

Financial Assumptions for the Provision of Sewer Services to the Remaining Unsewered Areas of the City

1. The City will proceed with providing sewer lines to all areas of the City within the City's sewer system that currently do not have access to sewer lines.
2. There are approximately 233 parcels within the City's sewer system where sewer is currently unavailable.
3. The City will use a combination of the 0.5% interest Public Works Trust Fund (PWTF) loan and Real Estate Excise Taxes (REET) to pay for the installation of the sewer lines and repair of the roadway.
4. The REET funds will be used for the City's PWTF match during construction and for debt service payments when needed throughout the PWTF financing period.
5. The REET funds will be repaid with interest at the rate the City would earn through investments in the State Investment Pool.
6. Homeowners will not be required to connect to the City's sewer system until they so choose or when their current septic system fails.
7. No septic systems will be allowed to be replaced once sewer lines are installed and available.
8. After the new sewer lines are installed and available, the City will begin charging each homeowner a connection charge plus annual interest.
9. The connection charge used for the interest calculation will be the connection charge levied in the year that the sewer lines are available.
10. The connection charge plus interest will accrue until the homeowner connects to the City's sewer system or until the home is sold.
11. Even after the home is sold and the connection charge is paid, the new homeowner will not be required to actually connect to the sewer system until they so choose or when their septic system fails.
12. After the new sewer lines are installed and available the City will begin charging each homeowner an excise tax. Under current City law an availability charge is levied.
13. The excise tax would be the equivalent of the City's local portion of the sewer bill.
14. The excise tax will change over time as the City's local portion of the sewer bill changes over time.
15. Each homeowner will have the option to pay the excise tax on a bi-monthly basis or have the charge accrue with interest until the time when they choose to connect to the City's sewer system.
16. The annual interest rate will be calculated in January each year and shall be adjusted annually to the Bond Buyers General Obligation Bond Index. This index approximates the interest rate that the City would be charged for general obligation borrowing, with the assumption that since the City is financing the installation of sewer lines, the City will not necessarily have funds available for sewer capital replacement projects and may need to borrow funds to repair or replace portions of the sewer infrastructure.