

Reply to Common Council File No. 160995
From DOA-Budget and Management Division

December 5, 2016

Ref: 16010

File Number 160995 contains a charter ordinance relating to financing and payment terms for special assessments.

This charter ordinance provides that the bonds used to finance specially assessed public improvements shall be serial bonds payable at any time within 10 years, rather than the current 6 years. It further provides that if a property owner does not pay the entire special assessment for sewer lateral work within 45 days of being billed and the unpaid principal is \$125 or more, the unpaid balance shall be spread equally over the next 10 tax rolls, rather than the current 6 tax rolls.

The primary reason for the legislation is to enable greater flexibility to the city to finance proposed longer special assessment repayment term for property owners. The Administration has proposed an initiative that would require replacement of privately owned lead service lines (LSL's) when damaged, or in conjunction with replacement of a LSL owned by the Milwaukee Water Works. The proposal includes provisions that establish a payment of one third of the replacement cost (with a cap of \$1,600) by the private property owner via special assessment, with the City of Milwaukee responsible for the remainder of the cost.

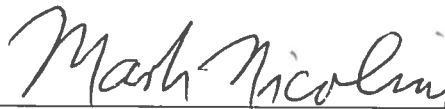
In addition, recent action established a significant increase to the alley project special assessment recovery rate. The Administration has proposed that the ten year term option be extended to alley, sidewalk, and tree projects.

The Administration believes that allowing for a ten year repayment term is reasonable given that the projected cost to the private property owner can be moderated through a longer repayment period. Repayments of less than ten years would still be allowed at no penalty to the private property owner. The Administration believes that the ten year allowable repayment term will also support compliance with the LSL replacement requirement.

In essence, this enables the city greater financial flexibility to finance the longer repayment terms.

Fiscal Impact: Property owners remain responsible for the principal and specified interest on special assessment payments. Ultimately there is no net impact to the city, and the city will determine the pace at which its repays any special assessment borrowing, within code allowances.

RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER 160995



Mark Nicolini
Budget and Management Director

MPN:dmr
FINANCE: 160995sr.doc