

Committee Report

Business Item No. 2016-123

Environment Committee

Meeting date: June 14, 2016

For the Metropolitan Council meeting of June 22, 2016

Subject: Sewer Availability Charge (SAC) Manual Amendment
--

Proposed Action

That the Metropolitan Council authorizes the amendment of the SAC manual to include existing residential properties to the metropolitan SAC Deferral Program.

Summary of Committee Discussion/Questions

Staff is currently working with Lake Elmo, however, additional communities have expressed a need for SAC assistance. Approximately 700 homeowners in Lake Elmo could be impacted by this charge. Each city would determine their deferral period up to 10 years.

Concern was expressed regarding homeowners that may not receive SAC deferral when their site is owned by a separate entity. May need to consider further how to address in order to protect manufactured home owners. Would like to be sure what is passed on to the city is passed on to the homeowner. Will become clearer as we continue working with each City.

Staff clarified that manufactured home parks are treated the same as standalone homes for SAC purposes.

Motion to approve the proposed action was made, seconded, and passed unanimously.

Environmental Committee

Meeting date: June 14, 2016

For the Metropolitan Council meeting of: June 22, 2016

Subject: Sewer Availability Charge (SAC) Manual Amendment

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: Ned Smith, 651-602-1162

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

Proposed Action

That the Metropolitan Council authorizes the amendment of the SAC manual to include existing residential properties to the metropolitan SAC Deferral Program.

Background

The SAC deferral program was recommended by a 2012 work group and adopted by the Council on November 13, 2012. The original deferral program was only available for businesses, as a means to help small businesses start or expand by paying for SAC over a longer period of time. A 2013 SAC task force recommended increasing the scope of the deferral program so that medium size businesses could participate as well, and the Council adopted that change.

Recently, a few municipalities that have been transitioning to the Metropolitan Disposal System (MDS) have expressed concern with the one-time SAC fee that residents will need to pay to cut over to the MDS. This is especially a concern for manufactured home communities, where residents are classified as low income and do not have the means to pay for 1 SAC unit or get the credit to finance it. The residential deferral program would be need-based, and limited to existing housing stock that has been mandated to transition to the MDS.

Rationale

Including residential SAC deferrals provides the financing to help cities help residents convert to the MDS.

Some residents in municipalities being added to the MDS are not in a position to readily access \$2,485, especially those in manufactured homes. This spreads the burden of converting to MDS out over time and means with the low sewer volume charges, the overall burden is manageable for more residents.

SAC program rules have experienced changes through the last 15 years in response to our municipal customer ratebase. This is one more example of the Council being responsive.

Funding

The cash flow for the additional SAC deferrals should be easily managed by use of the Reserve Capacity Fund (i.e. SAC). The deferrals are self-funding as they, by statute, include interest. The Reserve is currently 29% over the Council's policy minimum. Should reserves deplete to the minimum or below the policy, future residential SAC deferrals would need to be re-evaluated.

Known Support / Opposition

A few cities have asked for this option. Metro cities has been asked to review the proposal.