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

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
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</thead>
<tbody>
<tr>
<td>• Ease of determination by both Met Council &amp; Communities</td>
<td>• Standardizes businesses with multiple uses “We’re not typical argument”</td>
</tr>
<tr>
<td>• Assigns &amp; collects SAC at initial bldg. permit</td>
<td>• Will need to account for special circumstances when use has special sub-area uses.</td>
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<tr>
<td>• Easy to explain to, and comprehend by, permittee’s</td>
<td>• Available credits from previous methodology may be difficult to determine</td>
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<tr>
<td>• Less need for “remodel” reviews, reduction in overall determinations.</td>
<td>• Likely to result in fewer regional unit assignments and higher SAC rate</td>
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<td>• Easier to identify when SAC review is necessary</td>
<td></td>
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<tr>
<td>• Easier to identify credit for new criteria reviews.</td>
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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

<table>
<thead>
<tr>
<th>Type</th>
<th>Pros</th>
<th>Cons</th>
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<tbody>
<tr>
<td>LCD</td>
<td>• Sense of fairness for new owners</td>
<td>• Dedicated staff time for both Met Council and communities</td>
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<td></td>
<td></td>
<td>• Burden falls on paying customers</td>
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<tr>
<td></td>
<td></td>
<td>• Inconsistent application across communities</td>
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<tr>
<td></td>
<td></td>
<td>• Free SAC when it should have been paid previously</td>
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<td></td>
<td></td>
<td>• Specific date-window of documentation required</td>
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<tr>
<td>Historic Rate Usage</td>
<td>• Collecting SAC for capacity demanded</td>
<td>• Less revenue for SAC; will be distributed across paying base</td>
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<td>• Accountability for missed SAC reporting</td>
<td>• Dedicated staff time for both Met Council and communities</td>
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<td></td>
<td>• Less restrictive on date-window of documentation requirements</td>
<td>• New owners must pay for previous oversight</td>
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## LCD Volume 2013 – 2015

<table>
<thead>
<tr>
<th>Report Year</th>
<th>Total Non-Conforming Continuous Demand Units</th>
<th>SAC Rate</th>
<th>Total Value</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>201.75 (28 projects)</td>
<td>$2,435</td>
<td>$491,261.25</td>
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<tr>
<td>2014</td>
<td>268.62 (33 projects)</td>
<td>$2,485</td>
<td>$667,520.70</td>
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<tr>
<td>2015</td>
<td>267.75 (19 projects)</td>
<td>$2,485</td>
<td>$665,358.75</td>
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<tr>
<td><strong>Total</strong></td>
<td>738.12</td>
<td></td>
<td><strong>$1,824,140.70</strong></td>
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Average of $608,000 per year (2013-2015) in Long Continuous Demand Credits
2013-2015 Histogram

2013 - 2015 Histogram

Frequency

SAC Units

0 1 2 3 4 5 6-9 10-14 15-19 20+

2013 2014 2015
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