



Connection Charges Program Guidance

Redevelopment Charges

Created January 12, 2019 — Revised March 13, 2019

Summary

The district may impose a redevelopment charge on an area if that area is redeveloped to an extent that significantly increases its flow to the treatment plant. Criteria are given below.

Customer communities should notify the district of any redevelopment projects in their jurisdiction that meet the criteria in this guidance. The district will determine charges at that time. (There is no need to contact the district for projects that do not meet the criteria.)

The district may occasionally ask customer communities to certify that they notified the district as required.

Guidance

Background

The district collects connection charges from areas that connect to the district. A conveyance facility connection charge recovers the costs of conveyance facilities (interceptors, force mains, and pump stations) serving the area. A treatment plant connection charge recovers costs of treatment plant expansion.

The district may impose a redevelopment charge when there is a change in the capacity used by an area. To limit the burden on customer communities and property owners, the district collects these redevelopment charges only when an area redevelops to an extent that significantly increases its flow to the treatment plant, as defined below. The amount of the redevelopment charge is based on the method for calculating treatment plant connection charges. Credit is given for past payments that were made on a lot basis, if any. No redevelopment charges will be collected on lands that have previously paid treatment plant connection charges on an area basis.

Criteria

A “significant increase” for this guidance is defined to occur when both of the following apply:

The district maintains an interceptor system in its service area. When customer communities connect to the system, various fees are due, including late fees where applicable. The connection charges program is governed by the district’s sewer use ordinance and connection charges regulations, which are approved by the commission. Program guidance is approved by the chief engineer and director. Visit <http://www.madsewer.org/ConnectionCharges>.

1. The redevelopment will result in an increase in building square footage (all floors combined) of at least 20 percent, and
2. The total occupied building square footage of the completed redevelopment (including original building portions) will be at least 10,000 square feet.

Building square footage is used because the information is included in redevelopment plans and requires no additional work by customer communities. Where redevelopments involve warehouses, fleet garages, hangars or other large, mostly unoccupied buildings, district staff may request information on building water use to confirm that a redevelopment charge applies. In such cases, a charge will apply if the redevelopment will increase water use by at least 20 percent.

Amount Owed

For areas that meet the criteria in this guidance, the district will determine the amount owed as follows:

1. Calculate the amount that would be owed in treatment plant connection charges for the area if it were connecting to the district anew at current rates.
2. Review the payment history for the area and determine the amount of past treatment plant connection charges paid for the area, if any.
3. Adjust the amount paid in the past using the escalation factor by which connection charges rates have been adjusted since the date or dates of payment. (This step ensures that previous payments are credited in today's dollars.)
4. Calculate the amount owed as the difference between the amounts in step 1 and step 3.

The district will charge for the size of the parcel containing the redevelopment, using recorded boundaries. In some cases, a parcel will be disproportionately large relative to the redevelopment project itself. In such cases, district staff may charge for a smaller area. Generally, this discretion will be used when the parcel area is four or more times larger than the footprint of the completed redevelopment.

Subdivided Areas

If a redevelopment affects an area that has been subdivided since it originally connected, the district will do the following:

- In step 1 above, calculate the amount that would be owed for each subdivided area separately.
- In steps 2 and 3 above, review the payment history for the area as a whole and apportion the escalated amount in step 3 to each subdivided area proportional to its size.

- Treatment plant connection charges on subdivided areas shall be collected in the following cases. Conveyance facility connection charges may also be due.
 - For each subdivided area with a connected structure that is proposed for redevelopment and meets the criteria for a redevelopment charge.
 - For each undeveloped subdivided area on which a connected structure is proposed.
- Treatment plant connection charges on subdivided areas shall not be collected in the following cases or may be deferred if the deferral criteria apply (see separate guidance).
 - For each subdivided area with a connected structure that does not meet the criteria for a redevelopment charge.
 - For each undeveloped subdivided area on which no development is being proposed.

Invoicing and Due Date

The district will invoice customer communities for redevelopment charges upon request or when the district learns of construction in progress. Payment will be due by the date set in the invoice and no later than issuance of an occupancy permit by the customer community. The district encourages customer communities to contact the district early in a redevelopment project to obtain an estimate of charges before issuance of an invoice.

Notification and Certification

The district does not have sufficient staff to review all redevelopments in the district's service area. Customer communities should notify the district of all redevelopments that meet the criteria in this guidance. Notification should be given as soon as practical before redevelopment work begins.

If the district independently learns of a redevelopment that meets the criteria in this guidance, the district will contact the customer community to confirm and will issue an invoice. Late fees will apply from the date of issuance of an occupancy permit by the customer community. (See separate guidance on late fees.)

The district may occasionally ask customer communities to certify that they notified the district as required. Customer communities are encouraged to maintain a list of redevelopments in their jurisdictions, including documentation of which redevelopments met and did not meet the criteria in this guidance.

Authority

General:

- State law: chapter 200, subchapter
I <https://docs.legis.wisconsin.gov/statutes/statutes/200/I>

- District sewer use ordinance: <http://www.madsewer.org//Planning/Permits-Ordinances>
- Connection charges regulations: <http://www.madsewer.org/ConnectionCharges>

This Guidance:

- Connection charges regulations s. 5.7 (redevelopment charges) and s. 6 (late fees).

Document History

2019 January: Created.