

Sewer Availability Charge (SAC) Overview

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**St. Paul City Council Briefing
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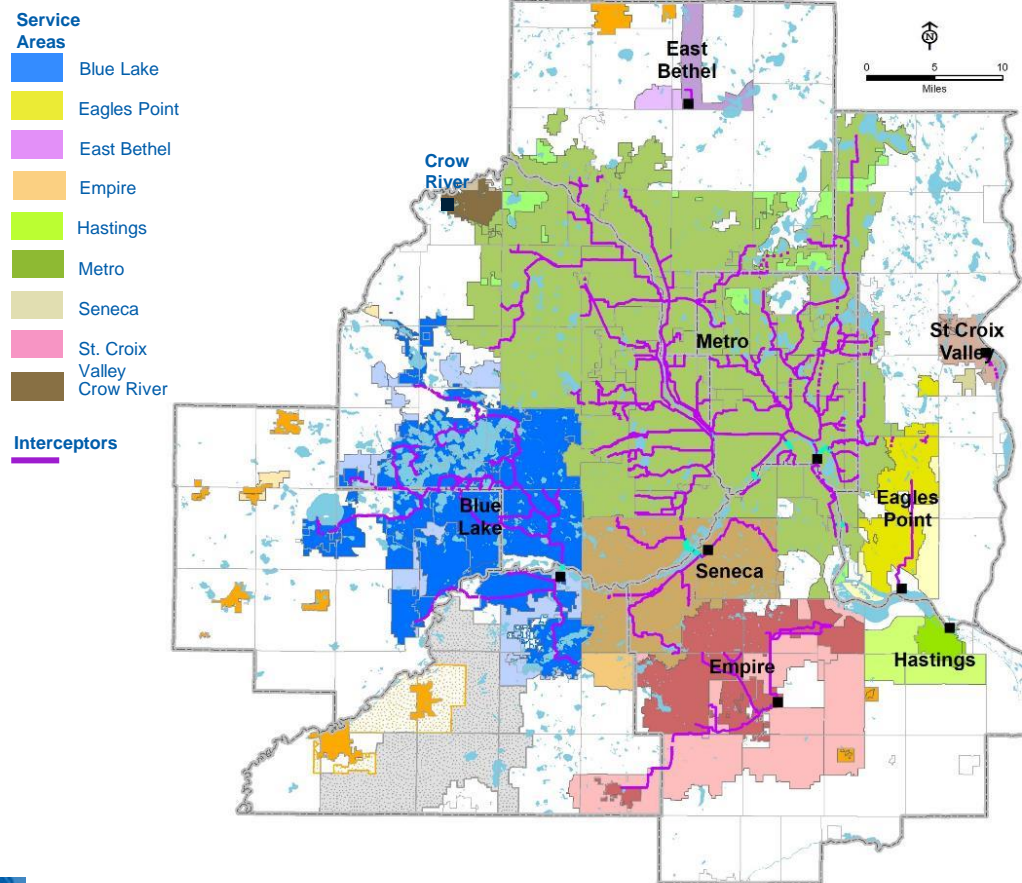




The Council's mission is to foster efficient and economic growth for a prosperous region.

- Transportation
- Wastewater collection & treatment
- Planning & development
- Parks
- Housing

Wastewater Treatment Service Area and Facilities



WHO WE SERVE

7-county Twin Cities Metro Area
110 communities
3,000 square miles
2,600,000+ people

OUR FACILITIES

9 wastewater treatment plants
610 miles of interceptors
61 pump stations
250 million gallons per day (avg)

OUR ORGANIZATION

600+ employees
\$7 billion in valued assets
\$140 million per year capital program
\$311 million annual operating budget

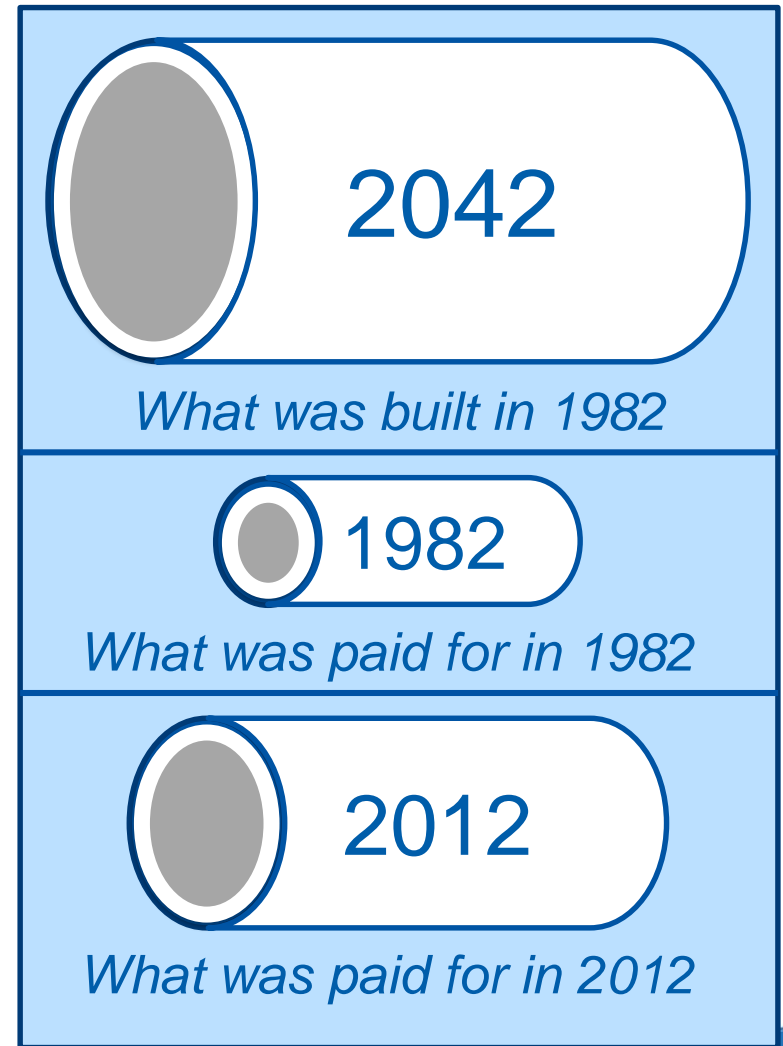
What is SAC?

- The Sewer Availability Charge, or SAC, is a one-time fee charged to local governments for ***new or increased capacity demand*** on the system
- One single family home = 1 SAC unit
- Non-residential properties require a determination (or calculation) of the **maximum potential wastewater capacity** needed for the site.
- The Council charges SAC to local governments, who pass it on to business or property owners.
- Capacity demand **is not** the same as flow



SAC allows MCES to build for the future, & charge in the future

- MCES builds pipes in anticipation of future growth, but distributes the cost over time and generations.
- SAC future-proofs our system, allowing *all* communities to grow



SAC is about providing capacity for the busiest day of the year

Consider TCF Stadium:

- Capacity (pipe size) needed for average flow VS.
- Capacity needed during a Gophers-Badger game

Result: 526 SAC



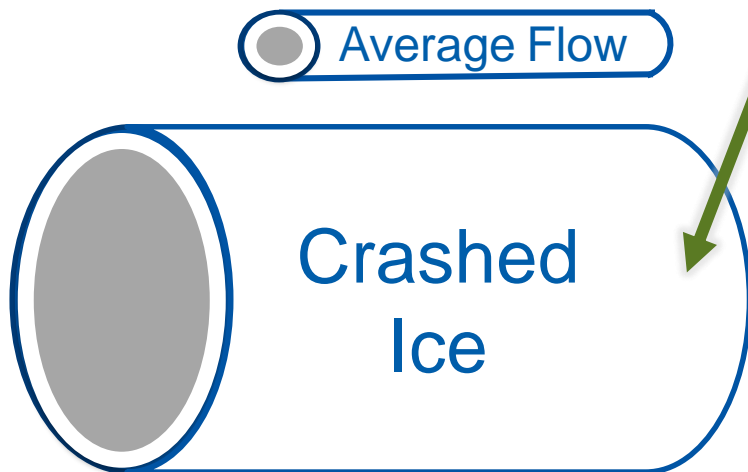
 Average Flow

Gophers-
Badgers
game

SAC is about providing capacity for the busiest day of the year

Or Tom Reid's Hockey City Pub:

- Capacity (pipe size) needed for average flow VS.
- Capacity needed during Crashed Ice

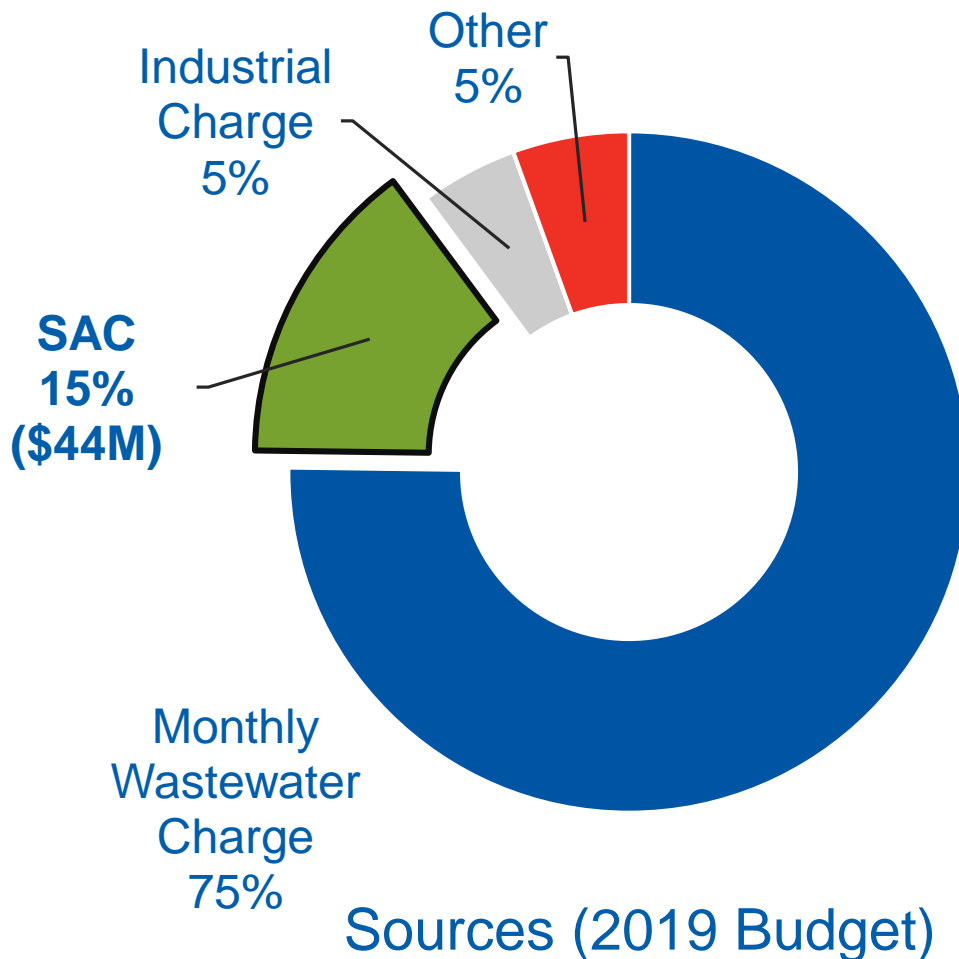


Local SAC & Local WAC

- The Metropolitan Council charges SAC fees directly to communities.
- Communities then charge SAC (and potentially local SAC and/or local Water Availability Charges (WAC)) to businesses, industries, and residences.



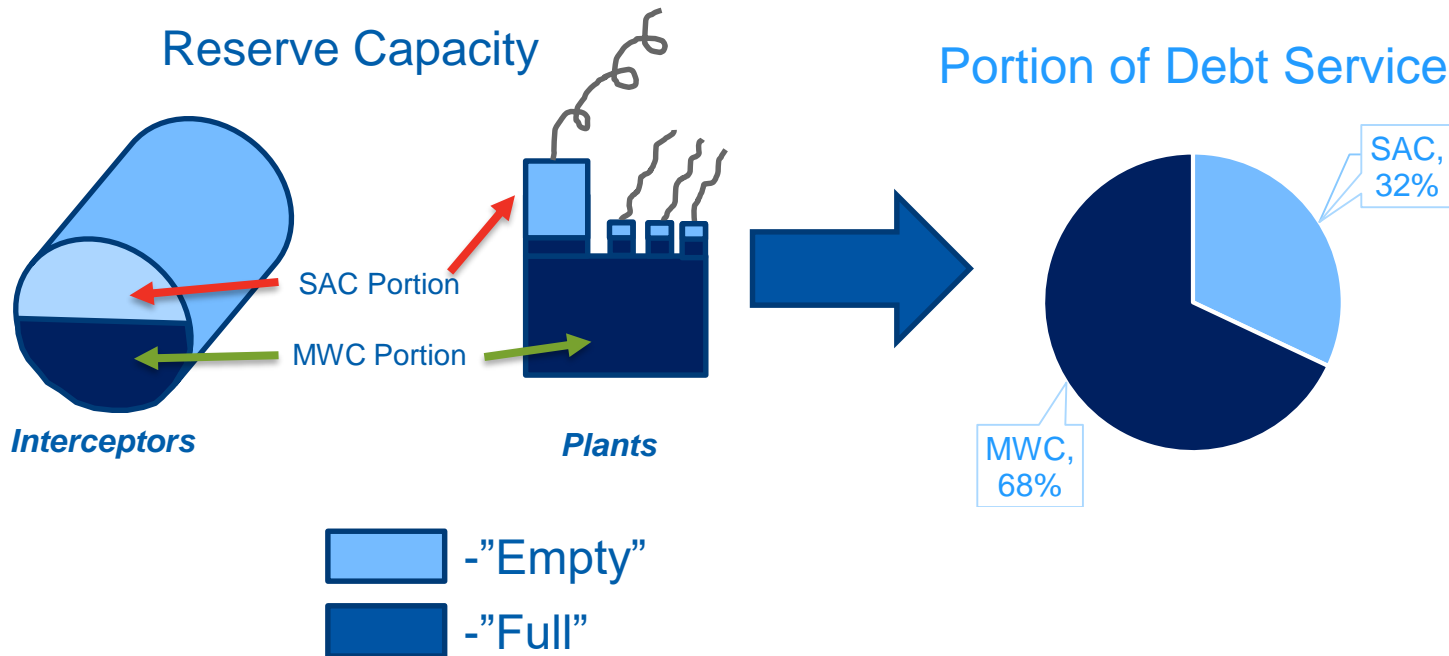
SAC is a critical revenue source



- A material component of waste water fees
- Elimination would increase monthly sewer fees by ~20%
- Accrued benefits over 45 years

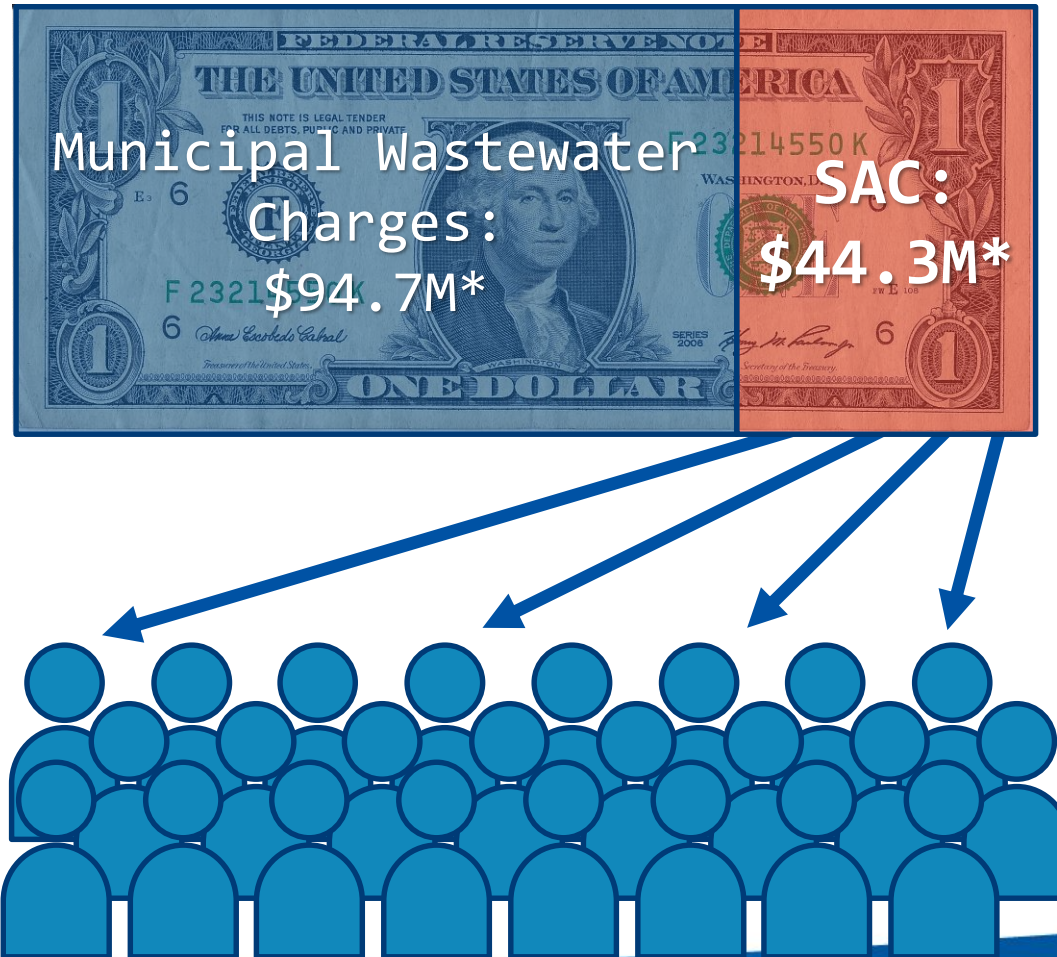
How the “SAC Fee” is determined

SAC pays the reserve capacity “portion” of debt payments
(MN Statute 473.517)



How the “SAC Fee” is determined – cont’d

Annual Debt Service: \$139M*



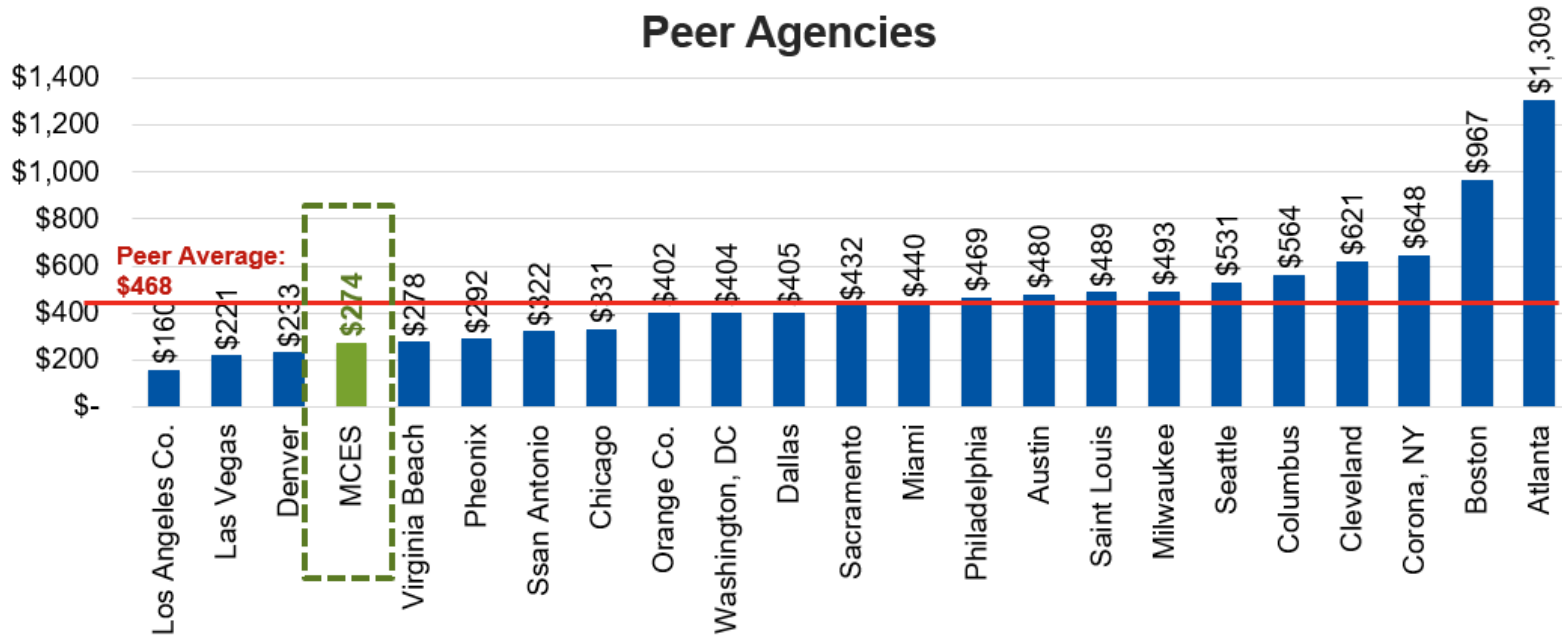
- SAC pays the reserve capacity portion of debt payments**
- In 2019, this is ~32% of \$139M, or \$44.3M
- This amount is divided among estimated SAC units, resulting in the SAC rate
- 17,000-18,000 est. units
- $\$44.3\text{M} / \sim 18\text{k} = \2485

***2019 Figures**

****It also pays about \$.5 million of SAC administrative costs.**

Comparative Information – Retail Rates are 40% lower than the National Average

2016 Retail Sewer Charges per Household



SAC is only charged for increased capacity

- SAC is only charged when a new or existing business increases the capacity demand on the system
 - New construction
 - Remodel changes use to higher demand (e.g., bookstore to restaurant)
- There are programs to help small to medium businesses defer the cost of SAC

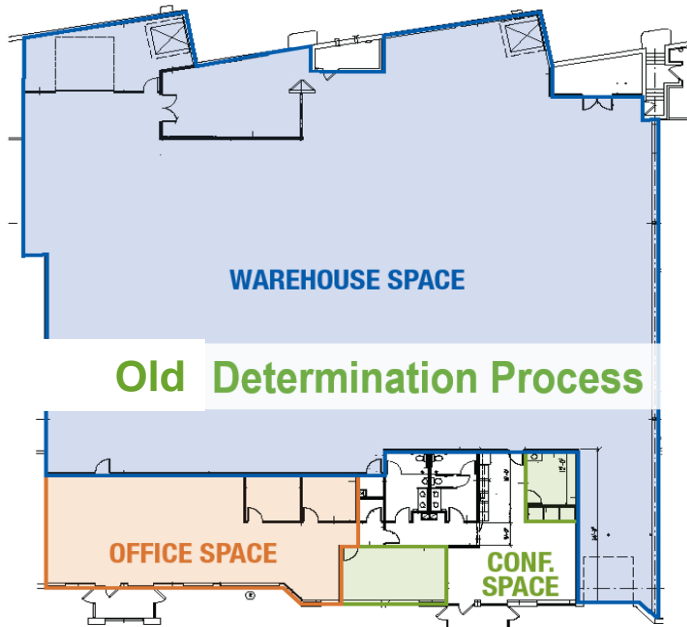
**St. Paul does not currently have a
SAC Deferral Program in place**

2016-2017 SAC Task Force

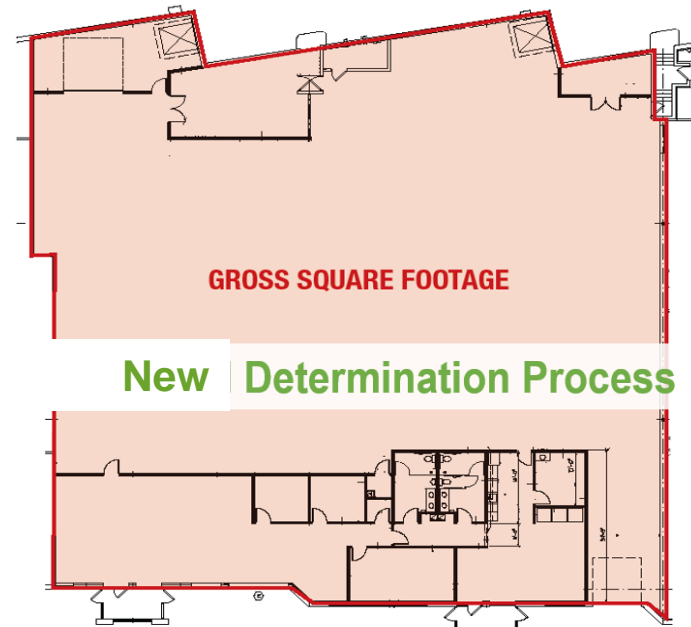
- Comprised of 14 representatives from customer communities and businesses, including Metro Cities
- Focused on reviewing:
 - Outdoor seating policy – *maintain but with higher “free” seats due to new determination process*
 - Options for manufactured homes – *maintain but monitor flow data and encourage grants*
 - Opportunities to simplify SAC Determination process
 - Opportunities to simplify SAC Credit process

SAC Determination Process

- Revise the SAC Determination process
 - Utilize **gross square feet** of tenant space versus net square feet of individual usage to calculate SAC
 - Combine certain categories to further simplify the process



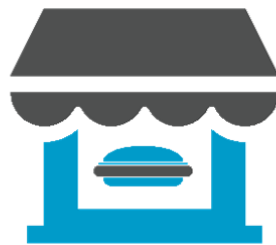
Old Determination Process



New Determination Process

No-Change-of-Use Remodel Determinations

- Businesses that remodel without changing their use face no additional SAC collection
 - MCES needs to verify that no change of use has occurred by completing a SAC Determination
 - Renovations should have fewer “surprise” charges



No SAC Due

SAC Credit process



- Prior date for grandparent credit was January 1, 1973
- Grandparent date is now **January 1, 2009**
 - If there is no record of a previous SAC determination, proof of usage prior to January 1, 2009 is all that is needed to establish the base credit
- Credits will be issued based on revised criteria

Questions?