



Residential Private City-Utility Connection Financing Policy

Adopted 06/05/2007
Amended 11/01/2010

SECTION 1. PURPOSE

The purpose of this policy is to establish specific guidelines and criterion the City of Baxter will use when it considers whether to extend financing to eligible homeowners for the connection of private city utilities (“Financing Program”). The policy enhances the City’s goals and objectives of providing municipal water and sewer services to its residents in an efficient, effective, and environmentally responsible manner.

SECTION 2. POLICY

Borrower Eligibility Requirements

An applicant or applicants requesting financial assistance for connection to municipal water and/or sewer services for the Financing Program must meet the following:

- A. The subject parcel to be connected must be an existing, homesteaded, residential single-family dwelling (“Property”) owned and occupied by the applicant or applicants (“Homeowner”).
- B. The Homeowner must be current on the property taxes and any outstanding assessments levied against the Property.
- C. If the Property has an established utility account with non-user services, the account must be current.
- D. A non-user status was created as a result of the Property previously being serviced with private well and/or septic and in existence prior to the construction of a city-driven water and/or sewer utility project.
- E. The Homeowner must demonstrate the current household income for the Property does not exceed the fiscal year’s Median Family Income (“MFI”) figure for Crow Wing County, as defined by the U.S. Department of Housing and Urban Development (HUD), for the same year.

Financing Program Terms and Conditions

- A. Eligible costs to finance with the Financing Program include: documented contractor charges for connection including city related connection fees and permits, city administrative charges, city legal fees, capitalized interest, water availability charges (WAC), sewer availability charges (SAC), and lift station fees.
- B. An administrative charge, as outlined on the City’s adopted fee schedule, for drafting and executing the Agreement will be added to the assessment.
- C. Interest will be charged at the prime rate plus 200 basis points (2%) (“Assessment Interest Rate”).
- D. Capitalized interest based upon the Assessment Interest Rate from the execution of the assessment agreement (“Agreement”) to the end of the current year will be added to the assessment.
- E. Duration of the assessment to be recommended by the Director of Finance, not to exceed five (5) years.

Financing Process

- A. Funding for the Financing Program shall be allocated based upon the annual budget appropriation approved by the City Council.
- B. The Homeowner must submit a completed city application to the City of Baxter Department of Finance requesting financing of the city utility connection.
- C. As part of the application, the Homeowner must submit a copy of his/her most recent tax return or other acceptable documentation verifying the Homeowner's most recent annual household income. Household income must not exceed the matching fiscal year's Median Family Income ("MFI") figure for Crow Wing County.
- D. The Homeowner must select a licensed contractor to perform the utility connection and submit a copy of the quote he/she obtained from said licensed contractor. The quote should include any related city connection fees and/or permits.
- E. Upon a review of the application and supporting documentation and verification the Homeowner meets the qualifications of this policy; the Department of Finance will make a recommendation for the City Council to consider an Agreement with the Homeowner.
- F. Upon Council approval, an Agreement for the private connection to city utilities will be executed with the Homeowner.
- G. The Homeowner will be responsible for coordinating the connection with the contractor. Upon completion and City verification of the private city utility connection and execution of the Agreement, the City will reimburse the Homeowner for the documented, quoted contractor costs. The Homeowner will be responsible directly for any payments to the contractor.
- H. The City will certify the outstanding assessment to the county auditor for collection beginning with the following year's property taxes. If an Agreement is executed after the county deadline for assessment certification, but before January 1 of any given year, the assessment will be certified for collection beginning with the next available year with accrued interest based upon the Assessment Interest Rate capitalized to the assessment.

Other Provisions

- A. The City reserves the right to review, modify, amend, or discontinue the Financing Program at any time.
- B. The City reserves the right to approve Agreements on an individual case based upon, but not limited to, funds available, Homeowner need, and environmental concerns. In some cases, the City may offer to finance only a portion of the eligible costs.
- C. Absent formal City Council action to approve a specific Agreement with a Homeowner, the existence of this policy and Homeowner eligibility should not and shall not be construed as an implicit offer or guarantee to extend financing to a Homeowner.