



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

MEETING DATE: April 4, 2022
PREPARED BY: Brett Angell, Economic Development Manager
AGENDA ITEM: Sewer availability charge (SAC) credit policy amendments

PREVIOUS ACTIONS:

At the January 4, 2021 meeting, the Economic Development Authority adopted EDA Resolution 27 creating the sewer availability charge (SAC) credit policy.

RECOMMENDED ECONOMIC DEVELOPMENT AUTHORITY ACTION:

Motion to approve amendments to the sewer availability charge (SAC) credit policy.

COMMENTS:

At the January 4, 2021 meeting, the EDA created a new sewer availability charge (SAC) credit policy which is designed to reduce the total SAC charge a business receives when entering the city. SAC is a charge for the expected demand on the regional sewer system which charges on a per credit basis. SAC charges are determined by the Metropolitan Council and operate on a pass-through basis with the city, meaning the city collects the total SAC fee at the time of building permit issuance and transfers those funds to the Metropolitan Council. Businesses with expected high demand (e.g. restaurants) receive a higher unit charge as compared to those with expected low demands (e.g. banks). The 2022 rate for one SAC unit in 2022 is \$2,485.

The SAC credit policy operates by reducing the total amount of credits a new business must pay for through the utilization of community-wide credits the city has collected. When properties are redeveloped and/or commercial spaces get new tenants, there are often previously paid for credits which are available on the property to be utilized. If the previously paid for credits exceed the needs of the new user, those excess credits can be claimed by the city.

The proposed amendments to the SAC credit policy includes the following changes:

- Additional language including entertainment businesses as an eligible applicant type;
- Increasing the maximum number of credits granted from five to ten.

- Alteration the application process to allow for administrative approval for applications up to five credits.

This program has been viewed positively since its adoption by businesses, brokers, and property owners. It is anticipated that one or more applications for assistance will be received within the next few months.

ATTACHMENTS:

Attachment A: Amended sewer availability charge (SAC) policy