

MONROE COUNTY ROAD COMMISSION SPECIAL ASSESSMENT DISTRICT PROCESS

General Information:

From time to time residents in the county may see a need for improvement to a road that the Monroe County Road Commission does not receive funding for or is not financially able at the time to provide the improvement due to priority projects that have a greater benefit to the general public. This generally would occur in relation to subdivision road improvements. For those occasions Special Assessment Districts can be used to accomplish the road improvement and allow property owners the ability to pay for the funding of the project through a special assessment on their taxes over a designated period of time. This process is provided for in Public 246 of 1931 as amended. The purpose of this Act is to establish a funding mechanism and a means to pave roads, install sidewalks, or finance other infrastructure improvements in platted subdivisions or other developed areas outside of cities and villages.

This Act allows for 51% of the property owners with lineal front footage contiguous to any public road, to petition the Road Commission to pave or improve a roadway. The Act specifically addresses platted subdivisions or where at least 75% of the parcels have frontages less than three hundred (300) feet, or where existing or proposed buildings are no more than three hundred (300) feet apart. The property owners' petition declares that they will share in the cost of the improvement and will allow their property to be assessed over a designated period in order to pay for the improvement. Property owners sharing in the cost must receive a benefit from the improvement.

The local Township may also be assessed for up to 25% of the total project costs, assuming that there is a benefit for the overall public welfare and convenience.

Generally as discussion arises between residents, township officials and/or road commissions regarding these local road improvements an initial informational meeting is conducted. This meeting is for informational purposes only and does not obligate the property owners in any way. At this point engineered plans are not available to determine a definite cost, but road officials may give a broad estimate to give the general property owners an idea of the eventual cost per property owner. Eventually official public hearings must be held to set the estimated cost (within 10%)

General Procedures and Timing:

1. Property owners seeking the improvements circulate a petition prepared by the road commission or the township office. Valid signatories of the petition are property owners, including Land Contract purchasers. Signers must sign according to those named on the property deeds or contracts. If the property is deeded in names of both husband and wife, then both must sign the petition or that property signature is invalid. In addition, the signature of a property owner who has delinquent taxes on a property is also invalid.
2. Once all property owners have been contacted, or the petition circulator has at least 51% of the proposed district signing the petition, said petition is submitted to the township and forwarded to the Road Commission. Verification of signatures is made either the by the road commission or the township offices to see that all requirements governing the petition are met and that the petition is legally sufficient (51% valid signatures of the proposed district).
3. Upon submittal of a valid petition, the Road Commission will prepare or contract for plans, specifications and an estimated cost of the project. Occasionally drainage, base work, and/or widening may be necessary. It is the responsibility of the MCRC to determine the scope and necessary detail of the project, which may include additional cost not readily seen or known by the property owners.
4. After the plans and specifications are prepared, the Road Commission will make set a Public Hearing for a First Order of Determination. The Public Hearing will receive the proper public notice, and each property owner (based on addresses given by the township assessor for property owners in the proposed district) will receive a mailed notice of the meeting designating date, time, and location of the Public Hearing. The Board of County Road Commissioners will conduct the Public Hearing.
5. The Public Hearing will allow anyone who has objections or comments to be heard. The Road Commission representatives will answer questions and discuss plans concerning the project. The following items are examples of the information discussed at this meeting:

6. The Road Commission will determine if the project is to proceed as proposed, be modified and a new estimate prepared, or abandoned.
7. If the MCRC decides that the work or design will be contracted then specifications will be written, bids will be taken and a contract awarded for a specific part or all, of the project.
8. Based on the total cost, which includes construction, engineering, legal, bonding, and administration costs, the amount of each individual assessment is calculated and a Second Public Hearing is scheduled. Proper and legal notification and publications for this Public Hearing are sent out to property owners in the District.
9. The purpose of the Second Public Hearing is to review the method used in calculating the individual assessment amounts and to hear any objections or make any corrections thereto. If at any time the cost is determined to exceed more than ten (10%) percent of the total estimated cost (made public at the hearing), the Road Commission will either abandon the project or schedule a special hearing to review the cost increase with the district.

Note:

If, at any time after the "Petition for Improvement" is filed, the proceedings are caused to be abandoned or discontinued, the signers of the Petition are liable for all expenses incurred by the Road Commission as a result of such petition.

If at any time after the petitions have been filed with the Clerk and determined to be valid a person or person in the district or having previously signed the petition decides to discontinue the process, another petition requesting the dissolution of the district must be circulated and filed with the Township Clerk.



The MCRC and your Township officials will be happy to conduct an informational meeting for residents interested in obtaining a packet or to get more information on this process. Please contact your Township Clerk or the MCRC to set up a meeting, obtain more information, or receive a packet regarding Special Assessment Districts (SAD's).



This brochure is meant to give the reader a general understanding of Special Assessment Districts (SAD). This brochure is not intended to provide all the detailed information on how to petition for a SAD in your township. If you have questions regarding SAD's in your area, please call our office.



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840 South Telegraph Road
Monroe, MI 48161

Understanding Special Assessment Districts



840 S. Telegraph
Monroe, MI 48161
Phone: (734) 240-5102
Fax: (734) 240-5101
Web: www.mcrc-mi.org
Email: mcrc@mcrc-mi.org

~Road Commission Leaders~

Commissioners

Paul Iacoangeli, Chairman
Dan Minton, Vice Chairman
Charles A. Londo, Member
Stephen J. Pace, Member
Bruce R. Stammer, Jr., Member

Staff

Randy D. Pierce, Managing Director/Supt. Of Maintenance
Scott F. Assenmacher, County Highway Engineer
Phillip C. Masserant, Director of Finance
Keith C. Richard, Director of Operations
Camden Regis, Human Resource Director
Cheryl A. U'Ran, Administrative Assistant/Deputy Clerk

Special Assessment Districts (S.A.D.) Funding Local Road Improvements



MCRC FUNDS

The Monroe County Road Commission (MCRC) seeks diligently to provide creative funding to make the needed improvements to all public roads in Monroe County. The MCRC receives funds (gas taxes, vehicle registration fees, license fees) from the State through Public Act 51 for major improvements on county primary roads, but the share received for local roads is barely enough to do routine maintenance (pothole patching, shoulder work, snow removal). If major road improvement is done on local roads, it is paid for either by the Township or a shared contribution between the MCRC, Township and/or County.

RECONSTRUCTING SUBDIVISION ROADS

Monroe County has many local roads that are in need of more than simple routine maintenance. Subdivision roads are classified as local roads, and most subdivision roads have not received major improvements (reconstruction) since they were installed.



County residents generally believe that the county road commission should pay for all road improvements. That concept is logical since the general public uses roadways. However, neither county road commissions nor township government receives sufficient funds for the reconstruction of subdivision roads. The cost of snow removal alone consumes a large portion of the money received for local roads.

S.A.D. AS AN OPTION

When subdivision roads need reconstruction, the law allows for Township Special Assessment Districts (PA 188) to be used for funding these projects. Public Act 188 of 1954 gives property owners authority to petition their Township Board seeking road improvements. This process offers the petitioners:

- ◆The ability to set the boundaries of the district deciding the length of road they want to have improved and the number of properties they want to have assessed.

- ◆The ability to pay back the cost of the project over a number of years (the MCRC usually limits the payments to no more than 15 yrs).
- ◆The ability to require two Public Hearings to gather data & share their ideas for the scope and detail of the project.
- ◆The ability to receive a broad estimated cost of the project before making the final decision to proceed with the project.

S.A.D. PROCEDURE PACKET

The MCRC has a packet for any property owner interested in beginning the S.A.D. process. The packet includes the detailed steps needed to initiate a S.A.D. Basically the process is:

- Property owners circulate a petition within the area to be improved to obtain property owner's signatures showing their interest in the improvement.
- Township conducts hearings to determine costs and scope.
- Property owners have input into the proposed improvements.
- Property owners agree to pay for the improvement over several years on their property taxes.

On subdivision roads this process is the only way to make the needed improvements to the road because there just is not enough money designated for local roads to be stretched to subdivisions.



SAD CHECKLIST

(District)

- ❑ Residents request a Township Special Assessment Petition from their Township.
 - This petition may vary from township to township depending on the wording drawn up by the township attorney. The MCRC has templates of township road petitions if residents request them.
 - Each petition must include the parameters of the district, names and/or segments of the roads being requested for improvement, legislation enabling the township to run the Special Assessment District (PA 188 of 1954), signature of the property owners, addresses, and property ID numbers.
 - Each petition must also be circulated by one person and include a notarized signature of the circulator of each petition.

- ❑ Townships advise the MCRC Executive Assistant that a property owner(s) has requested a petition form, and the names of roads that will be included in the proposed district.

- ❑ The Executive Assistant notifies the Director of Regulatory and Engineering Services (DR&ES) of the proposed district.

- ❑ The Township holds a meeting with the petitioners to instruct them on the proper methods and legal requirements of circulating petitions.

- ❑ Petitioners circulate petitions attempting to obtain at least 51% of the total front linear footage of property in the district. When the district is within a subdivision it may be permissible to obtain at least 51% of the total lots since the linear front footage of each parcels is similar.

- ❑ When all the needed signatures are obtained the petitions are submitted to the Township Clerk. It is advised that more than 51% of the property owner's signatures are obtained to establish a greater majority of support.

- ❑ The Township Clerk reviews the signers and determines if: a) the required 51% of the front footage has been obtained, b) the circulator affidavit is valid and notarized.

- ❑ The Township Clerk sends a copy of the petition to the Executive Assistant of the MCRC and keeps the original petitions on file with the Township.

- ❑ The MCRC Executive Assistant initiates a discussion between township and road officials to determine the available funding for the project.

- The DR&ES assigns an engineer to investigate the district to determine a very broad scope and estimated total cost of the improvements including drainage needs, etc. This expense is borne by the MCRC.
- The Township schedules and notifies all the property owners in the SAD of an Informational Meeting to discuss the proposed road improvements.
- The Township and MCRC, conduct a joint Informational Meeting with all property owners informing them of the basic scope of the proposed project and a general estimate of the costs. A consensus is reached at the Informational Meeting whether to proceed with the SAD. Property owners are given 30 days to decide if they want to continue with the district, and if they want to have their names remain on the petition.
- After 30 days (assuming the petition is still valid with the number of signatures) the Township schedules the first Public Hearing and notifies each property owner in the proposed district. If this public hearing results in a resolution to proceed with the SAD the Township Board orders the full engineering and design work to be completed. Attendees are informed that engineering costs can be assessed on the signers of the petition if the project fails prior to completion.
- The MCRC Engineering Division, or a contracted engineering firm begins the full engineering design for the district and the project is scheduled on the MCRC Master List.
- Once the Engineering costs have been completed the Township prepares a tentative assessment roll, determines the proposed cost to each property owner, and seeks public input. The decision is then made whether to proceed with SAD.
- Bid documents are drawn up, received and awarded for all work except that work that is done by the MCRC workforce.
- The Township schedules the second Public Hearing to inform the SAD property owners of the final roll based on the final bid cost of the project including any costs for financing.
- If needed the MCRC or Township begins the process for bonding.
- The MCRC Engineering Division conducts a preconstruction meeting to schedule start dates.

PETITION FOR _____

_____ TOWNSHIP
MONROE COUNTY
MICHIGAN

WE THE UNDERSIGNED, being the record owners of land constituting more than fifty percent (50%) of the total number of lots and parcels, improved or unimproved, and also constituting more than fifty (50%) of the total linear footage to be included in the special assessment district as finally established by the Township Board, do hereby petition the Township Board to proceed with a road improvement project to provide road improvements to the (define district)_____

area, said benefited area to be placed in a special assessment district for the purpose of paying the costs and expenses for said project, all under the authority of Public Act 188 of the Public Acts of 1954 as amended, MCL 41.721; MSA 5.2770 (51) et seq.

We, the petitioners, understand that the road improvement shall be conducted in accordance with the plans to be prepared, reviewed and approved by the Township Board; and that all costs such as capital improvements, engineering, and legal fees, if any, shall be assessed equally against each lot owner in the defined district.

NOTE: "Record Owner" is a person, sole proprietorship, partnership, association, firm, corporation, or other legal entity possessed of the most recent fee title, or land contract vendee's interest in the land as shown by the records of the Monroe County Register of Deeds as of the date of filing petition. All record owners must sign for each lot or parcel.

| SIGNATURE | PRINT NAME | ADDRESS | LOT/PARCEL | DATE |
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The undersigned hereby certifies and affirms the following:

1. That I obtained the signatures to the foregoing petition.
2. That the signatures are the signatures of the persons purporting to sign the petition and that each of them signed the petition in my presence.
3. That I have good reason to believe and verily do believe that the signers of the petition are the owners of property listed opposite their names and are the identical persons their signatures purport them to be.

Signature of Circulator

Printed name of Circulator

Date

Notary Public

Special Assessment District Questions

- Q. Why is a Special Assessment District (SAD) necessary to improve our roads?
- A. The Monroe County Road Commission (MCRC) is responsible for all county roads, however the funding provided for county roads from the State of Michigan (Michigan Transportation Fund) has not been sufficient to provide improvement for the over 1300 miles of county road (nearly 900 mile of which are local roads) in Monroe County. The law requires that local government must contribute to local road capital improvements. Current road funding toward local roads is inadequate to conduct all necessary routine maintenance activities such as snow removal and patching to even consider significant paving improvements to local roads. Due to these funding challenges and the lower traffic volumes in the subdivision setting, the MCRC currently does not actively pave subdivision roads.
- Q. Are special assessment districts legal?
- A. Special assessment districts for infrastructure (roads, water and sewer lines, etc) are permitted under township law (PA 188 of 1954 and amended), and under road commission law (Act 246 of 1931 and amended) for road improvements.
- Q. We have a lot of water ponding in our subdivision. What about drainage?
- A. Drainage can be addressed during a SAD road improvement. If road drainage is deemed necessary by the MCRC engineer that researches and designs the project then the needed road drainage would be included in the cost of the SAD. Different methods of drainage can be addressed. Swales or ditches can be incorporated to drain the road. If enclosed drainage is requested it would be an added cost for including tile. Private drainage, water ponding on a personal property, or water ponding due to a needed clean-out of a county drain is not part of the road drainage in an SAD.
- Q. Senior citizens on fixed incomes may not be able to afford an additional assessment onto their taxes. What can be done for them?
- A. SAD's are available for those who qualify. Speak to a township official for more information on this topic.
- Q. Is the 51% of the district referring to the parcels or front footage?
- A. The Public Act 188 governing SAD's for townships states that the equal division front footage, but the Township Board can determine the district to be divided by parcel. In past SAD's in subdivisions the Board has assessed each parcel equally since the front footage in most subdivisions are very comparable if not equal.
- Q. Can I sign the petition on behalf of my family?
- A. In order for a signature on the petition to be deemed legal, all names listed on the deed of a particular parcel must also sign the petition (i.e. husband **and** wife, etc.)

Special Assessment District Questions

Q. How long do I have to pay the assessment?

A. Township SAD's can be carried up to 15 years. Road assessments are not usually carried beyond 15 years because they should only last the projected life of the road improvement. That doesn't mean that the road will fall apart in 15 years; it only means that as with any asphalt (driveways for instance) regular maintenance must be performed, and in 15 years there will be wear.

Q. What if I want to pay the entire cost up front?

A. The estimated cost of the project will be submitted by the MCRC engineer and divided into the number of parcels (or front footage) in the district and that will determine how much each property owner will pay for the road improvement. The property owner will then have the choice to pay the entire amount up front without any interest being charged. The owner must meet the deadline established by the Township for payment in full without interest.

If the property owner chooses to pay in equal installments over the 15 years the Township will include that assessment on the tax bill to be paid when the taxes are paid. Interest will be charged each year on the unpaid balance.

Q. If the residents are paying the bill for SAD, why can't the projects be put out to bid by a contractor?

A. The MCRC may choose not to bid out certain projects because no matter how a project is funded the MCRC by statute has the ultimate liability for the condition of the roads. It is the MCRC's decision to determine when and/or if the MCRC performs the work. The MCRC determines the scope of work, who will perform the work, and when it will be accomplished.

Q. Explain why the MCRC can provide the best price.

A. The MCRC can bring economies of scale to the project. In other words since the MCRC purchases large quantities of asphalt, stone, etc., for numerous projects the material price per unit is reduced and the MCRC is able to pass on the savings when constructing SAD projects. The MCRC can package multiple SAD projects to get the best per unit cost from our vendors and reduce mobilization costs. Also the MCRC does not make a profit on its work as private companies must.

The MCRC is responsible for all county roads. The MCRC must maintain and certify that the improvement is done properly and holds up to wearing conditions for the life of the SAD. Private companies cannot be required to provide a guarantee their work beyond the completion of the project. They must meet the contract specifications and that is all. If a warranty were required, the company would increase the cost, which would increase the SAD's cost.

SPECIAL ASSESSMENT DISTRICT - GENERAL PROCEDURES ACT 246 OF 1931 AS AMENDED (MCLA 41.271 – 41.290)

1. Petition for Improvement is circulated. The petition form is prepared by the Road Commission. Property owners, including Land Contract purchasers, should sign as named on their deeds or contracts. If property is in names of both husband and wife, then both must sign the petition.
2. Petition is forwarded to the Road Commission. Verification is made to see that all requirements governing the petition are met and that the petition is legally sufficient. A signature is not considered valid if taxes on the land are delinquent.
3. The Road Commission will visit the site and determine if the proposed improvement is necessary for the welfare and convenience of the public. If so, the Road Commission will have plans, specifications and an estimate prepared by a Registered Engineer.
4. After the plans and specifications are prepared, the Road Commission will make a First Order of Determination stating that the proposed improvements are necessary for the welfare and convenience of the public. A copy of the specifications and the description of the district or lands to be assessed are attached.
5. A public meeting is scheduled and advertised. The primary purpose of this meeting is to give anyone who objects to the proposed project an opportunity to be heard. A letter is sent to each property owner (according to Township records) in the proposed assessment district advising the date, time and place of this meeting and the estimated cost of the project.
6. At this meeting, the Road Commissioners will hear all objections or comments anyone cares to make and will try to answer questions concerning the project. The following items will be determined and announced at this meeting.
 - a) The boundaries of the proposed assessment district or in other words, which properties are going to be assessed.
 - b) The number of annual installments over which the assessment will be spread (maximum of ten (10)) and whether or not bonding will be necessary.
 - c) The apportionment of the cost, that is, what percentage will be paid by the Township and, or others outside the assessment district.
 - d) The specifications are reviewed and changed, if deemed necessary.

7. The Road Commissioners shall decide if the project is to proceed as proposed, be modified and a new estimate prepared, or abandoned. This "Final Order of Determination" is then announced and so noted in the local newspaper.
8. Bids for the work are then taken and a contract awarded to the lowest responsible bidder. However, if the lowest responsible bid exceeds the estimated cost by more than ten (10%) percent, the Road Commission will either abandon the project or schedule a special hearing to review the cost increase with the district.
9. Based on the total cost, which includes construction, engineering, legal, bonding, and administration costs, the amount of each individual assessment is calculated and a second meeting scheduled.
10. The purpose of this meeting is to review the method used in calculating the individual assessment amounts and to hear any objections or make any corrections thereto.

Note:

If, at any time after the "Petition for Improvement" is filed, the proceedings are caused to be abandoned or discontinued, the signers of the Petition are liable for all expenses incurred by the Road Commission as a result of such petition.

**SPECIAL ASSESSMENT DISTRICT
ACT 246 OF 1931 AS AMENDED
(MCLA 41.271 – 41.290)**

General

The purpose of this Act is to establish a funding mechanism and a means to pave roads or install sidewalks in subdivisions or other developed areas outside of cities and villages.

This Act allows the property owners of more than 51% of the lineal frontage of lands fronting or touching upon any public road to petition the Road Commission to pave or improve a roadway. The Act specifically addresses platted subdivisions or where at least 75% of the parcels have frontages less than three hundred (300) feet or where existing or proposed buildings are no more than three hundred (300) feet apart.

The Township may be assessed for up to 25% of the total project costs for the public welfare and convenience.

The assessment to the individual parcels is based on benefit received. In many instances the frontage of each parcel is used to determine benefit.