

City of Ramsey
Sewer Availability Charge (SAC) and
Water Availability Charge (WAC)
Transfer and Loan Policy

*Net Credit Policy
Small Business Loan Program
Approved November 13, 2012*

Contents

Program Background	3
1. Net Credits	3
Net Credit Mandatory Criteria	3
Net Credit Policy	4
Net Credit Evaluation Criteria	4
Additional Considerations.....	6
Net Credit Eligibility	6
2. Small Business Loans.....	6
Small Business Loan Mandatory Criteria	6
Small Business Loan Eligibility.....	7
Application Process.....	7
Implementation Procedures.....	7
Sunset Date.....	7

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Program Background

The Sewer Availability Charge (SAC) is a one-time fee imposed by the Metropolitan Council Environmental Services (MCES) Division to local governments for each new connection or increase in capacity demanded of the Metropolitan Disposal System. Ramsey passes this fee to the user that creates the increased demand at time of Building Permit or at change of use (increase in demand). The SAC Transfer and Loan Policy has been developed in order to outline the circumstances in which the City will allow Net Credits and previous payments to be transferred from one site to another (transferred city-wide). The program also provides a deferred payment mechanism for small business (10 SAC or less).

The purpose of the program is to allow flexibility in SAC transfers, promote economic development, and assist small business owners with the costs of initial construction by allowing SAC to be paid over a period of time as opposed to a one-time, up-front cost. The program applies to all commercial and industrial development within the City limits.

1. Net Credits

Net Credits are created when a permanent reduction to the Metropolitan Disposal System is created. A permanent reduction in demand is created when a structure is physically removed or a space physically altered to create a permanent reduction in demand as indicated by a revised SAC Determination. Approved Net Credits will be placed in an account and available for use city-wide as available. Eligible Applicants will be able to apply for use of Net Credits if available.

Eligible applicants must demonstrate creation of jobs not already located within the City limits. Net Credits are available on a first-come, first-serve basis and only available if Net Credits exist in the City's account. In the event of a tie in initial scoring, the corresponding applications will be scored using the supplemental scoring sheet.

Net Credit Mandatory Criteria

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the use of Net Credits.
2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the date assistance is received, at least equal to 70% of the most recent median wage figure for the Twin City 7 County Metro Area as published by the Minnesota Department of Employment and Economic Development or such greater amount as the City may require for a specific project.

3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.

Net Credit Policy

1. The City recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nonetheless, not all projects assisted with subsidies drive their public purpose and importance solely by virtue of job creation. In addition, the imposition of high job creation and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces and influence and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:
 - a. The evaluation of projects will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
 - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worth of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.
 - c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of jobs is specific and demonstrable.
 - d. The setting of wage and job goals will be informed by (i) prevailing wage rates; (ii) local economic conditions, (iii) external economic forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City retains the right to approve projects and subsidies which may vary from the principles and criteria set forth herein.

Net Credit Evaluation Criteria

The project review and evaluation criteria are the following:

1. Jobs and Wages
 - a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.

may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.

7. Other
- a. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

Additional Considerations

The City will give consideration to one or more of the issues listed below in determining whether to provide financial or other assistance to a project as a business subsidy:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein “benefit date” means the date the business subsidy is received.

Adopted by: Ramsey EDA/City Council
Date of Adoption:

Net Credit Eligibility

Eligible applicants are all commercial and industrial users within the City limits. All applicants must be a permitted use in compliance with all laws, zoning ordinances, rules and regulations applicable to the business. All Applicants must be current on all City taxes, assessments, and utility bill payments. The Ramsey EDA will review each applications for Net Credits on a case-by-case basis and reserves the right to exclude activities not consistent with the City’s Comprehensive Plan, or if the concept does not benefit the health, safety and welfare of the community. The Ramsey City Council will make the final approval/denial of any Net Credit Application.

2. Small Business Loans

Small Businesses of ten (10) SAC Units or less may request SAC to be paid over a period of time with annual payments rather than up front (at time of building permit issuance). Eligible Applicants will be required to enter into a Standing Loan Agreement with the City and the Metropolitan Council. In the event of default, the remaining balance will be assessed to the benefitted Property.

Small Business Loan Mandatory Criteria

1. But For Test. There is a substantial likelihood that the project would not go forward without the use of Net Credits.
2. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.

Small Business Loan Eligibility

Eligible applicants are all commercial and industrial users with a SAC Determination of ten (10) SAC Units or less and within the City limits. All applicants must be a permitted use in compliance with all laws, zoning ordinances, rules and regulations applicable to the business. All Applicants must be current on all City taxes, assessments, and utility bill payments. The Ramsey City Council will review each applications for Small Business Loans on a case-by-case basis and reserves the right to exclude activities not consistent with the City's Comprehensive Plan, or if the concept does not benefit the health, safety and welfare of the community. Applicants do not need to fill out the following application, but do need to request the deferred payment plan in writing.

Application Process

Applicants for Net Credits must submit a completed SAC Transfer and Loan Application and all required attachments to the City's Community Development Department. City staff will make every effort to review completed applications within a three-week period of time. The Ramsey Economic Development Authority will make a recommendation on the SAC Transfer Application to the Ramsey City Council. Applicants will be notified of EDA and City Council meetings and may be asked to attend to present their request for assistance. Any financial assistance to economic development programs as part of this program is subject to City Council approval. Moreover, such financial assistance is limited by the availability of Net SAC Credits.

Applicants for the Small Business Loan must submit their request in writing and specify the amount being requested as well as the proposed length of repayment. Payments must be made on entire SAC Units; payments for partial SAC Units will not be accepted. As the program is administered by the Metropolitan Council with the City, the process defers to Metropolitan Council policies and procedures.

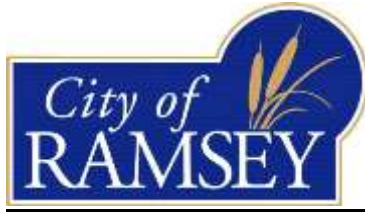
Implementation Procedures

The program does require the applicant pay upfront permit fees. To be in good standing with the City, applicant and/or landlords must be current on all municipal taxes, special assessments, City utility bills, or EDA loans. Outstanding balances will be assessed against the Property if the applicant and/or landlords fail to be current on these obligations. Outstanding balances will be assessed against the Property if the applicant discontinues the business, moves the business, or fails to comply with any and all building, fire, health, or zoning codes or regulations. As SAC is paid at time of Building Permit, assistance will be provided to the Project in the form of a reduction on the SAC Fee collected with the Building Permit.

Sunset Date

There is no sunset date on the SAC Credit, Transfer, and Loan Policy. The Policy will be updated as Metropolitan Council Program Guidelines are updated.

EXHIBIT A



SEWER AVAILABILITY
CHARGE NET CREDIT
APPLICATION

A: Type of SAC Assistance Requested (select one)

<input type="checkbox"/> Net Credit	<input type="checkbox"/> Small Business Loan
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B: Applicant Contact Information

Please note: All official communication will be routed through this contact.

Name of Corporation/Business:			
Street Address:			
City, State, ZIP:			
Phone:		Fax:	
Name of Primary Contact:			
Address:			
City, State, ZIP:			
Phone:		Fax:	
Email:			

C: Property Owner Information

(If different than Applicant)

Name:			
Street Address:			
City, State, ZIP:			
Home Phone:		Work Phone:	
Email:		Fax Number:	

D. Mandatory Criteria

Have you ever been, or are you currently, involved in any bankruptcy proceedings or lawsuits related to other development projects with which you have been involved? If yes, please provide an explanation on a separate sheet.

<input type="checkbox"/> Yes	<input type="checkbox"/> No
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On a separate sheet, please provide the following:

1. Brief description of the corporation/partnership’s business, including history, principal product or service, etc. **Attach as Part 1.**
2. List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. **Attach as Part 2.**
3. Brief description of the proposed project. **Attach as Part 3.**
4. A ‘but for’ analysis and narrative. **Attach as Part 4.**

E. Project Information

Project Type

<input type="checkbox"/> Industrial (new)	<input type="checkbox"/> Industrial (redevelopment)	<input type="checkbox"/> Industrial (expansion)
<input type="checkbox"/> Office/Research (new)	<input type="checkbox"/> Office/Research (redevelopment))	<input type="checkbox"/> Office/Research (expansion)
<input type="checkbox"/> Commercial (new)	<input type="checkbox"/> Commercial (redevelopment)	<input type="checkbox"/> Commercial (expansion)
<input type="checkbox"/> Housing (new)	<input type="checkbox"/> Housing (redevelopment)	<input type="checkbox"/> Housing (redevelopment)
<input type="checkbox"/> Other (explain):		

Ownership Status

<input type="checkbox"/> Owner Occupied	<input type="checkbox"/> Leased Space
If leased space, please attach a list of names and addresses of future tenants and indicate the status of commitments or lease agreements. Attach as Part 5.	

Real Estate Information

Current Real Estate Taxes on Project Site	
Estimated Real Estate Taxes Upon Completion (Phase I)	
Estimated Real Estate Taxes Upon Completion (Phase II)	
Estimated Real Estate Taxes Upon Completion (Total)	

Construction Phasing

% complete	In years
% complete	In years
% complete	In years

F: Public Purpose Objectives

It is the purpose of the City and EDA of Ramsey that the business assistance should result in a public benefit as identified in items 1-10 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. **Attach additional narrative as Part 7.**

<input type="checkbox"/>	1. To encourage redevelopment.
<input type="checkbox"/>	2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
<input type="checkbox"/>	3. To enhance and/or diversify the City's economic base.
<input type="checkbox"/>	4. To encourage additional unsubsidized private (re)development.
<input type="checkbox"/>	5. To remove blight and/or encourage (re)development of commercial and industrial areas.
<input type="checkbox"/>	6. To create housing opportunities.
<input type="checkbox"/>	7. To provide a diversity of housing.
<input type="checkbox"/>	8. To provide a variety of family housing ownership alternatives and housing choices.
<input type="checkbox"/>	9. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
<input type="checkbox"/>	10. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government such as (i) utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment and (ii) mitigation of project impact on the natural environment.

G: Sources and Uses

Please attach a Sources and Uses Spreadsheet as Part 8.

H: Additional Documentation and Checklist

Applicants will also be required to provide the following documentation. All personal financial information will be kept private and confidential.

<input type="checkbox"/>	1. Written business plan or description of the business, ownership/management, date established, products and services, and future plans.
<input type="checkbox"/>	2. Financial statements for past two years, including profit and loss statements and balance sheets.
<input type="checkbox"/>	3. Two year financial projections.
<input type="checkbox"/>	4. Personal financial statements of all major shareholders (principals) including the most recent two years of tax returns (if requested).
<input type="checkbox"/>	5. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
<input type="checkbox"/>	6. Administration fee.

Required Attachments

<input type="checkbox"/>	1. Part 1 – Corporation/Partnership Description.
<input type="checkbox"/>	2. Part 2 – List of Shareholders/Partners
<input type="checkbox"/>	3. Part 3 – Description of Project
<input type="checkbox"/>	4. Part 4 – 'But For' Analysis
<input type="checkbox"/>	5. Part 5 – List of Prospective Lessees (if requested)
<input type="checkbox"/>	6. Part 6 – <i>not required</i>
<input type="checkbox"/>	7. Part 7 – Public Purpose Narrative
<input type="checkbox"/>	8. Part 8 – Sources and Uses Table

I: Authorization

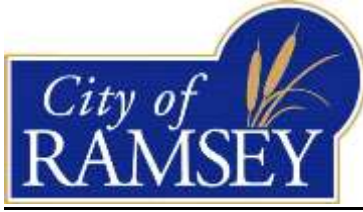
The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City and EDA of Ramsey to check credit references, verify financial and other information, and to share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after filing of this application.

Applicant Signature		Co-Applicant Signature	
Printed Name		Printed Name	
Title		Title	
Date		Date	

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City and EDA of Ramsey to check credit references, verify financial and other information, and to share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after filing of this application.

Property Owner Signature		Property Owner Signature	
Printed Name		Printed Name	
Title		Title	
Date		Date	

EXHIBIT B
TO BE COMPLETED BY APPLICANT AND CITY STAFF



SEWER AVAILABILITY
CHARGE NET CREDIT REVIEW
WORKSHEET

A: The project meets which of the following as set forth in Section F of the Sewer Availability Transfer and Loan Policy:

<input type="checkbox"/>	1. To encourage redevelopment.
<input type="checkbox"/>	2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
<input type="checkbox"/>	3. To enhance and/or diversify the City's economic base.
<input type="checkbox"/>	4. To encourage additional unsubsidized private (re)development.
<input type="checkbox"/>	5. To remove blight and/or encourage (re)development of commercial and industrial areas.
<input type="checkbox"/>	6. To create housing opportunities.
<input type="checkbox"/>	7. To provide a diversity of housing.
<input type="checkbox"/>	8. To provide a variety of family housing ownership alternatives and housing choices.
<input type="checkbox"/>	9. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
<input type="checkbox"/>	10. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government such as (i) utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment and (ii) mitigation of project impact on the natural environment.

B: Ratio of Private to Public Investment in Project

Private Investment	Public Investment	Ratio Private:Public Financing

Points

5:1	4:1	3:1	2:1	< 2:1
5	4	3	2	1

C: Job Creation

____ = Net new jobs (minimum 40 hours per week) or full time equivalents

50+	20-49	10-19	5-9	< 2
5	4	3	2	1

D: Wage Level of Jobs Created

_____ = Average hourly wage of new jobs

Over \$21/hour	\$18-\$21/hour	\$14-\$17/hour	\$10-\$13/hour	< \$10/hour
5	4	3	2	1

E: Ratio of Business Assistance to New Jobs Created

Assistance Requested	# of net new jobs created	\$ of assistance per net new job

Points

< \$5,000	\$5,00-\$14,999	\$15,000-\$24,999	\$25,000-\$49,000	> \$50,000
5	4	3	2	1

F: Project Size

_____ = Square feet of construction created by the Project.

> \$75,000	\$50,000-\$74,999	\$25,000-\$49,999	\$10,000-\$24,999	> \$10,000
5	4	3	2	1

G: Type of Project

100% Owner Occupied	Mixed Owner Occupied & Investment	Investment Property

Points

100% Owner Occupied	Mixed Owner Occupied & Investment	Investment Property
5	3	1

Bonus Points?

100% pay as you go financing?

The project is a redevelopment project.

Total Points _____

35 = High

25 = Moderate

15 = Low

5 = Not Eligible