

CITY COUNCIL STUDY SESSION

TO: Mayor and City Council
FROM: Mari E. Macomber, City Manager

SESSION DATE: January 8, 2008
TIME: 5:30 p.m.
PLACE: Second Floor Conference Room

AGENDA:

- **Plan Outline to Address Unsewered and Undersewered Areas**
- **City Council Filings and Vacancies**
- **Highway 63 Funding Plan**
- **Newsletter Review – January 4, 2008**

PLAN OUTLINE TO ADDRESS UNSEWERED AND UNDERSEWERED AREAS

The 2008 budget includes \$150,000 in capital funds that is earmarked to address those areas of town that are currently not served by sewer. For clarification, the areas that we are referring to would be those parts of the City that existed prior to the 2001 annexation.

The City has several small areas in town that are not serviced by city sewer. Though this number has been reduced over the years through efforts of the City, there are pockets of properties where no sewer exists. We have a map that we will review with the City Council that will show these areas. We want to develop a plan that will begin eliminating these areas. Though it is our intent to provide sewer to all areas, we may determine that there is no way to provide sewer service to some of the areas in town. One property in particular that is without sewer service is that parcel of ground behind Aldi's on North Town Road. The property owner has been asking the City to provide sewer service for several years. It would be our intent to address this property early on.

We also want to include undersewered areas in this plan. These are areas of town where more than one property is connected to the same sewer service line.

We have made some attempts over the years with limited funding to try and address this situation. It is our intent to develop a plan with the consent and approval of the City Council and implement this plan over the course of several years. Once we have these areas addressed, we could begin looking at those areas within the newly annexed part of the City that were not served by sewer and determine whether or not we could provide sewer service.

Recommended Action:

Review map on Tuesday evening and give staff the authority to move forward and develop a plan.

CITY COUNCIL FILINGS AND VACANCIES

Each of you knows too well what it takes to be on the City Council. It does require time and commitment and a strong sense of community pride to insure that the decisions you make each week are with the City's best interest at heart. The Council that is serving today has made some tough choices that have not been made in years past regarding water and sewer rates. You have had a desire to address the issues straightforward with the intent to make the right decisions and to not leave it up to a future Council to address the matter.

There is some flexibility with the City Council. The Council can chose the number of formal meetings that are held each month and the times and dates of these meetings. The City Council can also determine the number of study sessions and again the dates. With the study sessions, the City Council could also determine what issues they want brought before them. The topics could be limited. In the last few years, the Council's have decided that each board and commission needed to have a City Council representative again this is a decision of the Council.

We currently have three vacancies for City Council seats. As of today's date there is only one Council candidate. The deadline for filing is January 22. Should there not be a sufficient number of individuals running to fill the seats the City Council would be expected to fill the vacant seat(s) until the next municipal election. Included with this packet is a copy of the applicable State Statute RSMo. 78.460.

With the recent resignation of Council Member Newton, you have not discussed whether or not you would want to fill this current vacancy. The Council will have to way the benefits of doing this since it will be for such a short period, unless no one else runs then you will be ahead of the process if you already had someone who was willing to serve.

There have also been some comments made about the reasons why people are not filing. The one that I hear more and more is about the way the Council members are treated by the local media. Concerns over past Council member actions that were not performed as part of their Council duties and the coverage received by these events and incidents. Each of you could speak to this issue and whether or not it has been an impact for you as you have served.

We must be able to conduct business on a regular basis and do so we need to have a quorum of at least three members of the Council who vote in favor of an action. There are many other organizations within our community that have volunteer board members. The City if not represented with the best interest of the community, could have an impact on each of these and how business is done within the city limits. It is a big responsibility and a huge commitment. This April could mean that a majority of the City Council will be new with no municipal experience or understanding of the overall operations of the City. We are fortunate that we have a competent and committed city staff with experience and strong work ethic.

One issue that has not been resolved and is part of this overall issue is the compensation of City Council members. There are days that I think each of us can say we are not making enough, but is there some sort of compensation that is appropriate that allows

Council members to cover their costs, so that being on the City Council is not a financial cost to them?

Recommended Action:

It is recommended that the City Council discuss this matter of Council vacancies and the candidate filing and determine what course of action you wish to take. Should you fill the current vacancy? What will you plan to do in April should there not be sufficient candidates running for Council? Finally, resolve the compensation issue.

HIGHWAY 63 FUNDING PLAN

I have included information on the financing program that the City will most likely pursue should the ½ cent Economic Development Sales Tax be approved by the voters. We will participate in the Partnership Funding Program using the cost share option. Based upon the information that I have received to date, this program will help to finance our cost of the project. If we begin payments at the end of the first year following the collection of the tax, we will pay \$7 million for the project and \$1.1 million in interest payments.

It would be our intent to have the first payment due sometime in 2013, since our collection of the tax will begin October 1, 2012 with our first receipts coming toward the end of 2012. There may be some upfront costs that are required by MoDOT, but again I would suggest that we use our partnership and MoDOT's interest in this project to eliminate these or defer them as long as possible.

Recommended Action:

This is the recommended course of action that we will take, unless the City Council wishes staff to pursue some other options.

NEWSLETTER REVIEW – January 4, 2008

Attachments

Statute 78.460 – pg. 5

MoDOT Financing Programs – pgs. 7 & 8

Amortization Schedule – pg. 9

Missouri Revised Statutes
Chapter 78
Optional Forms, Third Class Cities
Section 78.460

August 28, 2007

Council to consist of five members--term--vacancies, how filled.

78.460. The council shall consist of five members, and all persons now eligible for the position of councilman under the laws governing cities of the third class shall be eligible to serve as councilmen under sections 78.430 to 78.640. The term of councilmen shall be three years, except that of the first council elected after the adoption of sections 78.430 to 78.640, one member shall serve for one year, two for two years, and two for three years. Those councilmen receiving the highest number of votes at the first municipal election shall serve for the three-year term, those receiving the next highest shall serve for the two-year term, and the other for the one-year term. In counties of the first class with a charter form of government which have a population of at least nine hundred thousand inhabitants should a vacancy occur in the office of councilman by death, resignation or otherwise, a special election may be called by the council for the purpose of filling the vacancy, and the person elected at such special election shall serve only for the unexpired term or until his successor is elected and qualified. In all other counties should a vacancy occur in the office of councilman by death, resignation or otherwise, the council shall select a successor who shall serve until the next regular election. All councilmen shall be elected at large. They shall qualify and their terms of office shall begin on the first Monday after their election. The terms of office of the mayor and councilmen or aldermen in such city, in office at the beginning of the terms of office of the council first elected under the provisions of sections 78.430 to 78.640, including all boards and commissions, shall cease and determine and the terms of office of all other city officers, whether elective or appointive, in force in such city except as herein provided shall cease and determine as soon as the council shall by resolution declare, except that the council may continue the board of public works, and the library, hospital and park boards for such time or times after organizing under sections 78.430 to 78.640 as the interests of the city in its judgment may require.

(RSMo 1939 § 7081, A.L. 1978 H.B. 971, A.L. 1982 S.B. 526, A.L. 1991 S.B. 34)

Prior revision: 1929 § 6931

Types of Partnership Programs

Partnership Funding Programs -- These programs bring money to the project that doesn't have to be repaid.

- **Cost Sharing Program** -- MoDOT commits to funding up to 50% of project costs for projects not 100% funded by MoDOT, but will be beneficial to the state highway system.
- **Economic Development Program** -- provides a method of funding projects that will significantly impact statewide or regional economic development. Funding can be greater than 50% of project costs.
- **Transportation Corporations** -- specialized, temporary, private, not-for-profit corporations allowed under state law that can be organized to plan, develop, and finance a particular transportation project. Revenue options include tolls and agreements to receive revenue from other sources, such as a city's sales tax.
- **Transportation Development Districts** -- a temporary, local, political subdivision authorized by state law, the courts, and a vote of the public or owners of real property affected by the district to plan, develop, finance, and levy taxes for a particular state highway system transportation project.

Partnership Debt-Financing Programs -- These programs provide flexible financing for a project. The project funding has to be repaid.

- **Missouri Transportation Finance Corporation (MTFC)** - a non-profit lending corporation established to assist in financing transportation projects. The MTFC can assist highway and transit projects.
- **State Transportation Assistance Revolving Fund (STAR Fund)** - a fund created by the Missouri General Assembly to assist in the planning, acquisition, development, and construction of non-highway transportation facilities and vehicles.

General Program Requirements

- All projects funded through these alternatives must have a written plan for funding type and source. This plan should be incorporated into the agreement between the project sponsor and MHTC.
- All projects on the state highway system must meet MoDOT's design standards and are subject to the same review and approval processes as projects fully funded by MoDOT.

Application Process

Application Review / Approval Process		Cost Share / Economic Development	MTFC	STAR	TC	TDD
1	MoDOT district & applicant determine scope and cost of project	X			X	X
2	DE and TP concurrence on project funding	X				
3	Application submitted to Resource Management	X	X	X	X	X ¹
4	Internal MoDOT review	X	X	X	X	X
5	IFSC review	X ²	X	X	X	X ³
6	Execution of Letter of Commitment		X			
7	MTFC approval		X			
8	MHTC order public hearing				X	
9	Execution of Agreement	X	X	X	X	X
10	MHTC approval	X		X	X	X

¹ Petition submitted to circuit court MoDOT receives a copy of the petition from the court within 30 days.

² IFSC reviews applications submitted by the first working day of March, June, September or December on a quarterly basis.

³ If project is contested by a respondent IFSC will review.

Application Copies and Fees

Please submit the 4 copies of the application and appropriate fees to the location specified. Additional applications can be found at <http://www.modot.mo.gov/services/community/innovfinancing.htm>.

Non-refundable application fee: .15% of MTFC/STAR Loan Amount (Minimum \$250, Maximum \$1,500) or \$500 for Transportation Corporations

Make checks payable to: Missouri Highways & Transportation Commission (Transportation Corporation application and STAR loans) or Missouri Transportation Finance Corporation (MTFC loans)

Mail applications to: Missouri Department of Transportation
Office of Resource Management
P.O. Box 270
Jefferson City, MO 6510
Phone: (573) 526-2412 or 522-4613

Plans and Specifications Requirements

Preliminary plans and specifications must be submitted and approved prior to MoDOT entering into an agreement for the project.

MoDOT considers preliminary plans and specifications to show preliminary geometric details, and included design criteria, proposed alignment, profile, tentative grade, tentative right of way, schematic intersection or interchange layouts, bypasses and pertinent topographic features. Detail plans are developed from these preliminary plans.

While the process proceeds more smoothly for all parties when plans and specifications are submitted at this point, when special circumstances require it, waivers to the requirement can be requested.

For questions concerning application process please contact the Office of Resource Management at 573/526-8106 or send e-mail to Innov-Finance@modot.mo.gov.

Loan Amortization Schedule

Enter values	
Loan amount	\$ 7,000,000.00
Annual interest rate	3.82 %
Loan period in years	7
Number of payments per year	1
Start date of loan	12/31/2012
Optional extra payments	\$ -

Loan summary	
Scheduled payment	\$ 1,158,521.54
Scheduled number of payments	7
Actual number of payments	7
Total early payments	\$ -
Total interest	\$ 1,109,650.76

Lender name: Hwy 63 Bypass

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	12/31/2013	\$ 7,000,000.00	\$ 1,158,521.54	\$ -	\$ 891,121.54	\$ 267,400.00	\$ 6,108,878.46	\$ 267,400.00
2	12/31/2014	6,108,878.46	1,158,521.54	-	925,162.38	233,359.16	5,183,716.08	500,759.16
3	12/31/2015	5,183,716.08	1,158,521.54	-	960,503.58	198,017.95	4,223,212.50	698,777.11
4	12/31/2016	4,223,212.50	1,158,521.54	-	997,194.82	161,326.72	3,226,017.68	860,103.83
5	12/31/2017	3,226,017.68	1,158,521.54	-	1,035,287.66	123,233.88	2,190,730.02	983,337.70
6	12/31/2018	2,190,730.02	1,158,521.54	-	1,074,835.65	83,685.89	1,115,894.37	1,067,023.59
7	12/31/2019	1,115,894.37	1,158,521.54	-	1,073,267.21	42,627.16	0.00	1,109,650.76