

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	July 27, 2009
	Agenda Item No. 20 Roll Call No. <u>09-</u> Communication No. <u>09-522</u> Submitted by: William G. Stowe, Assistant City Manager-Public Works Director, and Jeb E. Brewer, P.E. City Engineer	

AGENDA HEADING:

Authorization to set public hearing date, mail and publish notice to amend established Final Connection Fee Ordinances by reducing level for the collection of interest from nine to five percent retroactive to July 1, 2009 for the following trunk sanitary sewer system benefited districts: Easter Lake Area, Four Mile East, Northwest Airport Area, Southwest Airport Area, Southeast Airport Area and Northeast Four Mile Area.

SYNOPSIS:

Resolution to set public hearing date, authorize mailing and publication of notice to benefited property owners to amend the established Final Connection Fee Ordinances by reducing the level for the collection of interest from nine to five percent simple interest per annum retroactive to July 1, 2009 on the following trunk sanitary sewer system benefited districts: Easter Lake Area, Four Mile East, Northwest Airport Area, Southwest Airport Area, Southeast Airport Area and Northeast Four Mile Area. The five percent interest rate more closely approximates the City’s current cost of financing.

FISCAL IMPACT:

Amount: N/A

Funding Source: N/A

ADDITIONAL INFORMATION:

The City Council of the City of Des Moines has enacted final connection fee ordinances for the following Benefited Districts, as defined in Section 118-208 of the Municipal Code:

- Pursuant to Ordinance No. 13,379, enacted on September 16, 1996, Four Mile East Sanitary Trunk Sewers Benefited District and the Easter Lake Area Trunk Sanitary Sewer System Benefited District;
- Pursuant to Ordinance No. 13,964, enacted on July 9, 2001, Southwest Airport Area Trunk Sanitary Sewer System Benefited District and the Northwest Airport Area Sanitary Trunk Sewers Benefited District;
- Pursuant to Ordinance No. 14,115, enacted on July 8, 2002, Southeast Airport Area Sanitary Trunk Sewers Benefited District;
- Pursuant to Ordinance No. 14,253, enacted on July 28, 2003, Northeast Four Mile Area Trunk Sewers Benefited District.

Pursuant to the respective ordinances for each of the established final connection fee benefited districts, the final connection fee for each acre of land to be connected to and served by said sewer increases from the initial connection fee established with the final connection fee ordinance over the next 20 years due to accrued interest costs. These per-acre connection fees are annually adjusted as of July 1 of each year by applying simple interest thereto at the rate of nine percent per annum simple interest.

The State law authorizing Trunk Sewer Connection Fees allows for the addition of an inflation rate that reflects the cost of financing the projects. The connection fees are currently annually adjusted at nine percent simple interest. During the 20-year period shown on each rate table for the connection fee districts, this fee adjustment has noticeably increased the per acre cost for all of the projects and has a significant impact on the more recently established connection fee benefited districts that have a higher initial connection fee cost. With the current economic challenges, the land development market is depressed and a lower interest rate would provide additional economic incentive for developments within the established connection fee benefited districts. The lower interest rate more closely matches the City's current cost of financing. Therefore, the interest rate is being reduced from nine percent simple interest per annum, to five percent simple interest per annum, retroactive to July 1, 2009.

PREVIOUS COUNCIL ACTION(S):

Date: July 28, 2003

Roll Call Number: 03-1771

Action: Amending the Municipal Code to decrease the per acre connection fee imposed on all properties within the Northeast Four Mile Area Trunk Sanitary Sewer Benefited District, and providing for a slight reduction of lands included in the district. Moved by Hensley that this ordinance do now pass, #14,253.

Motion Carried 7-0.

Date: July 8, 2002

Roll Call Number: 02-1714

Action: Final consideration on Connection Fee Ordinance for the Southeast Airport Trunk Sewer System Benefited District.

Date: July 9, 2001

Roll Call Number: 01-2120

Action: Final consideration on Connection Fee Ordinance for the Northwest and Southwest Airport Area Trunk Sewer System Benefited Districts.

Date: September 16, 1996

Roll Call Number: 96-3211 (A)

Action: Final consideration on Connection Fee Ordinance for the Easter Lake Area Trunk Sewer System Benefited District.

Date: September 16, 1996

Roll Call Number: 96-3213 (B)

Action: Final consideration on Connection Fee Ordinance for the Four Mile East Trunk Sewer System Benefited District.

Date: May 16, 1994

Roll Call Number: 94-1822

Action: Procedures to be utilized in establishing connection fees to recoup the cost of constructing major sanitary sewer facilities.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Public hearing and readings of the Ordinances.

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