

Environment Committee

Meeting date: February 27, 2018

For the Metropolitan Council meeting of March 14, 2018

Subject: 2016-2017 SAC Task Force Recommendations

District(s), Member(s): All

Policy/Legal Reference: Council Admin Policy 3-2-5; Water Resources Management Policy Plan (WRMPP)

Staff Prepared/Presented: Ned Smith, 651-602-1162

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

Proposed Action

That the Metropolitan Council approve the recommendations of the 2016-2017 Sewer Availability Charge (SAC) Task Force, effective July 1, 2018, including:

1. Continue outdoor seating policy as is, but simplify criteria to 40 seats per SAC.
2. Continue current residential rate for manufactured homes, monitor flow studies and encourage grants.
3. Revise the SAC determination process to utilize gross square feet of tenant space versus net square feet of individual usages for certain SAC criteria.
4. Adjust the grandparent credit date from January 1, 1973 to January 1, 2009.

Background

The 2016-2017 SAC Task Force members were appointed by the Chair and approved by the Council in November of 2016 to evaluate and make recommendations to simplify the fair and equitable collection of SAC fees in the metropolitan area. The task force met eight times throughout 2016 and 2017 and developed recommendations to improve the existing SAC program.

The recommendations will address concerns with the SAC program with minimal impact to revenue generated. By simplifying the determination process and adjusting the grandparent credit date, businesses should experience fewer surprise charges during remodels and expansions. These changes will also simplify some of the more complex SAC criteria which will make the SAC program easier to understand.

Additional information on the task force including a final report will be submitted to the council at a later date.

Rationale

SAC is a critical revenue source for MCES. It collects approximately \$40 million each year, pays 35-40% of MCES debt service, and allows the Council to build and rehabilitate facilities in anticipation of additional capacity and collect as capacity demand occurs. As SAC is a service-based fee, it is applied equally across all users of the Metropolitan Disposal System. It is important that customer and stakeholder input is used to develop SAC criteria and procedures.

Thrive Lens Analysis

These recommendations will ensure Thrive outcomes of Stewardship and Prosperity and the principles of collaboration and accountability.

- Stewardship: SAC ensures MCES can develop and rehabilitate the \$7 billion in assets in the Metropolitan Disposal System, as well as working with our customers to ensure we are optimizing the use of SAC dollars.
- Prosperity: SAC allows growth to occur anywhere in the region without concern for wastewater conveyance or treatment capacity.
- Collaboration: The Task Force is the means by which MCES seeks input and ideas on how to run the SAC program better, in a way that meets financial needs of the system balanced with customer concerns.
- Accountability: The Task Force allows MCES to share, in detail, the use of SAC dollars and holds staff accountable to developing a process that is driven by customer needs and concerns.

Funding

The proposed changes are not expected to have a material impact on total SAC collection. SAC rates will not change as a result of the recommendations.

Known Support / Opposition

Metro Cities and the individual Task Force members support the recommendations. Additional community and business feedback was requested via approximately 150 e-mails to chambers of commerce and Disadvantaged Business Enterprises (DBE's) as well as three community and four business outreach meetings with approximately 160 attendees held throughout the region with positive feedback received.