

Business Item 2018-15: **2016-2017 SAC Task Force Recommendations**

Ned Smith, Director, MCES Finance & Revenue

Environment Committee: February 27, 2018



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.

2016-2017 SAC Task Force

- Comprised of 14 representatives from customer communities and businesses, including Metro Cities
- Focused on reviewing:
 - Outdoor seating policy
 - Options for manufactured homes
 - Opportunities to simplify SAC Determination process
 - Opportunities to simplify SAC Credit process

Outdoor Seating Policy

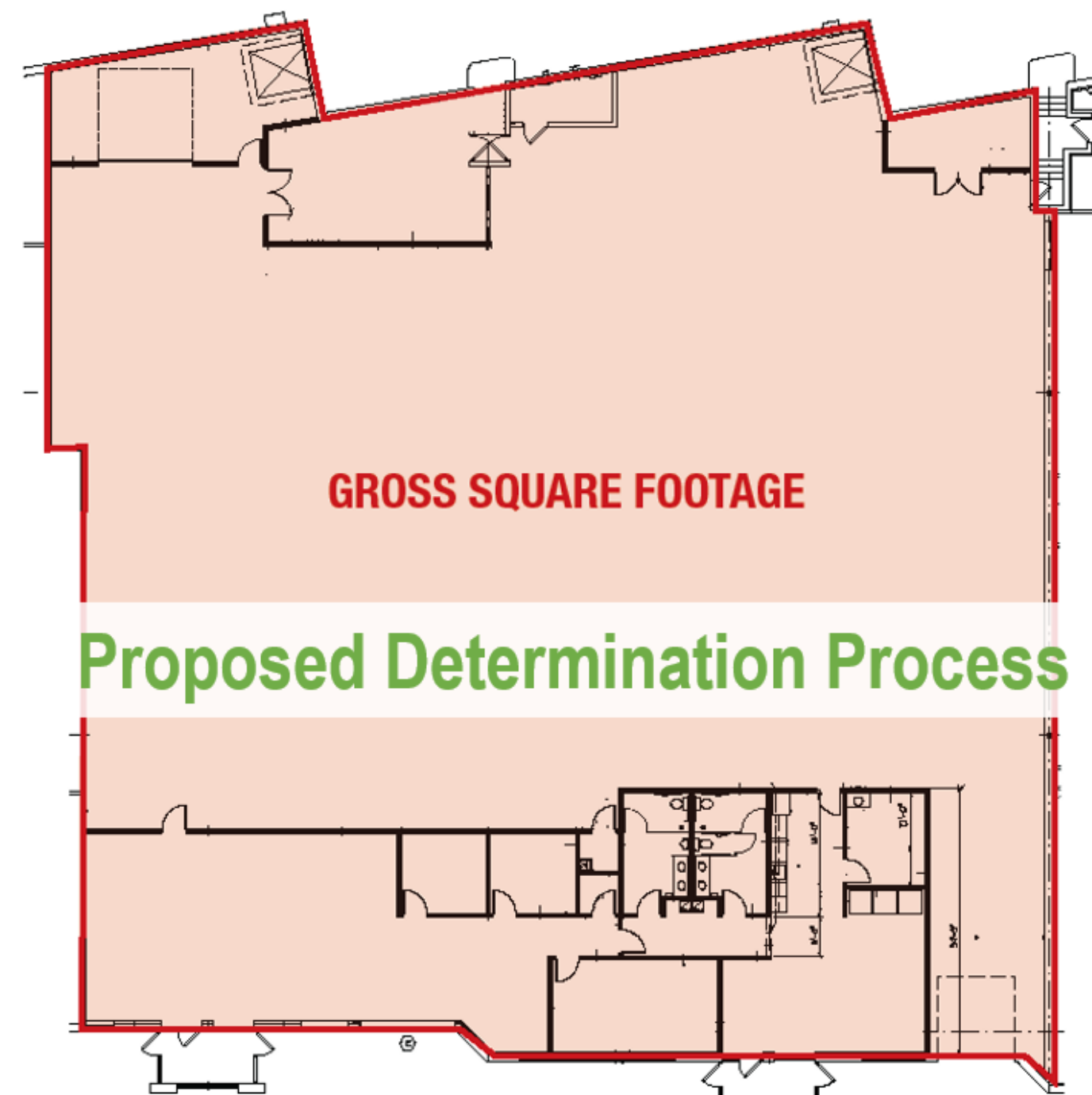
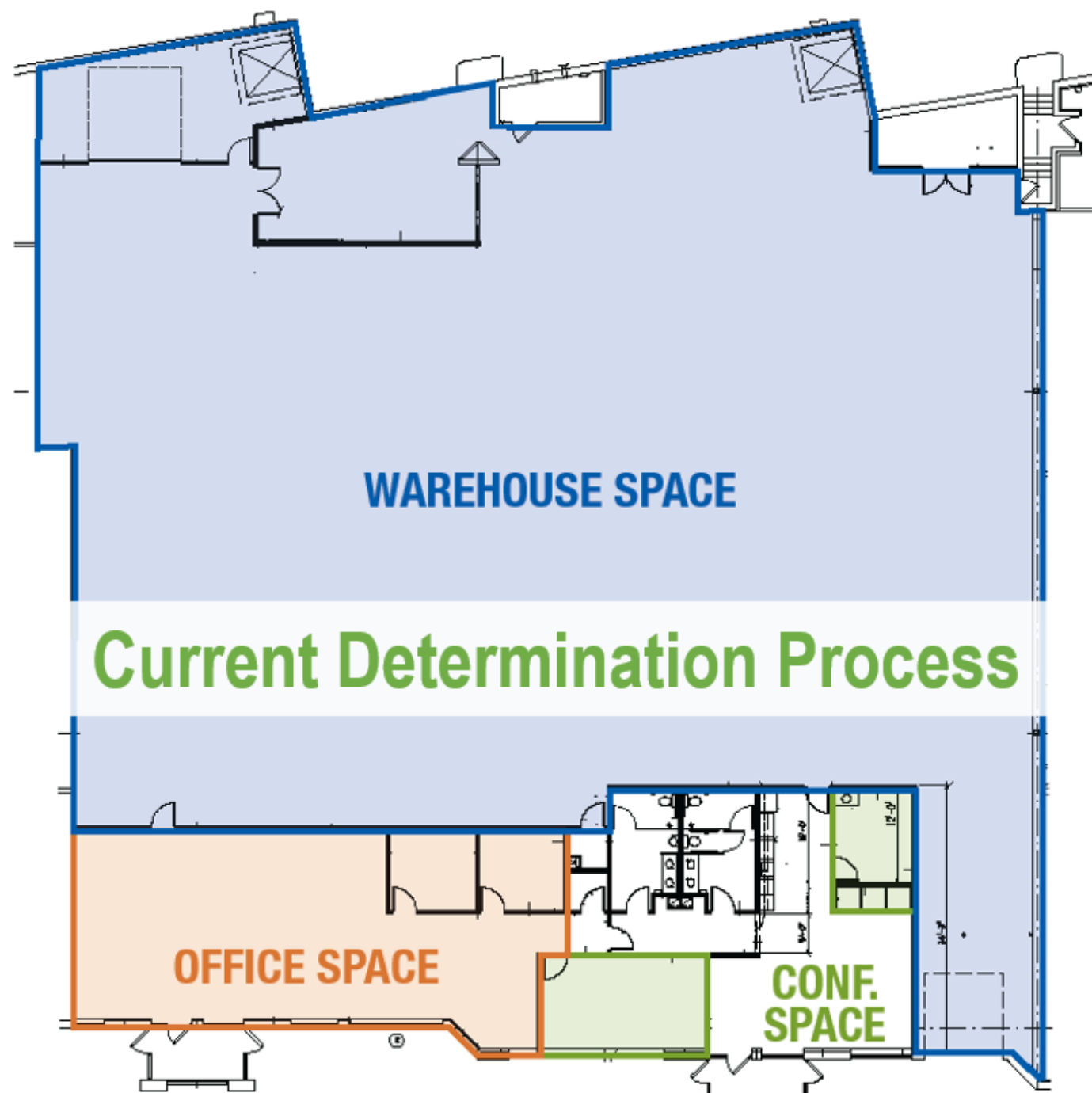
- Currently, outdoor seating is determined using a 75% discount
- Overall no change, but the Task Force recommends simplifying language surrounding this policy
 - Outdoor seating will be listed as 40 seats per SAC, and the use of “discount” will be eliminated
- **Note:** *Implementation of gross square feet determinations (estimated 07/01/2018) will double the amount of “free” space (due to rounding). This is an unintended but welcome result of the revised methodology.*

Manufactured Homes

- Certain manufactured homes in the region are joining the Metropolitan Disposal System and will have SAC due at conversion
- Continue to monitor manufactured home output capacity, while encouraging grants to alleviate the financial burden of SAC charges owed

SAC Determination Process

- Revise the SAC Determination process
 - Utilize **gross square feet** of tenant space versus net square feet of individual usage to calculate SAC
 - Combine certain categories to further simplify the process



No-Change-of-Use Remodel Determinations

- Businesses that remodel without changing their use will face no additional SAC collection
 - MCES will need to verify that no change of use has occurred by completing a SAC Determination
 - Renovations should have fewer “surprise” charges



SAC Credit process



- Current date for grandparent credit is January 1, 1973
- Recommend updating the grandparent date to **January 1, 2009**
 - If there is no record of a previous SAC determination, proof of usage prior to January 1, 2009 is all that is needed to establish the base credit
- Credits will be issued based on revised criteria

Community Outreach

Hosted three meetings in the region to share Task Force recommendations with our customer communities:

- October 26: Metro Cities (*19 attendees*)
- November 2: Eagan Community Center (*33 attendees*)
- November 9: Golden Valley City Hall (*40 attendees*)

Business Outreach

Met with business associations as requested to share Task Force Recommendations:

- Nov. 29: Minneapolis Business Advisory Group (*11 attendees*)
- Dec. 6: St. Paul Business Resource Group (*15 attendees*)
- Dec. 18: Shopping Center Association (*27 attendees*)
- Feb. 6: Minneapolis Small Businesses (*11 attendees*)

Communications also sent out approximately 150 e-mails to regional chambers of commerce and Disadvantaged Business Enterprises (DBEs) requesting their feedback.

Additional SAC information outreach as requested.

Outreach Feedback

Community Outreach

- “This will really simplify the process.”
- “This will be easier for staff and businesses to understand.”

Business Outreach

- “I did not expect such a major change!”
- “It’s great you are working with customers to improve the process.”
- “I’m impressed [the outreach] was done as well as it was.”

Customer Impacts

- **This change has minimal impact to SAC revenue.** SAC rates should not go up in response to this change.
- 1 SAC unit (*old system*) \approx 1 SAC unit (*new system*)
- First half of 2018 will be testing period and community training
- Final Task Force report to follow at a later date

Thrive Lens Analysis

Thrive Outcomes:

- Stewardship
- Prosperity

Thrive Principles

- Collaboration
- Accountability

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Questions