

# Memo

**To:** Town Board, Windsor

**From:** James A. Mann, CIPFA  
Senior Municipal Advisor/Director

**Cc:** David Wagner, Ehlers

**Date:** December 17, 2014

**Subject:** Financial Analysis/Impact of Incorporation or Consolidation

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As you may recall, this past August Ehlers was hired to undertake an analysis of the fiscal impact of incorporation. Throughout the Fall this document has been refined and has morphed to include discussion regarding consolidation (particularly with the Village of DeForest). In preparing the analysis, Ehlers has utilized data made available through the town, via neighboring community's web sites and the Wisconsin Tax Payers Alliance MunicipalFacts13.

The Town of Windsor has had discussions regarding the future governance structure of the community. A series of public meetings to foster open discussion were held throughout the summer months of 2014, where three options were contemplated to remain as a town (no governmental change), consolidate with another entity, and/or incorporate into a Village.

In respect to changing the form of government from a town to a village, Section 66.0201 of the Wisconsin Statutes lays out the procedure by which a town may incorporate. A town may also seek a direct legislation to achieve incorporation. This document does not examine the process by which the Town of Windsor may become a village, but rather focuses on how becoming a village would affect the Town of Windsor financially.

The following Questions and Answers assume that the **entire** Town of Windsor is incorporated and becomes a village and also looks at the financial implications of consolidating with the Village of DeForest.

**Question:** What has annexation by surrounding communities cost the Town of Windsor?

**Answer:** Exhibit A depicts the amount of territory that has been annexed by the City of Sun Prairie and Village of DeForest since 1990.

- Since 1990, the territory that has been annexed by the City of Sun Prairie amounts to approximately 109 acres that is currently valued at \$32,000 in 2014.
- Since 1990, the territory that has been annexed by the Village of DeForest amounts to approximately 2,100 acres that is currently valued at \$290 million in 2014.

**Question:** Would my taxes be lower if that territory had remained in the Town?

**Answer:** Probably yes.



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Question: Do the existing Boundary Agreements require that additional territory be annexed to the Village of DeForest or City of Sun Prairie?

Answer: Yes, Exhibit A shows that approximately 570 acres will be annexed to the Village of DeForest and 72 acres will be annexed to the City of Sun Prairie as a result of boundary agreements the Town has entered into with the two communities. Throughout the remaining life of the boundary agreements, no other territory is planned to be ceded to either the City or the Village.

Question: What happens when the boundary agreements sunset?

Answer: The boundary agreements that the Town has entered into have varying sunset dates that range from 2030 to 2040. At that time without successive boundary agreements, the Town would be subject to annexation by the City and Village.

Question: How does the Town per capita (per person in population) spending compare to relevant incorporated municipalities?

Answer: The following table compares Windsor's actual per capita spending in 2011 with data collected by the nonprofit nonpartisan Wisconsin Taxpayer's Alliance and published in MunicipalFacts13. The first column is Windsor's per capita spending. The second column is the median per capita spending for an incorporated municipality that is similar in size to Windsor. (Median means that there are as many above that number as there are below that number.) The third and fourth columns are per capita spending for the Village of DeForest and the median per capita for municipalities similar in size. The fifth and sixth columns provide this information for the City of Sun Prairie and the median per capita for a municipality of similar size. Finally, we provide median data for a fictional municipality with a population equal to Windsor + DeForest.

Looking at the broad view of municipal services, the Town of Windsor provides services at a very reasonable rate per capita.

Table 1: Per Capita Spending by Category

	Town of Windsor	Median (5,500-7,500)	Village of DeForest	Median (7,500-10,000)	City of Sun Prairie	Median (17,500-30,000)	Windsor + DeForest Median (12,500-17,500)
General Government	\$97	\$87	\$55	\$80	\$113	\$78	\$75
Street Maintenance	\$82	\$100	\$72	\$124	\$169	\$113	\$105
Fire / Ambulance	\$45	\$53	\$48	\$89	\$58	\$132	\$147
Police	\$50	\$197	\$228	\$240	\$227	\$229	\$223
Total Basic Spending	\$274	\$437	\$404	\$534	\$568	\$552	\$550
Total Operating Spending	\$380	\$696	\$750	\$827	\$732	\$784	\$810

Footnote: The table utilizes the most recent compiled data available at the time of drafting, which was the 2011 data.

Question: Great, but that was 2011, what about 2014?

Answer: While we didn't look line by line in the budgets of DeForest & Windsor, we did look at the 2014 Levy (for the 2015 Budget) for each of the communities and the impact on a home valued at \$250,000:

Table 2: 2014 Levy Comparisons

2014 Levy for 2015 Budget	Windsor	DeForest
<b>Total Levy (includes debt)</b>	3,144,293	5,524,709
<b>Equalized Value (TID Out)</b>	614,505,900	762,942,100
<b>EV Mill Rate</b>	\$5.12	\$7.24
<b>Home EV of \$250,000</b>	\$1,279.20	\$1,810.33

Question: With the continued discussion/study of consolidation, what would be the impact to the residents of both Windsor and DeForest if the two communities merged and kept the budgets exactly the same?

Answer: Based on the 2014 levy for both Windsor and DeForest, the combined levy would result in the following:

Consolidated 2014 Levy for 2015 Budget	
<b>Windsor Levy</b>	<b>3,144,293</b>
<b>DeForest Levy</b>	<b>5,524,709</b>
<b>Total Levy (includes debt)</b>	<b>8,669,002</b>
<b>Combined Equalized Value (TID Out)</b>	<b>1,377,448,000</b>
<b>EV Mill Rate</b>	<b>\$6.29</b>
<b>Home EV of \$250,000</b>	<b>\$1,573.38</b>
<b>Windsor Impact</b>	<b>\$294.19</b>
<b>DeForest Impact</b>	<b>(\$236.95)</b>

Question: There may be cost savings associated with consolidation (economies of scale), what would the levy need to be cut to in order for the consolidation to be revenue neutral for the residents of the Town?

Answer: The levy would need to be reduced by slightly greater than \$1.5 million from the total combined levy in order for Windsor residents to have a zero impact on their property taxes.

Question: Will the Town lose any revenue sources by incorporating as a Village?

Answer: No, State Aids, Transportation Aids, School Revenue Sharing formula, etc. will be calculated on roughly the same basis whether Windsor is a town or village.

Question: What is the current financial condition of the Town as it pertains to debt?

Answer: Currently base statistics for the Town debt is as follows:

- Equalized Value = \$614,505,900
- Debt Limit Capacity (5% of Equalized Value) = \$ 30,725,295
- Outstanding Debt = \$ 9,990,000 (32.51%)

The total outstanding debt is less than 1/3 of the amount the Town has the legal ability to borrow.

Question: What happens to the outstanding debt if the entire Town incorporates?

Answer: The new Village of Windsor would be obligated to repay the debt.

Question: Currently, the Town pays a Library Tax as part of Dane County's levy. Will that change as a result of incorporation?

Answer: No.

Question: Zoning and Land Division review and permitting is currently administered by Dane County for most of the Town. Will it cost more to provide this service locally?

Answer: Unlike many towns, the Town of Windsor already has a Planning & Development Coordinator and Engineer on staff and provides zoning administration and initial zoning enforcement. Consequently, there will not be dramatic changes in staffing if Windsor becomes a village.

The Town expects that applicants will experience the greatest change, and that the change will be positive. Applications for land divisions, building and zoning permits, rezones and applicable variances or conditional use permits will be entirely handled by Windsor staff. This will remove an expensive and duplicative process with Dane County Zoning and Land Division. There will no longer be a need for approvals from Dane County, extra-territorial approval from the Village of DeForest or City of Sun Prairie, or a separate application to the Windsor Sanitary District. Instead, all reviews will occur at the Village. Rather than paying the County, DeForest, Sun Prairie and/or WSD, the Applicant will pay the Village. Fees to the Village will be set by the Board and reviewed on a regular basis. Fees typically cover the costs of the review, including costs of services provided by staff and necessary consultants.

Initially, the Dane County Zoning Code will remain in effect. It is anticipated that there will be a cost associated with preparation of a zoning code tailored to the new municipality's needs, but that these changes will occur incrementally as budgeted by the Village Board.

In summary, Windsor would provide Zoning Administration, Zoning Enforcement and Zoning Board of Appeals. It is not anticipated that the cost of these services will result in increased taxes.

Question: Following incorporation, will there be a change in costs associated with police protection services?

Answer: The cost of service is not dependent on whether Windsor is a town or village. Both towns and villages may contract with the Dane County Sheriff's Office for police protection service. Currently, the Town is under contract with the Dane County Sheriff's Office for three full-time deputies to provide police protection services. As the population increases, police protection services may increase.

Question: What impact would incorporation have on the operation of the various Sanitary Districts currently in the Town?

Answer: The sanitary districts would be governed as separate Utility Districts under a newly-created Utility Commission. Exhibit B identifies the four sanitary districts in the Town of Windsor.

It is anticipated that the Village of Windsor would create Utility District #1 that will include Windsor Sanitary District #1, Lake Windsor Sanitary District, and Oak Springs Sanitary District. A second Utility District will include the Morrisonville Sanitary District.

Billing would continue to follow current practices.

Question: What other costs may be associated with incorporation?

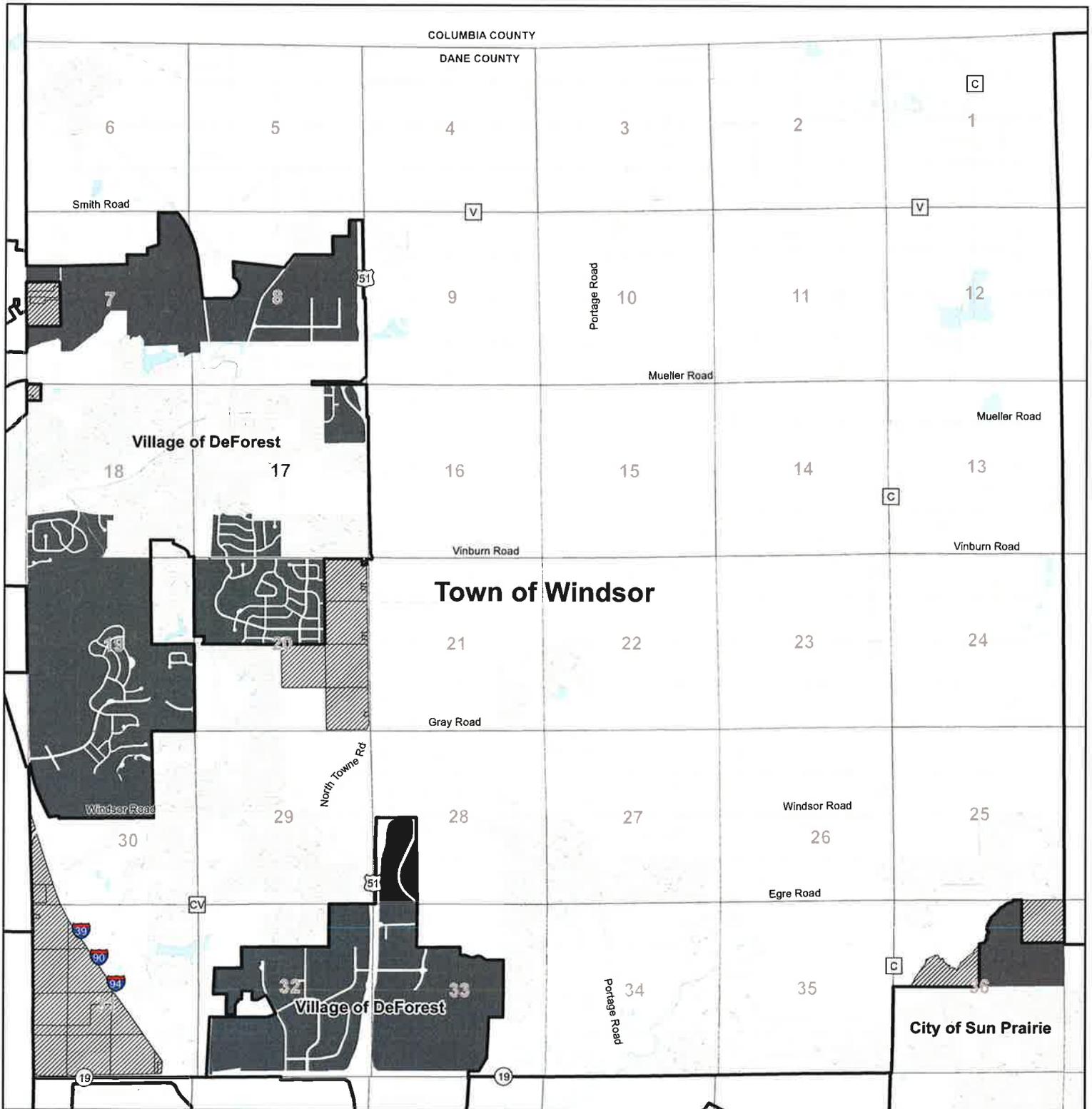
Answer: Elections. A special election or referendum may need to be held following approval of the incorporation.

Code of Ordinances. The of Town of Windsor Code of Ordinances will remain in full force and effect until such time as they are repealed and/or superseded. There will be a need to updates portions of the code to be consistent with laws governing villages.

Comprehensive Plan. The of Town of Windsor Comprehensive Plan will remain in full force and effect until such time as the Comprehensive Plan is repealed and/or superseded.

Signage. Costs to change community signage from the Town of Windsor to the Village of Windsor will be incurred. The cost will be dependent on the number of signs being replaced within the community.

Legal. The Village of Windsor will likely incur costs to have the Boundary Agreements assigned from the Town to the Village, and to update ordinances and other agreements to reflect the new Village of Windsor's change in legal status.

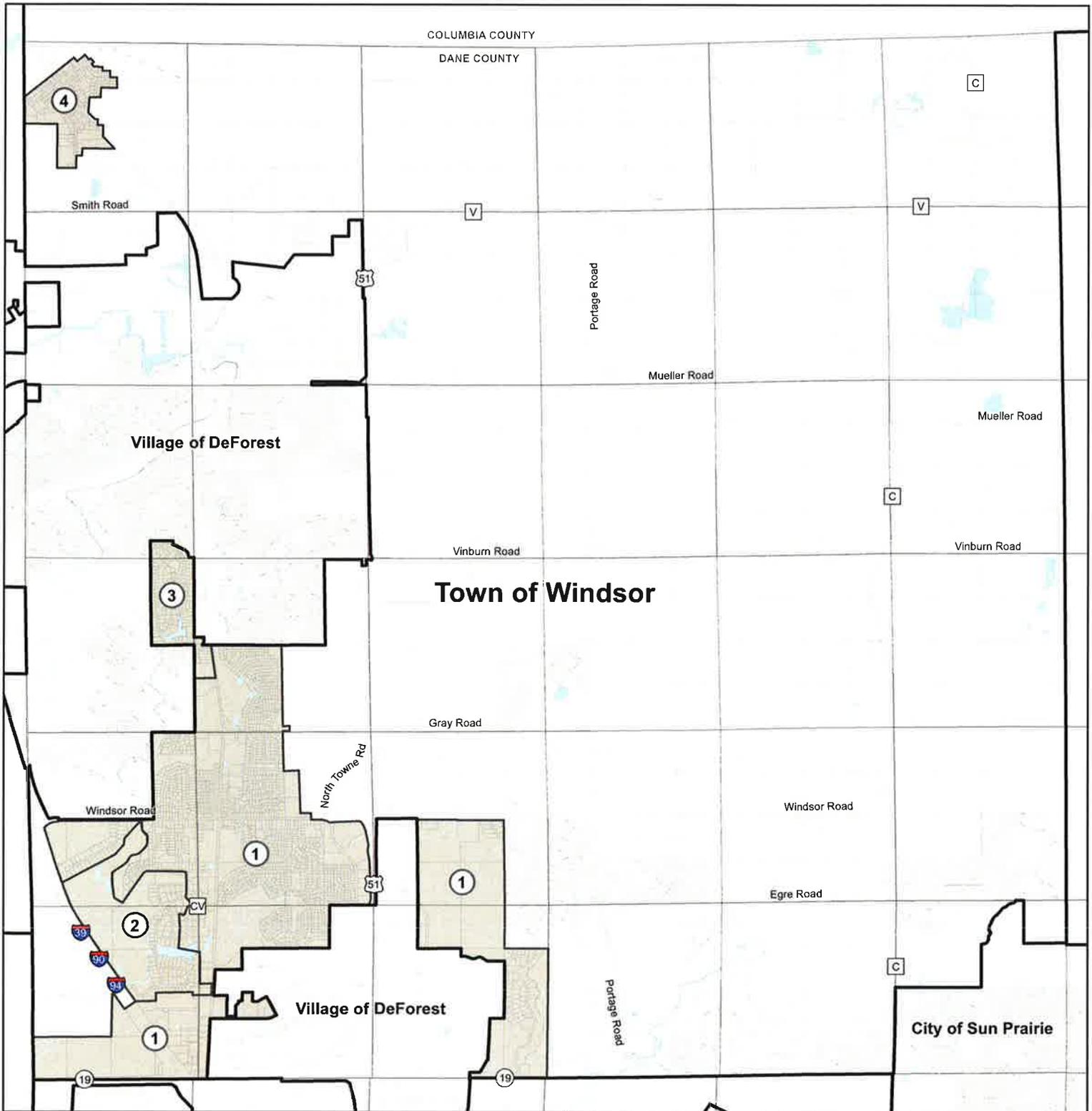


**Town of Windsor  
Lost Growth through Annexation**

November 2014

**EXHIBIT A**

-  Municipal Boundaries 2014
-  Village of DeForest and City of Sun Prairie Annexations within the Town of Windsor After 1990
-  Future Annexations Based on Cooperative Agreements



**Town of Windsor  
Sanitary Districts**

November 2014

**EXHIBIT B**

-  Municipal Boundaries 2014
-  Windsor Sanitary District #1
-  Lake Windsor Sanitary District
-  Oak Springs Sanitary District
-  Morrisonville Sanitary District