LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

A G E N D A

February 26, 2007 - 6:30 P.M. - Council Chambers - City Hall - City of Dover

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at Tmcdowell@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. Request of Capital School District - New Construction Surcharge

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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

Board of Education
Phillip Martino, Jr., President
Raymond Paylor, Vice President
Thomas Keitel
Darryl Scott
Douglas A. Van Sant

Capital School District

"A Premier School District"
Dover, DE 19901-3498

Superintendent of Schools
Michael D. Thomas, Ed. D.
Voice: (302) 672-1555
Fax: (302) 672-1715
Email: mthomas@capital.k12.de.us

RECEIVED
DEC 19 2006
OFFICE OF THE CITY CLERK

December 15, 2006

Mr. Reuben Salters
Dover City Council
Chairman, Legislative, Finance, & Administrative Committee
City of Dover
P. O. Box 475
Dover, DE 19903-0475

Dear Mr. Salters:

The Capital School District Board of Education is requesting placement on the meeting agenda of the Dover City Council. In discussing this matter with Tony DePrima, City Manager, he suggested this request be made to you as Chairman of the Legislative, Finance and Administrative Committee.

The purpose of the Board of Education's request is to engage in dialogue with the city council for its consideration of adopting a surcharge on new home construction, similar to the ordinance enacted last year by Kent County Levy Court. As you may be aware, this ordinance will provide financial support for the school district in funding future capital projects. At least one municipality in Kent County has enacted a surcharge and other municipalities are in the process.

The Board of Education looks forward to hearing from you on the request for placement on the Dover City Council meeting agenda. If I may answer any questions or provide information in expediting this request, please do not hesitate to contact me.

With highest personal regards, I remain

Very truly yours,

Michael D. Thomas, Ed. D.
Superintendent of Schools

Cc: Traci McDowell, City Clerk
Phil Martino, Jr., President, Board of Education

THE CAPITAL SCHOOL DISTRICT DOES NOT DISCRIMINATE IN EMPLOYMENT, EDUCATIONAL PROGRAMS, SERVICES OR ACTIVITIES BASED ON RACE, COLOR, NATIONAL ORIGIN, SEX, AGE, OR DISABILITY IN ACCORDANCE WITH STATE AND FEDERAL LAW.

City of Dover
Finance Department – Information Notes
February 20, 2007

Prepared For: Members of Legislative, Finance & Administration Committee

Copy To: Mayor, City Council, City Manager, & City Clerk

Submitted By: Donna Mitchell, Treasurer/Finance Director

Subject: Surcharge on Permits – School District

Surcharges on building permits for school district capital construction projects have been implemented by Kent County and the Town of Smyrna. Copies of their respective ordinances and a compilation of sample fees are attached for further information. Each ordinance has or is undergoing recommended changes. The changes are primarily due to budgeting concerns and timing of collections and disbursements as included in the original ordinances. A recap of each ordinance is as follows –

Kent County – School District Capital Improvement Fund (SDCIF)

Less than $30,000	No fee
1st $250,000	1.25%
2nd $250,000	.9375%
Next $500,000	.625%

- Polytech receives 7.2% of the total SDCIF.
- The County computer system is able to account for the receipts by district.
- Disbursements based on proof of state matching funds pursuant to a Certificate of Necessity.
- County retains interest earnings to cover administrative costs, not to exceed $100,000 annually.
- Planning & Inspections determines the school district.
- County reserves the right to remove any non-qualifying funds not expended within ten years.
- A change is being recommended to remove the requirement to budget disbursement of the funds to the School Districts since they are not County revenues and difficult to project.

Town of Smyrna – School Construction Impact Fee

- Impact fee of 1.25% on the construction permit value of new residential dwellings (including single family homes, townhouses, apartment units and mobile homes) and new non-residential structures of all types (including tenant fit-outs of existing structures).
- The impact fee shall not exceed $3,750 (see below)
- Building permits for decks, sheds, residential additions, pools, fences, sidewalks, moving and demolition, signs and renovations or repairs to existing structures are exempt.
- Ordinance was amended to delete the provision that it shall not exceed $3,750 and transfers to be completed at the end of each quarter rather than include specific months.

City of Dover
Surcharge on Building Permits for School Districts
Compilation of Sample Charges Implemented by Other Local Governments

Kent County					Town of Smyrna	
	Less than	1st	2nd	Next		All New
	$ 30,000	$ 250,000	$ 250,000	$ 500,000		Construction
	Exempt	1.25%	0.9375%	0.6250%		1.25%
	$0	$ 3,125.00	$ 2,343.75	$ 3,125.00		
Value of Single Permit	Proceeds				Value of Single Permit	Proceeds
$50,000	$ 625.00				$50,000	$ 625.00
$125,000	$ 1,562.50				$125,000	$ 1,562.50
$200,000	$ 2,500.00				$200,000	$ 2,500.00
$250,000	$ 3,125.00				$250,000	$ 3,125.00
$300,000	$ 3,593.75				$300,000	$ 3,750.00
$350,000	$ 4,062.50				$350,000	$ 4,375.00
$400,000	$ 4,531.25				$400,000	$ 5,000.00
$450,000	$ 5,000.00				$450,000	$ 5,625.00
$500,000	$ 5,468.75				$500,000	$ 6,250.00
$1,000,000	$ 8,593.75				$1,000,000	$ 12,500.00

INTRODUCED BY: Commissioners David R. Burris/Ronald D. Smith
DATE INTRODUCED: March 21, 2006
PUBLIC HEARING DATES: April 4, 2006 and July 11, 2006
PUBLIC HEARING TIME: 7:15 P.M.
ADOPTION DATE: July 11, 2006
EFFECTIVE DATE: July 11, 2006

ORDINANCE 06-23

An Ordinance establishing a surcharge on Building Permit fees for the purpose of providing capital funding to specified School Districts of Kent County.

NOW, THEREFORE, THE LEVY COURT OF KENT COUNTY, DELAWARE, HEREBY ORDAINS:

ORDINANCE PROVIDING FOR A SCHOOL DISTRICT CAPITAL IMPROVEMENT FUND

Section 1. All applications for Building Permits shall be subject to a surcharge of one and one-quarter percent (1.250%) for the first $250,000, fifteen-sixteenths of one percent (.9375%) for the next $250,000, and five-eighths percent (.625%) for the next $500,000 of the proposed construction valuation as determined by the Department of Planning Services for the purpose of establishing financial assistance to individual School Districts, disbursements limited to capital improvements. Notwithstanding the above, applications for Building Permits where the proposed construction value as determined by the Department of Planning Services is less than Thirty Thousand ($30,000.00) Dollars and such application is submitted following the issuance of the original certificate of occupancy shall be exempted from this Ordinance. Additionally, the surcharge provided for herein shall not be added to building permits applied for by an organization exempt from tax under §501(c)(3) of the federal Internal Revenue Code which provides owner-occupied housing to low income households by rehabilitation of residential properties and reselling said properties without profit, nor to the Delaware State Housing Authority nor to any applicant funded by the Delaware State Housing Authority. The fund shall be known as the School District Capital Improvement Fund ("SDCIF") and shall be held by the County in the name of each of the following individual School Districts: Capital, Caesar Rodney, Lake Forest, Milford, Smyrna, Woodbridge, and POLYTECH. As a county-wide school district, POLYTECH School District will receive 7.2% of the total School District Capital Improvement Funds.

Section 2. Proceeds of the SDCIF shall be collected on a continuous basis by the Kent County Levy Court and shall be held in a reserved account for each School District. Funds collected for Building Permits issued in each School District shall be accounted for by School District.

Section 3. Disbursement of Funds. The Kent County Levy Court shall, as part of its annual budgeting process, distribute to each School District the funds collected during the preceding fiscal year provided that:

(i) The School District has capital improvements for the ensuing fiscal year that are eligible for state matching funds pursuant to a Certificate of Necessity issued by the State Department of Education (DOE) for such capital improvements.

(ii) The SDCIF proceeds have been qualified as the School District's matching local share towards capital improvements for purposes of the Certificate of Necessity in (i) above.

Funds not expended in the manner set forth above shall continue to be held in a restricted reserve account for the School District from year to year until such time as they are expended. Kent County may retain interest, if any accruing on such accounts, as an administration fee provided, however, said administration fee shall not exceed $100,000 per year. The Kent County Levy Court reserves the right to remove to the County's General Fund any non-qualifying funds not expended within ten (10) years of the year in which the funds were collected. School Districts seeking disbursements of the funds shall file an application with the County Department of Finance identifying the qualifying capital improvement project and committing the School District to expend the funds in accordance with the application.

Section 4. Kent County Department of Planning Services shall determine the School District location of each property for which a Building Permit is issued for purposes of calculating the collection and disbursement of funds to the various eligible School Districts.

Section 5. The Kent County Levy Court is authorized to promulgate such rules, procedures and regulations deemed to be necessary for the purpose of giving full force and effect to the provisions of this Ordinance.

Section 6. The Kent County Levy Court, at the request of the School District, may allow an acceptable credit from a donor for the SDCIF surcharge for in kind contributions to the School District.

Section 7. This Ordinance shall be effective on July 12, 2006; provided; however that Section 1 shall become effective for all contracts entered into after July 11, 2006 for which building permits or certificates of occupancy are sought after July 11, 2006, and no provision of this Ordinance shall be construed to affect transactions resulting from contracts entered into prior to July 12, 2006, so long as a copy of the contract accompanied by an affidavit verifying the existence and validity of the contract shall be submitted to the Director of the Department of Planning Services at the time of making the application for a building permit.

Section 8. If any section, subsection, sentence, clause, or provision of this Act or any application of this Act is held invalid, the remainder of the Act shall not be effected and to this end this Act and its terms are declared to be severable.

Adopted by Levy Court of Kent County on

July 11, 2006

David R. Burris

The Honorable David R. Burris
President of Levy Court
Kent County, Delaware

Attest:

Loretta L. Wootten this 11th day of July, 2006
Clerk of the Peace

SYNOPSIS

The purpose of this Ordinance is to provide a capital improvement fund for School Districts in order that the School Districts may utilize said funds together with any matching State funds for the purpose of expanding capacity to accommodate growing demand for such facilities. All monies received by the County will be deposited into an improvement fund held by the County for the benefit of the School District.

This Amendment marginally increases the surcharge to the levels authorized by state law. Further, it clarifies that the surcharge shall not apply for building permit applications made pursuant to construction contracts entered into prior to July 11, 2006. Also it exempts building permit applications 501(c)(3) for rehabilitation of owner-occupied housing to low and moderate income households and for applications where of the secondary construction project is less than $30,000.00.

FIRST READING: 08/21/06
SECOND READING: 09/05/06
THIRD READING: 09/18/06
SPONSOR: Mayor Schaeffer
ORDINANCE NO: 018-06

AN ORDINANCE TO AMEND CHAPTER 32, IMPACT FEES

BE IT HEREBY ENACTED by the Town Council of the Town of Smyrna, a majority thereof concurring in Council duly met, that Chapter 32, Impact Fees, be amended as follows:

SECTION 1. Amend §32-4 by adding a new sentence at the end of sub-subsection (f) as follows:

> Building permits for decks, sheds, residential additions, pools, fences, sidewalks, moving and demolition, signs and renovations or repairs to existing structures are exempt from this impact fee.

SECTION 2. Amend §32-4 by adding a new subsection (h) as follows:

(h) School Construction Impact Fee. An impact fee of one and one quarter percent (1.250%) of the construction value of the building permit of new residential dwellings (including single-family homes, townhouses, apartment units and mobile homes) and new non-residential structures of all types (including tenant fit-outs of existing structures) shall be assessed at the time the building permit is issued; provided that the impact fee for any single building permit shall not exceed $3,750. The proceeds of the impact fee shall be collected on a continuous basis and transferred by the Town of Smyrna to the Smyrna School District on or about the end of March, June, September and December of each year. Such funds are to be used by the Smyrna School District for capital construction to enhance the provision of educational facilities to the residents of the Town.

Building permits for decks, sheds, residential additions, pools, fences, sidewalks, moving and demolition, signs and renovations or repairs to existing structures are exempt from this impact fee.

EFFECTIVE DATE: October 4, 2006

This will certify that this is a true and correct copy of the ordinance duly adopted by the Town Council of the Town of Smyrna at its regular Council meeting on September 18, 2006.

SYNOPSIS

This ordinance establishes the school construction impact fee to support the Smyrna School District. It also adds a sentence to the fire company impact fees section to exclude building permits for additions, sheds, alterations, etc.

ATTEST:

_____ _____

Council Secretary Mayor

This shall certify that the title and synopsis of this Ordinance was published in the Smyrna/Clayton Sun Times on August 30, 2006 and a copy was posted at the Town Hall on August 22, 2006.

So Certifies:

_____ _____

Date Town Clerk

This shall certify that the title, synopsis and effective date of this Ordinance was published in the Smyrna/Clayton Sun Times on September 27, 2006 and a copy was posted at the Town Hall on September 19, 2006.

So Certifies:

_____ _____

Date Town Clerk

FIRST READING: 12/04/06
SECOND READING: 12/20/06
THIRD READING: 01/16/07
SPONSOR: Councilwoman White
ORDINANCE NO: 024-06

AN ORDINANCE TO AMEND CHAPTER 32, IMPACT FEES

BE IT HEREBY ENACTED by the Town Council of the Town of Smyrna, a majority thereof concurring in Council duly met, that Chapter 32, Impact Fees, be amended as follows:

SECTION 1. Amend Section 32-4, subsection (h) School Construction Impact Fee by deleting at the end of the first sentence "; provided that the impact fee for any single building permit shall not exceed $3,750" and placing a period (.) after the word "…issued".

SECTION 2. Amend Section 32-4, subsection (h) School Construction Impact Fee by deleting the following sentence: "The proceeds of the impact fee shall be collected on a continuous basis and transferred by the Town of Smyrna to the Smyrna School District on or about the end of March, June, September and December of each year." And inserting in lieu thereof the following sentence: "The proceeds of the impact fee shall be collected on a continuous basis and transferred by the Town of Smyrna to the Smyrna School District at the end of each quarter".

SECTION 3. Amend §32-12. Impact fee subject to adjustment for inflation. By deleting the following at the end of the first sentence: "…to waive the increase for the following year" and inserting in lieu thereof "…to waive or to increase the adjustment more than the posted change in the CPI for the following year".

EFFECTIVE DATE: _____

This will certify that this is a true and correct copy of the ordinance duly adopted by the Town Council of the Town of Smyrna at its regular Council meeting on _____.

SYNOPSIS

This ordinance removes the cap on impact fees for school construction, changes the payment schedule to be consistent with payment of other impact fees and gives Council the authority to raise or lower the annual adjustment for all impact fees by resolution.

ATTEST:

_____ _____

Council Secretary Mayor

This shall certify that the title and synopsis of this Ordinance was published in the Smyrna/Clayton Sun Times on December 13, 2006 and a copy was posted at the Town Hall on December 6, 2006.

So Certifies:

_____ _____

Date Town Clerk

This shall certify that the title, synopsis and effective date of this Ordinance was published in the Smyrna/Clayton Sun Times on _____, _____ and a copy was posted at the Town Hall on _____, _____.

So Certifies:

_____ _____

Date Town Clerk