

2016 SAC Task Force Charter 11/20/2016

Rationale

When appropriate, MCES convenes a customer group to examine and evaluate general and specific issues surrounding MCES' Sewer Availability Charge (SAC) process, policy, and procedures. In 2016, there was a bill introduced in the MN House and Senate to exclude outdoor seating from SAC Charges. The bill did not pass. In response to the proposed legislation, MCES committed to convene a task force to review the policy with SAC customers. While this issue was examined and completed as part of a 2009 SAC Task Force, it is a valuable exercise to check in with SAC customers again on the outdoor seating policy (currently offered at a 75% discount). In addition, there are several other policies that have arisen that merit customer review.

Purpose

The 2016 SAC Task Force will be convened by a joint effort of MCES and Metro Cities. The Task Force will review current policies, examine different approaches, conduct financial and other impact analyses, and make final recommendations. MCES will then work with its staff and the Council as needed to implement the Task Force Recommendations.

Scope

Review the current outdoor seating policy: Outdoor seating is charged SAC because increased seating capacity increases the maximum potential capacity of a restaurant. Currently, the seating receives a 75% discount. While outdoor seats will be empty in January, for the system to be prepared to serve at full capacity, SAC is charged for the maximum capacity that could be served by the establishment at any time during the year. This ensures that on a day where full capacity is experienced the MDS performs without failure or backups. The task force will look at whether this fundamental tenant of SAC calculation should be modified or ignored in determining SAC for outdoor seating capacity.

Review discounts for manufactured homes: There are several manufactured home communities that have been, or will be asked to convert from local septic to the metropolitan disposal system. That conversion will require each manufactured home to pay 1 SAC unit (\$2,485). Occupants of manufactured homes often have very low household incomes, making SAC a material burden. The task force will be asked to consider potential remedies for manufactured home SAC charges.

Request evaluation of conversion to building-code criteria for SAC Determinations: SAC is currently calculated based on engineering studies of maximum flow for various uses (e.g., school, restaurant, retail, etc.). The calculation itself is mostly based on square footage calculations, requiring submission of scalable architectural plans to MCES. This requirement is often misunderstood, leads to significant delays in order processing, costs tenant money in architect's fees, and causes general confusion on how the calculations are reached. The task force would explore using building occupancy codes as a proxy for SAC calculations. SAC would still be determined by use (school, restaurant, retail, etc.), but instead of square feet, the determining factor would be building occupancy codes. Engineering would determine the exact occupancy to SAC translations. The intent is not to increase or decrease the determination criteria (that is, SAC due would not change for a give business under new vs. old method), but to simplify the application process and save time, money, and confusion

Implement Historic Rate Payment in lieu of Long Continuous Demand Credits: In cases where SAC should have been paid by a previous owner but were not, Long Continuous Demand Credits are given if the previous business owner was using the demand for 10 or more years. The process of proving prior ownership and exact use from 10+ years ago is burdensome. Instead, the task force will explore changing the policy to eliminate LCDC but allow SAC payment at the historic rate (i.e., the year when SAC Capacity Demand was established) without interest or inflation.

Members and Meetings

The task force will be sponsored by MCES and Metro Cities.

The Chairs will be Wendy Wulff, a Metropolitan Council member, and Patricia Nauman, Executive Director, Metro Cities.

Membership will be 8-12 members, from two distinct groups:

- City Administrative (e.g., Finance, Public Works, and/or Administrator) officials 3-4
- Business representatives (e.g., trade groups, small business, developer) 3-4

Meetings are every 2 weeks lasting 2-½ hours.

Proposed dates and topics:

December 1 – Introduction, SAC Overview, Initial Review of Proposed Topics

December 20 – MCES present findings of November 17 Items

January 10 – Draft recommendations presented

January 26 – Final report review and approval

Documentation will be stored on the SAC website.

Task Force Membership Recommendations:

Wendy Wulff, Council Member and Task Force Chair

James Dickenson, Andover City Administrator (has been on past WG)

Ron Hedberg, Apple Valley Finance Director

Sue Virnig, Golden Valley Finance Director

Merrill King, Minnetonka Finance Director

Katrina Kessler, Minneapolis Public Works Director

Kyle Klatke, Brooklyn Park Plans Examiner

Loren Olson, Minneapolis Government Relations

Kevin Schmieg, Eden Prairie Building Official

Brian Hoffman, St Louis Park Building Official (has been on past WG)

Bob LaBrossee, Cottage Grove/Newport/St Paul Park Building Official

David Englund, Roseville Building Official (new this year)

Steve Ubl, St Paul Building Official

Small Business representative

Chamber of Commerce representative

MN Hospitality representative