

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.

The Freedom Town Board has put together the following facts to help dispel much of the misinformation that is being generated regarding the creation of the Town Utility. Overall the district will change in name only and the same employees you have trusted to provide you with safe and reliable water and sanitary sewer treatment will continue to do so. Any utility cash reserves or revenue will stay with the utility and cannot be used, per State Statutes, by the Town to offset other town related expenditures. Here are the facts:

Reasons why Town is proposing to create a Utility District

- 1) *Better coordination of public works and water/sewer infrastructure within town*
 - Reduces potential timing and infrastructure conflicts between sewer/water and street reconstruction projects
 - Eliminates potential competing project priorities as projects will be completed under one governmental direction instead of two
 - Eliminates generation of misinformation as sometimes now occurs between the Sanitary District and Town Board/Staff
 - Easier to coordinate long-range planning for all town infrastructure projects
 - Sewer/water capital, maintenance & road reconstruction projects
 - Eliminate redundancy in bidding documents & specifications for one project
 - Cost savings by having Town Engineer prepare plans, specifications, and estimates for projects
 - Consultant engineer will design more complex projects
- 2) *Streamlining of Development Review Process*
 - Developers coordinate all project issues and review processes (zoning, subdivision review, sanitary sewer, water, storm water, erosion control) through the Town Engineer.
 - Town Engineer will perform all development review
 - Propose Changes to Sewer & Water Use Ordinances
 - Allow developer's engineer to hire own approved contractor, which is what most communities allow, saving developer money by not having to bid out project
 - Allow developer's engineer/surveyor to perform construction staking of sanitary sewer and water main by their engineer of choice, which is what most communities allow, saving developer money
 - Utility Engineer (Cedar Corp) will continue to provide full time-inspection and construction administration
 - Steps will allow residential lots in Freedom to be competitively priced with other communities
 - Overall cost savings and developer friendly climate will aid in positive economic development, provide much needed residential lots, which ultimately keeps town taxes low
- 3) *Potential for more efficient use of utility and public works employees & resources*
 - Presents opportunity for public works staff to assist Town Utility staff and vice versa
 - Utilize current District GIS system for all town infrastructure, not just sanitary sewer and water
- 4) *Provide for better efficiencies, communication, and coordination for homeowners, contractors, & developers*
 - One point of contact instead of two with cost savings ultimately passed onto the residents
 - Eliminates potential for contentiousness political driven issues due to being under one entity instead of two
- 5) *Town Board has responsibility to all Freedom residents*
 - 1,093 serviced properties within district that represents approximately 2,700 people or 44% of Town's population
 - Town Board desires to make changes to provide overall benefit to entire town while continuing to provide the residents of the utility district with clean, safe drinking water, efficient and properly functioning WWTP, and low user rates
- 6) *The Town is concerned about the long-term debt structure of the FSD as Per PSC Public Information for combined Debt Service FSD No.1, will soon require the FSD or Town Utility to raise sewer & water rates to cover existing and any new debt*

Impacts with Town Utility District

- 1) *Town of Freedom Utility will assume all existing assets, liabilities, and functions of the current Freedom Sanitary District No.1 including:*
 - Contracts & loans

- Clean Water Fund Loan for current WWTP project
 - All existing cash reserves to remain with Town Utility and cannot be combined with other Town revenue
 - 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
- 2) *Existing Freedom Sanitary District No.1 and Commission will be dissolved*
- 3) *Town Utility Board will consist of current Town Board members and will consider two additional appointed at-large members currently residing in the Utility District*
- Board will consider longer and staggered terms for at-large members for continuity purposes
 - New Utility Board will consist no less than 5 and no more than 7 members
 - Town Engineer/Public Works Director to have oversight over Town Utility
- 4) *No change to existing sanitary district property owners*
- No changes to Fire Protection fee currently paid by Town
- 5) *Town Utility will operate under the regulation of the Public Service Commission (PSC) and WDNR as Freedom Sanitary District No.1 currently does*
- 6) *Sanitary district staff*
- No staffing changes planned to existing district employees other than Town Utility Board and Town Engineer oversight
 - Payroll & benefits will process through Town and town will be reimbursed by the Utility District
- 7) *Engineering and Financial Consultants*
- Plan is for Cedar Corp to remain engineer for Town Utility
 - Engineer to continue to provide full-time sanitary sewer/water construction inspection/observation responsibilities in accordance to Utility Ordinances for all projects
 - Contract for engineering design and inspection as needed for capital and maintenance projects
 - Plan is for Schenck SC to remain financial consultant for Town Utility
- 8) *Operational Aspects*
- Plan is for existing staff to continue to perform duties and responsibilities associated with operational and maintenance functions of WWTP, sanitary sewer collection system, and water supply, treatment, and distribution system
 - All required reports and monitoring (PSC, WDNR) will continue as normal with direction of Utility staff and engineering consultant
 - No changes proposed to existing operation
- 9) *Financial Aspects*
- Town Utility Board will continue the practice, as the current Sanitary District Commission does now, to seek advice from engineering consultant, financial consultant, and staff for input on assistance in seeking grants and low interest loans for WWTP upgrades and water and wastewater system projects as needed
 - Safe Drinking Water/Clean Water Funds & other funding mechanisms
 - Short and Long-term capital and master planning
- 10) *Transition Process*
- Town staff will work with Town's attorney, Freedom Sanitary District staff, engineer, and financial consultant in transitioning process including:
 - Notification of change to State, PSC, WDNR, vendors, financial institutions, waste haulers, contractors, insurance companies and other various entities
 - Work with WDNR on transfer of Clean Water Fund
 - Town staff has already had contact with WDNR on the potential change
 - Notification of change to property owners within the Town Utility
 - Meetings with staff, Sanitary District's engineer and financial consultants
 - Adopt and update Sanitary and Water Utility ordinances into Town ordinances to reflect change in Utility
 - Create and adopt meaningful mission statement that encompasses the providing of safe and plentiful supply of drinking water, reliable sanitary sewer collection system and treatment plant, that meets or exceeds water quality and wastewater effluent standards in a fiscally sensible manner