**Frederick County Division of Utilities and Solid Waste Management's**

**WATER/SEWER CAPACITY FEE – PAYMENT PLAN FUND**

**TERMS AND CONDITIONS**

The Water and Sewer Capacity Fee Payment Plan Fund (PPF) is intended for certain businesses that require 50 or less water and/or sewer taps to develop the property for their business. The PPF will be established using $2 million from the Water/Sewer Enterprise Fund's internally maintained System Development Reserve.

To be eligible for the program the property owner must execute the PPF Loan agreement. The Division of Utilities and Solid Waste Management (DUSWM) shall establish policies associated with the PPF Loan to ensure that the fund is as flexible as possible without being detrimental to the water/sewer Enterprise Fund. The fund may be used to provide loans to certain commercial water and/or sewer customers (Property Owners) which meet certain criteria, to pay water and/or sewer Capacity Fees for new construction or expansion of existing facilities. The PPF Loan allows the Property Owner to spread out the payment of Capacity Fees over time and under the terms and conditions approved by the County Commissioners.

1. PPF Loans are available only for certain businesses, defined for purposes of the PPF Loan program as businesses that require capacity less than or equal to fifty (50) water and sewer EDUs, based on a fixture count as shown on plumbing plans/riser diagrams submitted to Frederick County as part of the building permit review and/or based on an on-site visit by a DUSWM inspector. The fixture count used to determine eligibility will be the count prior to the application of any Capacity Adjustment Factor.
2. The PPF Loan is only available for non-governmental commercial properties that are used for goods-producing or service industries. Property that is used for housing such as single family homes, townhouses, multi-family homes, apartments, residential condominiums, live-work units or other mixed use residential/commercial buildings will not be eligible. "Quasi-governmental" properties such as schools, fire stations, government offices/operation are also not eligible for a PPF Loan.
3. A PPF Loan must be secured by a lien on the Property to which the capacity is allocated in accordance with §2-13-24 of the Public Local Laws of Frederick County. In the case of default or breach of the PPF Loan agreement, the Property may be sold at the County's annual tax sale in order to collect the debt.. Non-payment of any installment may also result in the curtailment or termination of water and/or sewer service to the Property and other applicable fees and/or fines, including but not limited to late fees in accordance with §2-13-24 of the Public Local Laws.
4. Only Frederick County Capacity Fees are eligible for a PPF Loan. The cost of any other charges related to development of the Property will not be eligible to be included in the PPF Loan. In addition, PPF loans shall not include the cost of the first ten (10) Fixture Units which must be paid in full prior to approval of a PPF loan and prior to issuance of a building permit.

5. A Property Owner may only have one outstanding PPF Loan. Additional capacity may be purchased for a Property with an outstanding PPF Loan, as long as the total required capacity does not exceed fifty (50) EDUs. The term of a PPF Loan cannot be extended, nor can a PPF Loan be refinanced. PPF Loans are not transferable and the full amount of the PPF Loan, including interest, must be paid in full prior to the transfer of any portion of the Property securing the PPF Loan.
6. All PPF Loans will require payment of an administrative fee, the amount of which will be based on the term of the PPF Loan.
7. The PPF Loan program will continue to accept participants as long as there are funds available in the PPF. Once the maximum amount of the PPF has been loaned out, no additional loans will be available until the PPF has been replenished through the repayment of principal from the PPF Loans in place.
8. The Division Director, at the direction of the County Executive, may authorize PPF Loans for businesses that require more than 50 EDUs, but not more than 100 EDUs, if in the judgment of the County Executive the authorization of the PPF Loan provides an economic development benefit within Frederick County.

Interest Rates and Terms of PPF Loans:

The maximum term shall be ten (10) years. The associated interest rate and Administrative Fee will be based on the Term of the Loan as shown in the table below:

**Table 1**

| **Term** (Years) | **PPF Loan Interest Rate** (Basis Points Above County's borrowing rate) | **Administrative Fee** (Basis Points) |
|---|---|---|
| 1 | County Rate + 50 BP | 10 |
| 2 | County Rate + 60 BP | 20 |
| 3 | County Rate + 70 BP | 30 |
| 4 | County Rate + 80 BP | 40 |
| 5 | County Rate + 90 BP | 50 |
| 6 | County Rate + 100 BP | 60 |
| 7 | County Rate + 110 BP | 70 |
| 8 | County Rate + 120 BP | 80 |
| 9 | County Rate + 130 BP | 90 |
| 10 | County Rate + 140 BP | 100 |

The loan will be billed on a monthly or quarterly basis at the discretion of the DUSWM. Payment must be received within 30 days of the bill date to avoid additional fees and/or fines. Late fees will be assessed in accordance with the late fees established under §2-13-24 of the Public Local Laws for other water/sewer fees.