

Environment Committee

Meeting date: January 14, 2014

For the Metropolitan Council meeting of: January 22, 2014

Subject: Authorization to Change the Determination Limit in the Sewer Availability Charge (SAC) Deferral Program

District(s), Member(s): All

Policy/Legal Reference: Council Admin Policy 3-2-5; Water Resources Policy Plan, and MS 473.517 subd. 3

Staff Prepared/Presented: Jessica Nye 651-602-1378; Jason Willett 651-602-1196

Division/Department: MCES c/o Leisa Thompson, 651-602-8101

Proposed Action

That the Metropolitan Council authorizes an increase in the eligibility for the SAC deferral program to include determinations up to and including 25 SAC units, as recommended by the 2012 SAC Work Group.

Background

The deferral program was recommended by a 2012 work group and adopted by the Council on November 13, 2012. That 2012 group, which had its primary focus on helping small businesses, recommended a maximum for the deferrals of ten units – and that threshold was adopted. However, only the City of Prior Lake has signed up (as of 1/1/14).

Information on the deferral program can be found at:

<http://metrocouncil.org/Wastewater-Water/Funding-Finance/Rates-Charges/Sewer-Availability-Charge.aspx>

The 2013 SAC Work Group recommended:

“MCES should expand the current SAC deferral option available to cities to provide middle-sized businesses (as well as small businesses for which this is already allowed) a period of years to pay SAC, thus assisting growing businesses and economic development.

In addition, MCES should provide technical assistance around this program (and other SAC rules), including training for city staff and provision of web-based materials, such as brochures, model ordinances and agreements.”

Rationale

Provides the cash flow to help cities help economic development.

It was also discussed that making the deferral program applicable for larger charges might encourage cities to engage in the program.

Funding

The cash flow for the additional SAC deferrals is expected to be easily managed by use of the Reserve Capacity (i.e. SAC) Fund. The deferrals are self funding as they by statute include interest.

Known Support / Opposition

Metro Cities and the individual City members of the 2013 SAC Work Group unanimously supported this recommendation.