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**To:** Mayor Nelson and Members of the City Council

**From:** Daniel R. Buchholtz, ICMA-CM, Administrator, Clerk/Treasurer

**Date:** December 8, 2025

**Subject:** Proposed Revision to SAC/WAC Loan Policy

Staff is proposing an update to the City's SAC and WAC Loan Policy in response to a recent business inquiry involving the former Once Upon a Child space in the Gator Shopping Center at 8179 University Ave NE. The prospective tenant's proposed use triggers a significant increase in Sewer Access Charge (SAC) and Water Access Charge (WAC) units, resulting in fees exceeding \$110,000. The business owner indicated that this upfront cost was beyond their available budget and asked whether the City had a mechanism to finance the SAC/WAC charges over time. The City currently offers a loan program for restaurants and brewpubs to assist with these high-capacity charges. Given the size of the assessment for this project and the Council's broader interest in supporting economic activity in existing retail centers, staff is recommending that the program be expanded to include higher-water-use businesses as identified and approved by the City Council.

Under the revised policy, eligible businesses would be able to finance SAC and WAC charges over a period of up to five years, with payments billed quarterly on the utility account and interest set at the 10-year U.S. Treasury rate at the time of loan approval. The policy establishes a minimum project threshold of \$5,000 and a maximum loan amount of \$50,000, ensuring the City remains financially protected while still offering meaningful assistance to businesses facing substantial upfront utility access charges. As outlined in the draft policy, loans would continue to be secured through a promissory note personally guaranteed by the business owner, along with a special assessment waiver from the property owner; any unpaid amounts would be treated as delinquent utility charges eligible for certification to property taxes. All loans remain entirely at the discretion of the City Council.

If you have any questions, please do not hesitate to contact me at 763-784-6491.