

# 2016-2017 SAC Task Force: Meeting 4

January 26, 2017



# Meeting 4 Overview

- Approve minutes from Meeting 3
- Review Issue 1 Summary
- Finish Issue 3 – Conversion Simplifying SAC Determinations
- Begin Issue 4 – Simplify Credit Process

# **Review Issue 1 Summary: Outdoor Seating**

**Ned Smith, MCES Director of Finance & Revenue**

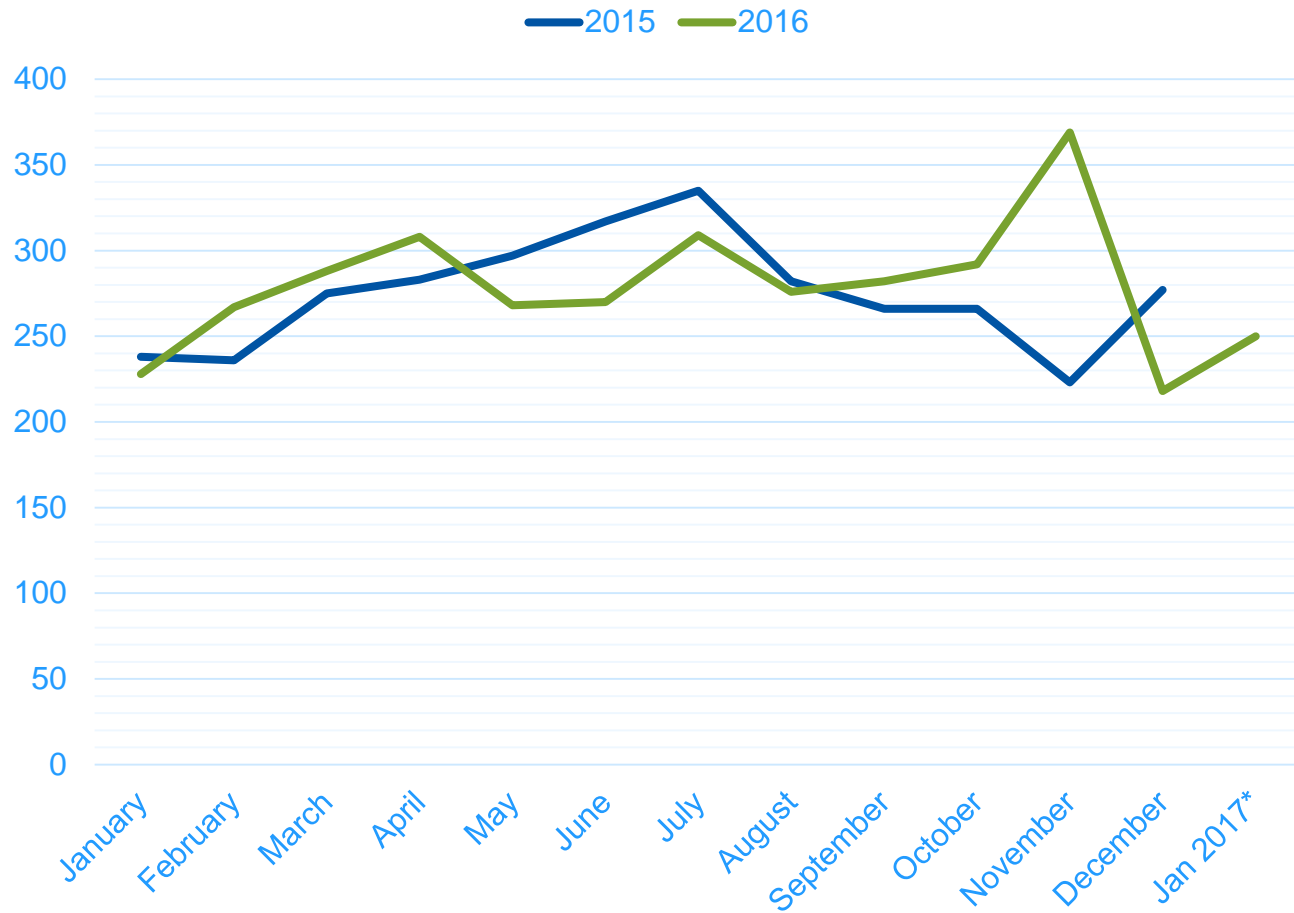
# Continue Issue 3: SAC Determinations

# SAC Determinations

Purpose for today:

- Continue discussion of 3 options (water metering; fixtures; occupancy codes)
- Discuss any other suggested criteria from task force members and their teams
- Agree on next steps for analysis

# SAC Determinations Received



\* 01/2017 is projection for full month based on the total for 2017

# SAC Determinations Discussion

- Do we agree water metering is not a valid option?
- Continued discussion on occupancy codes.
- Continued discussion on fixtures.
- What did your team suggest as ideas for SAC Determination criteria?

# Final Discussion and Recommendations



# Issue 4: Simplifying the Credit Process

# SAC Credit Background

- SAC credit is capacity that has been freed up within the community for a specific site
- When a new use occurs on the site, the previous use is credited to the new use
  - If total capacity demanded is increased additional SAC is charged
- All Credit determinations are subject to review and approval of MCES

# SAC Credit Types

- SAC Paid to MCES
- Non-Conforming Grandparent (pre-1973)
- Non-Conforming Long Continuous Demand

Definitions can be found on Page 2 of your 2017 SAC Manual

# Current SAC Credit Rules

- ***Where SAC was paid***
  - Record of SAC payment to MCES is sufficient evidence for potential credit
  - Total number of potential SAC credits is reduced by any Credits that were used off site by the city
  - In redevelopment, where current determination requires less SAC than prior demand, Net Credits occur
  - Net Credits may be taken city-wide or left site-specific at city's option at time of permit issuance



# Examples: Where SAC Was Paid

1) Property built in 1980 paid 10 SAC

- In 2015, 15-SAC demand replaces existing
  - $15 - 10 \rightarrow 5$  SAC due

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2) Property built in 1980 paid 20 SAC

- In 2015, 15-SAC demand replaces existing
  - $15 - 20 \rightarrow$  No charge; 5 Net Credits
    - community-wide or site-specific

# Current Credit Rules

- ***If SAC was not paid*** – Non-Conforming Grandparent
  - Records provided for Grandparent based on demand in 1972, if not determined since
  - In redevelopment, where current determination requires less SAC than prior demand, Net Credits occur
  - Net Credits from Grandparent stay site-specific for 5 years for on-site business growth

# Example: Non-Conforming – Grandparented Demand

- Property built in 1960; documentation provided that it was 15-SAC demand prior to 1973
  - In 2017, 10-SAC demand replaces existing
    - 10 - 15 → 0 SAC due, 5 Net Credits available on-site *for 5 years*
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- If in above, in 2023 a 2-SAC demand was added
    - 12 - 10 = 2 SAC due  
(Grandparented Net Credits expired)

# Non-Conforming Long Continuous Demand

- ***If SAC was not paid*** - Non-Conforming Long Continuous Demand
  - Long Continuous Demand must be in use for 10 or more years and through at minimum 3 years ago
  - Must be for benefit of a different business or property owner
  - Net credits not available for Long Continuous Demand



# History of Long Continuous Demand

- 2012 Task Force recommended eliminating the “Look Back Period” review
  - “Look Back Period” was the credit rule between 2010 and 2012
  - Would use the highest use over the last 7 years during a new determination
- Long Continuous Demand (LCD) was introduced as one of the compromises to “no pay, no credit”



# Example: Non-Conforming – Long Continuous Demand

- Property built in 1980 did not pay SAC
  - Community provides documentation of a prior demand was 10-SAC of continuous demand through 2015
- In 2017, 15-SAC demand replaces existing
  - 15 - 10 → 5 SAC due

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- If prior continuous demand was 20-SAC
  - 15 - 20 → 0 SAC due; no Net Credits

# Experience with LCD to Date

- Appearance of 'Free SAC' leads to confusion and concern
- Inequity generated in SAC collection
- Intended to be a rare occurrence

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	267.75 (19 projects)	\$2,485	\$665,358.75
<u>Total</u>	738.12		\$1,824,140.70

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

# Proposal to Simplify the Credit Process

- Eliminate Long Continuous Demand
- Allow owners to pay at historic rates
  - Currently available upon appeal with dated plans
- Generate aides for historic credit proof
  - Clarify the materials needed to “prove” historical credit demand
- *Other?*



# Discussion

# Recommendations

**Next Meeting:  
Tuesday, February 7, 2017**

