2016-2017 SAC Task Force: Meeting 2

December 20, 2016
Meeting 2 Overview

• Approve minutes
• Finish Issue 1 – Outdoor Seating Policy
• Begin Issue 2 – Discounts for Manufactured Homes
Review Issue 1

Ned Smith, MCES Director of Finance & Revenue
Review Issue 1

• Science
  • Tradeoff rain vs. full capacity

• Policy/Equity
  • Task Force Feedback – No Subsidies
  • Current rule was developed by previous work group
  • Decided by work group not legislature

• Politics
  • Proposed 50% Discount → Approved 75% Discount
  • 75% > 0% (rather have some development than none)
  • Follow legislative proposal to keep SAC out of the 2017 session
Tenets of SAC

- SAC is about capacity demand (not flow)
- Highest potential use
- SAC revenue is fixed
  - Any exemptions paid by other users
- Not just based on building and plumbing code alone
- SAC is about “the one day”
Elected Official Perspective

Andrew Johnson, Minneapolis Council Member
Last Meeting Outdoor Suggestions

- **Exempt 100%**
  - **Argument:** Customers just shift to outdoors (no increase in customers)

- **Prorate**
  - **Argument:** Customers only sit outside a few months of the year
Last Meeting Outdoor Suggestions – cont’d

- Charge full SAC (no discount)
  - Argument: Maximum potential for indoor and outdoor customers
- Change outdoor seating criteria (e.g., 40 seats) – Argument:
  - Simplify criteria (<19 still applies and easier to understand)
  - Eliminate “discount”
  - Grant relief for partial-year and/or rain impact
  - Capacity still demanded; still paid for
  - Cost of service model preserved (no one paying for other uses)
  - Still encourages growth
  - Aligned with past task force
Final Discussion and Vote
Next steps: Issue 1

• MCES staff will draft summary and distribute to Task Force
• Task Force will review with interested staff and submit requested edits
• MCES will summarize edits and distribute prior to meeting 3
• Meeting 3 for final approval
Issue 2: Manufactured Housing
Manufactured Housing – Background

- A few communities transitioning to Metropolitan Disposal System (MDS)
  - Includes Manufactured Home parks
  - SAC can be a material burden on manufactured home homeowners, who are often at or below poverty levels
- Community Development issued a report in Fall 2016 requesting analysis of manufactured home discharge
  - If data support it, re-rating categories is common
- Prior task force has expressed “no-exemption” SAC policy (issue was affordable housing)
- Current solutions:
Manufactured Housing Flow Review

• Manufactured Home Park Flow Data Review
  ✓ Limited data available state wide
    ✓ Parks with treatment facilities required to report
    ✓ Limited reporting requirements
  ✓ Inconclusive results
    ✓ Maximum Peak day varied greatly
    ✓ Data points during suspected high flow days missing
  ✓ Other factors influencing peak day flow
    ✓ Poor system maintenance - I/I
    ✓ Running taps during winter
## Pros and Cons – Manufactured Homes SAC Credit

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<tr>
<th>Pros</th>
<th>Cons</th>
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<tr>
<td>Some Mfg. Homeowners are at or below poverty and cannot afford $2,485</td>
<td>Prior taskforces have expressed “no exemptions” policy</td>
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<td>SAC is a material burden, especially for converting homes</td>
<td>Less revenue for SAC; will be distributed across paying base</td>
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<td>Encourage mfg. parks with environmentally underperforming treatment facilities to convert to cleaner MDS</td>
<td>1 residence = 1 SAC</td>
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<tr>
<td>Most mfg. home parks have overall owner: SAC benefit not necessarily shared with homeowners</td>
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Potential Outcomes

• Continue flow study and modify criteria as data supports
  • Notify task force members of result
• Manufactured home exemption or discount
• No change
  • Promote deferral program with community assistance on tenant-benefit enforcement
  • Pursue non-MCES funded affordability grants
Discussion
Next Meeting:
Tuesday, January 10, 2017