



Town of Barnstable, MA

Contents For A Planned Sewer Assessment Ordinance

December 3, 2020

Contents of Planned Ordinance

- * Purpose and Authorization
- * Basic Requirements
- * Definitions
- * Sewer Cost Apportionment
- * Estimated Assessments
- * Sewer Connection
- * System Development Charge
- * Interest Rate on Apportioned Sewer Assessments

Sewer Cost Apportionment

- * Costs are to be broken down between general and special benefit facilities
- * Costs shall be equally divided between the total number of existing and potential sewer units using the uniform unit method
- * A sewer unit is the assessment equivalent correspondent to a single family residential lot as permitted under the Zoning Ordinances
- * Assessment allocation can be based on percentage or a dollar amount
 - * **Recommendation** – use a dollar amount as it provides more certainty as to the financial impact on property owner and avoids large fluctuations in assessments
 - * **Recommendation** – initial assessment capped at \$17,000; adjusted for inflation annually
 - * Apportioned over 30 years, annual assessment would be \$807 or \$67 monthly

Example of Cost Apportionment

	Cost	Units	Per Unit	Cost Share (50/50)		Sewer Cap- \$17,000	
				Property Owner	Town	Property Owner	Town
General costs	\$ 10,000,000	1000	\$10,000	\$ 5,000	\$ 5,000	\$10,000	\$ -
Special costs	\$ 3,000,000	100	\$30,000	\$15,000	\$15,000		
Total			<u>\$40,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$17,000</u>	<u>\$23,000</u>

Project with less density:

Special costs	\$ 3,000,000	50	\$60,000	\$30,000	\$30,000		
Total			<u>\$70,000</u>	<u>\$35,000</u>	<u>\$35,000</u>	<u>\$17,000</u>	<u>\$53,000</u>

Estimated Assessments

- * May be necessary for cash flow purposes especially on larger projects that could take more than a year to complete
- * Can issue for up to 50% of project costs at the time of signing construction contract
- * Using previous example, an estimated assessment could be issued for up to \$5,000 to all property owners part of the general project

	<u>Cost</u>	<u>Units</u>	<u>Per Unit</u>
General costs	\$ 10,000,000	1000	\$ 10,000

Sewer Connection

- * Will vary based on setback from sewer main, location of existing sewer exit from structure and other potential obstacles on property
- * **Recommendation** - include the cost to connect in construction project
 - * Assess 100% of cost back to property owner based on each property's unique cost per construction contract awarded
 - * Allow it to be added to the sewer assessment

Systems Development Charge

- * A fee in the utility industry that is charged to new customers of a utility system to pay for the investments made into the “backbone” of a system for the capacity consumed by the new user
- * Paid at the time of connection to the sewer system
 - * **Recommendation** – an initial one-time charge of \$1,600; adjusted annually based on rate analysis tool
 - * Allow charge to be added to the assessment

Interest Rate on Sewer Assessments

- * For sewer assessments that are apportioned over future tax bills the Town may apply a 5% rate or up to 2% more than the rate the Town incurs on the borrowing to fund the construction.
- * **Recommendation** – the interest rate on assessments to be 2% above the Town’s borrowing rate
 - * Provides funding for administering program
 - * Interest collected on assessments will usually be less than interest paid on borrowings
 - * Treats all participants equally

Funding Options to Close Gap

- * Sewer assessments
- * **Property taxes**
 - * Redirect existing levy
 - * Override for new Stabilization Fund
 - * Debt exclusion override
- * **Other excise taxes**
 - * Marijuana excise
- * **Redirect Community Preservation Funds**