

2016-2017 SAC Task Force: Meeting 3

January 10, 2017



Meeting 3 Overview

Patricia Nauman, Metro Cities



Meeting 3 Overview

- Approve minutes from Meeting 2
- Review Issue 1 Statement and Next Steps
- Finish Issue 2 – Discounts for Manufactured Homes
- Begin Issue 3 – Conversion to Building-Code Criteria for SAC Determinations

Review Issue 1 Summary Outdoor Seating

Ned Smith, MCES Director of Finance & Revenue

Review Issue 2 Manufactured Homes

Ned Smith, MCES Director of Finance & Revenue

Pros and Cons – Manufactured Homes SAC Credit

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

Potential Outcomes

- No change
 - Promote deferral program with community assistance on tenant-benefit enforcement
 - Pursue non-MCES funded affordability grants
 - Continue flow study and modify criteria as data supports
 - Notify task force members of result
- Manufactured home exemption or discount
- Other Ideas

Final Discussion and Vote

Next steps: Issue 2

- 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 4
- Meeting 4 for final approval

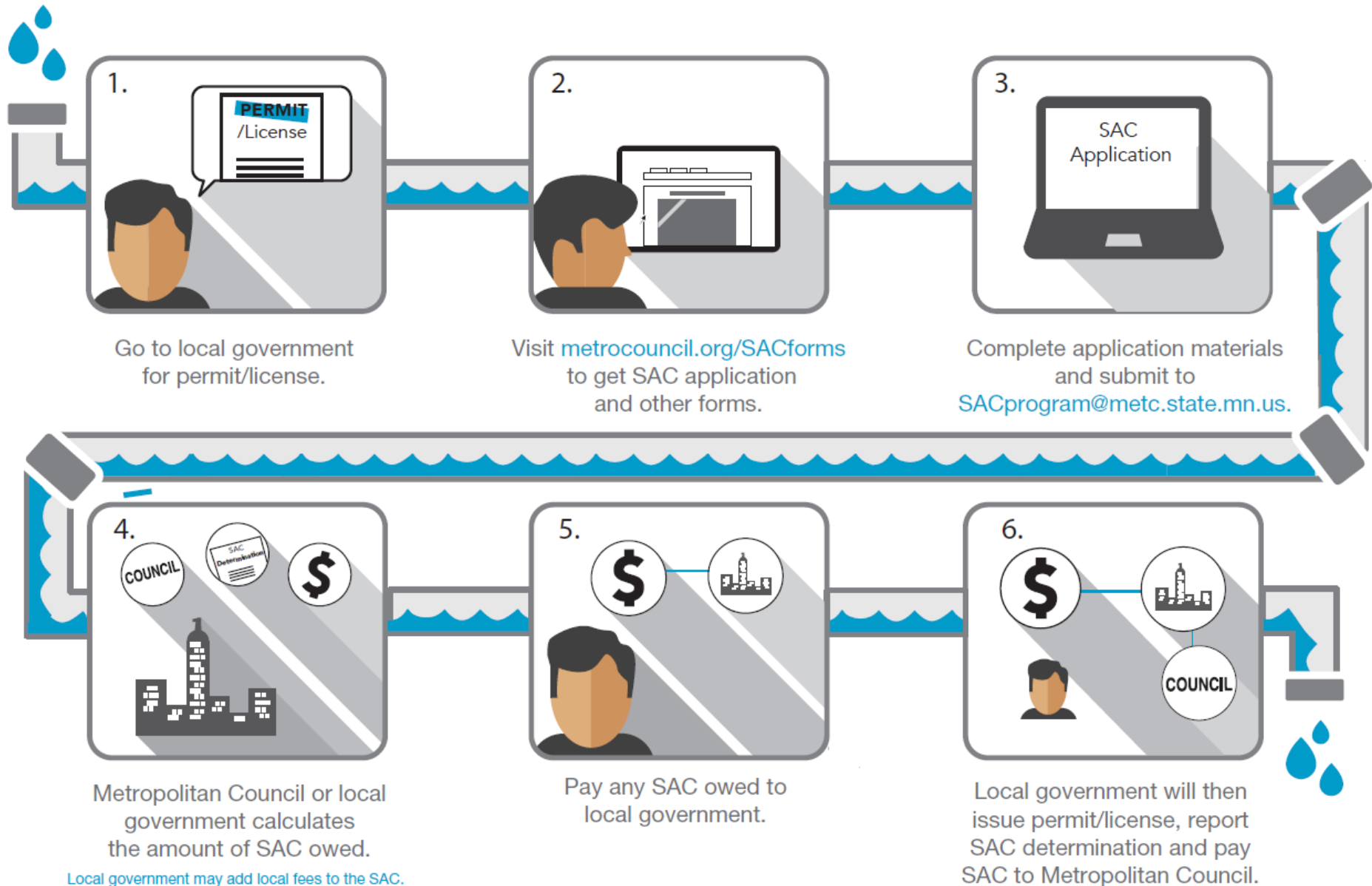
Issue 3: SAC Determinations

Issue 3 Goals

Consider options to...

- Simplify Application process
 - Reduce Applicant Work
 - Reduce Applicant Expense
 - Eliminate duplication of City Application Process
- Determination Process easier to understand from an Applicant Perspective

Determination 101



Financial Process

SAC owed is:

- Paid to local governments by business/property owner, usually as part of a permit or business license
 - Local governments may add additional fees to MCES SAC determination
- Local government then pays owed SAC to the Metropolitan Council
- The Metropolitan Council then uses SAC towards the required debt

Existing Determinations Process

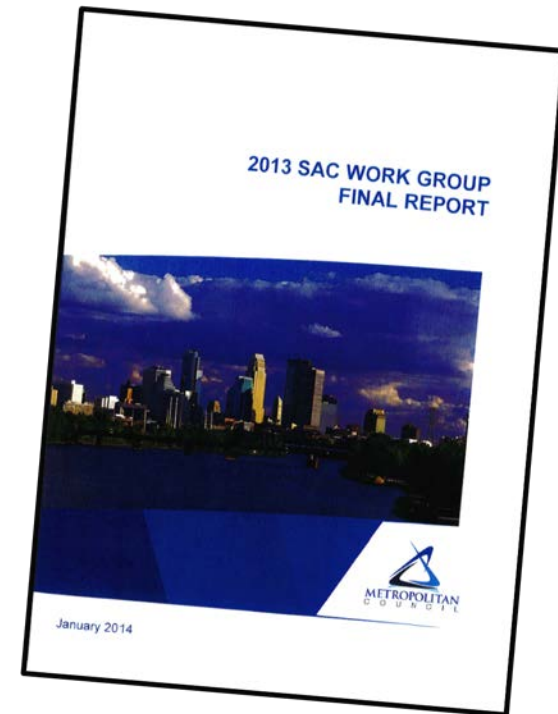
- [SAC Estimation Tool](http://metro council.org/SACprogram) (online at metro council.org/SACprogram)
- Residential Equivalent Connection (REC) = 274 GAL / Day
- Technical Services criteria, based primarily on square footage and flow
- Examples:
 - Restaurant: 10 seats = 1 SAC
 - Nursery School/Daycare: 620 sq. feet = 1 SAC
 - K-12 School (without showers): 540 sq. feet = 1 SAC
- For most criteria, square footage is a proxy for people (and their resulting flow)

Alternate Determination Process: #1

- Water Meter Size Criteria

2013 SAC Work Group

- National review water meters for debt service recovery
- Wastewater + Water suppliers
- October 2013 Interviews with metro communities
- April 2014 electronic survey – 80 communities, 20 respond
- 2015-16 solicitation for community water meter data & evaluation – 90 requests vs. 25 responses w/ 443 meter assignment records



Alternate Determination Process: #1 - Cons

- Water Meter Size Criteria Findings (April 2014 Survey)
 - Size not always technically based – Inventory
 - Size determination based on various references, codes, manufacturer
 - Meter type effects capacity/size
 - Remodels don't require meter size change – Original over charge?
 - Size determined by various parties, PW, Bldg. Dept., Mech, Eng., etc.

Alternate Determination Process: #1 – Cons, continued

- Water Meter Size Criteria Findings (April 2014 Survey)
 - Sub-regional water suppliers – local Bldg Dept's. collect SAC
 - Private wells – unmetered
 - Local water system pressure impacts meter sizing
 - Opinion on a meter based assignment varied. Some strongly opposed. Others neutral - only if unit rate is unaffected.
 - Rate per SAC unit expected to increase due to fewer unit assignments.

Alternate Determination Process: #1 - continued

- Water Meter Size Criteria Findings (Local meter assignment analysis)
 - 443 meter assignment records vs. SAC units
 - No statistical correlation between meter size and SAC units
 - No distinct range grouping for SAC vs. meter size (1-1/2" = 1 to 41 SAC)
 - Data suggests that smaller businesses (SAC) often assigned larger meters.
- Multiple water meters per address – single SAC assignment.
MCES decided little to no benefit in pursuing criteria change to water meter size.
- Stopped further study.



Alternate Determination Process: #2

- Use building occupancy codes to determine maximum number of people on site
 - Most criteria are based on people
 - Occupancy codes are consistent across the region (and state)
 - Occupancy rating would come from the city
- MCES would still have business category-specific criteria
 - For example: Mercantile Occupancy M includes restaurants and retail – these would continue to have different SAC criteria
 - A determination with Occupancy Codes vs. a determination with current criteria would yield the same SAC due
 - Would not increase or decrease SAC due for a given business
- Not the same as fire codes
 - Fire codes change based on ceiling height and number of doors

Alternate Determination Process: #2 - Examples

Current System:

Applicant submits Plan to MCES=> MCES Determines Sq. Ft.=> Tech. Services Calcs # of People from Sq. Ft.=> SAC determined

This is embedded in the manual/criteria

Proposed System:

Applicant submits Plan to City=> City Calcs # of People Occupancy Code=> Applicant Submits # of People => SAC determined

Pros and Cons – SAC Determination Process Approach #2 Business Occupancy

#	Pros	Cons
#2	<ul style="list-style-type: none"> • Simplifies SAC application (no plans required for certain businesses) <ul style="list-style-type: none"> • Faster processing • Less paperwork • City better engaged • Eliminates arguments over how many chairs will or will not be used • Customers have a better understanding of criteria logic 	<ul style="list-style-type: none"> • Not all applications to the city require occupancy codes • Not all applications to the city require plans • Could increase work for the city (but could be mitigated by offering MCES calculation) • Credits are still a problem • Occupancy codes can change • Not all communities use the same codes (?) • Plans will still be required for multi-tenant buildings & new builds

Alternate Determination Process: #3

Fixture Unit Based Criteria (Proposal)

- Idea from Water Meter Study
- Original basis for many of the criteria developed in early 1970's
- Use fixture units in lieu of area based criteria
- Exceptions (seats, beds, showers, industrial flow, vehicle wash, others?)
- Review a random sample set of previous SAC determinations that used existing criteria, and re-determine SAC assignment based on fixture units.

Alternate Determination Process

Fixture Unit Based Criteria (Proposal)

- Compare current methodology vs. fixture unit method.
- Determine potential impact on total annual unit assignments and SAC rate.
- Attempt to identify any unintended consequences for methodology change to using fixture units
- Determine if further evaluation is warranted or if proposed change should be rolled out.

Pros and Cons – SAC Determination Process Approach #3 Fixture Unit

#	Pros	Cons
#3	<ul style="list-style-type: none">• Simplify determination process• Less debate on final determinations• Less “change of use” determinations• Keeps assignment of SAC units within single community Dept. (Building Dept.)	<ul style="list-style-type: none">• Less revenue for SAC; will be distributed across paying base• Less nuance in determinations (i.e., fixture at restaurant = fixture at bookstore)

Discussion

**Next Meeting:
Tuesday, January 26, 2017**

