

## SPECIAL ASSESSMENT DISTRICTS (SAD) POLICY

EFFECTIVE 08/26/2024

Public water mains and sanitary sewers are typically extended to serve established neighborhoods by means of the special assessment process. Residential subdivision road repaving also can be done through the special assessment process. The creation of a special assessment district (SAD) is completed in accordance with Public Act 188 of 1954. In a SAD, the property owners benefiting from the water main extension, sewer extension, or road paving project pay for the entire cost of the project through an assessment.

Public roads in residential subdivisions are owned by the Road Commission for Oakland County (RCOC). Paving improvements in subdivisions are commonly done through the RCOC using the Special Assessment process. Another option is for Bloomfield Township residents to request the Township to create a Special Assessment District, under Public Act 188 of 1954, for paving subdivision roads. Through an agreement with the RCOC, the Township can create a Special Assessment District to pay for the road improvements.

### SPECIAL ASSESSMENT DISTRICT BOUNDARIES

The district or project boundaries for a proposed SAD for public water main or public sewer extensions or residential subdivision road paving can be identified in the following manner:

- 1) A subdivision or part of a subdivision;
- 2) Multiple subdivisions or parts of multiple subdivisions;
- 3) One or more residential subdivision roads;
- 4) One or more residential roads not part of a subdivision; or
- 5) One or more benefiting properties.

### SPECIAL ASSESSMENT DISTRICT REPRESENTATIVE

The property owner undertaking an effort to establish a SAD for a public water extension, sanitary sewer extension or residential road paving can be the following:

- 1) A property owner within the proposed SAD boundary;  
A representative of the Homeowner's Association.

The property owner undertaking an effort for a SAD shall provide their name, address, phone number, and email to the Township for use throughout the SAD process.

## SAD PETITION PROCESS FOR PUBLIC WATER CONSTRUCTION, PUBLIC SEWER CONSTRUCTION, OR RESIDENTIAL SUBDIVISION ROAD PAVING

The creation of a SAD via Public Act 188 of 1954, requires a petition with estimated project costs to be circulated by the residents in the proposed district. Below are the following steps for establishing a SAD:

1. The property owner representing the proposed SAD (“SAD Representative”) contacts the Bloomfield Township Assessing Department and requests an Expression of Interest (EOI). The Assessing Department prepares the EOI and provides it to the resident. The resident returns the EOI with signatures for at least 50% of the properties in the proposed SAD.
2. Upon receipt of the EOI, the Assessing Department meets with the Bloomfield Township Supervisor, Township Clerk and Township Treasurer for preliminary approval of the proposed SAD project area/district boundary.
3. Upon written or verbal approval of the proposed SAD project area by the three elected officials, the Assessing Department obtains and/or develops the preliminary plans and cost estimate. The cost estimate will consist of the construction, engineering, construction management, contingencies, financing and any other estimated costs for the project. The following steps are taken for the three types of potential SADs:
  - a. Residential Roads Under the Jurisdiction of the RCOC: The Assessing Department submits a letter requesting that the RCOC develop a cost estimate for the proposed public residential road paving, copy of the EOI, and map of proposed project area identifying the properties that signed the EOI and total percentage. The RCOC will provide preliminary plans and a cost estimate to the Assessing Department within one to two years at no upfront cost to the Township or property owner.
  - b. Public Water and/or Sanitary Sewer Extensions: The Bloomfield Township Engineering and Environmental Department (EESD) develops a cost estimate and preliminary plans for the proposed improvement. When the EESD determines it is necessary to engage the services of its engineering consultant to develop the cost estimate and preliminary plans, the Director of the EESD will obtain a proposal from the Township’s engineering consultant. Upon review of the proposal for engineering services the Director of the EESD will approve proposal. All costs of the engineering consultant to develop the preliminary plans and cost estimate will be paid for by the Township. This process typically takes 90-180 days.
  - c. Private Roads: The Assessing Department will obtain a proposal from the Township’s engineering consultant to develop preliminary plans and cost estimate. Upon receipt of the proposal, the Assessing Department will notify the property owner. The property owner (or entity) shall deposit in an escrow account with the Township 100% of the funds for the proposal from the Township’s engineering consultant. Upon receipt of the funds, the Assessing Department will authorize the Township’s engineering consultant to proceed with the development of the preliminary plans and cost estimate. This process typically takes 90-180 days.

4. Upon receipt of the cost estimate and preliminary plans, the Assessing Department contacts the SAD Representative. The SAD Representative must formally request by writing (email or letter) that the Assessing Department develop an official petition for the proposed SAD. In the event that the Assessing Department determines that assistance is needed in the development of the official petition from the Township's consulting engineer, the Assessing Department will obtain a proposal for creation of the official petition and other necessary services. Upon review of the proposal the Assessing Department will approve proposal. All costs of the engineering consultant to develop the official petition will be paid for by the Township.
5. The Assessing Department releases the requested number of official petitions to the SAD Representative for circulation. The official petition will have a return by date of up to six months after the release of the petition. The return by date may be modified to meet the timeline for construction based on the Michigan construction season of April through November. Petitions received by the Township after the due date may still be considered. There is no guarantee for when construction may start.
6. Within five business days of releasing the official petition, the Assessing Department shall:
  - a. Send a written letter by first class mail to all property owners in the proposed SAD notifying the property owners that a petition for the public improvement has been released and identify the SAD Representative, and contact information, responsible for the petitions; and
  - b. If a homeowner's association is on record with the Township, send a written letter by first class mail to the homeowner's association president and vice president notifying each that a petition for the public improvement has been released and identify the property owner, and contact information, responsible for the petitions.
7. The property owners or other property owners within the proposed SAD circulate the official petition for signatures. The Township recommends that the property owner circulate the official petition to all property owners in the proposed SAD. The Township also recommends that the property owner attempt to obtain as much support as possible by signatures on the official petition and not the minimum required by the Township. Any property owner not in favor of the project should not sign the petition.
8. Upon the return of the official petition to the Township, the Assessing Department reviews the signatures in the official petition. The Assessing Department will develop a list of signatures that are not acceptable and identifies the reason for excluding the signature. The Assessing Department will provide a list of excluded signatures to the SAD Representative for correction and resubmittal of the official petition. The Assessing Department will provide additional official petitions if requested by the property owner.
9. After the official petition has been verified by the Assessing Department, the Township Board of Trustees will consider accepting the official petition at one of their regular meetings held each month. If approved, the Township Board of Trustees will set a date for the Public Hearing of Necessity. Formal notice will be published by the Township Clerk for the Public Hearing inviting comments on the proposed project from all property owners within the district.
10. At the Public Hearing of Necessity, the Township Board of Trustees will listen to comments from property owners within the district. The Township Board of Trustees will vote to proceed or reject the project. If the Township Board of Trustees votes to proceed,

this authorizes the project's design engineers or the RCOC to complete the construction drawings and specifications for public bidding. At this same meeting, the Township Board of Trustees will schedule the Public Hearing of the Assessment Roll.

11. The project will then be advertised for public bidding. After actual sealed bids are received for construction, the Assessing Department will determine the total project costs. This cost is then used by the Township Assessor to prepare the final assessment roll which includes the cost assigned to each individual property owner.
12. If the assessment amount increases by more than 10% of the estimated cost, Public Act 188 requires an additional public hearing before the Public Hearing of the Assessment Roll meeting. At this additional public hearing, the Township Board of Trustees will decide whether or not to proceed with the project and continue with the Public Hearing of the Assessment Roll.
13. At the Public Hearing of the Assessment Roll, property owners are given the opportunity to comment on the final assessment. If the Township Board of Trustees adopts the resolution confirming the assessment roll, the Township can proceed with the project. Residents within the district have 30 days to appeal their assessment to the Michigan Tax Tribunal.

#### OFFICIAL PETITION SUFFICIENCY

The official petition requires signatures that represent the following before being presented to the Board of Trustees for acceptance:

- 1) Residential Roads under the Jurisdiction of the RCOC:
  - a. record owners of land constituting more than 50% of the total frontage on the roads slated for improvement in the proposed SAD; and
  - b. more than 50% of the property owners within the proposed SAD
- 2) Public Water and/or Sanitary Sewer Extensions:
  - a. more than 50% of the total land area in the proposed SAD; and
  - b. more than 50% of the property owners within the proposed SAD
- 3) Private Roads:
  - a. record owners of land constituting more than 50% of the total frontage on the roads slated for improvement in the proposed SAD; and
  - b. more than 50% of the property owners within the proposed SAD

#### ASSESSMENT AMOUNT INCREASES

If the final special assessment cost after receiving sealed public bids exceeds more than 10% of the cost presented on the petition, then the Township Board of Trustees will hold an additional public hearing with the revised final assessment prior to the public hearing of the Assessment Roll.

If the final special assessment cost after receiving sealed public bids exceeds 15% or more of the cost presented on the petition, then the project will be placed on hold for 30 days. The Township Board may require a new petition be circulated with the updated bid cost in that 30-day period or

the project may not proceed. This does not preclude the Township to proceed with the proceeding establishing a SAD on its own motion. The Township Board of Trustees, if it decides to proceed with the project and special assessment, shall also hold an additional public hearing with the revised final assessment prior to the approval of the final assessment roll.

#### ASSESSMENTS, INTEREST RATES & FINANCING

The financing of the project is contingent upon the available funding at the time the petition is submitted to the Township. For residential roads under the jurisdiction of the RCOC and for private roads, the Township Board of Trustees may sell bonds to pay for the road paving project. For public water and sanitary sewer extensions the Township Board of Trustees may sell bonds to pay for the public water or sanitary sewer project, or fund the project out of the water and sewer fund.

Once the project is approved and the assessment confirmed, the property owners will be invoiced for their assessment. Property owners have the option to pay the assessment in full at that time or finance the assessment. Assessments being financed will be billed annually on their winter tax bill.

When bonds are sold to fund the SAD, the interest rate charged to residents who finance the assessment shall be equal to 1% over the average interest rate of the bonds sold for the SAD. When the water and sewer fund is used to pay for the public water or sanitary sewer SAD, the interest rate shall be 6%.

The finance period for public residential road or private road SADs shall be 15 years.

The finance period for public water or sanitary sewer SADs shall be in accordance with the following schedule:

- 1) 10 years for assessments under \$10,000
- 2) 15 years for assessments \$10,000 to \$20,000
- 3) 20 years for assessments over \$20,000

#### CONSULTANT COSTS

In the event that the Township determines that assistance is needed from its consulting engineer, the Township Assessor will request a proposal for such services from the Township's consulting engineer. Upon review of the proposal, the Township Assessor will approve such proposal.

Any costs incurred by the Township from its consulting engineer for proposed SADs will be paid for out of the Township General Fund until such time that the SAD is established by the Board of Trustees. Any costs incurred by the Township from its consulting engineer after the SAD is established will be applied to the SAD and be reimbursed by the SAD.

**TOWNSHIP ADMINISTRATION & MANAGEMENT FEE**

The Township will include an administration and management fee with the cost estimate (construction, contingencies and engineering) for all projects. This administration fee is for Township expenses including but not limited to in-house staff time for development of the SAD and required petition and resolutions, administration of the SAD, project management both during the construction of the project as well as over the lifetime of the assessment period and any legal fees that the township may incur due to facilitating the SAD. This administration fee is included in the assessment and is only collected if the proposed SAD is approved and the final assessment is approved by the Board of Trustees. If the proposed SAD does not proceed, the Township does not collect this administration fee.

0-49 Parcels in SAD	0.5 % Township Admin & Management Fee
50-149 Parcels in SAD	1.0 % Township Admin & Management Fee
150 + Parcels in SAD	1.5 % Township Admin & Management Fee

**FINANCING (MUNICIPAL BOND) COSTS**

When the Township is funding a SAD project by issuing municipal bonds, there are additional costs incurred that must be estimated and included when calculating the total cost of the project. The Township shall apply a financing cost to the whole project costs (construction, contingencies, engineering, and township administration) as the estimated bonding costs to the project estimate provided in the official petition.

Size of Bond Offering	Issuance Costs
\$0 to \$5M	\$125,000
\$5M to \$10M	\$200,000
\$10M to \$15M	\$275,000
\$15M to \$20M	\$350,000

**PETITION NOTICE**

The following language shall be located on the cover page of each official petition issued by the Township. This language shall notify property owners that signatures can not be removed from the official petition once the petition is filed with the Township.

“Take notice that this petition is the official vehicle for commencement of legal proceedings for special assessment under said Act No. 188 of the Public Act of 1954 as amended. It is not an advisory or information petition. Upon the filing of the petition with the Township, the record owners within the assessment district will be determined as of records in the register of deed’s office on that day. You may not withdraw your signature from the petition after the petition is filed with the Township. Do not remove documents, modify or add to this petition. Only signatures on official Township petitions will be considered.”

## SPECIAL ASSESSMENT DISTRICT REFUNDS AT THE END OF THE ASSESSMENT PERIOD

In accordance with PA 188 MCL 41.732, should the total amount collected on assessments prove larger than necessary by more than 5% of the original roll then the surplus shall be prorated among the properties assessed in accordance with the amount assessed against each property and refunded to the persons who are the record owners of the properties on the date of the passage of the resolution by the Township Board of Trustees ordering such refund.

Furthermore, for road improvement projects that have been improved through the Public Improvement Act 188 of 1954, any such surplus of 5% or less shall be retained by the Township and paid into the General Fund for use to maintain said roads improved through the Public Improvement Act 188 of 1954.

For water and sanitary sewer improvement projects through the Public Improvement Act 188 of 1954, any such surplus of 5% or less shall be retained by the Township and paid into the Water & Sewer fund for use to operate and maintain the public water and sanitary sewer systems.

### BLOOMFIELD TOWNSHIP RESOLUTION REPEAL

This policy repeals the following resolutions established by the Township Board of Trustees:

- January 13, 1992 Bloomfield Township Board of Trustees Resolution (Change of Interest Rate from 9% to 6%)
- July 22, 2002 Bloomfield Township Board of Trustees Resolution (Special Assessment Finance Time Period)
- May 27, 2003 Bloomfield Township Board of Trustees Special Assessment Billing Resolution
- May 9, 2016 Bloomfield Township Board of Trustees Resolution Establishing Policy on Closing Out Special Assessment Districts
- December 12, 2022 Bloomfield Township Board of Trustees Resolution to Amend Special Assessment District Policy