans. All of these steps will allow residential lots in Freedom to be competitively priced with other communities.

7. What Affect Would a Town Utility District Have on the Finances of the Town of Freedom?

Town utility districts have available to them a number of means to raise revenue. These avenues include, (1) property taxes; (2) special assessments; (3) service charges; (4) rentals and fees; (5) standby charges; and (6) borrowing. The current sanitary district operations provide sufficient revenue to cover their debt service and operating expenses. The operations would remain the same under the governance of a town utility district and would be operated under the jurisdiction of the PSC. State Statutes require the utility district accounts to be maintained separately from the Town accounts and as such, the finances of the utility district will not impact the Town's budgeting process.

8. Have Other Towns Created Town Utility Districts?

Yes. Towns throughout the State of Wisconsin have created Town Utility Districts for a wide variety of purposes. In our area, the Town of Menasha dissolved its Sanitary District No. 4 and created a Town Utility District to operate those utilities. Other towns have utilized utility districts for regional storm water management purposes.