BILL 2011-48

****** Third Reading ******

Agenda Item

TO: Mayor and City Council

FROM: Mark S. Gaugh, Interim City Manager

DATE: June 20, 2011

RE: Repeal of System Development Charge

Issues

On Tuesday, June 14, 2011 the Council Water/Sewer/Storm Water Committee met to discuss several issues, one of which was the System Development Charge. The System Development Charge (SDC) is a charge for new, or upsized water services. The amount is based on meter size, and the typical residential unit is fed from a 5/8 inch water meter. The SDC for that meter size is $2,000. The SDC was enacted in 2007/08 when the economy was still fairly strong. The purpose of the charge is to allocate costs for water system development, similar to a user fee. How the Water Fund is compensated is really a matter of philosophy. Without a System Development Charge, water costs are simply applied across the rate base. The SDC is probably more practical during periods of high growth. During high growth, the cost is less of a burden and the capital needs for system development are higher. When housing construction is slow, the charge may have a negative effect of discouraging development. Since our goal is to encourage development, it may be beneficial to eliminate the SDC, and re-visit it in a couple of years.

Recommendation

The Water/Sewer/Storm Water Committee recommends that the Council repeal the ordinance for the System Development Charge and review it in a year or two when the economy improves.

Bill 2011-48

AN ORDINANCE RESCINDING ORDINANCE 5411 AND REPEALING SECTION 12-139, SYSTEM DEVELOPMENT CHARGE OF THE CITY OF CAMERON CODE WHICH ESTABLISHED A SYSTEM DEVELOPMENT CHARGE TO BE COLLECTED FROM OWNERS OF NEWLY DEVELOPED PROPERTY BEFORE CONNECTING TO THE WATER SYSTEM IN THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI

WHEREAS, Ordinance 5411, AN ORDINANCE ESTABLISHING A SYSTEM DEVELOPMENT CHARGE TO BE COLLECTED FROM THE OWNERS OF NEWLY DEVELOPED PROPERTY BEFORE CONNECTING TO THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI WATER SYSTEM OR REQUESTING ADDITIONAL CAPACITY FROM THE WATER SYSTEM approved by the City of Cameron on February 4, 2008, and;

WHEREAS, the Water/Sewer/Storm Water Committee has met and determined the System Development Charge, given current economic conditions, is having an negative effect and discouraging development in the City of Cameron; and

WHEREAS, the Committee recommends rescinding Ordinance 5411 and re-visiting the charge when the economic conditions improve.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI AS FOLLOWS:

Section 1. Ordinance 5411 establishing a System Development Charge is hereby rescinded.

Section 2. Section 12-139, System development charge, of Division 5, Rates and Charges, of Article II, Water, of Chapter 12, Water, Sewage and Electricity of the City of Cameron Code is hereby repealed.

Section 3. The Mayor is hereby authorized to sign this rescinding ordinance.

Section 4. The City Clerk is hereby directed to attest to the Mayor's signature and record this ordinance.

Section 5. This ordinance shall be in full force and effect from and after the date of its passage and approval.

Passed and approved on first reading this 20th day of June 2011.
Passed and approved on second reading this 5th day of July 2011.

Third reading

Passed and approved on third and final reading this 18th day of July 2011.

_____
Mayor Frank A. Buck

ATTEST:

_____
City Clerk

Third reading