

ORDINANCE 2010-80

TO BE ENTITLED: "AN ORDINANCE TO ESTABLISH THE SPECIAL ASSESSMENTS FOR THE SANITARY SEWER IMPROVEMENTS IN THE MONTICELLO SUBDIVISION AREA."

WHEREAS, the City of Franklin, by Ordinance 2007-17, has annexed into the City some 73.19 acres Located east of Hillsboro Road (SR 106, US 431) and south of Fieldstone Farms Subdivision, generally known as the Monticello Subdivision; and

WHEREAS, pursuant to T.C.A. §§ 7-33-101 to 314, the Board of Mayor and Aldermen of the City has determined that it would be in the best interest of the property owners residing in the annexed area and of the public generally to construct sanitary sewer improvements in the area hereinafter described and to assess a portion of the cost of the said improvements against the properties to be benefited; and

WHEREAS, the Board of Mayor and Aldermen of the City of Franklin approved on June 9, 2009, Resolution 2009-14; a Resolution to authorize the establishment of a Special Assessment District for and the construction of sanitary sewer improvements in the Monticello Subdivision Area.

NOW THEREFORE:

SECTION I: BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY AS FOLLOWS:

1. The following sanitary sewer improvements have been constructed and upon final approval of this Ordinance shall be ready for use:

A public sanitary sewer system for the Monticello Subdivision Area located in public rights-of-way and sanitary sewer easements consisting of gravity sewer lines with all required appurtenances (such as manholes, service connections to each property, etc.) for a fully operational system. Individual service lines within the properties and all costs associated with the conversion from individual septic

disposal system to the gravity system through the service lines shall be the responsibility of the individual property owners.

2. The geographic limits of the properties to be benefited are as follows:

Map-Parcel	STREET ADDRESS	Acres
052J A 00100	221 SPENCER CREEK RD	0.52
052J A 00200	406 REVERE LN	0.61
052J A 00300	404 REVERE LN	1.04
052J A 00400	402 REVERE LN	0.51
052J A 00500	124 POTEAT PL	0.55
052J A 00600	122 POTEAT PL	0.83
052J A 00700	120 POTEAT PL	0.54
052J A 00800	118 POTEAT PL	0.49
052J A 00900	116 POTEAT PL	0.54
052J A 01000	114 POTEAT PL	0.52
052J A 01100	112 POTEAT PL	0.50
052J A 01200	110 POTEAT PL	0.50
052J A 01300	108 POTEAT PL	0.50
052J A 01400	106 POTEAT PL	0.50
052J A 01500	104 POTEAT PL	0.50
052J A 01600	102 POTEAT PL	0.55
052J A 01700	100 POTEAT PL	0.67
052J B 00100	203 JEFFERSON DR	0.67
052J B 00200	105 POTEAT PL	0.60
052J B 00300	107 POTEAT PL	0.56
052J B 00400	109 POTEAT PL	0.55
052J B 00500	111 POTEAT PL	0.55
052J B 00600	113 POTEAT PLACE	0.52
052J B 00700	115 POTEAT PL	0.47
052J B 00800	117 POTEAT PL	0.65
052J B 00900	302 REVERE LN	0.70
052J B 01000	300 REVERE LN	0.52
052J B 01100	206 REVERE LN	0.54
052J B 01200	204 REVERE LN	0.59
052J B 01300	202 REVERE LN	0.61
052J B 01400	200 REVERE LN	0.90
052J B 01500	102 REVERE LN	1.08
052J B 01600	100 REVERE LN	0.62

052J B 01700	201 JEFFERSON DR	0.69
052O A 00100	101 REVERE LN	0.51
052O A 00200	103 REVERE LN	0.49
052O A 00300	124 WILLIAMSBURG PL	0.53
Map-Parcel	STREET ADDRESS	Acres
052O A 00400	122 WILLIAMSBURG PL	0.68
052O A 00500	120 WILLIAMSBURG PL	0.60
052O A 00600	118 WILLIAMSBURG PL	0.55
052O A 00700	116 WILLIAMSBURG PL	0.49
052O A 00800	114 WILLIAMSBURG PL	0.50
052O A 00900	112 WILLIAMSBURG PL	0.50
052O A 01000	110 WILLIAMSBURG PL	0.50
052O A 01100	108 WILLIAMSBURG PL	0.50
052O A 01200	106 WILLIAMSBURG PL	0.50
052O A 01300	104 WILLIAMSBURG PL	0.50
052O A 01400	102 WILLIAMSBURG PL	0.50
052O A 01500	100 WILLIAMSBURG PL	0.95
052O A 01600	103 MONTICELLO RD	0.77
052O A 01700	105 MONTICELLO RD	0.50
052O A 01800	107 JEFFERSON DR	0.50
052O A 01900	109 JEFFERSON DR	0.50
052O A 02000	111 JEFFERSON DR	0.50
052O A 02100	113 JEFFERSON DR	0.50
052O A 02200	115 JEFFERSON DR	0.50
052O A 02300	117 JEFFERSON DR	0.50
052O A 02400	119 JEFFERSON DR	0.50
052O A 02500	121 JEFFERSON DR	0.50
052O A 02600	123 JEFFERSON DR	0.50
052O A 02900	101 MONTICELLO RD	0.62
052O A 03000	199 MONTICELLO RD	0.55
052O A 03100	201 MONTICELLO RD	0.55
052O A 03200	203 MONTICELLO RD	0.55
052O A 03300	205 MONTICELLO RD	0.55
052O A 03400	301 MONTICELLO RD	0.55
052O A 03500	303 MONTICELLO RD	0.56
052O B 00100	125 WILLIAMSBURG PL	1.65
052O B 00400	120 ARLINGTON PL	0.54
052O B 00500	118 ARLINGTON PL	0.55
052O B 00600	116 ARLINGTON PL	0.54
052O B 00700	114 ARLINGTON PL	0.49

052O B 00800	112 ARLINGTON PL	0.49
052O B 00900	110 ARLINGTON PL	0.49
052O B 01000	108 ARLINGTON PL	0.50
052O B 01100	106 ARLINGTON PL	0.50
052O B 01200	104 ARLINGTON PL	0.53
052O B 01300	102 ARLINGTON PL	0.63
Map-Parcel	STREET ADDRESS	Acres
052O B 01400	100 ARLINGTON PL	0.51
052O B 01500	204 MONTICELLO RD	0.50
052O B 01600	101 WILLIAMSBURG PL	0.58
052O B 01700	103 WILLIAMSBURG PL	0.52
052O B 01800	105 WILLIAMSBURG PL	0.52
052O B 01900	107 WILLIAMSBURG PL	0.52
052O B 02000	109 WILLIAMSBURG PL	0.53
052O B 02100	111 WILLIAMSBURG PL	0.52
052O B 02200	113 WILLIAMSBURG PL	0.52
052O B 02300	115 WILLIAMSBURG PLACE	0.53
052O B 02400	117 WILLIAMSBURG PL	0.54
052O B 02500	121 WILLIAMSBURG PL	0.51
052O B 02600	123 WILLIAMSBURG PL	0.59
052O C 00100	101 ARLINGTON PL	0.55
052O C 00200	103 ARLINGTON PL	0.53
052O C 00300	105 ARLINGTON PL	0.47
052O C 00400	107 ARLINGTON PL	0.49
052O C 00500	109 ARLINGTON PL	0.50
052O C 00600	111 ARLINGTON PL	0.50
052O C 00700	113 ARLINGTON PL	0.50
052O C 00800	115 ARLINGTON PL	0.50
052O C 00900	117 ARLINGTON PL	0.50
052O C 01000	119 ARLINGTON PL	0.52
052O C 01100	123 ARLINGTON PL	0.63
052O C 01200	125 ARLINGTON PL	0.52
052O C 01300	303 REVERE LN	0.52
052O C 01400	225 POTEAT PL	0.53
052O C 01500	401 REVERE LN	0.65
052O C 01600	405 REVERE LN	0.69
052O C 01700	233 SPENCER CREEK RD	0.64

Commencing at a point along the west right-of-way line of Spencer Creek Road, which is the northeast corner of parcel 00100, map

052J A, all parcels being referenced to Tennessee State Board of Equalization Maps, as may be revised, which is also the point of beginning.

Thence south 275 feet along the east lines of parcels 00100 and 00200 to the southeast corner of parcel 00200; thence south 105 feet along the east line of parcel 00200, if extended, to the northeast corner of parcel 01600, map 052O C; thence south 260 feet along the east line of parcels 01600 and 01700 to the southeast corner of parcel 01700; thence west 196 feet along the south line of parcel 01700 to the southwest corner of parcel 01700; thence north 123 feet along the west line of parcel 01700 to the southeast corner of parcel 01500; thence southwest 194 feet along the south line of parcel 01500 to the southwest corner of parcel 01500; thence southwest 89 feet along the south line of parcel 01500, if extended, to the southeast corner of parcel 01400; thence southwest 210 feet along the south line of parcel 01400 and 01300 to the northeast corner of parcel 01100; thence south 1369 feet along the east line of parcel 01100, 01000, 00900, 00800, 00700, 00600, 00500, 00400, 00300 and 00200 to the southeast corner of parcel 00200; thence southwest 54 feet along the south line of parcel 00200 to the northeast corner of parcel 00100; thence southeast 184 feet along the east property line of parcel 00100 to the southeast corner of parcel 00100; thence south 70 feet along the east line of parcel 00100, if extended, to the northeast corner of parcel 03500, Map 052O A; thence southeast 195 feet along the east property line of parcel 03500 to the southeast corner of parcel 03500; thence west 915 feet along the south line of parcels 03500, 03400, 03300, 03200, 03100, 03000 and 02900 to the southwest corner of parcel 02900; thence north 190 feet along the west line of parcel 02900 to the northwest corner of parcel 02900; thence north 109 feet along the west line of parcel 02900, if extended, to the southwest corner of parcel 01500; thence northwest 1717 feet along the west line of parcels 01600, 01700, 01800, 01900, 02000, 02100, 02200, 02300, 02400, 02500, 02600 and 00100 to the northwest corner of parcel 00100; thence 105 feet along the west line of parcel 00100, if extended, to the southwest corner of parcel 01600, map 052J B; thence northwest 446 feet along the west property line of parcel 01600, 01700 and 00100 to the northwest corner of parcel 00100; thence northwest 107 feet along the west line of parcel 00100, if extended, to the southwest corner of parcel 01700, map 052J A; thence northwest 245 feet along the west parcel line of parcel 01700 to the northwest corner of parcel 01700; thence east 2107 feet along the north parcel line of parcel 01700, 01600, 01500, 01400, 01300, 01200, 01100, 01000, 00900, 00800, 00700, 00600,

00300 and 00100 to the northeast corner of parcel 00100 which is also the point of beginning and containing 61.73 acres in parceled land.

Pursuant to T.C.A. §7-33-311, the Board may authorize additional properties to be benefitted by the improvements and make equitable provisions so that any later-added properties bear their proportional share of the costs of the improvements.

3. Based upon the Final Quantities and Change Orders for the construction of the sanitary sewer improvements for the Monticello Subdivision Area, David Parker, City Engineer, an engineer licensed by the State of Tennessee, has verified that the project costs for those improvements directly associated with providing a sanitary sewer collection system for the Monticello Subdivision Area is ONE MILLION ONE HUNDRED NINETY-FIVE THOUSAND THREE HUNDRED NINETY-TWO AND SEVEN/100 DOLLARS (\$1,195,392.07). Said sanitary sewer improvements were designed by, and construction supervised by, Smith Seckman Reid, Inc., an engineering firm licensed by the State of Tennessee.

4. It is the intention of the Board that One Hundred (100%) of the verified cost of the improvements shall be assessed against the benefitted properties listed in paragraph 2 and that improvement assessments shall be assessed annually against the benefitted property in the proportion that the assessed value of each lot or parcel bears to the whole assessed value of the benefitted properties, pursuant to T.C.A. §§7-33-310 to 314. The Board hereby pledges the full faith and credit of the city to satisfy any deficiency in collections of assessments for the improvements.

5. The benefitted property owners shall pay off the total assessments authorized herein over a term of twenty (20) years. Improvement assessments shall be made annually by the Board when the levy of municipal property taxes is made and such assessments shall be due at the same time or times as the municipal property taxes are due, and shall be subject to the same penalties and

interest, in the event of nonpayment, as are municipal property taxes. The Board may also permit benefitted property owners to pay in monthly installments. In the event any monthly payment shall be delinquent thirty (30) days after it is due and payable, and the whole balance of the improvement assessment shall then become delinquent and be subject to all penalties and interest as provided in this resolution.

6. The assessment, with penalty and interest, shall constitute a lien against the property, lot, or parcel against which it is assessed, shall attach as of the date the improvement assessment is made, and shall take precedence over all other liens, save those for state, county, and municipal property taxes, and any prior special assessments. Such liens shall otherwise have such priority and shall be enforceable as is provided in T.C.A. §7-33-314.

7. Upon final approval of this Ordinance and the completion and acceptance by the City of the sanitary sewer improvements, each benefitted property shall be notified of sanitary sewer availability by the City and shall be allowed to connect to such facilities, as provided in Section 18-204 (4), or as amended, of the Franklin Municipal Code, and thereafter the benefitted owner shall be billed monthly for sewer services at the City's prevailing Minimum bill. Upon connection to the sanitary sewer system the benefitted owner shall be billed a monthly sewer service charge as are all other customers of the sanitary sewer system of the City. Should the benefitted property not receive service from a public water system, the monthly sewer service charge shall be the City's Minimum Bill. The system development fee (SDF) and effluent disposal fee (EDF) shall be due at the time the connection is made (the Board of Mayor and Aldermen has waived the payment of the City's sewer access fee and the installation charge).

8. A public hearing shall be held on _____, 2010 at 7:00 P.M. before the Board of Mayor and Aldermen, at which time the benefitted property owners may appear and be

heard on the issue of whether the nature and scope of the assessments should be altered; and whether the improvements should be financed through the issuance of bonds on the "assessed value basis" as authorized by T.C.A. §§7-33-301 to 314.

9. Following the said public hearing, the Board shall confirm, amended or rescinded this original Ordinance, as its final action pursuant to TCA §7-33-304. Such final action shall be the final determination of all issues presented, unless the owner of any property to be benefited files, within ten (10) days of such final action, a petition for certiorari in the Williamson County Circuit Court, to review such action.

SECTION II: BE IT FINALLY ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, that this Ordinance shall take effect from and after its passage on second reading, the health, safety, and welfare of the citizens requiring it.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
ERIC S. STUCKEY
City Administrator/Recorder

By: _____
Dr. Ken Moore
Mayor

Approved As To Form By Shauna Billingsley, City Attorney

PASSED FIRST READING _____

PUBLIC HEARING _____

PASSED SECOND READING _____



SEWER ASSESSMENT DISTRICTS ANNUAL REASSESSMENTS

The City of Franklin is extending sanitary sewer to previously unserved residential neighborhoods. To recoup the costs of those investments the Board of Mayor and Aldermen (BOMA) has approved the use of Sewer Assessment Districts. These districts have defined areas and are directly benefiting from the extension. The assessment provisions are governed in accordance with Tennessee Code.

INITIAL ASSESSMENT – The initial assessment is made using the most recent property value provided by the Assessor that is used for issuance of the property tax notices on /about 1 October of each year. BOMA approves an initial assessment and each property (parcel) is allocated their costs based on the proportionate share of the assessed value of their specific parcel (the numerator) to the district total (denominator). For example, if a parcel’s assessed value is 5% of the total assessed value of all of the properties in the district, then 5% of the assessment district project cost will be borne by that property owner. The initial assessment terms are determined (principal, interest and duration) from the authorizing documents and are applied to reassessment and repayment provisions. The initial billing for repayment of the assessment starts the month after BOMA approves the initial assessment to allow the City to start recovering its investment.

Payments made are credited to principal should the assessment be paid in full the first year. This is 28 February of the year following approval by BOMA if their approval is between 1 October and 28 February or by 15 September if approved between 1 March and 15 September.

REASSESSMENTS (Annual) –State law requires us to reassess annually for the duration of the assessment period (e.g. approval for repayment over 10 years will result in reassessments occurring annually for 10 years or until all obligations are satisfied).

Since valuations can change annually, the obligation of the property owner can change annually. **Payment of the assessment obligation in full releases the owner from subsequent assessment changes.**

The process for reassessing and reindexing each district follows.



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1. The Assessor performs assessments annually for each property reflecting property values as of 1 January of that year. Owners have the right to contest the Assessor's valuation thru an established process. The City is provided the results by the Assessor in late September so that property tax notices can be issued on/about 1 October. Owners as of 1 January are legally responsible for the tax bill although this should be settled at closing should a property transfer occur, including settlement and liquidation of any outstanding liens. The City will file liens on all properties not paying their initial assessment in full during the initial assessment year.
2. Billing changes occur in March of each year reflecting changes due to reindexing of the annual reassessment.
3. The initial assessment terms are reviewed (principal, interest and duration) from the authorizing documents and are applied to reassessment and repayment provisions.
4. We remove properties where the owner has paid the assessment in full.
5. Determine if any parcels have been subdivided or combined. If the assessment obligation had been satisfied prior to the subdivision or merging, then remove from further consideration. If not satisfied, then these need to be included in future assessments.
6. Determine if BOMA has approved any parcels to be added to the district. The process allows for additions to the district (e.g. adjoining properties to the district). This increases both the numerator and the denominator to which the assessment is calculated and can affect individual obligation.
7. We determine if there are changes in assessed values by the Assessor (item 1 above). The owner may make modifications to their property resulting in a change in value. This can change the relative percentage that parcel has to the total (e.g. adding on to the house can result in an increase in value of the particular parcel and probably result in an increase in the proportionate share of that parcel). Values are available about 1 October reflecting property value as of 1 January of that year so we are always in arrears when reflecting changes due to property changes. NOTE – generally, there are little/no changes annually except during



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countywide reappraisals done every five (5) years. The next one will be reflected in 2011.

8. Determine that there are no changes in property owners or mailing/contact information by reviewing current property records.
9. Determine that owners and tenant are the same using utility billing records. If tenant occupied, modify records to bill owner. Should tenants sign for service and have lease agreement calling for repayment we notify the owner that is their obligation and not to be subrogated or passed on to the tenant.
10. Each year a reassessment is performed and reindexed to reflect changes (see above), and the monthly payment is adjusted using the following criteria.
 - a. The principal amount that has been paid to date reduces the amount outstanding which must be recovered. This allows additional payments to be applied to the principal.
 - b. The expected (estimated) payments that will be made from the time of the reindexing to the month that the new values will start and is reflected in the payment model.
11. Once changes have been incorporated, rerun application (excel program) to allocate proportionate share to each parcel for new assessment value.
12. Once impacts are determined, notify owners of changes. This is to be done in the December period.
13. The reassessment value provided is good until 15 September of the reassessment year as subsequent assessed values will be provided by the Assessor.

REPAYMENT– The assessment is to be “due with the property taxes”. The City issues property tax notices on/about 1 October of each year and are due by 28 February. Initial repayment rules are shown under OTHER CONSIDERATIONS below.

Discussions have been held with various districts about repayment plans and we now have settled on monthly payments for standard repayment application across all districts. Owners may make excess payments and pay the total assessment early without penalty.

Interest is applied to the outstanding balance at a rate reflecting the cost of capital for the City at the time the district is approved considering the term (e.g. interest rates are higher



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the longer the repayment term). Repayment will start the month following approval of the initial assessment. Any interest paid the initial year is applied to principal as shown in OTHER CONSIDERATIONS below.

BILLING - The property owners who have an outstanding assessment obligation are allowed to repay the City monthly (interest applies) and bills are typically issued as a line item on the utility bill for the property. However, for those properties where the owner does not occupy the residence or the property is occupied by a tenant, the assessment bill is submitted to the owner on a separate bill. For properties where there are no improvements and no utility services the monthly assessment bill will be issued directly to the owner. The tenant is not responsible for the assessment payment due to penalty actions following.

DELINQUENT ACCOUNTS - Penalty provisions are in effect should the property owner not pay their assessment bill as specified in the authorizing documents. This can result in the entire assessment balance being due should repayments not occur in a timely manner (i.e. if the monthly bills are not paid within the time specified). Legal actions will be taken by the City in accordance with Federal and State laws relative to lien holder rights which can include possession and sale of the property to satisfy the outstanding lien. Should legal action be required, additional fees may apply resulting from legal fees and costs to pursue the delinquency.

Should the utility bill not be paid in full monthly as specified in the Municipal Code, then actions can be taken to include disconnection of water service. Should utility bills be presented in error, then the customer may appeal in accord with City policy.

The City will use the Utility Billing software to monitor delinquent accounts just as we do for all utility service accounts. Those not paying will be identified for action.

OTHER CONSIDERATIONS - Since Sewer Assessment Districts may be approved by BOMA during any month of the year, repayments may not be exactly the years approved (typically 10 years) due to timing of approval by BOMA and the availability of property valuation information from the Assessor. This is primarily due to the authorization which states that the assessment is “due with the property tax”. To ensure consistency of



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application irrespective of timing of the approval of the district by BOMA, **the district end date is the February following approval by BOMA.** This allows each district to have a consistent period for repayment and ensure that no district will have less than the time period approved by BOMA to repay the assessment. Examples follow.

1. BOMA approves the initial assessment between 1 March and 15 September
 - a. Use the assessed valuation from the preceding year for the initial assessment as defined above.
 - b. Payments start the month following approval.
 - c. Owners have until 15 September of that year to pay at that price and interest applied to principal since the initial valuation was based on the preceding property tax notice. This does not meet the exact provisions of “due with property taxes” since the sewer assessment is based on property tax bills that were due prior to approval, it does allow for fairly consistent application of applying interest for repayment provisions.
 - d. On/about 1 October, the new assessment values are available
 - e. City applies reassessments as above
2. BOMA approves the initial assessment from 15 September thru 30 September
 - a. If approved with preceding year assessment values then apply rules as above.
 - b. If paid in full prior to 1 October, the owner may pay at that price.
 - c. On/about 1 October, the new assessment values are available which will mean an almost immediate reassessment.
 - d. Apply reassessment repayment provisions for the new assessed values until 28 February if payment is not made in full by the end of September.
3. BOMA approves the initial assessment from 1 October thru 28 February
 - a. Districts approved in October have a high probability of not having current year values and could be subject to immediate reassessment if we used the assessed valuation from the preceding year for the initial assessment as defined above.
 - b. Payments start the month following approval.



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- c. Owners have until 28 February to pay at that price and all interest applied to principal since the initial valuation was based on the current property tax notice.
- d. On/about 1 October following initial approval, the new assessment values are available.
- e. City applies reassessments as above

Utility service accounts in a Sewer Assessment District will not be allowed to be classified as inactive. Utility services will continue and bills issued even if the property is unoccupied. In those cases, the bills will be the responsibility of the property owner.



January 26, 2011

TO: Board of Mayor and Aldermen

FROM: David Parker, City Engineer/CIP Executive
Eric Stuckey, City Administrator

SUBJECT: **Monticello Subdivision Area Sanitary Sewer Improvements Ordinance 2010-80**

Purpose

This memorandum is to provide the Board of Mayor and Aldermen (BOMA) with additional information to consider Ordinance 2010-80; Establishment of the Assessments for the Monticello Subdivision Area Sanitary Sewer Improvements as requested at the January 25, 2011 BOMA Work Session.

Background

Please refer to the January 19, 2011 memo for the original cost allocation for the development of Ordinance 2010-80. At the January 25, 2011 BOMA Work Session staff was requested to provide the total improvements cost with the elimination of various components previously included in project cost calculation. The elimination of the certain costs produces the following options for use as the cost of the sanitary sewer improvements to be paid by the assessments in the Monticello Subdivision Area Assessment District.

1. Leave the total cost (\$1,195,392.07) as previously calculated and as presented in draft Ordinance 2010-80; or
2. Eliminate the cost of engineering (\$143,132.32) from the total cost which means the total cost to be paid by the assessments will be \$1,052,259.65; or
3. Eliminate the trench repair paving cost (\$325,793.73) from the total cost which means the total cost to be paid by the assessments will be \$869,598.34; or
4. Eliminate the engineering and the trench repair paving cost (\$468,926.05) from the total cost which means the total cost to be paid by the assessments will be \$726,466.02.

The BOMA needs to keep in mind that any cost eliminated from the assessment is a cost that has to be paid from the Sanitary Sewer System's funds. This means that the City paid costs become a "cost of service" burden to all of the City's Sanitary Sewer System customers and will need to be added to the System's expenditures for calculation of the Sanitary Sewer Service rates paid by all System customers. In reference to the these options and the comparison of assessment districts provided previously, it should be noted that the trench repair paving has been included in all of the other four (4) assessment district projects in terms of the cost for calculation for the individual property assessments.

Additional waiver of system development fees. The BOMA also mentioned the possibility of waiving all fees for the Monticello Subdivision Area Assessment District. The Sanitary Sewer Access Fee at \$2,100 and the Installation Charge (Fee) at \$263 for a total of \$2,363 was established in draft Ordinance 2010-80 as being fees to be waived when the individual properties are connected to the sanitary sewer

improvements. These fees have been waived for all the assessment districts created to date with the exception of the Hooper Lane Area Assessment District. Should all fees be waived then the Application Fee at \$25, System Development Fee at \$1,444 and the Effluent Development Fee at \$450 for a total of \$1,919 will also need to be waived and Section I, Paragraph 7 of Ordinance 2010-80 will have to be revised to reflect the waiving of these fees. The waiving of these fees will place an additional burden of sanitary sewer “cost of service” to all of the Sanitary Sewer System’s customers. As Ordinance 2010-80 is drafted the total fees to be waived represent a System burden to the customers of \$255,204 (108 connections times \$2,363). Adding the waiving of the remaining fees would bring this system-wide customer burden to \$462,456 (108 connections times \$1,919 plus \$255,204). Should the BOMA not intend to waive the \$25 Application Fee, then the total customer burden would be reduced by \$2,700 (108 connections times \$25), or would be \$459,756.

It was mentioned at the January 25, 2011 BOMA Work Session that if BOMA elects to waive all the fees for the residents of Monticello Subdivision Area Assessment District, then the City should consider the impact of reimbursing any fee collected and waive all fees for those that have not been paid for the other approved assessment districts (Highgate Subdivision, Hooper Lane Area, Country Road Estates and Boyd Mill Avenue Area). The customer burden to all of the City’s Sanitary Sewer System customers resulting from this action would be \$316,868 (74 connections times \$4,282) with the Application Fee being one of the fees waived or \$315,018 if the Application Fee is not waived.

Waiving all of the fees for the City’s Sanitary Sewer System connections that are in the five (5) established assessment districts result in a loss of revenue to the System in the amount of \$779,324. This lost revenue would need to be recovered through the sanitary sewer service charges as the fees’ purpose is to offset the cost of providing the Sanitary Sewer System infrastructure. By not waiving the Application Fee this loss of revenue is reduced to \$774,774.

From a policy standpoint, the rationale for waiving the access fee component and not the system development component of fees has been based in the purpose for these fees. Access fees relate to the sanitary sewer lines and system for conveyance of the sewage, while the system development fees relates to the cost of and use of the treatment capacity within the City of Franklin sanitary sewer system. Assessment district residents are paying directly for lines that will access the larger system and as such the Board has felt it was appropriate to waive this component of costs. Assessment district residents are now able to benefit from the treatment capabilities that have been developed through the City’s investment and development of treatment facilities and as such should pay “their share” of component of the system.

Other issues/questions identified at the January 25th BOMA Work Session and/or through the January 24, 2011 letter to the Board from the Monticello Home Owners Association are:

1. **Simons Ridge Interceptor Sewer project questions.** The Monticello Homeowners Association asked for sixty percent (60%) of their Sanitary Sewer Project to be funded as the Simmons Ridge Interceptor Sewer Project. The Simmons Ridge Interceptor Sewer Project is an “Interceptor Sewer” and as such serves multiple neighborhoods. The Simmons Ridge Project will serve an area of the City’s sanitary sewer service area. The 60% funding by the City (40% is ARRA



Funding forgiveness) will be paid by the various tap fees (those being asked to be waived for Monticello) from developments within the area, such as Simmons Ridge Subdivision, Nichols Bend Subdivision and others yet to be conceived. Monticello has not been required to provide the sanitary sewer required to bring service to their subdivision just as the Simmons Ridge Interceptor Sewer Project will provide the service to those subdivisions within the service area of this improvement. The Simmons Ridge Subdivision project and other developments within the service area will be responsible for installing the sanitary sewer improvements within their own development without any cost recovery other than what the lots and houses sell for. Each home owner in this subdivision will ultimately pay his share of the sanitary sewer infrastructure cost.

2. **Additional pumps and surveys.** Concerns have been raised by some residents of the Monticello Subdivision Area Assessment District regarding the need for an external pump (low pressure grinder pump) in order to access the City's gravity sanitary sewer system. Staff from the Building and Neighborhood Services Department has met individually with approximately 12 residents considered to be most likely to need the external pumps and has determined that they will not be necessary. Based on staff's field reviews and prior surveys, it is believed that all residents should have gravity service from their first floor elevation. In some cases (such as a basement restroom), internal plumbing adjustments or a small internal pump may be needed to reach the first floor elevation. Staff continues to be available to look at individual homes to help residents understand what they will need to do to connect to the City's Sanitary Sewer System.
3. **Lien status.** City Attorney Shauna Billingsley contacted real estate counsel regarding the possibility of temporarily waiving liens and then re-filing the lien with the new owner. The City was cautioned that this could be seen as fraudulent. Therefore, the City is advised against such an action. However, the lien notices have been drafted to state that they include the successors, heirs and/or assigns and that the lien runs with the land. With that stated, the buyer and seller may choose to sell and buy the property subject to the lien. This transaction would be private and would not involve the City. As stated at the January 25th meeting, the lien is placed on the property not on the individual.
4. **Assessment/Reassessment process and related issues.** Attached is a detailed description of the reassessment process and how would it relates to the sewer assessment. Also addressed in this document is the initial payment, repayment, billing, and delinquency.

Options

There are two basic options available to the BOMA:

1. **Proceed with the establishment of the assessments as proposed in Ordinance 2010-80** for each benefitted property based on the project cost (\$1,195,392.07) as approved for payment by staff, accept the sanitary sewer system improvements for use, and allow the benefitted property owners of Monticello to connect to the system. The assessments for each individual property that is a part of the Monticello Assessment District based on this project cost was sent to said property owners on January 7, 2011, by registered return receipt mail; or



2. **The BOMA may chose to revise what is to be included in the Project Cost for calculating the individual property assessments using one of the scenarios (options) above, thus revising Ordinance 2010-80.** The individual assessments for these scenarios have not been calculated nor sent to the property owners yet, but can be done be done several weeks in advance of the public hearing and second reading of Ordinance 2010-80 should it be approved as amended.

Financial Impact

The only long term financial impact to the City concerning the Monticello Sanitary Sewer Improvements Project would be any disputed costs should the City choose to pay the Contractor for any of the disputed costs or should the City lose a lawsuit to the Contractor for these disputed costs. BOMA has previously decided to finalize the Assessments for this Project based on the costs as approved for payment to the Contractor by staff. Otherwise, all costs for the sanitary sewer system improvements in Monticello Subdivision will ultimately be paid back to the City through the assessments.

The BOMA has already agreed to pay for the asphalt repaving cost for the streets in Monticello with a final total cost of \$203,321.28 which is \$9,178.19 less than the contractor's bid and \$246,678.72 less than the original estimated cost for this item. This cost is being paid from the Streets Department budget for Annual Paving.

Recommendation

Acceptance of Option 1; approval of Ordinance 2010-80 based on the total cost of the sanitary sewer system improvements being \$1,195,392.07, is recommended.




HISTORIC
FRANKLIN
TENNESSEE

ITEM #6
WRKS 01/25/2011

MEMORANDUM

January 19, 2011

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator 
David Parker, City Engineer/CIP Executive

SUBJECT: **Monticello Subdivision Area Sanitary Sewer Improvements
Ordinance 2010-80**

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider Ordinance 2010-80; Establishment of the Assessments for the Monticello Subdivision Area Sanitary Sewer Improvements.

Background

On June 9, 2009, BOMA approved Resolution 2009-14 that authorized the construction of the sanitary sewer improvements in, and to establish a special assessment district for, the Monticello Subdivision Area. On July 28, 2009, BOMA approved the award of the construction contract (COF Contract No 2009-0043) to Scott & Ritter, Inc. in the amount of \$1,322,247.50 for this project. This construction contract award included the asphalt repaving for the subdivision streets at a cost of \$212,500.00. The cost to repaving the subdivision streets impacted during the installation of the sanitary sewer improvements was previously eliminated by BOMA from construction costs to be used for the calculation of the assessments for each property benefitting from the sanitary sewer improvements. The City of Franklin is paying for this paving as a part of its annual resurfacing program.

Resolution 2009-14 was approved with the total costs of the anticipated improvements estimated at \$1,770,000.00. Included in this estimate was the engineering design, easements, construction and bond issuance estimated costs. The total actual cost as approved for payment by the City for engineering (\$143,132.32), easements (\$3,100.00) and construction (\$1,047,011.91) is \$1,193,244.23. With the bond issuance cost at 0.18% (\$2,147.84), the total cost for the Monticello Subdivision Area sanitary sewer improvements is \$1,195,392.07 or \$574,607.93 (32.5%) less than the estimate.

During the review of this project, there has been discussion regarding the implementation of other sanitary sewer assessment projects. Attached is a chart providing a summary of the five sanitary sewer assessment district project completed by the City in the past three years. Concerns have also been raised by some residents regarding the need for external pumps (similar to those used in the Highgate sanitary sewer assessment project). There has also been extensive work with residents in the Monticello neighborhood to determine if there will be a need to install external pumps. To date, Building and Neighborhood Services staff has met individually with approximately 12 residents considered to be most likely to need the external pumps and has determined that they will not be necessary. Based on our field reviews and prior surveys, we believe all residents should have gravity service from the first floor elevation. In some cases (such as a basement restroom), internal plumbing adjustments or a small internal pump may be needed to reach the first floor elevation. Staff continues to be available to look at



individual homes to help residents understand what they will need to do to connect to the sanitary sewer system.

Options

There are two basic options available to the BOMA:

1. **Proceed with the establishment of the assessments as proposed in Ordinance 2010-80** for each benefitted property based on the project cost (\$1,195,392.07) as approved for payment by staff, accept the sanitary sewer system improvements for use, and allow the benefitted property owners of Monticello to connect to the system. The assessments for each individual property that is a part of the Monticello Assessment District was sent to said property owners on January 7, 2011, by registered return receipt mail; or
2. **The BOMA may chose to revise what is to be included in the Project Cost for calculating the individual property assessments, thus revising Ordinance 2010-80.**

Financial Impact

The only long term financial impact to the City concerning the Monticello Sanitary Sewer Improvements Project would be any disputed costs should the City choose to pay the Contractor for any of the disputed costs or should the City lose a lawsuit to the Contractor for these disputed costs. BOMA has previously decided to finalize the Assessments for this Project based on the costs as approved for payment to the Contractor by staff. Otherwise, all costs for the sanitary sewer system improvements in Monticello Subdivision will ultimately be paid back to the City through the assessments.

The BOMA has already agreed to pay for the asphalt repaving cost for the streets in Monticello with a final total cost of \$203,321.28 which is \$9,178.19 less than the contractor's bid and \$246,678.72 less than the original estimated cost for this item.

Recommendation

Staff recommends acceptance of Option 1; approval of Ordinance 2010-80 based on the total cost of the sanitary sewer system improvements being \$1,195,392.07.

ASSESSMENT DISTRICTS COMPARISON

The following is a comparison of the various items (issues) included or excluded in the various resolutions or ordinances creating the assessment districts in the City. These are the terms in the Resolution and/or Ordinance that are City controlled, the remaining terms are dictated by T.C.A. §§ 7-33-101 to 314. (The information presented is the most current available at this time.)

Terms in Resolution	Highgate Subdivision	Hooper Lane	Monticello Subdivision	Country Road	Boyd Mill Avenue
District Approved	Resolution 2008-21	Resolution 2008-29	Resolution 2009-14	Ordinance 2009-70	Ordinance 2009-71
System Type	Low Pressure	Gravity	Gravity	Low Pressure	Low Pressure
Final Construction Cost	\$ 239,212.00	\$ 60,710.00	\$ 1,047,011.91	\$ 110,250.00	\$ 193,227.00
Construction Cost Paid By Other Than Assessment District	\$ 34,625.00			\$ 44,100.00 ARRA/SRF Forgiven	\$ 77,290.80 ARRA/SRF Forgiven \$ 30,136.20 City Paid
Engineering/Design Cost	\$ 61,200.00 Waived	\$ 15,600.00	\$ 143,132.32	\$ 6,468.60 Waived	\$ 42,400.00 Waived
Rights-of-Way Cost	\$ 9,296 City's Cost	\$ 1,527.00	\$ 3,164.00	None	None
Paving Cost	\$ 44,160.00 Included in Construction Cost	\$ 9,573.00 Included in Construction Cost	\$ 212,500.00 Waived	\$ 52,902.00 Included in Construction Cost	\$ 49,250.00 Included in Construction Cost
Financing Cost	\$ 368.00	\$ 137.00	\$ 2,147.84	\$ 110.07	\$ 154.44
Total Assessment District Cost	\$ 204,955.00	\$ 76,448.00	\$ 1,195,392.07	\$ 66,269.07	\$ 85,954.44
City Fees Waived	Sewer Access & Installation Charge	None	Sewer Access & Installation Charge	Sewer Access & Installation Charge	Sewer Access & Installation Charge
Property Assessment Approved	Resolution 2009-13	Resolution 2009-24	Ordinance 2010-80	Ordinance 2010-77	Ordinance 2010-76
Pay Back Term	Ten (10) Years	Ten (10) Years	Twenty (20) Years	Twenty (20) Years	Twenty (20) Years
Interest Rate	4.50%	4.50%	4.00%	4.00%	4.00%
Total Appraised Value of Properties	\$ 9,271,400.00	\$ 835,000.00	\$ 23,414,400.00	\$ 2,461,600.00	\$ 1,136,350.00
Number of Properties in Assessment District	29	9	108	8	28
Average Per Parcel Appraised Value	\$ 319,703.45	\$ 92,777.78	\$ 216,800.00	\$ 307,700.00	\$ 40,583.93