

Staff Summary Report

MEETING DATE:	January 18, 2023
AGENDA ITEM:	ITEM III
AGENDA TITLE:	BILL NO. 3532

ACTION REQUESTED BY:	City Administrator
ACTION REQUESTED:	Second Reading of Sewer Bond Ordinance
SUMMARY BY:	Sally Burbridge

PROJECT DESCRIPTION / FACTS

Spring Creek was placed on EPA's 303d list of impaired waters around 2004. This required a Total Maximum Daily Load (TMDL) study to be performed on the stream. The TMDL study was completed in 2010 and updated in 2022. The City has been working with the Missouri Department of Natural Resources (MDNR) continually during this time to develop a reasonable and affordable solution. The city has already completed phase 1A and B of upgrades to the wastewater treatment plant. In April of 2022 the City received the results of the updated TMCL study and the new limits were set and mandated by the Environmental Protection Agency (EPA) as goals the City's sewer system must achieve. This is not optional; the City must meet these new goals as agreed to in a negotiation process that is ongoing or future federal level fines will be incurred. A Facility Plan for future upgrades was submitted to MDNR detailing a phased improvement plan that is dependent on ARPA funding and subsequent MDNR SRF grants and low interest loans.

Note - A TMDL is the calculation of the maximum amount of a pollutant allowed to enter a waterbody, in our case Spring Creek, so that the waterbody will meet and continue to meet water quality standards for that particular pollutant. A TMDL determines a pollutant reduction target and allocates load reductions necessary to the source(s) of the pollutant. These TMDL numbers are requirement per the federal Environmental Protection Agency.

The scope of work proposed to meet the new permit requirements is included in the Facility Plan submitted to MDNR with the ARPA application.

ARPA funds must be expended by 2026. (\$5,000,000)

A sewer bond is the most cost-effective approach to funding the remaining balance of work on the wastewater treatment plant for phase 2A and B. Bonds provide for a lower interest rate than traditional financing methods.

Proposed funding Breakdown:

Total Cost Phase 1A and B:	\$9,512,000
ARPA Grant through Mo DNR	<u>-5,000,000</u>
Remaining Total	\$4,512,000

Recommended Bond Amount (includes increase to cover unanticipated construction and material costs)

\$4,630,000 – assumption that bond passes
 -2,000,000 State Revolving Fund (SRF) Grant
- 750,000 Community Development Block Grant (CDBG)

Anticipated Bond Financing **\$1,880,000**

PROCUREMENT

Not Applicable at this Time.

FISCAL IMPACTS

If the Sewer Bond passes and the City is successful in securing the additional \$2,750,000 in grant funding, the remaining \$1,880,000 which will be financed through the sale of the sewer bonds will have to be repaid from a sewer rate increase.

If the Sewer Bond does not pass and the City has to finance the total of \$4,630,000, this amount will have to be repaid from a sewer rate increase.

SUPPORT DOCUMENTS: Sewer Bond Ordinance

DEPARTMENT’S RECOMMENDED MOTION: Move to approve Bill No. 3532.

AN ORDINANCE CALLING AN ELECTION ON A REVENUE BOND QUESTION IN THE CITY OF SALEM, MISSOURI.

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF SALEM, MISSOURI, AS FOLLOWS:

Section 1. The Board of Aldermen finds it necessary and hereby declares its intent to borrow \$4,630,000 for the purpose of extending and improving the City’s sewerage system, including acquiring land and rights of way (the “**Project**”) and to evidence such borrowing by the issuance of sewerage system revenue bonds (the “**Bonds**”) of the City in the amount of \$4,630,000.

Section 2. A bond election is hereby ordered to be held in the City of Salem, Missouri, concurrently with the general election on Tuesday, April 4, 2023, on the following question:

QUESTION

Shall the City of Salem, Missouri, issue its sewerage system revenue bonds in the amount of \$4,630,000 for the purpose of extending and improving the City’s sewerage system, including acquiring land and rights of way, the cost of operation and maintenance of said sewerage system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its sewerage system, including all future improvements and extensions thereto?

The authorization of the Bonds will authorize the City to fix, establish, maintain and collect rates and charges for the services provided by the City through its sewerage system, including all extensions and improvements thereto hereafter constructed or acquired by the City, in addition to the other rates and charges for such services provided by law, as will produce income and revenues sufficient to provide funds to pay the costs of operation and maintenance of said sewerage system and the principal of and interest on the Bonds as they become due and to provide for the establishment of reasonable reserves therefor.

Section 3. The form of Notice of Election showing said question, a copy of which is attached hereto as **Exhibit A** and made a part hereof, is hereby approved.

Section 4. The City Clerk is hereby authorized and directed to notify the County Clerk of Dent County, Missouri, of the passage of this Ordinance no later than 5:00 P.M. on Tuesday, January 24, 2023, and to include in said notification all of the terms and provisions required by Chapter 115, RSMo, as amended.

Section 5. The City expects to make expenditures on and after the date of passage of this Ordinance in connection with the Project, and the City intends to reimburse itself for such expenditures with the proceeds of the Bonds. The maximum principal amount of Bonds expected to be issued for the Project is \$4,630,000.

Section 6. The City hereby engages the firm of Gilmore & Bell, P.C., Kansas City, Missouri, as bond counsel to the City with respect to the Bonds.

Section 7. This Ordinance shall be in full force and effect from and after its passage and approval.

PASSED by the Board of Aldermen of the City of Salem, Missouri, and **APPROVED** by the Mayor this 18th day of January, 2023.

APPROVED:

ATTEST:

Greg Parker
Mayor

Tammy Koller
City Clerk

APPROVED AS TO FORM:

James K. Weber
City Attorney

EXHIBIT A

NOTICE OF BOND ELECTION

CITY OF SALEM, MISSOURI

Notice is hereby given to the qualified voters of the City of Salem, Missouri, that the Board of Aldermen of the City has called a revenue bond election to be held in the City concurrently with the general election on Tuesday, April 4, 2023, commencing at 6:00 A.M. and closing at 7:00 P.M., on the question contained in the following sample ballot:

**OFFICIAL BALLOT
CITY OF SALEM, MISSOURI**

TUESDAY, APRIL 4, 2023

QUESTION

Shall the City of Salem, Missouri, issue its sewerage system revenue bonds in the amount of \$4,630,000 for the purpose of extending and improving the City's sewerage system, including acquiring land and rights of way, the cost of operation and maintenance of said sewerage system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its sewerage system, including all future improvements and extensions thereto?

Yes

No

INSTRUCTIONS TO VOTERS: If you are in favor of the question, place an X in the circle opposite "YES." If you are opposed to the question, place an X in the circle opposite "NO."

The election will be held at the following polling places in the City:

PRECINCT

POLLING PLACE

DATED: _____, 2023.

County Clerk of Dent County, Missouri

Staff Summary Report

MEETING DATE: January 18, 2023
AGENDA ITEM: ITEM IV
AGENDA TITLE: BILL NO.3533

ACTION REQUESTED BY: Temporary City Administrator
ACTION REQUESTED: Approve placing a General Sales Tax of 1% question on the General Election of qualified voters on April 4, 2023
SUMMARY BY: Sally Burbridge

PROJECT DESCRIPTION / FACTS

In an effort to adjust the City of Salem's budgetary functions and more accurately reflect a balance of revenue to expenditures, the City had engaged in a series of discussions and conversations over the past few months concerning the need to pull less funding from City Utility Funds to supplement the City's General Fund for each upcoming budget year.

In order to be less reliant on Utility Revenue which are generated through rates and fees for service to the City's residents, the City of Salem proposes a General Sales Tax increase of 1%.

General Sales Tax is the primary revenue stream for the City's General Fund which supports the main governmental operations of the City.

Shifting the revenue for General Fund to rely more heavily on Sales Tax with share the cost of services with those who live outside of the Salem City Limits and shop here, both county residents and tourists passing through, instead of burdening residents with additional utility costs.

Additional General Sales Tax revenue will also ensure continued levels of service to our residents who live in the City of Salem and to those who do not live in Salem but utilize city facilities such as the Old City Hall and other venues and services the General Funds supports.

PROCUREMENT

N/A

FISCAL IMPACTS

As there is not a vote called for, there are not fiscal impacts for this agenda item.

SUPPORT DOCUMENTS: General Fund 1% Sales Tax Question Ordinance

DEPARTMENT'S RECOMMENDED MOTION: Move to approve Bill No. 3533.

BILL NO. 3533**ORDINANCE NO. 3533**

AN ORDINANCE SUBMITTING TO THE ELECTORS OF THE CITY OF SALEM, MISSOURI, AT THE GENERAL MUNICIPAL ELECTION ON APRIL 4, 2023, THE QUESTION OF WHETHER THE CITY OF SALEM SHALL IMPOSE A GENERAL SALES TAX OF ONE PERCENT (1%).

WHEREAS, the City of Salem (“City”) currently imposes a general sales tax at the rate of 1%; and,

WHEREAS, Section 94.510 of the Revised Statutes of Missouri authorizes the City to collect up to an additional 1% sales tax; and,

WHEREAS, the Board of Aldermen of the City of Salem has determined that it is in the public interest to submit a ballot question to the voters of the City of Salem, Missouri at the general Municipal Election on April 4, 2023 the question of whether to impose a General Sales Tax of one percent (1%) pursuant to Section 94.510 of the Revised Statutes of Missouri for general municipal purposes.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF SALEM, MISSOURI AS FOLLOWS:

Section 1.

There is hereby imposed, subject to approval of a ballot measure as set forth below by the qualified voters, a general sales tax as authorized by Section 94.510, RSMo.

Section 2.

An election is hereby ordered to be held in the City of Salem, Missouri on the public municipal election date of April 4, 2023, on the following question:

“SHALL THE CITY OF SALEM, MISSOURI, IMPOSE A CITY SALES TAX OF ONE PERCENT (1%)?”

Section 3.

The City Clerk is hereby authorized and directed to notify the County Clerk of Dent County, Missouri, of the passage of this Ordinance and to provide a certified copy of this Ordinance no later than 4:00 P.M. on Tuesday, January 24, 2023, and to include in said notification all of the terms and provisions required by Chapter 115 RSMo, as amended.

Section 4.

Within ten (10) days after the approval of the ballot question set forth in Section (2) of this ordinance by the qualified voters of the City of Salem, Missouri, the City Clerk shall forward to the Director of Revenue of the State of Missouri by United States certified mail, a certified

copy of this ordinance together with certified copy of election results and copy of the official ballot.

Section 5.

Said election will be held at the following voting places in said City, to wit:

WEST WARD City Hall
 202 North Washington Street

EAST WARD Dent County Fire Protection District
 #2 South Main Street

And the polls shall be opened at six o'clock in the morning and shall remain continuously open until seven o'clock in the evening.

Section 6.

Said election shall be held under the provisions of Chapter 115 RSMo.

Section 7.

All ordinances or parts of ordinances in conflict herewith are, to the extent of such conflict, repealed.

Section 8.

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

PASSED BY THE BOARD OF ALDERMEN OF THE CITY OF SALEM, MISSOURI, AND APPROVED BY THE MAYOR, THIS 18TH DAY OF JANUARY 2023.

APPROVED:

ATTEST:

Greg Parker
Mayor

Tammy Koller
City Clerk

APPROVAL AS TO FORM:

James Weber
City Attorney