

Environment Committee

Meeting date: October 14, 2008

ADVISORY INFORMATION

Date: ~~September 26~~ October 13, 2008
Subject: Criteria for SAC Deferrals
District(s), Member(s): All
Policy/Legal Reference: Policy 3-2-5 and MN Statutes section 473.517 subd 6
Staff Prepared/Presented: Jason Willett, 651-602-1196
Division/Department: MCES c/o William G. Moore 651-602-1162

At its September 23, 2008 meeting, the Environment Committee considered and recommended policy changes that allow for possible deferral of SAC payments by communities. The full Council ~~approved~~ will vote on that motion on October 8th 22nd.

At that prior Environment Committee meeting a member asked to see the criteria that would be used for SAC deferrals. The draft procedure is attached for discussion at this meeting. Procedures are approved by management and so no action is required.



PROCEDURE – SAC deferrals

Section/Number: 3-2-5a	Total Pages: 1
Dept. Responsible: MCES Office of Financial Management and Planning (ES-Finance)	Effective Date: draft
Special Note:	Revision No.

I. Policy: ...For issues of region-wide significance, SAC payments by municipalities may be amortized over a period of up to ten years. Payments must include interest and a guarantee of payment by the municipality.

II. Procedure:

All municipalities that pay SAC to the Council will be eligible for SAC deferral.

Staff may process a requested deferral of SAC under the following conditions:

- 1) Requestor: A written request is received from either the state Department of Employment and Economic Security (DEED) or the municipality from which the SAC will be due. And the requestor certifies that this is an issue of region-wide economic significance, involving at least 50 full-time equivalent jobs at the site.
- 2) MCES: Staff determine that: i) the amount of the SAC due for the site is at least 20 SAC units and ii) that the Council’s SAC reserve, without the subject charge, exceeds the minimum balance (per Council policy) as of the most recent year-end information and is expected to do so for the term of the deferral; and
- 3) Municipality: The community agrees to sign the Council’s standard inter-community agreement for this deferral which includes: i) a term up to 10 years; ii) interest at the approximate average annual rate borne by Council bonds outstanding at the time of the deferment, as determined by the Council; iii) guarantee of the required payments regardless of a possible default by the underlying development or business on the site; and iv) defers its own local SAC fee (Council’s SAC and any local add-on), if any. This agreement must be signed by an officer of the municipality.

Per Minnesota Statutes section 473.517 subd. 6 the Council will allocate the deferred costs to local governments pursuant to subd. 1 which pertains to the current costs predominantly allocated via the Council’s Municipal Wastewater Charge. Subdivision 1 allows the Council discretion in the allocation method and as long as sufficient funds exist in the SAC reserve, the allocation of such funds (through the SAC system) as already collected will be sufficient. In the event that the SAC reserve is not deemed sufficient, the Council will discontinue such SAC deferrals.

III. Roles and Responsibilities for this procedure:

- The Regional Administrator (or his designee) will execute all such intergovernmental agreements.
- ES - Finance will coordinate and communicate such requests; make the financial determinations, including the interest rate and amortization schedule; and keep records of the deferral amounts.
- ES - Contracts and Procurement Unit will file and retain the agreements (executed originals).
- RA - Fiscal Services (Accounts Receivable and Accounting units) will bill the municipalities for payments due, manage payments and accounting therefor.
- Legal is responsible for the drafting and maintenance of the standard inter-community agreement for this matter.