

**CITY OF WAUSAU
FREQUENTLY ASKED QUESTIONS
ABOUT SPECIAL ASSESSMENTS**

What are special assessments?

A special assessment is a charge made by the City against properties to pay the cost of improvements which are constructed to serve the abutting properties. Special assessments are a means by which the City apportions the cost of constructing improvements to those properties which are benefited by the improvements. The City follows the procedures contained in Section 66.0701 and 66.0703, Wis. Stats., and Chapter 3.24 of the Wausau Municipal Code, for levying special assessments.

What improvements are assessed?

Typically the City assesses for new street construction, street reconstruction, drive approaches, new sidewalk installation, sewer laterals, alley paving, and new construction of sanitary sewer and watermain.

How are assessment rates determined for street projects?

In the fall of each year, after reviewing current year construction costs, the Infrastructure and Facilities Committee recommends a street construction assessment rate for the following year to the Common Council. Assessment rates are consistent from street to street and do not vary depending on the width or type of street. Assessment rates are established based on construction costs for a typical residential street.

The street reconstruction rate is 60% of the new construction rate.

Property owners are assessed 50% of the cost for new sidewalk construction. Property owners are not assessed for public corners.

Why do I have to pay special assessments if I am already paying property taxes?

Special assessments paid by property owners cover only a portion of the costs for improvements, with the City's general fund paying the rest. All property owners in the City benefit from an ongoing program of street construction and maintenance, but abutting property owners realize a greater benefit of improvements which serve their properties.

How are assessable projects identified?

The Engineering Department has an ongoing pavement management program for rating the condition of streets throughout the City, and will recommend to the Infrastructure and Facilities Committee those streets which should be considered for new construction or reconstruction. Property owners can also petition for street projects or for the installation of sanitary sewer and watermain where it does not currently exist.

Streets are recommended for reconstruction when the existing street surface, curbing, etc. has deteriorated to the point where it is no longer practical or cost effective to continue to make repairs. Typically the street surface is in extremely rough condition, requires frequent patching, and drainage problems may be an issue.

How are property owners notified of assessable projects?

In the spring of each year the Infrastructure and Facilities Committee tentatively approves street improvement projects for the following year. At that time notices are sent to property owners on the affected streets informing them their street is proposed for construction in the following year and giving basic information on the cost of special assessments. During the subsequent budget process it will be determined if funds are available to include the streets in the budget. Property owners are then notified if their street is still scheduled for construction the following year or if it was deleted because funds are not available. Late in the year the Common Council will adopt a preliminary resolution approving the streets which are scheduled for construction. Property owners will then receive a notice of the public hearing along with more specific assessment information.

If property owners are satisfied with their street, why should they be assessed for a project they do not want?

As explained previously, a number of factors are taken into consideration when identifying a street for construction. A petition from property owners is one basis, but the need to upgrade the street or reduce maintenance costs is equally important. Often people will complain of problems with their street and in many instances the only way to correct deteriorating conditions or drainage issues is with new construction or street reconstruction.

People may argue that other streets are older or in just as bad or worse shape as their street, and ask why those streets

aren't being done instead. The Engineering Department maintains a five-year construction schedule and many streets have been identified for future new construction and street reconstruction. However, that list is constantly revised as streets are added, deleted, or delayed. The primary factor in determining how much construction can take place—and when—is the annual City budget.

How are special assessments determined for individual properties?

The amount will vary depending on the width and size of the parcel, and any history of past assessments. Estimated special assessments are determined prior to the public hearing and this information is sent to property owners. Most properties will be assessed based on the amount of front footage on the street being constructed. However, other factors are taken into consideration when calculating the assessable footage for corner lots, irregularly shaped lots, very large lots or very small lots. Properties will be assessed if the drive approach is replaced, and if the sewer lateral is replaced.

Why does my drive approach, which is in good condition, have to be replaced during street reconstruction?

During street reconstruction projects existing drive approaches are removed and replaced. Because of the type of construction which will take place, including a significant amount of underground utility work, it is not cost effective or practical to build a street around existing drive approaches. Construction costs would be higher and the final product would be less than desirable. Property owners are assessed 50% of the cost for drive approaches replaced during street reconstruction projects. (Property owners who installed a drive approach within several years prior to the project may be eligible for a credit upon submission of documentation.)

Why are public hearings held?

In accordance with State statutes, a public hearing must be held prior to any assessable project. (The only exception would be if all affected property owners sign waiver forms agreeing to the assessments and waiving the need to hold a public hearing; this is sometimes done on very small projects.) The public hearings are held several months in advance of the proposed construction to give property owners an opportunity to comment on the proposed special assessments. A proposed project may occasionally be delayed or postponed after the public hearing is held, but it is likely the street would then be scheduled for construction in a subsequent year.

What happens at the public hearing?

Property owners are able to offer comments about the proposed special assessments. Some owners attend just to hear what is said. A public hearing may be held for one particular street, or it may be for a large project which includes several streets located throughout the City. Each street is announced and owners of property on that particular street can then offer their comments. Sometimes general questions about the project itself are asked. If property owners have questions which are specific to their property, they are asked to wait until after the hearing to talk to staff members who will be available for individual questions. Testimony from the public hearing is forwarded to the Infrastructure and Facilities Committee, and they will make a recommendation to the Common Council to approve, disapprove, or change any aspect of the special assessments or project. The Common Council makes the final decision.

How are special assessments paid?

Special assessment bills are usually sent in the spring of the year following construction. Assessments less than \$300 must be paid in full by November 1. If it is not paid by that date, the assessment will be placed on the real estate tax bill and be due in full on or before January 31. There is no interest charged when paid in full.

For assessments totaling \$300 but less than \$20,000, if full payment is not made prior to November 1, the assessment will be placed on the five-year payment schedule on the real estate tax bill. Property owners may then pay their special assessment under two options: (1) in full without interest with the real estate taxes, OR (2) they may pay the first one-fifth of the assessment without interest with the current real estate tax bill. The balance is paid in equal installments on the next four real estate tax bills and currently carries an interest charge of the borrowed fund rate plus 1% on the unpaid balance. The remaining balance may be paid in full at any time with interest calculated through the month of payment.

For assessment totaling \$20,000 or more, if full payment is not made prior to November 1, the assessment will be placed on the ten-year payment schedule on the real estate tax bill. Property owners may then pay their special assessment under two options: (1) in full without interest with the real estate taxes, OR (2) they may pay the first one-tenth of the assessment without interest with the current real estate tax bill. The balance is paid in equal installments on the next nine real estate tax bills and currently carries an interest charge of the borrowed fund rate plus 1% on the unpaid balance. The remaining balance may be paid in full at any time with interest calculated through the month of payment.

Property owners are sent more detailed information on the payment of special assessments when they receive their public

hearing notice, and again when the actual bills are mailed. Property owners who do not want the special assessment to appear on their real estate tax bill must make payment prior to November 1.

What happens if a property owner doesn't pay their special assessments?

If the City receives a payment from a property owner which is not sufficient to pay all general property taxes, special assessments, and special taxes due, payments shall be applied, including interest and penalties, in the following order: (1) personal property taxes; (2) delinquent utility charges; (3) special charges; (4) special assessments; (5) special taxes; (6) real property taxes. Any unpaid taxes, assessments or charges become a lien against the property. Homeowners run the risk of losing their property if it becomes tax delinquent over a period of time.

What if a property owner can't afford the special assessments?

At this time the City has no program for assisting with hardship cases. The payment schedule allows property owners to pay the assessments in installments.

Are special assessments deductible for income tax purposes?

Special assessments are not a "tax" and therefore are not deductible for income tax purposes. Any questions about this should be directed to the Internal Revenue Service.

Who can I call for more information or other questions?

Contact the Engineering Department, 407 Grant Street, Wausau, WI 54403, phone 715-261-6740, if you have any questions about special assessments or need clarification about any of the information we have provided.