



Mayor and City Council

SAC/WAC Payment Incentive Policy

Adopted on June 22, 2016

Revision Dates:

February 8, 2017



Sewer Access Charge (SAC) and Water Access Charge (WAC) Payment Incentive Policy

Big Lake City Council Adopted June 22, 2016

I. GENERAL POLICY

The purpose of this policy is to incentivize business expansion and market for new businesses to establish in the City of Big Lake.

The SAC/WAC Payment Incentive Program will minimize the impact of payment to expanding and new businesses. The City will provide this option to pay the SAC/WAC fees over time versus at the time the building permit is issued.

Under this economic development program, the City of Big Lake will enter into a 429 Assessment Agreement with eligible participants to spread the SAC/WAC payments over a term set and approved by City Council. Eligible participants will be required to pay a start-up, administrative charge of \$500. The Assessment amount will be paid off two times per year when taxes are due.

The interest rate will be set and approved by City Council. The administrative cost is captured by the start-up, administration charge of \$500.

Participants of the program must be individually metered with a minimum of \$5,000 for principal balance of the 429 Assessment Agreement structure and maximum of \$100,000 for principal balance of the 429 Assessment Agreement structure.

The principal balance of the 429 Assessment Agreement will be secured by a Promissory Note executed by the participant to repay the Note. The Note is secured by the City's ability to file a lien against the property for repayment of the SAC/WAC charges.

II. 429 ASSESSMENT AGREEMENT STRUCTURE

- The applicant must be a commercial, retail, or industrial business.
- The applicant must own the property the business is located on.
- The applicant must prove a gap in financials.
- The property, on which the business is located, must be within the City of Big Lake.
- The term is set and approved by City Council.
- The interest rate is set and approved by City Council.
- Maximum principal balance of the Assessment is \$100,000
- The participant must complete a SAC/WAC Payment Incentive Application and execute a 429 Assessment Agreement to be eligible for the incentive.
- Participants must secure the principal balance of their Assessment with a Promissory Note
- A \$500 start-up, administrative cost will be charged at the time the building permit is issued.
- Participants will pay off the principal balance when taxes are due two times per year for the term of the loan.
- In the event a participant closes their business within the term of their 429 Assessment Agreement, the participant must notify the Community Development Director of the City of Big Lake.
- In the event of default, any outstanding payments are assessed to the property and the business waives the right to contest the Assessment through the executed Promissory Note.
- The SAC/WAC 429 Assessment Agreement is non-transferable.

III. INELIGIBLE CONDITIONS

- The participant's property taxes are delinquent.

- The participant is not in good standing with the State of MN, or is in violation of Big Lake City Code.
- The property is not located within the City of Big Lake.
- The participant cannot prove a gap in financials.

IV. APPLICATION PROCESS

To be eligible for the SAC/WAC Incentive Program, an application must be filled out in its entirety and submitted by the participant. All applications must meet the criteria of the 429 Assessment Agreement structure. However, it should not be presumed that an application meeting the criteria will be automatically approved. Meeting the criteria creates no contractual rights on the part of any potential participant to have its application approved.

All applicants must also submit an Owners and Encumbrance Report along with the application.