



CITY COUNCIL ACTION REPORT

DATE: July 16, 2008

TO: Phillip L. Nelson, City Manager

FROM: Brian Murphy, Assistant City Manager/ Economic Development Services
Steven Vandette, City Engineer
Mark Stimac, Director of Building and Zoning

SUBJECT: Proposed revisions to Chapter 20 regarding financing of water and sewer benefit fees

Background:

- The current provisions of Chapter 20 of the City Code allow for the City to provide financing of water and sewer benefit fees for existing homes when they connect to new water and sewer lines.
- This option does not currently extend to instances where an existing home is demolished and a new one is constructed in its place.
- We have received a request from a resident who owns a parcel in the Charnwood Hills Subdivision to provide financing for the sewer benefit fee for a new single family residence.
- The existing home on that site was demolished in May of 2008.
- A permit is ready to issue for the construction of a new home on that parcel.
- Staff has prepared proposed revision language to Chapter 20 that would extend financing options for water and sewer benefit fees in this type of case.
- Without the revision the sewer benefit fee of \$16,269.51 would be due as a lump sum before the building permit could be issued.
- In order to approve this modification Section 10.03 of Chapter 20 should be revised as follows:

10.03 Sewer fees and/or water fees for existing buildings ~~existing in areas where sewers or water taps were not available~~ may be paid for at the time of permit issuance, or, at the option of the owner, may be paid in equal installments, including interest at 6% per annum on the unpaid balance for a period not to exceed 40 years; one installment shall be billed with each bill for water or sewer service. For purposes of this section, an “existing building” also includes a single family home that replaces a previous single family home, provided construction on the new home is commenced within six months of the demolition of the old home.

Additional principal payments may be made with any installment.

Financial Considerations:

- There are approximately 350 existing homes in Troy that are currently on septic systems.
- How many of these homes that are going to be torn down and replaced by new homes is unknown.
- Whether the financing option provided by the City is of benefit to the homeowner is dependant upon other financing options and rates available to the homeowner.

Legal Considerations:

- There are no Legal Considerations
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Policy Considerations:

- Enhance the livability and safety of the community (Goal 1)
- Retain and attract Investment while encouraging redevelopment (Goal 3)

Options:

- City Council can approve the revision to provide additional financing options.
- City Council can deny the revision.

Approved as to Form and Legality:

Lori Grigg Bluhm, City Attorney

CITY OF TROY
AN ORDINANCE TO AMEND
CHAPTER 20 OF THE CODE
OF THE CITY OF TROY

The City of Troy ordains:

Section 1. Short Title

This Ordinance shall be known and may be cited as an amendment to Chapter 20 of the Code of the City of Troy.

Section 2. Amendment

Revise Section 10.03 of Chapter 20 to read as follows:

10.03 Sewer fees and/or water fees for existing buildings may be paid for at the time of permit issuance, or, at the option of the owner, may be paid in equal installments, including interest at 6% per annum on the unpaid balance for a period not to exceed 40 years; one installment shall be billed with each bill for water or sewer service. For purposes of this section, an “existing building” also includes a single family home that replaces a previous single family home, provided construction on the new home is commenced within six months of the demolition of the old home.

Additional principal payments may be made with any installment.

Section 3. Savings

All proceedings pending, and all rights and liabilities existing, acquired or incurred, at the time this Ordinance takes effect, are hereby saved. Such proceedings may be consummated under and according to the ordinance in force at the time such proceedings were commenced. This ordinance shall not be construed to alter, affect, or abate any pending prosecution, or prevent prosecution hereafter instituted under any ordinance specifically or impliedly repealed or amended by this ordinance adopting this penal regulation, for offenses committed prior to the effective date of this ordinance; and new prosecutions may be instituted and all prosecutions pending at the effective date of this ordinance may be continued, for offenses committed prior to the effective date of this ordinance, under and in accordance with the provisions of any ordinance in force at the time of the commission of such offense.

Section 4. Severability Clause

Should any word, phrase, sentence, paragraph or section of this Ordinance be held invalid or unconstitutional, the remaining provision of this ordinance shall remain in full force and effect.

Section 5. Effective Date

This Ordinance shall become effective ten (10) days from the date hereof or upon publication, whichever shall later occur.

This Ordinance is enacted by the Council of the City of Troy, Oakland County, Michigan, at a regular meeting of the City Council held at City Hall, 500 W. Big Beaver, Troy, MI, on the 21st day of July, 2008.

Louise E. Shilling, Mayor

Tonni Bartholomew. City Clerk