

City Council Item

June 24, 2024



Item	Adopt City Sewer Access Charge (SAC) and Water Access Charge (WAC) Waiver Policy and Credit Program	
File No.		Item No: E.12
Agenda Section	<u>CONSENT AGENDA</u>	
Prepared By	Eric Maass, Community Development Director	
Reviewed By	Laurie Hokkanen	

<u>SUGGESTED ACTION</u>	
Staff recommends that the City Council adopt the policy and program as presented.	
Motion Type	Simple Majority Vote of members present
Strategic Priority	Operational Excellence

SUMMARY

The City Council established a review of the City's Sewer Availability Charge (SAC) and Water Availability Charge (WAC) programs as a priority for 2024. City Staff from community development, finance, engineering, and building collaborated in a review of our current policies and practices as it relates to SAC and WAC charges in the community.

BACKGROUND

The Metropolitan Council Environmental Services (MCES) manages wastewater for the entire metro region. The MCES then charges an SAC for access to that utility as a means to finance the large-scale infrastructure that is installed to manage wastewater for the entire metro area. The 2024 rate per SAC unit charged by the MCES is \$2,485.00. Similar to MCES, the city charges SAC and WAC fees as a means to finance the utility infrastructure that the city installs and maintains related to sanitary sewer and potable water. The 2024 rate per City WAC unit is \$9,190 and the City SAC per unit is \$2,480.00. The city also charges a surcharge of \$75.00 per MCES SAC unit.

The Metropolitan Council requires that a "SAC Determination" be completed associated with building permit applications. Based on the specifics of the building or business tenant such as the number of toilets, sinks, etc., the MCES provides the applicant their "SAC Determination". The city then simply uses the same number of MCES SAC units for the number of City SAC and WAC units to charge. The city is the entity that charges the applicant for both the MCES and the City SAC/WAC units.

DISCUSSION

City Staff are proposing that the city adopt the attached policy related to city SAC and WAC fees. That policy is summarized below.

To promote private investment in existing commercial buildings, the city will waive the first five (5) city "SAC" and "WAC" units determined by the MCES determination. This is a fee savings of \$11,670.00 per waived SAC/WAC. This would not alter any charges levied by the MCES for SAC.

BUDGET

The City's Utility Rate Studies have only utilized anticipated green field development (new development) and potential major redevelopment when estimating revenue generation needed to fund the city's ongoing operational expenses and Capital Improvement Plan (CIP) expenses. They have not included any estimates for SAC/WAC on remodels. As a result, forgoing charging the first five city SAC/WAC fees when an existing commercial or industrial building is being renovated or repurposed for a new tenant does not impact the city's long-term financial needs as it relates to funding our annual operations or CIP.

RECOMMENDATION

The EDC reviewed the proposed SAC and WAC waiver policy and credit program and recommended approval.

ATTACHMENTS

[Sewer and Water Access Charges Waiver Policy and Credit Program](#)