

CHELSEA DOWNTOWN DEVELOPMENT AUTHORITY (DDA)  
UTILITY UPGRADE ASSISTANCE PROGRAM

Findings:

1. The DDA's purpose by statute includes encouraging and assisting commercial re-development. The DDA is authorized by law to assist individual properties with connections to public utilities within the DDA District.

2. Existing buildings within the DDA District are in need of an upgrading of utility services, including expanded water and sanitary sewer services in order to attract new commercial uses.

3. The City of Chelsea has adopted a utility connection fee schedule based upon residential equivalent units [REU]. Each use is classified on the City's REU schedule which determines the specific connection fees for sanitary sewer and water, based upon specific criteria, such as the number of square feet devoted to each commercial use.

4. Utility connection fees represent a capital investment to properties within the DDA District, and the payment of the connection fees represent an addition to the City's capital account for its water and sewer systems.

5. Without assistance additional connection fees become an obstacle to redevelopment in the present economic circumstances.

6. The DDA has sufficient funds to assist in the payment of expanded or increased REU connection fees.

Policy:

The DDA will offer funds for utility connection fees for upgrades of service. Available assistance will be measured by the REU of increased utility service above that of the property's existing level of REU service, or in the case of new buildings or additions to buildings, a basic REU use rating.

The DDA will pay an amount towards the increased REU rated service for a property within the DDA

District. The payment will be made to the City for the benefit of the property, conditioned upon the following:

(1) Execution of an agreement between the owner of the property and the City, and adoption of a special assessment against the property for the repayment of the amount contributed by the DDA, with provision for payments in such periodic installments principal and rate as agreed between the City and the landowner, and in accordance with the proceedings authorized by City Ordinances. The installments of the special assessment, when paid to the City shall be remitted to the account of the DDA.

(2) Execution of an agreement between the owner of said property and the DDA which shall provide for the periodic forgiveness of the installments of principal and interest owing upon the special assessment. The amount of forgiveness shall be one-twelfth (1/12) of the original principal amount of the special assessment, plus applicable interest, annually. The condition for forgiveness shall be the continued use of the property in accordance with the increased REU rating and other conditions of usage agreed to by the owner and the DDA.

(3) The owner shall certify to the DDA annually that the property is being used in accordance with the increased REU rating. Annually, the DDA will review and confirm the certificate of use of the property. Upon approval and confirmation of the certificate, the annual installment of principal and interest shall be forgiven. If the property's use is not continued at the same or more intense use in any subsequent year, the installments of the special assessment shall be due and payable as scheduled.

Definitions:

The following definitions and standards shall be employed in the implementation of this policy:

- (1) A "year" shall mean the fiscal year of the DDA and City, July 1 until June 30;
- (2) "REU schedule" shall mean the REU schedule adopted from time to time by the City;
- (3) "Base REU rate" shall mean that rate established for a retail space, which is currently 1 REU plus 0.1 REU per 1,000 square feet.

Funding:

The DDA appropriates the following amounts to fund this program in the following years:

2011-2012	\$ 300,000.00
2012-2013	350,000.00
2013-2014	200,000.00
2014-2015	<u>150,000.00</u>
Total	\$1,000,000.00

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Example:

Unused commercial [e.g. post office building] 4,000 square feet; base REU rating 1 plus .1 per 1,000 square feet, currently 1.4 REUs. REU rating as full service restaurant 4 REUs per 1,000 square feet, yields 16 REUs.

The increased REU rating is therefore 14.6, current charges for water and sewer connections per REU \$7,800.00; DDA assistance available for redevelopment of the property \$113,880.00.

Forms:

1. Application.
2. Agreement for special assessment proceedings.
3. Agreement for forgiveness for repayments/conditions for certification.

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