

COUNTY COUNCIL
OF
TALBOT COUNTY, MARYLAND

2006 Legislative Session, Legislative Day No. : February 14, 2006

Resolution No. : 129

Introduced by: Mr. Carroll, Mr. Duncan, Mr. Foster, Ms. Harrington, Ms. Spence

A RESOLUTION TO ESTABLISH A FUND FOR PERMANENT PUBLIC IMPROVEMENTS TO THE TALBOT COUNTY REGION I AND II SEWERAGE SYSTEM, TO BE PART OF THE EXISTING SPECIAL FUND, TOWARD THE FINANCING OF WHICH TAXES OR OTHER SOURCES OF REVENUE SHALL BE DEDICATED AND ALLOCATED TO OPERATIONS OF THE SEWERAGE SYSTEM OR DEBT SERVICE AND RETIREMENT OF CAPITAL EXPENDITURE REVENUE BONDS OR OTHER EVIDENCE OF INDEBTEDNESS ISSUED BY TALBOT COUNTY TO THE MARYLAND DEPARTMENT OF THE ENVIRONMENT, WATER QUALITY FINANCING ADMINISTRATION, WATER QUALITY REVOLVING LOAN FUND, TO FINANCE THE CAPITAL IMPROVEMENT PROJECT COSTS FOR THE TALBOT COUNTY REGION I AND II SEWERAGE SYSTEM

By the Council: February 14, 2006

Introduced, read first time, ordered posted, and public hearing scheduled on Tuesday, March 14, 2006 at 2:00 p.m. in the Bradley Meeting Room, South Wing, Talbot County Courthouse, 11 North Washington Street, Easton, Maryland 21601.

By Order:

Susan W. Moran
Secretary

Administration ("MWQFA") for the purpose of financing all or a portion of the cost of a wastewater facility or water supply system; and,

WHEREAS, the County has negotiated a long-term low-interest loan from the Water Quality Revolving Loan Fund, managed by MWQFA, to borrow sufficient funds to finance the costs of the capital improvement projects; and,

WHEREAS, one of the conditions under which MWQFA is authorized to make loans at or below market rates is that the local government borrower will establish a dedicated source of revenue; and,

WHEREAS, as a condition of approving the loan, MWQFA has requested certain financial assurances from the County, including assurances that the County will generate and appropriate adequate revenues to repay the principal of, and interest on, the loan and to pay on-going operational expenses of the Sewerage System throughout the life of the loan, which is twenty (20) years; and,

WHEREAS, the Talbot County Charter (the "Charter") provides that:

1. The Council may, by legislative act, create special taxing areas for special services, purposes and benefits, and may appropriate funds for the operation thereof, chargeable exclusively to such special taxes. Charter § 621(a).
2. The Council may, in the case of utilities or public works serving such special taxing areas, set rates for services, which shall be exclusively allocated to operations or debt service and retirement of capital expenditure revenue bonds issued for such special services. Charter § 621 (b).
3. Budgets for the operational and capital programs of such special taxing areas (the Special Fund) shall be separate from the general current and capital budget. Charter § 621 (c).
4. No general fund revenues or receipts may be dedicated to, expended for, or used to supplement appropriations from the Special Funds except as a loan to the Special Fund as authorized by Section 615 of the Charter. Charter § 621 (d).
5. The Council may establish a Fund for Permanent Public Improvements toward the financing of which taxes or other sources of revenue may be dedicated. Charter § 621 (f); and,

WHEREAS, the Council has exercised the authority granted by these and other provisions of the Charter by:

1. Creating, by legislative act, Talbot County Sanitary District No. 2, which is the name given to a discrete geographical area located and bounded as shown on a Plat entitled "Talbot County Sanitary Commission, Inc., Sanitary District No. 2, St. Michaels, Rio Vista, Bentley Hay, Royal Oak Areas Talbot County,

Maryland,” dated March 1972, recorded among the Land Records of Talbot County, Maryland, at Plat Book 38, page 41; Talbot County Code § 138-2; and,

2. Borrowing funds, from time to time, for capital expenditures and improvements to the Sewerage System, and creating a segregated Special Fund, in accordance with the Charter, separate from the general current and capital budget, into which income, expense for operation, interest for debt service and repayments of principal are routinely received and disbursed; and,
3. Establishing from time to time user rates, ready-to-serve charges, benefit charges, retroactive benefit charges, and other charges for sewerage services, which have been exclusively allocated to operations or debt service and retirement of capital expenditure revenue bonds issued for the Sewerage System in accordance with Charter requirements; and,

WHEREAS, the Council has determined that it is in the public interest to obtain the low-interest loan available through MWQFA to finance the capital improvement projects for the Sewerage System, and desires to formalize the plan for repayment of the debt service for principal, interest, and other operational expenses of the Sewerage System by adoption of this Resolution.

NOW THEREFORE, BE IT RESOLVED, BY THE COUNTY COUNCIL OF TALBOT COUNTY, MARYLAND:

1. The County hereby elects to set, charge, and collect rates, fees, and charges in connection with the capital improvement projects authorized by MDE for the Sewerage System, that (together with any other available funds in the Special Fund), are sufficient at all times to pay: (i) the expenses of the County and the Talbot County Department of Public Works to manage and oversee operation of the Sewerage System facilities; (ii) the cost of construction, extension, repair, improvements, maintenance, and operation of each facility and property of the Sewerage System; (iii) the cost of maintenance, repair, and operation of each capital project for which the County has or will issue bonds or other evidence of indebtedness, including the creation of reserves for the maintenance, repair, operation, replacement, depreciation, and necessary extensions; and (iv) the principal of, and interest on, all bonds or other evidence of indebtedness of the County issued for capital projects, capital programs, or capital budgets for the Sewerage System, whenever due and payable, including the creation of reserves to provide a margin of safety.
2. For purposes of this Resolution, rates and connection charges shall be as follows for the sewer service areas or sub-areas identified as: (1) within the corporate limits of the Town of St. Michaels; (2) within the subdivisions of Rio Vista and Bentley Hay; (3) within the sewer service area for Royal Oak, Bellevue, and Newcomb; and, (4) within the sewer service area for Unionville, Tunis Mills, and Copperville.

3. Effective July 1, 2007, the sewer service rates per Equivalent Dwelling Unit ("EDU") for the Sewerage System are hereby established for the respective sewer service areas and sub-areas as set forth below:

ANNUAL CHARGES:	(1) TOWN OF ST. MICHAELS	(2) RIO VISTA, BENTLEY HAY	(3) ROYAL OAK, BELLEVUE & NEWCOMB	(4) UNIONVILLE, TUNIS MILLS & COPPERVILLE
Current Charges – including Benefit Charges	\$ 282.00	\$ 307.00	\$ 435.00	\$ 476.00
Plus: Md. State surcharge (Flush Tax)	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Total Current Charges:	\$ 312.00	\$ 337.00	\$ 465.00	\$ 506.00
Plus: Plant: BNR & ENR Upgrade and expansion	\$ 183.02	\$ 178.02	\$ 135.00	\$ 94.00
Plus: St. Michaels' collection system:	\$ 84.98	\$ 84.98	\$ 0.00	\$ 0.00
NEW ANNUAL CHARGES EFFECTIVE JULY 1, 2007	\$ 580.00	\$ 600.00	\$ 600.00	\$ 600.00

4. The Council hereby establishes a Fund for Permanent Public Improvements, (the "Fund") as an account within the existing Special Fund, toward the financing of which sewer service rates and connection charges, assessments, taxes, and other sources of revenue generated from operation of the Sewerage System shall be dedicated.
5. The Fund shall be used as a dedicated source of revenue in accordance with Environment Article § 9-1605(d)(1)(iii), Md. Ann. Code, to pay the costs of the projects and improvements to the Sewerage System, to include:
- A. Biological Nutrient Removal (BNR) and Enhanced Nutrient Removal (ENR) upgrade and expansion of the Sewerage System Plant;
 - B. Force main and pump station improvements, to include repair and replacement of the Town of St. Michaels, Rio Vista, and Bentley Hay wastewater collection system;
 - C. All labor, materials, supplies, costs, and expenses including design, inspection, and supervision associated or related to the upgrade, expansion, repair, replacement, construction, reconstruction, or addition of or to the Sewage System; and,
 - D. Payment of principal of, and interest on, bonds or other evidence of indebtedness issued by the County to MWQFA; and,
 - E. Operational expenses of the Sewerage System; and,
 - F. Costs incurred to issue, effect, implement, or conclude such borrowing.
6. To secure the payment of the bonds or other evidence of indebtedness, the County, by and through adoption of this Resolution, hereby pledges and assigns all or any part of the revenue generated by operation of the Sewerage System to

whatever extent required to be applied to the full, faithful, and timely repayment of any and all principal and interest of and upon any such bonds or other indebtedness incurred to the MWQFA. This pledge and assignment includes all or any part of the revenues received from the operation of the Sewerage System.

7. The County hereby covenants that it will acquire, construct, improve, maintain, operate, repair, and insure any project for which the bonds or other evidence of indebtedness are issued or executed.
8. Connection charges. The County hereby establishes a connection charge for all lots connecting to the Sewerage System on or after July 1, 2007, based on the following schedule:
 - A. All lots other than those previously paying a benefit charge prior to February 14, 2006: up to \$12,000 per EDU.
 - B. All lots previously paying a benefit charge prior to February 14, 2006: up to \$10,000 per EDU.
 - C. The connection charge shall replace and be paid in lieu of any ready-to-serve charge, system expansion charge, benefit charge, and retroactive benefit charge. The connection charge shall be assessed on and after July 1, 2007 to all new connections.
 - D. The connection charge is a fee for the right to connect to the Sewerage System, and does not include any cost for construction work or materials to establish the connection.
9. The County shall deposit up to \$10,000 per EDU into the Fund that shall be limited to repayment of all costs associated with the improvement projects, including principal of, and interest on, all debt instruments issued by the County to the MWQFA.
10. Notwithstanding adoption of this Resolution, all existing charges for user fees, ready-to-serve charges, system expansion charges, and retroactive benefit charges remain in full force and effect until July 1, 2007, at which time ready-to-serve charges shall be eliminated, system expansion charges shall be eliminated, and retroactive benefit charges shall be eliminated, except that any amount(s) then due and payable, but unpaid, shall remain due.

BE IT FURTHER RESOLVED, that this Resolution shall become effective immediately upon its adoption.

PUBLIC HEARING

Having been posted and notice, time and place of hearing, and Title of Resolution No. 129 having been published, a public hearing was held on Tuesday, March 14, 2006 at 2:00 p.m. in the Bradley Meeting Room, South Wing, Talbot County Courthouse, 11 North Washington Street, Easton, Maryland.

Read the second time:

ENACTED: March 14, 2006

By Order:

Susan W. Moran
Secretary

Spence	- Aye
Foster	- Aye
Duncan	- Aye
Harrington	- Aye
Carroll	- Aye