

June 25, 2007

LRB RESEARCH AND ANALYSIS SECTION MEMORANDUM

TO: Ald. Terry Witkowski
FROM: Jim Carroll, Legislative Fiscal Analyst
RE: Special Assessment Rate Increases

This memorandum is in response to your request for information regarding special assessment rate increases.

The 2001 Budget included a change in the recovery rates for assessable improvements which increased assessable improvement revenues realized by the city. Two resolutions, one adopted in 1976, the second amending the first in 1977, specify a minimum recovery ratio, based on prior years actual cost experience. For example, for reconstruction projects, a 70 % ratio is specified for sidewalks, and 90% for alleys.

The 2001 Budget included design, engineering and indirect costs for the first time with respect to calculation of improvement costs (previously only construction costs were considered) and also boosted the recovery rate closer to the recovery ratio specified in the 2 resolutions; over the years the percentage actually imposed was well below that specified in the resolutions. Design and engineering costs are 40% of a type of improvement's average bid cost per unit (dollars per foot of assessable frontage). Design and engineering costs do not include indirect costs. An additional \$5 per foot of assessable frontage for indirect costs is included in the final special assessment rate.

As a result, the average cost of assessable improvement levied on a property owner in 2001 increased from 25% to 124% from the 2000 rate as indicated in the table below. The increase was based on the actual percentage recovery ratio utilized by Infrastructure Services in 2000.

PROJECTS	IMPACT OF SPECIAL ASSESSMENTS ON RESIDENTIAL HOMEOWNER			
	2000 RATE	2001 RATE	CHANGE 2000-2001	% CHANGE 2000-2001
RECONSTRUCTION/RESURFACING	\$1,555	\$3,330	\$1,775	114.15%
ASPHALT SURFACING ON CONCRETE	\$675	\$1,515	\$840	124.44%
ASPHALT OVERLAY	\$270	\$480	\$210	77.78%
CONCRETE ALLEY	\$1,165	\$1,760	\$595	51.07%
ASPHALT ALLEY	\$320	\$640	\$320	100.00%
SIDEWALK REPLACEMENT	\$720	\$900	\$180	25.00%
WALK/DRIVEWAY	\$655	\$840	\$185	28.24%

Cc: Marianne Walsh

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