

**ORDINANCE**

An Ordinance to amend Section 7.285 of the Manitowoc Municipal Code regulating interest rates for special assessments.

The Mayor and Common Council of the City of Manitowoc do ordain as follows:

**Section 1.** Section 7.285 is amended to read as follows:

**“7.285 Installment Payments of Special Assessments.** All special assessments for paving, grading and graveling, seal coating, sanitary sewer, mini-storm sewer hookup charges, sewer and water laterals, curb and gutter, and sidewalks which exceed \$500.00 may be paid in accordance with the following applicable installment payment plan:

(1) Five-Year Installment Plan. All such assessments may be paid by the property owner in five annual equal installments. Interest shall accrue on the unpaid balance at the ~~rate of seven percent per year~~ **London Interbank Offered Rate One-Year rate as of January 1 of the year the project will be completed plus 1.5 percent, to remain set at that constant rate for the life of the plan.** Interest shall begin to accrue at this rate **on the unpaid balance as of November 1 of the year assessments are levied** ~~on the first day of the month following the original special assessment date. Any assessment of any kind not paid in full before November 1st shall accrue interest at the rate of seven percent per annum beginning November 1st.~~

(2) Ten-Year Installment Plan. The Board of Public Works is hereby empowered to grant a 10-year installment plan in lieu of the five-year plan upon written application therefor from any property owner who at the time of the assessment is not occupying the assessed property as a residence and demonstrates an economic hardship or any property owner who occupies as a resident the property against which the assessment has been made. ~~The Common Council may at any time by resolution increase the interest rate for 10-year installment payment plans which commence after the effective date of such resolution.~~ **The interest rate for a 10-year installment plan shall be the London Interbank Offered Rate One-Year rate as of January 1 of the year the project will be completed plus 2 percent, to remain set at that constant rate for the life of the plan. ”**

**Section 2.** This ordinance shall take effect on the date of publication and the Clerk shall offer these rates for any taxpayer put on a payment plan after that date.

Introduced \_\_\_\_\_ Adopted \_\_\_\_\_ Approved \_\_\_\_\_

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Justin M. Nickels, Mayor

**Fiscal Impact:** Based upon the prior two years (2016 and 2017) the amount of interest collected from parcels rolled onto the tax roll amounts to approximately \$20,000 annually. Therefore, with the proposed rate reduction of 2.75% (from 7% to 4.25%) or 39.285% reduction, the amount of lost interest would be approximately \$8,000 annually. This amount is based upon currently approximately 65% of the amount assessed is rolled onto a 5 year plan. These projections of course may change if more people invoke a 5-year repayment plan, due to the lowering of the interest rate.

**Funding Source:** lost revenue

**Finance Director Approval:** /sc

**Approved as to form:** /kmm

This resolution was drafted by Kathleen M. McDaniel, City Attorney