

Meeting Title: SAC Task Force Meeting #3

Date: January 10, 2017 Time: 8:30AM – 11AM Location: League of MN Cities

Members in Attendance: Wendy Wulff, Metropolitan Council Member; Patty Nauman, Metro Cities; Steve Ubl, St. Paul; Sue Virnig, Golden Valley; Ron Hedberg, Apple Valley; Bob LaBrosse, Cottage Grove; Katrina Kessler, Minneapolis; Dave Englund, Roseville; Loren Olson, Minneapolis; Kevin Schmieg, Eden Prairie; Merrill King, Minnetonka; Brian Hoffman, St. Louis Park

Non-Task Force Members in Attendance: Jan Rosemeyer, Roseville; Eric Roper, Star Tribune

Members Absent: James Dickinson, Andover; Kyle Klatke, Brooklyn Park; Tom Thomasser, MN Chamber of Commerce; Dan McElroy, MN Restaurant Association

Staff in Attendance: Cara Letofsky, Metropolitan Council Member; Ned Smith, MCES; Kyle Colvin, MCES; Sara Running, MCES; Cory McCullough, MCES; Jeanne Landkamer, MC

Item	Notes
1. Review and Approve Minutes from Meeting 2	Meeting 2 minutes approved with one change: Page 3 – Member (Loren O.) – remove “it is mainly SAC”
2. Issue 1 summary next steps – Outdoor Seating Policy	Ned Smith, MCES, called for comments on the summary by January 19 th , and discussion of the summary on the 26 th . He also said he will provide an update of the outdoor seating discussion the Task Force had at the Council Meeting on Wednesday, January 11 th . It is an info item only, no vote by the Council.
3. Issue 2 – Discounts for Manufactured Homes	Ned S. continued the discussion of issue 2, discounts for manufactured homes, presenting the pros and cons and potential outcomes of this issue. He stressed the purpose is to be sure the SAC Task Force today feels the same as it did in 2013 when a similar issue (SAC waiver for affordable housing) was presented. A member (Ron H.) asked if they are shared septic systems. Ned said yes. A member (Sue V.) asked about the manufactured home deferral. If it’s out there with no deadline, what is the incentive to do anything? Ned answered, what we do now is a stipulated deadline. We could put a window of time on it that could say this deferral is available for 2 years.

A member (Wendy W.) remarked one of the problems we have with current grants that community development is talking about with manufactured homes is making sure the owners don't just take those grants and then close the park. We would make it a bigger redevelopment target than it was before.

A member (Ron H.) asked if the equity grants are funded by the Council levy. Ned answered yes. Ron also asked, if there was an exemption to SAC who would end up paying for it? Ned answered it would be the future SAC payers who pay.

A member (Steve U.) asked how many manufactured home units are there? Kyle Colvin, MCES, answered there is Cimarron in Lake Elmo, Castle Towers in East Bethel, and Maple Hills Estate in Corcoran. Combined they represent 700 units that are on the cusp of having service provided.

A member (Katrina K.) commented it's good to be having the conversation in advance but is wondering how real and imminent these things are. In 5 years, do we really think anyone is going to be facing this? Kyle C. answered Maple Hills is very imminent. They appear to meet all the criteria the grant requires.

A member (Ron H.) asked, if someone gets the grant do they have to connect? Kyle C. answered yes, they have to make the connection. There are also other expectations they must fill, like the owner can't close the park immediately.

A member (Kevin S.) asked, what is the amount of the grants? Kyle C. answered \$250,000, which would cover 50% of the total regional SAC obligation for Maple Hills. The \$250,000 would not cover 50% of Cimarron's total regional SAC obligation.

A member (Kevin S.) asked if the Council would defer the SAC for 5 years? Ned answered yes, it is a possibility.

A member (Katrina K.) commented that it seems from the Met Council's side they are doing everything reasonable

to accommodate them already. A member (Wendy W.) remarked the opportunity for equity grants is a disappearing prospect because our internal costs are going up and we are approaching a levy limit. A member (Patty N.) clarified the deferral is separate from the levy.

A member (Sue V.) asked if the deferral must go through the city. Ned S. answered yes, the city must agree to defer.

A member (Kevin S.) asked, when will the exemptions run out? A member (Wendy W.) answered it is a one-time exemption for one park, and then we would look at future exemptions. Kyle C. added we cannot legally just give money to the park owner. We would have to make sure the safeguards are in place to protect the park and affordability of the park over time.

A member (Loren O.) commented the data doesn't show manufactured homes use less water. Sometimes people run water just to keep the pipes from freezing. The nexus to capacity isn't there and that is what it comes down to, so she doesn't think it is the best way to deal with this problem. The deferral program is new and she expects it should be helpful. Overall she is not sure if this (the task force) is the right mechanism for what we are trying to do.

Ned S. remarked we do put an assessed value limit for each community's deferral agreement. The cap for Lake Elmo is \$250,000. In Lake Elmo, the house must be assessed below that to be eligible for a deferral.

A member (Patty N.) remarked she agrees with member Loren O. in that we should let the deferral program work. With a user fee like this which is supposed to be based on cost of service, in this task force and the previous 2013 Task Force we have talked about need of paying for exemptions or subsidies. It is allowing a timeframe, which is one way to provide assistance. She believes it is important to maintain that the 2013 Task Force was trying to get at larger principles that members agreed on.

A member (Wendy W.) asked, is there any possibility for the program to be over 5 years? Jessie Nye, MCES, said

	<p>businesses are up to 10 years, and residences are up to 5 years.</p> <p>A member (David E.) asked shouldn't it be something the City should come up with, since the City pays SAC? Wendy W. answered it is setting up a mechanism so we have the ability to negotiate with the city.</p> <p>A member (Kevin S.) asked, are manufactured homes communal parks or owned by individual owners? Kyle C. answered for the 3 in question each park is owned by one individual or corporation. Kevin S. then remarked he doesn't know if the Task Force is the right mechanism to decide. At some point the PCA isn't going to give manufactured homes an exemption. He is not sure SAC is the right tool; it appears now in the short term they can have a 50% reduction.</p> <p>Vote:</p> <ul style="list-style-type: none"> • <i>Option 1 – no change – promote deferral program with community negotiated timeframes – 11 votes (Steve, Kevin, Sue, Ron, Katrina, Bob, Loren, David, Merrill, Patty, Wendy)</i> • Option 2 – manufactured home exemption or discount – 0
<p>4. Issue 3 – Simplifying the determination process – background and discussion</p>	<p>Ned S. shared MCES ideas for simplifying the application process and explained the determination process.</p> <p>Kyle C. discussed using water meter size criteria for an alternate determination process.</p> <p>A member (Steve U.) commented he enjoys going down the building-code criteria path. However, has anyone entertained looking at business practices as far as use/volume of water, and have we hit a dead-end path for that as far as sizing? Ned S. answered it has to be the maximum on a given day; we can't get at maximum daily flow from a monthly study.</p> <p>A member (Brian H.) remarked that if someone is remodeling a building and whatever the occupancy is, doesn't it eliminate the credit problem because if the system was adopted, we wouldn't look at credit history</p>

anymore? Ned S. answered we would have to know the use.

A member (Steve U.) commented this is providing a simpler user-friendly calculation for those walking in off the street with not much experience.

A member (Kevin S.) remarked we hear concerns about four areas: showers, restaurants, salons, and spas, along with credits, and credit history. Outside of that there are no complaints. It's about how we use the history of credits and those 4 things. It would simplify it for building officials and architects, otherwise not for others.

Kevin S. continued, another process he wants to know about is using fixture units as the basis for charges. Occupant loads alter much more than fixture units do. For the majority when you do put in a restaurant you do have to increase the number of groups and fixtures. When you have above 20 people for each restroom, you must double the fixtures.

A member (Patty N.) asked, what is Ned's biggest reason for promoting it and his concerns? Ned answered, it is a simpler application. Kyle C. added his concerns are the credit issue, and the fire code issue. Jessie N. remarked Ned's biggest reason is eliminating scalable plans, but we need those for credit history anyway.

Kyle C. went on to explain alternate determination process 3, fixture unit based criteria. He remarked that using the fixture units as a basis will double the costs. It will shift the SAC liability to the residential units and the bottom of the SAC count.

A member (Katrina K.) asked if I'm a restaurant that has X number of toilets and I add seats, do I get charged anymore? Ned answered yes, since SAC is based on seats.

A member (Wendy W.) asked if an older restaurant takes out seats to add a handicapped accessible restroom, would we penalize them? Under current criteria, it would result in a credit. Kyle C. answered yes, under a fixture determination, if they added bathrooms we would charge

them. Wendy expressed concern over penalizing restaurants for adding accessibility.

A member (Merrill K.) asked, so if you go from high to low fixture units, are there credits? Ned S. answered compensation would come in the form of credits passed on to the property.

A member (Brian H.) commented fixture units are similar to water meter sizing, so if the toilets are flushing and sinks are on the drain pipe is sized properly to handle the max capacity flow; same with water meters. So I could have a 30 or 150-person restaurant and may still have the same number of restrooms. It doesn't matter if it's a low or high volume place...it seems like it's shifted off because it's based on max flow. It doesn't reflect the usage of a space probably. A member (Kevin S.) added are we saying SAC is premised on max potential flow? Brian H. answered it is based on if you have 10 seats in a restaurant and 10 people use that restroom then flow is based on X amount. Ned S. answered if you do that you are losing some of your specificity.

A member (Patty N.) asked why there was a switch from the 1970s using fixture criteria versus what we use now? Kyle C. answered only some were changed off of fixture criteria. By meeting 5 we should know what the implication of fixture unit criteria will be to rate payers.

A member (Kevin S.) asked, do we think this specificity is good? Kyle answered yes – it insures businesses only pay the capacity demand for their specific type of business.

A member (Merrill K.) remarked, but in terms of specificity if you look at if you lost the specificity, who are the winners and losers? That will give you a sense of where the crux is...how necessary is the specificity and who would lose under that scale.

A member (Patty N.) added that Metro Cities looks at SAC in a way that we need to have a structure that is fair. If we redesign the system and it is not fair, it's going to create other issues. She would be concerned about creating more problems for SAC relating to fairness and equity.

	<p>A member (Kevin S.) commented another idea could be gross square footage building criteria. If you change the use it wouldn't matter, it would an expansion of the footprint (we would not argue about how many chairs there are). It would make it easier for doing credits.</p> <p>A member (Brian H.) added that the easiest time to collect a fee is when a new building is being built or an addition is built. It could be built into the cost of the building. All the frustration comes when the SAC fee comes later. If the fee is up front it could just blend in.</p> <p>A member (Merrill K.) added we need to examine if we are just exchanging pain. The primary pain is the credit question.</p> <p>A member (Loren O.) remarked that the occupancy code idea could be further examined if we could figure out what could be done with the credits.</p>
<p>5. Next Steps</p>	<p>Minutes will be sent out for review Continue Issue 3 at meeting 4</p>