

2016-2017 SAC Task Force: Meeting 5

February 7, 2017



Meeting 5 Overview

- Approve minutes from Meeting 4
- Follow-up on Issue 3 – SAC Determinations
- Continue Issue 4 – Simplifying the Credit Process

Analysis Approach

- Propose a 4-6 month timeframe to analyze impact of Gross Square Footage determination approach
 - May contract outside help to aid in analysis
- Reconvene task force to review results
 - Membership to remain the same with Subject Matter Experts invited for additional input as needed.

Detailed Analysis Outline

- Determine if new criteria should be focused on a few problematic uses (restaurants, spas, etc.) or comprehensive program-wide (all criteria)
- Determine those uses which would be appropriate to use a gross area basis (office, warehouse, office/warehouse, restaurant vs. rooming house, stadium seating, hospital beds, etc.)
- Re-review a statistically valid number of SAC assignment calculations for those uses determined to be re-evaluated on a gross square footage and develop a revised gross area based SAC unit assignment criteria

Detailed Analysis Outline – cont'd

- Identify and evaluate impact on regional SAC unit assignments using new criteria and its potential impact to unit SAC rate
 - Scope of determination redesign (just sq. ft. criteria?)
 - Breakdown of Current Activity
 - New vs. Remodel/Addition
 - Commercial vs. Residential
 - Impact of revised criteria
 - Total unit assignments
 - Total unit impact on per SAC fees
 - Need process for Credit recognitions
- Report findings to Task Force, and follow-up action in response to TF recommendation

Gross Square Footage Criteria

- SAC assignment based on gross building square footage.
- Applied to specific uses where occupancy based on area.
- Criteria includes all areas within structure in square foot per SAC unit assignment.

Criteria Evaluation process

- New Criteria Evaluation Process
 - Identify use categories applicable to area based criteria
 - Historic determinations - Establish new area per unit criteria
 - Evaluate potential impact on per unit SAC rate

Pros and Cons – Gross Square Footage Criteria

Pros

- Ease of determination by both Met Council & Communities
- Assigns & collects SAC at initial bldg. permit
- Easy to explain to, and comprehend by, permittee's
- Less need for “remodel” reviews, reduction in overall determinations.
- Easier to identify when SAC review is necessary
- Easier to identify credit for new criteria reviews.

Cons

- Standardizes businesses with multiple uses “We’re not typical argument”
- Will need to account for special circumstances when use has special sub-area uses.
- Available credits from previous methodology may be difficult to determine
- Likely to result in fewer regional unit assignments and higher SAC rate

Determination wrap-up

Obtain agreement on analysis approach and timing

Continue Issue 4: Simplifying the Credit Process

Recap of Credit Types

1. Paid Credits
2. Non-Conforming Long-Continuous Demand
3. Non-Conforming Grandparent Demand

Problems with Credits

- Development, remodeling, change of use, etc. occurred without record or determination submitted to Met Council
- Difficult to provide proof needed for Credit determination for Long-Continuous Use & Grandparent Credits
- Change of Addressing Information not communicated to Council which causes confusion with determinations
- Difference in county historic records, leading to discrepancies in default grandparent Credits

Pros and Cons

Type	Pros	Cons
LCD	<ul style="list-style-type: none"> • Sense of fairness for new owners 	<ul style="list-style-type: none"> • Dedicated staff time for both Met Council and communities • Burden falls on paying customers • Inconsistent application across communities • Free SAC when it should have been paid previously • Specific date-window of documentation required
Historic Rate Usage	<ul style="list-style-type: none"> • Collecting SAC for capacity demanded • Accountability for missed SAC reporting • Less restrictive on date-window of documentation requirements 	<ul style="list-style-type: none"> • Less revenue for SAC; will be distributed across paying base • Dedicated staff time for both Met Council and communities • New owners must pay for previous oversight

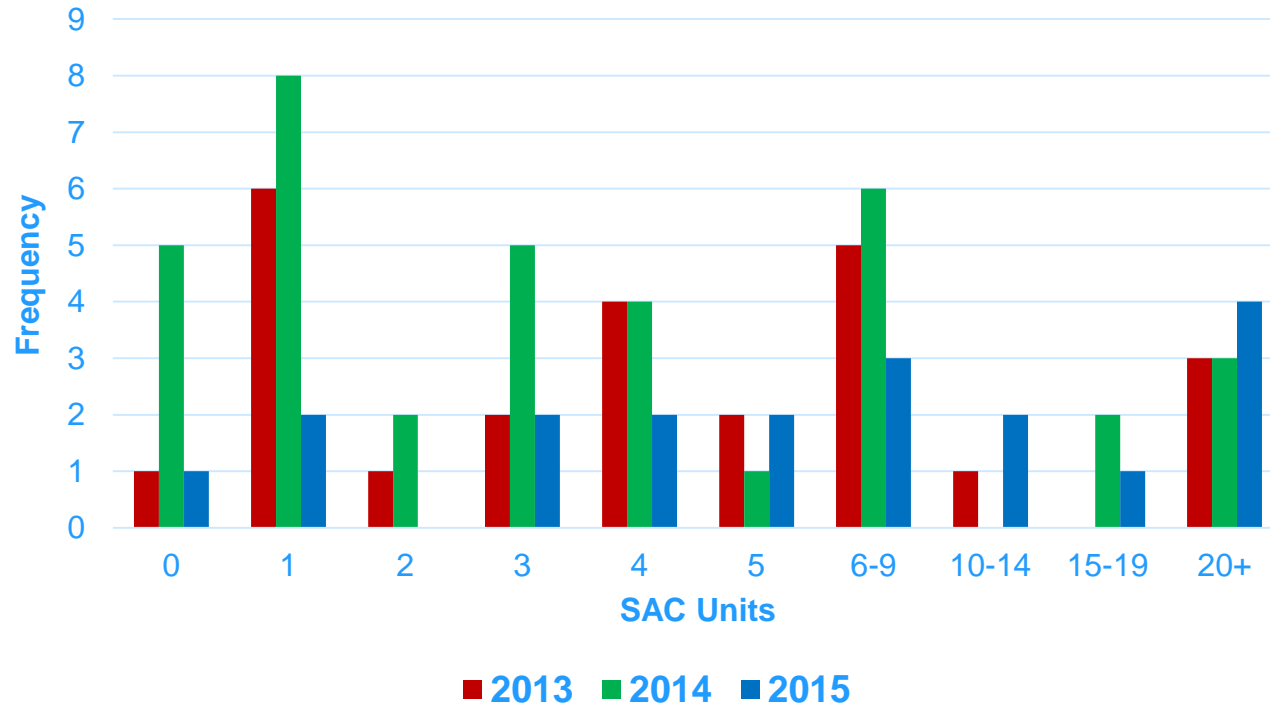
LCD Volume 2013 – 2015

Report Year	Total Non-Conforming Continuous Demand Units	SAC Rate	Total Value
2013	201.75 (28 projects)	\$2,435	\$491,261.25
2014	268.62 (33 projects)	\$2,485	\$667,520.70
2015	<u>267.75 (19 projects)</u>	\$2,485	<u>\$665,358.75</u>
<u>Total</u>	738.12		\$1,824,140.70

Average of \$608,000 per year (2013-2015) in Long Continuous Demand Credits

2013-2015 Histogram

2013 - 2015 Histogram



Proposal to Simplify the Credit Process

- Eliminate Long Continuous Demand
- Allow owners to pay at historic rates without formal appeal required
- Generate aides for historic credit proof
 - Clarify the materials needed to “prove” historical credit demand

What ideas do you have?

- Are there any other considerations from a community point of view that have not yet been considered?

**Next Meeting:
Tuesday, February 21, 2017**

