

# E Environment Committee

Meeting date: May 27, 2008

For the Metropolitan Council Meeting of May 28, 2008

## ADVISORY INFORMATION

<b>Date:</b>	May 22, 2008
<b>Subject:</b>	Directing Staff to Hold a Public Meeting regarding Service Availability Charge (SAC) Rules Which May Allow SAC Credit Transfers for Economic Development
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Admin. Policy 3-2-5 on SAC, and MN Statute 473.517 subd. 3
<b>Staff Presented/Prepared:</b>	Jason Willett (651-602-1196)
<b>Division/Department:</b>	MCES c/o William G. Moore, (651-602-1162)

### Proposed Action

That the Metropolitan Council directs staff to set and conduct a public meeting to receive input on a proposal to allow SAC credit transfers in certain economic development circumstances.

### Background

SAC rules, including credit rules, are contained in the SAC Procedure Manual, which is authorized by statute, case law and prior Council action. The SAC Program including the Procedure Manual is on the Council's web site at: [http://www.metrocouncil.org/environment/RatesBilling/SAC\\_Program.htm](http://www.metrocouncil.org/environment/RatesBilling/SAC_Program.htm)

The *proposed requirements and limitations* (attached) would allow a transfer of SAC credits between local governments for substantial economic development opportunities (and between sites within a local government after 2010 credit rule changes go into effect). The proposed schedule is also attached.

### Rationale

The Minnesota Dept. of Employment and Economic Development (DEED) has asked Council staff for consideration of a credit transfer where a major business is moving and without the transfer may move out of state causing lost jobs and tax base. Part of the Council's overarching mission is to assure that the region is a good place to do business and thus staff has developed the proposal summarized on the attached page to allow such transfers generally where technical and legal reasons do not constrain the transfer.

### Funding

Allowing SAC credit transfers prior to 2010, does not have a financial implication for the Council (but does between the cities). After 2010, because credit rule changes have been adopted to disallow net credits (over the use on the site); this change will mean that, in the rare circumstances where the criteria are met, additional SAC credits are used resulting in less SAC revenue collected by MCES.

### Known Support / Opposition

DEED supports this concept. The two cities involved in the specific instance support this change. There is no known opposition – but the concept has not yet been discussed externally.

**Tentative Schedule:**

Environment Committee recommendation to hold Public Meeting	May 27, 2008
Council action on Public Meeting (same week item)	May 28
Public Meeting (before Env. Comm. meeting)	June 24
Public input period ends (10 days after meeting)	July 4
Environment Committee review of Public input; and recommendation	July 8
Council Approval of change (if recommended)	July 23
Effective Date of change (if approved)	upon adoption

**Proposed Requirements and Limitations:**

SAC Credit Transfers between local governments (and after 2010 within a local government) will be permitted for the relocation of an ongoing major business or entity under the following conditions:

- 1) Transfers are limited to all Industrial Permittees of MCES and any other entities served by the metropolitan sewer system where at least 50 full-time equivalent jobs are currently located on the site to be moved.
- 2) Transfers are only permitted where the business or entity being moved is not changing ownership and the moving entity is the property owner of the existing site or has the consent of the property owner for the transfer.
- 3) A written request for consideration in each specific instance is received by the Council from the Commissioner of DEED (or his/her designee).
- 4) Approval by MCES' Technical Services department (as to available capacity in pipes and plant at the new location) is documented.
- 5) Written approval from each involved Local Governmental Unit, on forms approved by MCES, is required and received by MCES. This will require the credits only be used for the subject entity.
- 6) Credit Transfers do not occur until credits are established on the old site per existing rules (requires permitting of new use or other official governmental action to limit the future use). Potential credits from demolitions do not qualify for transfer as the capacity may still be required on the site.
- 7) Credit transfers are allowed only for "City-wide" credits (this distinction does not apply after 2010).
- 8) Allocations of credits on a "campus" site are at the reasonable discretion of MCES.
- 9) Baseline allowances (above SAC grandparent value and paid SAC) do not transfer.
- 10) No retroactive transfers are allowed.

Nothing in this proposal implies a financial value for SAC credits or potential credits. Usefulness of credits is contingent on future conditions, including growth in wastewater demand at a site, and applies only per the rules adopted by the Council at the time of development.