



## **Downtown Chaska**

# **Sewer & Water Access Charge Assistance Policy**

## **Introduction**

The City of Chaska’s mission statement is “To be the Best Small Town in Minnesota.” As part of its mission, the City strives to maintain its unique, historic, and vibrant downtown by promoting quality development, redevelopment and reuse of properties. In certain situations, up front utility access costs may prevent business start-ups, renovations or expansions. In order to reduce this barrier to entry for new start up and expanding businesses located in Historic Downtown Chaska, the City of Chaska has created the Sewer & Water Access Charge Assistance Policy.

## **Background**

The Metropolitan Council’s Environmental Services division (MCES) provides sanitary sewer treatment for wastewater generated from properties in the City of Chaska and the Twin Cities metropolitan area. A “Sewer Availability Charge” or SAC is collected from each property based on the amount of wastewater that it is anticipated to generate. This fee contributes to the construction and maintenance of the regional sewer system and sanitary sewage treatment facilities. The SAC charge is collected prior to a facility being occupied, or when there is a change in use, since much of the sewer system is already in place and operational.

In addition to the MCES’s SAC charge, the City of Chaska also charges Sewer Connection and Water Connection fees. These fees are used for long-term maintenance of city sanitary and water systems. For any construction project or change in use, the City sewer and water fees are based on the number of SAC units determined by the Metropolitan Council

These fees can create a significant hurdle for new and growing businesses within Chaska’s Historic Downtown. In certain situations, up-front costs may prevent business start-ups, renovations or expansions. While the charge is typically collected up front, the business will only use the local and regional sewer systems over time. If a business is not successful, the SAC credits remain with the property for future use.

In order to reduce this barrier to entry for new start up and expanding small businesses, the MCES offers a SAC Deferral Program which allows eligible businesses to pay the SAC fee over time with interest charges.

In conjunction with the MCES SAC Deferral Program, the City of Chaska has established the Sewer & Water Access Charge Assistance Program as a tool to help lower the financial hurdle to new and expanding businesses in Downtown Chaska.

## Program Description

The following list provides a menu of options for eligible businesses or properties within Downtown Chaska to assist with SAC, and city sewer and water connection fees. Eligible businesses or properties can apply for the deferral and/or waiver of a portion of these fees utilizing one or more of the following options:

1. Metropolitan Council SAC Deferral Program
  - Small businesses (under 25 SAC units) may request a portion (up to 80% of the MCES SAC charges) be paid over a period not to exceed 10 years.
2. Chaska city sewer and water connection fee assessment
  - Eligible businesses and property owners may request to spread up to 50% of the City sewer and water connection fee payments over a ten-year term (maximum) as a special assessment. Property owners will be billed on their property tax statement.
  - Commercial projects with outdoor patios will not be charged city connection fees for the exterior patio space.
3. Chaska city sewer and water connection fee waiver
  - Eligible businesses and property owners may apply to have up to 50% of the City sewer and water connection fees waived with qualifying rehabilitation or construction projects.
  - Any sewer and water connection fee waiver shall be based upon total amount of construction costs of permanent building improvements. (i.e. \$18,000 in renovation work = \$18,000 reduction in fees). The maximum amount of fees waived will be no more than 50% of the city sewer and water connection fees.
  - Commercial projects with outdoor patios will not be charged city connection fees for the exterior patio space.

## Objectives

Assistance is intended to encourage investment in downtown businesses that may not normally occur or may not occur to the level at which can be accomplished without this program. More specifically, the program's objectives are to:

1. Reduce the barrier to entry or expansion by small businesses in Historic Downtown Chaska.
2. Reinvest in the downtown area.
3. Enhance the City's sense of community by creating a strong and visible downtown area.
4. Increase the pace of downtown development that would not normally occur unless the market produced such development.
5. Keep businesses from relocating who would otherwise find it economically difficult to expand their services in the downtown area.

## Conditions for deferment, assessment or waivers

Applicants seeking to defer Metropolitan Council SAC charges or assess and/or waive city sewer and water connection fees are subject to the following limitations and conditions:

**1. Metropolitan Council SAC Deferral:**

- a. Deferral of up to 80% of SAC charges. 20% must be paid up-front.
- b. 10-year term.
- c. Eligible to businesses with a SAC determination of 25 SAC units or less.
- d. Low interest rate determined by the Metropolitan Council.
- e. Payments must be made on a monthly basis. Payment is expected within 30 calendar days. A late fee will be added to payments received after 30 calendar days.
- f. Secured by assessment agreement against the property.
- g. This program is established and regulated by a Master SAC Deferral Agreement executed between the City of Chaska and Metropolitan Council.

**2. City of Chaska Sewer and Water Charge Assessment:**

- a. The SAC determination must be 25 units or less (per Metropolitan Council's SAC unit determination).
- b. The period of the agreement shall not exceed ten (10) years.
- c. If the business is leasing the space, the property owner must also agree to the terms and conditions of the Assessment Agreement, including waiving the right to appeal assessments for unpaid fees.
- d. Low interest rate. The applicable interest rate is determined by the City. The interest rate is determined upon the execution of the Special Assessment Agreement and remains fixed for the duration of the deferral. A 1.5% administration fee will be applied to each assessment.
- e. There is no penalty for early payment of the outstanding balance.
- f. Any SAC credits available as a result of business closure or default are non-transferable. They will be available to future occupants of the property from which they were collected.

**3. Evaluation considerations for Fee Waivers:**

Upon application, the City may consider a waiver for up to 50% of city sewer and/or water connection fees based upon the following findings. Fee Waivers will be determined administratively.

- a. Is this a rehabilitation project or expansion of an existing building or business?
- b. Will this project increase permanent employment or retain existing jobs?
- c. Will this project have the potential for generating additional downtown business growth?
- d. Will tax values increase?
- e. Does the project meet provisions of the comprehensive plan, zoning ordinances, city building code, and/or other city codes?

## Eligible businesses

- Commercial businesses renovating or expanding existing buildings located in Downtown Chaska between Pine St N to Walnut St, and between Hwy 61 to 1<sup>st</sup> St. (See attached map).
- Have SAC determination of no more than 25 units before any credits are applied.
- Commercial establishments including but are not limited to
  - Food establishments -restaurants, cafes, bakery, deli
  - Barber, salon, spa
  - On-Sale liquor establishments - distilleries, breweries, bars
  - Entertainment
  - The City may approve other establishments on a case by case basis.

## Ineligible properties

1. The property is not located within the eligible area of Downtown Chaska (Walnut to Pine/Hwy 61 to 1<sup>st</sup>).
2. Activities that continue and/or expand nonconforming uses.
3. The fee owner must not have delinquent taxes, assessments, bills or fines or other charges due to the city.
4. The business is not in good standing with the State of Minnesota or is in violation of Chaska's City Code.

## Terms and Conditions

- Staff will review the completed application and request any additional information needed. If deemed appropriate for consideration staff will prepare the documents needed to be placed on the City Council.
- At any time, the City may discontinue the option to provide any assistance for these fees.
- The City may deny any project, at the sole discretion of the City and will deny financing for any project which, in its opinion, conflicts with or does not conform to the guidelines established in this document.

## Other Resources

The City has developed several guidelines that provide property owners and businesses additional resources to help them design and implement improvements to their buildings. Recommendations can be found in the following documents: [Historic Chaska Downtown Preservation Design Manual](#), [Downtown Chaska Signage Design Guidelines](#), and Downtown Chaska Business Rear Entrances Design Guidelines.

**Examples**

The example below illustrates how the MCES SAC deferral program is applied and how the City’s assessment and waiver work together. The example includes the 2023 SAC unit fee of \$2,485. The actual amount is updated annually by the Metropolitan Council.

**Example – Expanding Businesses with 7 SAC Units**

MCES SAC Deferment					
Calculation of Fee	Total amount typically due	20% application payment	Amount payable over 10 years	Estimate monthly payment*	Total Cumulative Payments
7 units x \$2,485	\$17,395	\$3,479	\$13,916	\$190	\$22,689

\*Example uses a fixed interest rate of 3.2%. The actual interest rate is determined by the Metropolitan Council and City of Chaska.

City Sewer & Water Connection Fee Assessment & Waiver						
Calculation of Fee	Total amount typically due	50% of fee waived	1.5% Admin Fee	Assessment Charge payable over 10 years	Estimate yearly assessment*	Total Cumulative Payments
Sewer fee - 7 x \$3,868	\$27,076	-\$13,538	\$203	\$15,538	\$1,818	\$18,467
Water fee – 7 x \$4,715	\$33,005	-\$16,503	\$248	\$16,503	\$1,932	\$19,554
<b>Total</b>	<b>\$60,081</b>	<b>-\$30,041</b>	<b>\$451</b>	<b>\$32,041</b>	<b>\$3,750</b>	<b>\$38,021</b>

\*Example uses a fixed interest rate of 3.2%. The actual interest rate is determined by the Metropolitan Council and City of Chaska. The assessment charges may be split into semi-annual payments

**Questions**

Question may be directed to:

Julie Grove, Economic Development Coordinator

[jgrove@chaskamn.gov](mailto:jgrove@chaskamn.gov)

952-227-7518

Downtown Chaska Eligible Properties Map





**Downtown Chaska  
Sewer and Water Access Charge  
Assistance Application**



**BUSINESS INFORMATION**

Business Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

Business Contact: \_\_\_\_\_ Title: \_\_\_\_\_

Principals and Titles: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail: \_\_\_\_\_

**Property Ownership Information**

Property Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail: \_\_\_\_\_

**Sac Unit Determination (Please Attach SAC Determination Letter)**

Address on SAC Determination Letter: \_\_\_\_\_

Date on SAC Determination Letter: \_\_\_\_\_

Reference # on SAC Determination Letter: \_\_\_\_\_

SAC Units (must be less than 25 units): \_\_\_\_\_

\_\_\_\_\_ Gross Units; \_\_\_\_\_ Credits; \_\_\_\_\_ Net Units; \_\_\_\_\_ Rounded Units

Note: Gross Units will be rounded down at **x.49** or less, and units will be rounded up at **x.50** or more. Gross units must be less than 25 units.

**Business Information**

Please include type of business and description of product or services provided:

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Is the building currently vacant? \_\_\_Yes \_\_\_No

If yes, how long has the building been vacant? \_\_\_\_\_

**Project Information**

Description the project, property improvements and any anticipated "change of use" that the proposed project will result in:

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**Estimated Project Timetable**

Task	Estimated Completion Date
Start of construction	
Complete construction	
Begin operations	

**Program Selection**

Select which of the following options are being applied for and complete the appropriate information:

\_\_\_ Metropolitan Council SAC Deferral Program

Percent to be financed (80% or less): \_\_\_\_\_

Length of term (10 year max): \_\_\_\_\_

\_\_\_ Chaska Sewer and Water Connection Charge Assessment

Percent to be assessed (50% max): \_\_\_\_\_

Length of term (10 year max): \_\_\_\_\_

\_\_\_\_\_ Chaska Sewer and Water Connection Charge Waiver  
Percent to be assessed (50% max): \_\_\_\_\_  
Cost of permanent improvements to building: \_\_\_\_\_

Consideration for Fee Waivers (check all that apply):

- \_\_\_\_\_ This is a rehabilitation project or expansion of an existing building or business.
- \_\_\_\_\_ This project will increase permanent employment or retain existing jobs.
- \_\_\_\_\_ This project will have the potential for generating additional downtown business growth.
- \_\_\_\_\_ The tax values will increase.
- \_\_\_\_\_ The project meets the provisions of the comprehensive plan, zoning ordinances, city building code, and/or other city codes.

**Please confirm by initialing the following to determine eligibility (as applicable):**

- \_\_\_\_\_ The property is located in Downtown Chaska, MN (see attached map).
- \_\_\_\_\_ The SAC Determination for the property is 25 units or less, prior to SAC credits.
- \_\_\_\_\_ I understand that the Metropolitan Council deferral term and City assessment term is not to exceed 10 years.
- \_\_\_\_\_ I understand that the maximum Metropolitan Council deferment amount is 80% and a down payment, equal to 20% of the total SAC fees is due at time of application approval.
- \_\_\_\_\_ I understand that the City assessment amount is no more than 50% of the City water and sewer connection fee total.
- \_\_\_\_\_ I understand that the waiver is for no more than 50% of the City water and sewer connection fee total and must be associated with permanent building improvements.
- \_\_\_\_\_ I understand that the property owner will be billed monthly on their regular utility bill.
- \_\_\_\_\_ I understand that SAC credits are tied to the property and may not generally be transferred to another location.
- \_\_\_\_\_ I understand that in the event of a default, any outstanding payments will be assessed to the property and the property owners waives the right to contest the assessment.
- \_\_\_\_\_ I understand that, in the case of a business closure, the business or property owner must notify the City's Economic Development Coordinator. They City will verify the closure and future payment obligations will be waived. The site will not be credited with the portion of SAC not paid, but will receive credit for actual SAC paid.

**I hereby certify that the above information and/or statements are true and correct to the best of my knowledge. I understand that any false statements may disqualify me, the property, or this business from the program.**

Business Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Property Owner Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Economic Development Staff Approval: \_\_\_\_\_

Date: \_\_\_\_\_

**Downtown Chaska Eligible Properties Map**



Program information can be found in the Downtown Chaska Sewer & Water Access Charge Assistance Policy, adopted 10/16/2023