



Business Item 2012-314: Direction to Hold Public Meeting on Changes to Sewer Availability Charge (SAC) Credit Rules

Jason Willett, Director, MCES Finance & Energy Management

Environment Committee, October 9, 2012



Background

- MCES applies credits against SAC for permanent reduction in wastewater capacity needs of individual properties
- In 2006, Council approved changes to SAC credit system that became effective 1/1/10; most significant changes:
 - SAC credits to cities are limited to amount needed on site for new use; “Net Credits” usable by cities off that site were eliminated
 - Credits for site are based on prior demand, in SAC units, over previous 7-8 years (Look-Back Period), not based on SAC payments or grandparenting
- Metro Cities requested MCES revisit rules

2012 SAC Work Group

- Meetings

- July 16, Aug. 13, Aug. 27, Sept. 17, Oct. 1

- Members

- Gary Van Eyll, Met Council Member & Co-chair
- Patricia Nauman, Metro Cities & Co-chair
- Wendy Wulff, Met Council Member
- James Dickinson, Andover
- Robert Cockriel, Bloomington
- Amy Baldwin, Brooklyn Park
- Jon Watson, Brooklyn Park
- *Brent Mareck, Carver (resigned)*
- Gene Abbott, Lakeville
- Lisa Cerney, Minneapolis
- Pierre Willette, Minneapolis
- Patrick Trudgeon, Roseville
- Brian Hoffman, St. Louis Park
- Ellen Muller, St. Paul
- Jim Bloom, St. Paul
- Lorrie Louder, St. Paul Port Authority
- Jay Scherer, Savage
- Bruce Loney, Shakopee

Net Credit Recommendation

- SAC paid at any time is sufficient evidence by itself for potential credit
 - In redevelopment, where determination requires less SAC than prior demand, Net Credits occur
 - Net Credits from actual SAC payment may be taken city-wide or left site-specific at city's option
- Also, if city records show either grandparented or continuous demand from site, there is potential non-conforming use credit
 - In redevelopment, there are no Net Credits
- Look-Back Period and vacancy rules would no longer apply

Net Credit Example: Where SAC Was Paid

- Property built in 1980 paid 10 SAC
- In 2013, 15-SAC demand replaces existing
 - $15 - 10 = 5$ SAC due
- Property built in 1980 paid 20 SAC
- In 2013, 15-SAC demand replaces existing
 - $15 - 20 = 5$ Net Credits to take city-wide or leave site-specific

Net Credit Example: Non-conforming Use—Continuous Demand

- Property built in 1980 did not pay SAC
 - Prior demand was 10-SAC of continuous demand through 2012
- In 2013, 15-SAC demand replaces existing
 - $15 - 10 = 5$ SAC due
- If prior continuous demand was 20-SAC
 - $15 - 20 = 0$ SAC due, but no Net Credits

Net Credit Example: Non-conforming Use Grandparented

- Property built in 1960; shown that it was 15-SAC demand around 1973
- In 2013, 10-SAC demand replaces existing
 - $10 - 15 = 0$ SAC due, but no Net Credits
 - Non-conforming demand reduced to 10 units
- If in above, in 2015, 2-SAC demand was added
 - $12 - 10 = 2$ SAC due

Net Credit Example: Combo of Paid and Non-conforming

- Property built in 1960; shown that it was 2-SAC demand around 1973
- Paid 10 SAC for addition in 1985
- In 2013, 15-SAC demand replaces existing
 - $15 - 12 = 3$ SAC due
- If in above, 2013 demand was only 8 SAC
 - $8 - 10$ paid SAC = 2 Net Credits (0 from unpaid demand)

Minor Transfer Recommendation

- Limited to small businesses (10 SAC or less)
- Minor transfers upon request by city:
 - Amount of credit to be transferred
 - Address where credit taken from and applied to
 - Signature of city official
- City may need to deal with different interests of business owners vs. property owners

Small Business Loans

- SAC charges often not well-known nor included in business loan package for small businesses
- Loan recommendation:
 - Met Council would enter standing loan agreement with cities that wanted to participate (*per M.S. 473.517 subd. 6*)
 - Case by case, but limited to small businesses of 10 SAC or less
 - Cities would make loan or assessment arrangements with businesses or property owners
 - If business defaults, cities not required to make remaining payments to MCES (but also would not receive full SAC credit)
- Finance to bill all loan payments to city in lump
 - Some cities concerned about administrative effort

Small Business Loans

- Offer SAC brochure in 4 languages
- Future training sessions with city staff regarding new rules and determinations
- Limit community reviews to 3 years (currently entire 7-8 year Look-Back Period)

Schedule

- Public Meeting October 23
- Public input period ends November 2
- Environment Committee reviews public input & recommendation November 13
- Potential Council approval November 28
- Implementation of new rules Jan. 1, 2013

Questions?

