

E Environment Committee

Meeting date: October 9, 2012

ADVISORY INFORMATION

Date:	September 19, 2012
Subject:	Direction to Hold Public Meeting on Changes to Sewer Availability Charges (SAC) Credit Rules
District(s), Member(s):	All
Policy/Legal Reference:	Council Admin. Policy 3-2-5; Water Resources Management Policy Plan, and MN Statute 473.517 subd. 3
Staff	Jason Willett (651-602-1196)
Presented/Prepared:	
Division/Department:	MCES c/o Leisa Thompson 651-602-8101

Proposed Action

That the Environment Committee directs staff to hold a formal public meeting to gather input and discuss the proposed changes to SAC rules.

Background

MCES applies "credits" to municipalities against SAC for the permanent reduction in the wastewater capacity needs of individual properties. These SAC credits reflect the level to which a municipality can restore its use of capacity (measured in SAC Units) without paying additional SAC. In 2006, the Council approved changes to the SAC credit system that became effective January 1, 2010. The most significant related changes adopted were and are:

- ü When a redevelopment property's new use requires lower wastewater capacity than what was needed at any time in the prior seven years, SAC credits to the city became limited to the amount needed on the site for the new use. "Net credits" usable by a city off that site were eliminated.
- ü Credits for a site are based on the prior demand, in SAC Units, over the seven years of use prior to the year of permitting, not based on SAC payments or grandparenting.

After two years of operating under these new SAC credit rules, some cities complained about various aspects of them, and Metro Cities requested that MCES relook at the rules. This led to an informal work group of 20 community representatives, plus Council members Gary Van Eyll and Wendy Wulff, being formed this past summer to discuss and recommend improvements to the SAC credit rules.

A unanimous recommendation to change some of these credit rules is complete and will be discussed at the Environment Committee meeting. Essentially the recommendation is that *net* credits should be generated from sites where SAC was actually paid. Credits from grandparenting or a long continuous (but unpaid) use would be available only on the site (i.e. no *net* credits generated). Additional recommendations, primarily a possible Council loan to cities for spreading out SAC costs related to small businesses are being discussed. Final recommendations from the work group are expected after the group's

fifth meeting on October 1st. A preliminary schedule for a public meeting and Council approval follows:

Environment Committee direction to conduct the public meeting	September 25
Formal Public meeting	October 23
Public input (written comment period) ends	November 2
Environment Committee review of public input, and recommendation ...	November 13
Potential Council approval	November 28
Implementation of new rules	January 1, 2013

Rationale

This action directs staff only to pursue additional input from any interested party via a formal public meeting.

A separate business item will likely be brought to the Environment Committee and then the full Council in November to ask for adoption of changes recommended by our stakeholders.

Funding

Neither the public meeting nor the rule changes, if adopted, will have a material impact on our budgets. However, changes in SAC credit rules will shift fees slightly as more credits recognized eventually means higher SAC rates.

Known Support / Opposition

None regarding the Public Meeting.

The Work Group members (including Metro Cities) support the recommendation.