

Pub. Imp. _____
Govt. Grnt. _____
Emer. _____
P. Hrngs. _____
Pgs. 8
Filed: 10-16-07

Sponsored by: Carlson

First Reading: October 22, 2007

Second Reading: November 5, 2007

COUNCIL BILL NO. 2007-334

GENERAL ORDINANCE NO. 5717

AN ORDINANCE

AMENDING Chapter 98, Article VI, Division 4, Sewers, Section 98-286, to increase the cap amounts for sewer tax bills and Sewer Extension Cost Recovery Fees (SECRE Fee) over the next three years and to allow the City Manager, or his designee, to raise the cap on an annual basis up to 5% per annum.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows:

Section 1 - That Chapter 98, Article VI, Division 4, Sewers, Section 98-286, is hereby amended by repealing and enacting in lieu thereof a new Subsection 98-286(4)b.2., which new subsection shall read as follows:

Sec. 98-286. Procedure when construction is financed by special assessment bonds.

- (4) *Assessment of costs.*
- b. *Financial assistance program.*
- 2. *Conditions; eligibility; application for assistance.* The director of finance is authorized to make regulations to implement this program, which regulations shall be approved by the city manager and placed on file with the city clerk 20 days before they are effective, in accordance with the following criteria:

- i. **For purposes of this subsection only, the following amounts shall be used for the time periods and purposes outlined below for those properties and owners meeting the criteria set out in this subsection:**
 - A. **For single family residential property served by gravity sewer the cap amounts shall be:**

Tax bills issued prior to January 1, 2008 - \$5,800.00

Tax bills issued from January 1, 2008 until December 31, 2008
- \$6,300.00

Tax bills issued from January 1, 2009 until December 31, 2009
- \$7,300.00

Tax bills issued from January 1, 2010 and thereafter \$8,300.00

B. For single-family residential property where gravity sewer is not provided to the ground floor level or the first floor level or the main level of the home the cap amount shall be:

Tax bills issued prior to January 1, 2008 - \$3,000.00

Tax bills issued from January 1, 2008 until December 31, 2008
- \$3,500.00

Tax bills issued from January 1, 2009 until December 31, 2009
- \$4,500.00

Tax bills issued from January 1, 2010 and thereafter \$5,500.00

C. For all residential properties the sewer extension cost recovery fee (SECR) shall be:

Tax bills issued prior to January 1, 2008 - \$4,200.00

Tax bills issued from January 1, 2008 until December 31, 2008
- \$4,700.00

Tax bills issued from January 1, 2009 until December 31, 2009
- \$5,700.00

Tax bills issued from January 1, 2010 and thereafter -\$6,700.00

ii. If a tax bill issued to the owner of a single-family residential property is issued in an amount which is in excess of ~~\$5,800.00~~ **the cap amounts in subsection (4)b.2.i.A**, the city, subject to the availability of funding, may provide financial assistance to the property owner in accordance with the provisions of subsection (4)b.2.iii of this section so that the sewer tax bill is reduced to the principal amount **for the applicable time of issuance of the tax bill as shown in subsection (4)b.2.i.A**, provided that in the case of the owner of an existing single family residence for which gravity sewer is not made available to the ground floor level or the first floor level or the main level of the home, the sewer tax bill shall be reduced to the principal amount of ~~\$3,000.00~~ **shown in subsection (4)b.2.i.B for such property.**

iii. In consideration of the city reducing the sewer tax bill, the property owner shall be required to enter into a written agreement with the city, which shall be recorded in the office of the recorder of deeds and which shall run with the land for a period of 40 years, providing that, for the privilege of making any expanded future use of the sewer system on the original tract, there shall be paid to the city by the person making such use, a sewer extension cost recovery fee (SECR fee), to be computed as follows:

A. If the original tract is still being used solely for single family residential purposes subdivided into smaller lots, there shall be a SECR fee of ~~\$4,200.00~~ **as set out in subsection (4)b.2.i.C** for each additional water meter installed thereon. The aggregate amount of such SECR fees collected for the tract shall not exceed the amount by which the original sewer tax bill was reduced;

95 B. If the original tract is no longer used solely for single family residential
96 purposes, then at such time there shall be an SECR fee immediately due and
97 payable to the city, which shall be in an amount equal to the difference
98 between the full amount of the original tax bill assessed against the tract and
99 the amount to which the tax bill was reduced under the financial assistance
100 program, which SECR fee shall be a lien against the tract until fully paid.
101 SECR fees shall be in addition to sewer connection fees and other fees
102 which may be required by the city.

- 103 iv. iii. Financial assistance shall be made by the director of finance upon the
104 property owner making application for such financial assistance, the city and
105 the property owner entering into an agreement as required by subsection
106 (4)b.2.iii of this section, and the finance director canceling that portion of the
107 tax bill in excess of **the cap as set out in subsection (4)b.2.iiA and B,**
108 **whichever is applicable to the property receiving the sewer service,**
109 ~~\$5,800.00, or \$3,000.00 in the case of those not serviced at the ground level,~~
110 in accordance with the established regulations. The director of finance is
111 further authorized to establish monthly plans for the payment of sanitary
112 sewer tax bills, which plan shall be set forth in the regulations.
- 113 v. iv. Financial assistance as set forth herein shall be available only to
114 properties which are used for single-family residential purposes.
- 115 vi. v. The director of finance is authorized to enter into agreements with financial
116 institutions subordinating the city sewer tax bill lien to liens of deeds of trust in
117 connection with home loan refinancing by recipients of city sewer assistance
118 grants, not related to sale or transfer of property, upon criteria adopted by the
119 director to lend assistance to such lower-income grant recipients, while
120 protecting the financial interests of the city.
- 121 vii. **The City Manager is authorized to change, on an annual basis, the**
122 **amounts referred to in subsections (4)b.2.i in an amount not to exceed**
123 **5% per annum which change shall be made administratively as part of**
124 **the annual budget and included in the regulations.**

124 NOTE: Language to be added appears in **bold**. Language to be stricken is shown as a
125 strikethrough.

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127 Section 2 – Savings Clause. Nothing in this ordinance shall be construed
128 to affect any suit or proceeding now pending in any court or any rights acquired or
129 liability incurred nor any cause or causes of action occurred or existing, under any act
130 or ordinance repealed hereby. Nor shall any right or remedy of any character be lost,
131 impaired, or affected by this ordinance.

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133 Section 3 - This ordinance shall be in full force and effect from and after
134 passage.

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137 Passed at meeting: November 5, 2007

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Thomas Carlson

Mayor

Assistant
City Clerk

Attest: *Anta G. Carter*

Filed as Ordinance: November 5, 2007

Asst.

Approved as to form: *Z. K. Jones*, City Attorney

Approved for Council action: *Bob Lindsey*, City Manager

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Aff. Agcy. Notice	<u>N/A</u>
Emergency Required	<u>No</u>
P. Hrngs. Required	<u>No</u>
Fiscal Note Required	<u>No</u>
Bd. Action Required	<u>N/A</u>
IPO Required	<u>N/A</u>

EXPLANATION TO COUNCIL BILL NO. 2007-

ORIGINATING DEPARTMENT: Public Works

PURPOSE: The purpose of this Council Bill is to amend Chapter 98 of the Springfield City Code, Article VI, Division 4, Sewers, Sec. 98-286 (4) Assessment of costs, by increasing the cap amounts for sewer tax bills and the Sewer Extension Cost Recovery Fee (SECR Fee) over the next three (3) years and to authorize the City Manager to increase the cap amounts and the SECR Fee by not more than 5% each year.

BACKGROUND: In 1998, City Council approved the *City Sewer Financial Assistance Program*, which established a cap amount for sewer tax bills at \$5,800 per tract with certain conditions. The program also established a Sewer Extension Cost Recovery Fee (SECR Fee) of \$4,200 per tract or per water meter for properties that were subdivided or improved in the future. Subsequent to that date, City Council also established a reduced cap amount of \$3,000 per tract for properties not served by gravity sewer (main floor) to assist with the additional expenses of a lift station and force main.

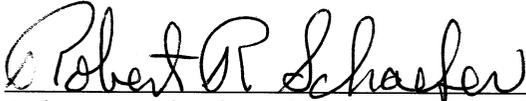
REMARKS: Significant progress has been made in providing sanitary sewer service to all inhabitants of the City. In 1998, there were approximately 3,088, tracts or approximately 5% of the City on septic tank systems. This number has been reduced to 753 tracts, or approximately 1% of the City. However, recent increases in materials and construction costs have made adjustments in the cap amounts necessary after nearly ten (10) years without an increase in the cap amounts. It was estimated that this program would require \$5M in financial assistance (\$2.5M from the Water Pilots and \$2.5M from the retained earnings of the sewer system) to sewer the City. The financial assistance to date is approximately \$6.1M and it is estimated that an additional \$2.5M will be needed to sewer the unsewered areas of the city (with the cap increases), which will bring the total assistance to \$8.6M.

This bill would increase the cap amounts over a three (3) year period beginning January 1, 2008 as follows:

Effective Date	Tax Bill Cap (Gravity)	Tax Bill Cap (Pump Required)	SECR Fee
January 1, 2008	\$6,300	\$3,500	\$4,700
January 1, 2009	\$7,300	\$4,500	\$5,700
January 1, 2010	\$8,300	\$5,500	\$6,700

The *City Sewer Financial Assistance Program* was originally designed to cap the initial costs of extending public sewers for the larger residential tracts. The cap amounts were originally established to correspond with the average tax bill costs for a standard lot size. While the average tax bill costs have increased, the cap amounts have not been adjusted since the program was adopted in 1998. In order to control the cost of this program, which has been more costly to the sewer fund than originally anticipated, it is recommended that the cap amounts and the SECR Fee be increased as indicated in this council bill.

Submitted by:



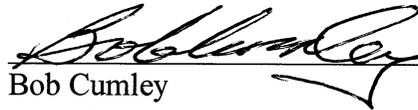
Robert R. Schaefer, P. E.
Assistant Director of Public Works

Approved by:



Marc Thornsberry, P. E.
Director of Public Works

Approved by:



Bob Cumley
City Manager

IMPACT OF CAP INCREASE ON TAX BILL PAYMENTS
BASED ON 5% INTEREST

TAX BILL AMOUNT	MONTHLY PAYMENT IN YEAR 1	MONTHLY PAYMENT IN YEAR 15	AVERAGE MONTHLY PAYMENT
\$5,800	\$56.42	\$33.83	\$45.08
\$6,300	\$61.25	\$36.75	\$48.97
\$7,300	\$70.97	\$42.58	\$56.74
\$8,300	\$80.69	\$48.42	\$64.51

IMPACT OF 5% INCREASE EACH YEAR IF IT
HAD BEEN IMPLEMENTED

YEAR	CAP
1998	\$ 5,800
1999	\$ 6,090
2000	\$ 6395
2001	\$ 6,714
2002	\$ 7,050
2003	\$ 7,402
2004	\$ 7,772
2005	\$ 8,161
2006	\$ 8,569
2007	\$ 8,997
2008	\$ 9,445
2009	\$ 9,920
2010	\$10,415

PROPOSED CHANGES

2008	\$ 6,300
2009	\$ 7,300
2010	\$ 8,300