

# 2016-2017 SAC Task Force: Meeting 7

July 13, 2017



# Meeting 7 Overview

- Approve minutes from Meeting 6
- Process recap
- Continue Issue 3 – Conversion simplifying SAC determinations
- Discussion
- Integrate Issue 4 – Simplify credit process
- Discuss next steps and dates

# Process Recap

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- Task Force formed to review 4 issues:
  - Outdoor seating: *complete*
  - Manufactured homes: *complete*
  - Simplifying determinations: *today's topic*
  - Simplifying credits: *today's and 7/26 topic*
- In February, TF proposed to use Gross Square Feet for determination criteria (vs. Net Square Feet/Area Based)
  - Commissioned TKDA to conduct detailed analysis
  - Determine revenue-neutral criteria change
  - Determine uses not conducive to Gross Square Feet criteria
- Presenting proposals today
  - Present findings
  - Present TKDA/MCES recommendations
  - Discuss next steps

# Continue Issue 3: SAC Determinations

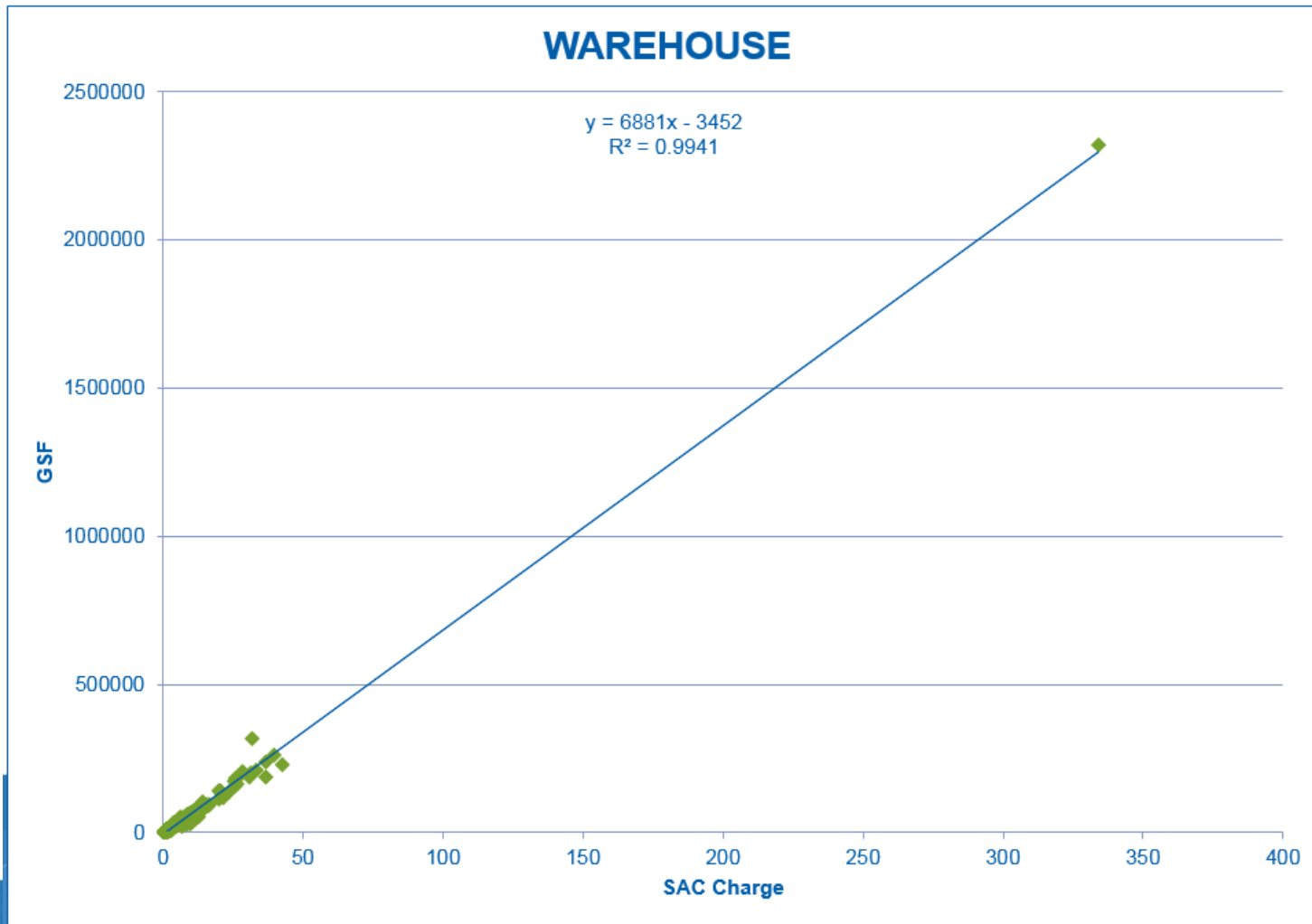
# Gross Square Feet (GSF) Analysis Approach

- Determinations reported January 2013 – December 2015
  - Identified business types that lend it self to a gross square foot (gsf) SAC assignment (original area based criteria)
- Original SAC assignment and calculated the corresponding GSF/SAC
- Strong statistical correlation in the number of records associated per business type

# Gross Square Feet (GSF) Analysis Approach - continued

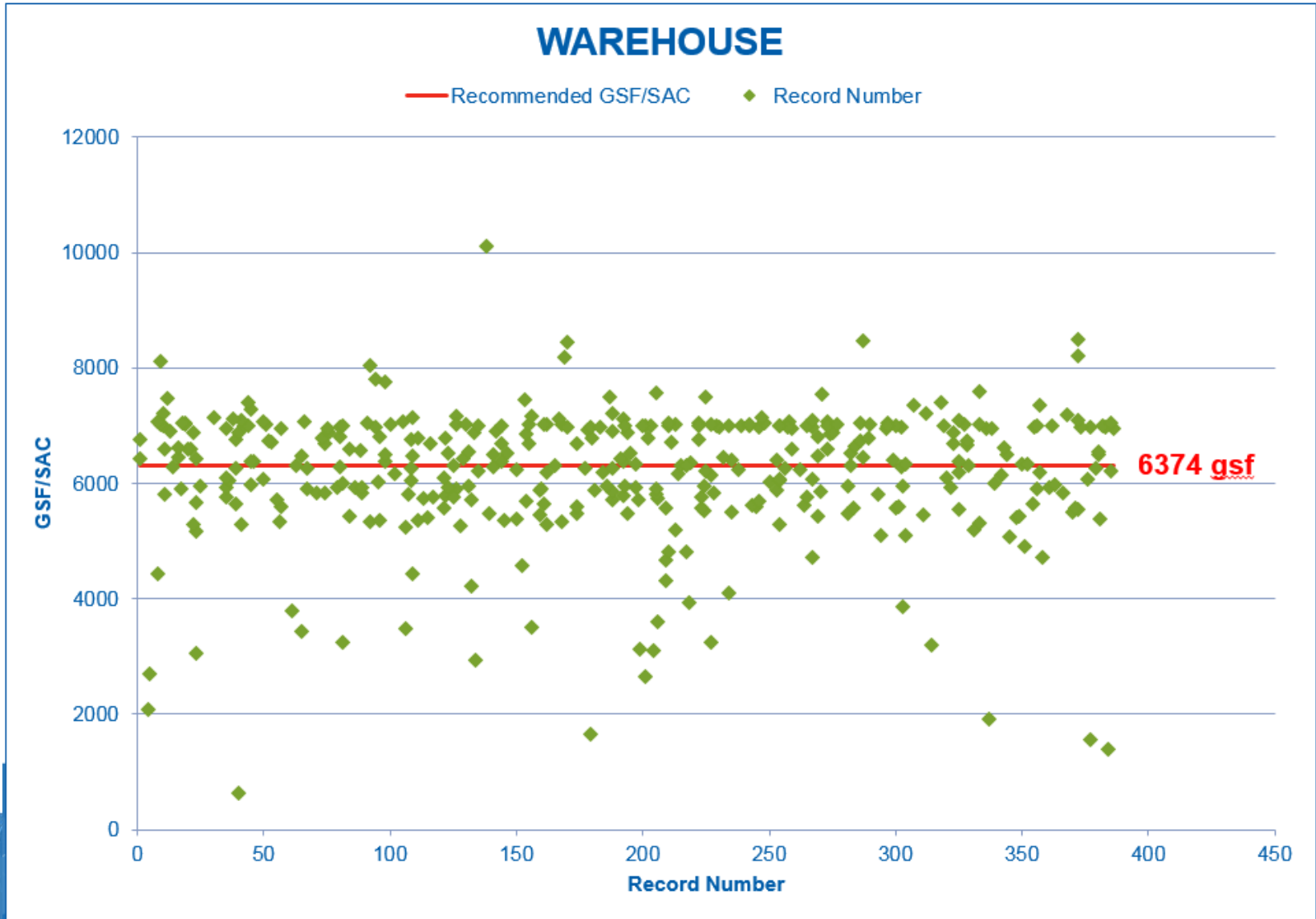
- Impact of revised criteria
  - Total unit assignments
  - Total unit impact on per SAC fees
  - Adjustment of criteria to recapture loss of SAC revenue
- Need process for Credit recognitions (Issue 4)

# GSF by Original SAC Charge – High Correlation

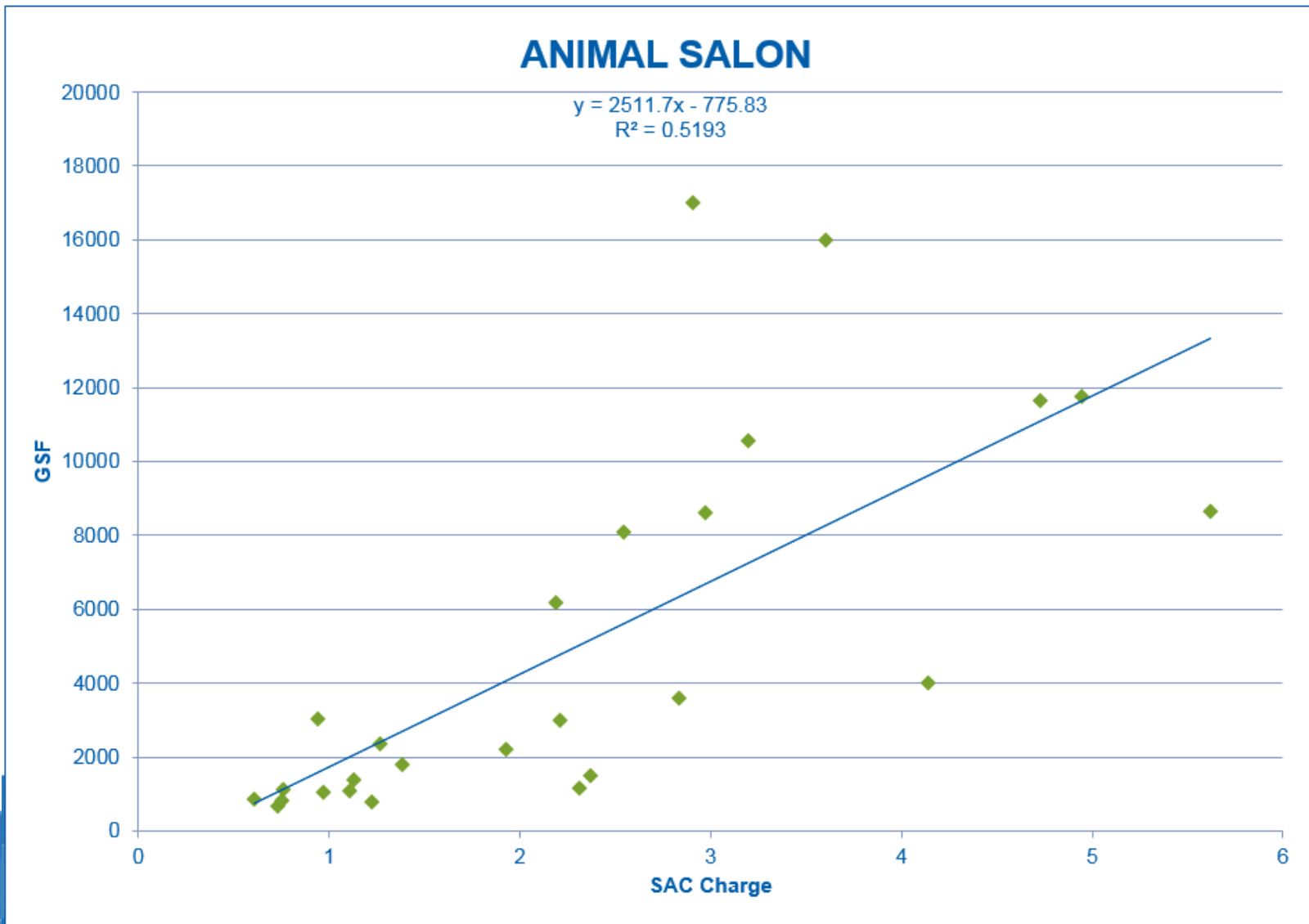




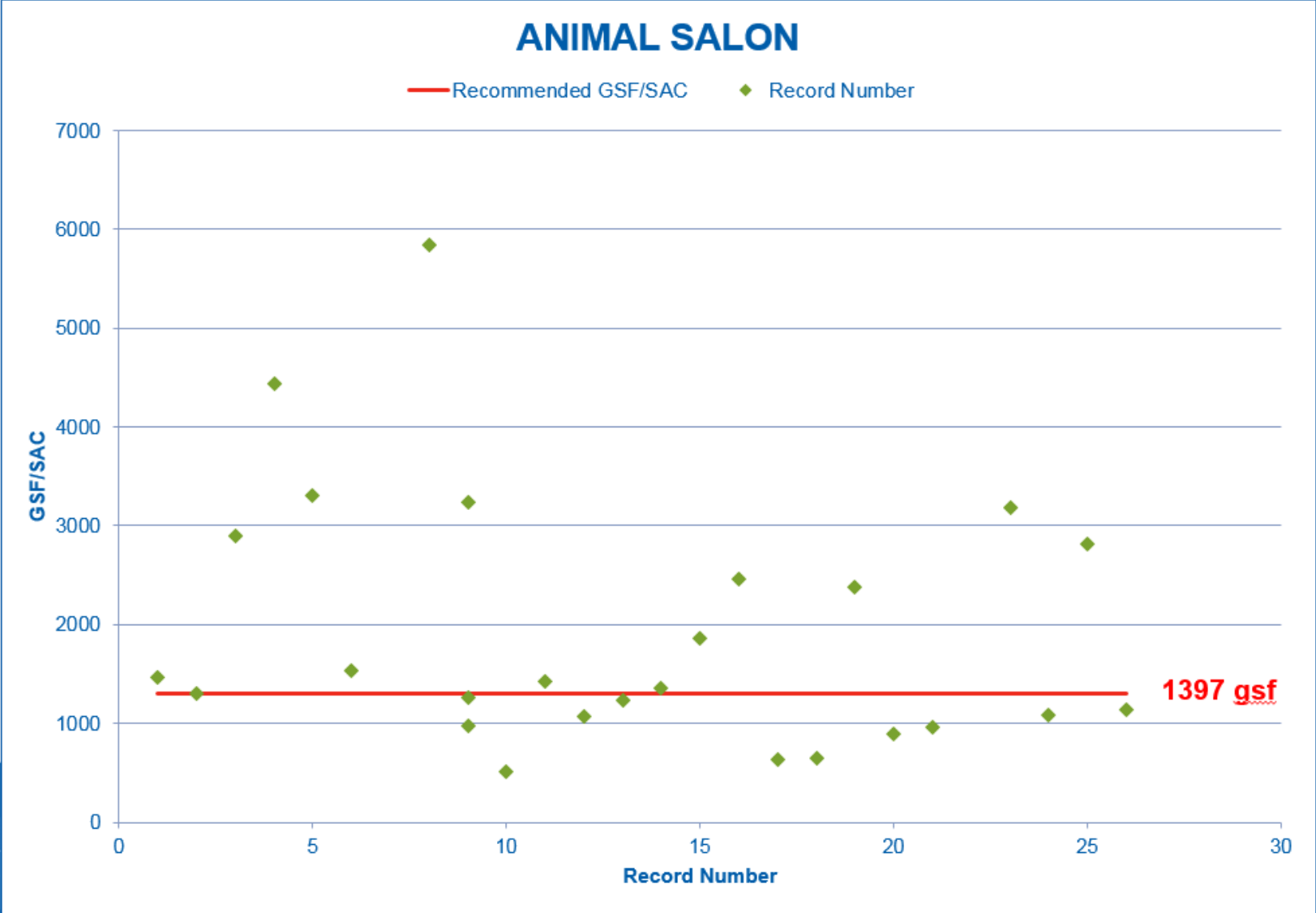
# GSF by Original SAC Charge – High Correlation – cont'd



# GSF by Original SAC Charge – Low Correlation



# GSF by Original SAC Charge – Low Correlation – cont'd



# Combine 5 SAC Criteria Categories

TKDA recommends combining 5 categories

Combined Category (new)	Category Components (old)
Banquet/Cafeteria	Banquet Cafeteria
Beauty Salon	Barber/Beauty Salon Nail Salon
Office/Warehouse/Retail	Office/Cafeteria Office/Retail/Warehouse Office/Warehouse/Cafeteria
School	Daycare Learn Center Elementary School Secondary School Specialty School
Vehicle Service	Automobile Service Car Dealership Gas Station Service Garage Service Station Vehicle Garage

# Top 5 Business Types (# of determinations)

Business Type	Records Analyzed	R <sup>2</sup>	Median GSF /SAC	Proposed GSF /SAC	Net Change Regional SAC Fee
Restaurants	794	80.8%	318.7	300	\$569,004
Office	722	97.9%	2659.1	2650	\$350,183
Office/Warehouse/ Retail	418	94.1%	3963.6	3950	\$49,074
Clinic	403	73.7%	2228.4	2200	-\$326,046
Warehouse	386	99.4%	6374.4	6350	-\$38,552

# Determination Recommendation

- Adopt the recommendations of the final SAC Study completed by TKDA
  - Implement new GSF criteria methodology to selected business types
  - Combine multiple related business types into a single criterion
  - Define which criteria to use for specific business types (i.e. Office, Warehouse, Retail)
  - Gallon-based criteria to remain
- Hold public meeting to present proposed recommendations to stake holders
- Present to Council for adoption of recommendations
- Implement the new criteria starting January 2018

# Discussion

# 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 Recommendation Based on GSF Analysis

- SAC Credit based on the *greater of* SAC paid or the new gross square foot criteria
- No Net Credit unless the credit is from actual SAC paid to MCES (just like current rules with Non-Conforming Continuous Demand)
- Proof of a different previous use than what SAC records show:
  - City to provide a copy of the building permit
  - City statement of what the original foot print was (if different than the current tenant)
  - If the change of use occurred in the last 10 years, there is no credit

# Important Dates

# Tentative Dates

- June – receive 3<sup>rd</sup> party engineering report on SAC Task Force recommendations for Gross Square Foot Criteria
- July 13 – review findings with SAC Task Force
- July 26 – final SAC Task Force meeting
- August 8 – request open/public comment meetings from EC
- August - September – open issue up for public comment
- October 10 – present findings and recommendation to EC
- November 8 – receive final approval from Metropolitan Council
- January 1, 2018 – new criteria & rules will be released with 2018 SAC manual

**Next Meeting:**  
**July 26<sup>th</sup> @ Metro 94 Business Center**  
**1PM - 3:30PM**



# Current 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 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





# Current Credit Rules – cont'd

- ***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

# 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

# Original Proposal to Simplify the Credit Process

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

