

Service

Availability

Charge

Procedure Manual January 2010

**** DISCLAIMER:** These are edits to the 2009 SAC Procedure Manual. Additional changes may occur prior to the implementation of the 2010 SAC Procedure Manual on January 1, 2010.

Revised as of 10/6/09



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The mission of the Metropolitan Council is to develop, in cooperation with local communities, a comprehensive regional planning framework, focusing on wastewater, transportation, parks and aviation systems, that guide the efficient growth of the metropolitan area. The Council operates wastewater and transit services and administers housing and other grant programs.

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Service Availability Charge (SAC) Procedure Manual

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1. MCES CONTACT LIST FOR SAC QUESTIONS



www.metrocouncil.org, search word "SAC"

MCES Finance/SAC

Reporting procedures; General SAC policies and procedures; Community Reviews; 2010 Credit policy (effective 1/1/2010)

	E-mail	Phone/Fax
 Jessie Nye, SAC Program Administrator	jessica.nye@metc.state.mn.us	(651) 602-1378 (651) 602-1030 fax
 Jason Willett, MCES Finance Director	jason.willett@metc.state.mn.us	(651) 602-1196

Determinations (Commercial and Industrial); SAC Criteria; Use of Forms

	E-mail	Phone/Fax
 Karon Cappaert, SAC Technician	karon.cappaert@metc.state.mn.us	(651) 602-1118 (651) 602-1030 fax
<i>Determination Reviews</i>		
 Kelly Barnebey, SAC Assistant	kelly.barnebey@metc.state.mn.us	(651) 602-1421 (651) 602-1030 fax
<i>Contact for submittal requirements, ordering additional forms & manuals, Determination status</i>		

MCES Industrial Waste

Industrial discharges; Third-year permit reviews; Contaminated groundwater

	E-mail	Phone
 Paul Neubauer, Environmental Scientist	paul.neubauer@metc.state.mn.us	(651) 602-4720

2. DEFINITIONS

Add-on Service Charge: A charge assessed to special discharge Permitted Industrial Users for disposal of treated, contaminated groundwater. This charge is assessed in lieu of SAC due to the temporary nature of the service.

Baseline: Used for Industrial Properties only, the Baseline was the flow documented in 1991 if the industry was permitted by MCES in 1991.

Campus: See “Site/Campus”

City-Wide Credit: A SAC Credit that the Local Government Unit uses anywhere within the municipality to offset current SAC payments that would otherwise be due. No additional City-Wide Credits are available after December 31, 2009.

Commercial Property: Any property connected either directly or indirectly to the Metropolitan Disposal System (MDS) that is not Residential or Industrial Property. This includes institutions, such as schools, hospitals, churches, etc.

Community Review: An audit-like review of a Local Government Unit’s SAC records and payments. SAC training of Local Government Unit staff is also available upon request. All Local Government Units are reviewed at least once every three years.

Comprehensive Plan: The Comprehensive Plan of each Local Government Unit described in Minnesota Statutes § 473.858 to 473.862 and any amendments to the plan.

Credit: A SAC Credit is an MCES tally for capacity that has been freed up within the jurisdiction of a Local Government Unit.

Demolition: A Demolition occurs when a building or structure is torn down, destroyed or moved off site.

Determination: The computation of SAC unit(s) assigned to a given property. A Determination should be performed when a modification is made to the use of the property.

Determination Letter: If MCES completes a Determination review, a letter will be sent to the Local Government Unit and a copy to the applicant that states the Net SAC. The letter will include the name and location of the project, SAC charge and Credit calculations and the Net SAC. The Determination Letter expires two years from the date of the letter. If the Local Government Unit permit has not been issued before the Determination Letter expiration date, the Determination Letter is void. If the building plans change in any way before the Local Government Unit permit has been issued, the Determination Letter is void and a new Determination must be completed.

Direct Connection Fee: When private entities are permitted to directly connect to an MCES facility, a fee (in addition to SAC) may be required to cover the engineering and administration of the connection. This is separate from SAC that is levied for capacity requirements.

Dwelling Unit: A building (or portion thereof) designated as a Residence for a single family.

Full-Time Equivalent (FTE): Hours of regular employment in a year divided by 2080. For eligibility under the Credit Transfer rule this is limited to employees (not contractors of any type) whose primary place of employment is at the site to be moved.

Industrial Property: Any property that is discharging wastewater from an Industrial process connected either directly or indirectly to the MDS and that is subject to being permitted by MCES for Industrial discharges. Note that many “industries” are not Industries for SAC

purposes. MCES considers these to be Commercial Properties. MCES will make the final Determination regarding ambiguous property classifications.

Industrial Waste: Any solid, liquid or gaseous wastes, excluding domestic waste, resulting from any industrial, manufacturing, Commercial, institutional or business activity, or from the development, recovery, or processing of a natural resource. Any waste that is transported by a liquid waste hauler and disposed into public sewers is Industrial Waste. Any Leachate or contaminated groundwater disposed into public sewers is Industrial Waste.

Inflow and Infiltration (I/I): That component of sanitary sewage flow that originates from clear water connections. Infiltration is clear groundwater that seeps into sewer pipes through cracks or joints in the pipes and inflow typically originates from a single point, i.e. sump pumps, foundation drains, or stormwater entering openings in the sewer access covers. MCES design standards allow for a certain amount of I/I; the remainder is excess I/I and is subject to surcharge by MCES. See www.metrocouncil.org for more information.

Leachate: Liquid that has originated within or has percolated through refuse or through the protective cover of a landfill.

Local Government Unit: An entity authorized to issue building permits within the MDS.

Local Add-on Charge: The fee(s) that Local Government Units charge in addition to the MCES SAC (for example: a local connection fee).

Local SAC: The actual total fee paid by the property owners to the Local Government Unit (may include MCES SAC and the local add-on charge).

Look-Back Period: The period that MCES looks at to determine applicable Credits when a SAC Determination occurs. That Look-Back Period is the seven full years prior to the year when the permit is paid and that part of the current year up to the permit payment. For example, if a permit is issued in July 2010, the seven-year period will go back to January 1, 2003 (seven calendar years plus the portion of the year 2010.)

Maximum Demand: For Commercial and Residential properties it is the highest capacity demand within the Look-Back Period. For example, in the Look-Back Period there has been a 4-SAC, 7-SAC, 3-SAC and a 5-SAC determination. Thus, the Maximum Demand in the Look-Back Period is the 7-SAC determination. If SAC should have been paid during the Look-Back Period but was not, no Credit is allowed for that unpaid SAC. For Permitted Industrial Users it is the highest recognized demand determined during a third year review plus any additional SAC paid since that review within the Look-Back Period.

Metropolitan Council Environmental Services (MCES): The division of the Metropolitan Council (“Council”) responsible for the regional wastewater conveyance and treatment operations, industrial wastewater management and water quality monitoring.

Metropolitan Disposal System (MDS): All facilities (e.g., pipes, meters, lift stations or wastewater treatment plants) that are part of MCES’ sewer service area and owned by the Council. These are generally the wastewater treatment plants and related conveyance systems in the Metropolitan Region.

Modified Baseline: Used for active Permitted Industrial Users only, the Modified Baseline is the value determined during the last third year review plus any additional SAC paid since that review.

Net Credit: SAC Credit over the amount needed on the site being developed. These were allowed to be accumulated City-Wide or retained for the future use on the site (Site-Specific) through December 31, 2009.

Net SAC: The gross SAC Determination charge for the current use less any applicable Credits or Baseline applied. Net SAC unit is rounded to the nearest whole number.

New Use: The redevelopment of a property for a different use, evidenced by a building permit or other type of permit issued by a Local Government Unit or by certain official governmental actions, subject to MCES approval. Previously approved actions and the evidence presented to MCES have included: 1) expenses to pave a site as a parking lot; 2) a resolution by a Local Government Unit to designate a site as park land; 3) approval as a right-of-way for a road; 4) evidence that the site is unbuildable under local government codes; 5) zoning and Comprehensive Plan changes for a site that limit the future use; and 6) water-use restrictions approved by City Council resolution or City Ordinance.

Permitted Industrial User: Any user of the MDS who discharges Industrial Waste is subject to MCES permitting requirements. The user should complete an Industrial Discharge Permit application. MCES staff reviews each application and determines if a permit is needed.

Phased Development: Where the Local Government Unit or developer is redeveloping a set number of properties over an extended period of time. The SAC Credits will be available for 10 years from the date of the MCES Credit Determination and Phased Development Plan submission. All Credit Determination approvals are by MCES.

Phased Development Plans: Must be consistent with approved Comprehensive Plans for the Local Government Unit and at a minimum be specific about the type of development planned and the expected year of development for each phase/area. The plan must be approved by the City Council or an officially delegated authority.

Public Housing: Publicly owned housing or housing that qualifies for public subsidy of rents based on resident's income.

Publicly Owned Treatment Plant: A wastewater treatment plant owned by the municipality that it services. This does not include cluster systems, 201 systems, septic systems of any type, and similar treatment works that are not available to the general public in the service area.

Public Water Supply System: A system for the provision to the public of water for human consumption as further defined in the Federal Safe Drinking Water Act, United States Code, title 42, Section 300f, Clause (4).

Rebate Program: January 1, 1973 through December 31, 1986, MCES' predecessors collected SAC on all development, even where and when sewer availability was uncertain. During 1987 through 1989, MCES allowed Local Government Units to receive rebates on those properties that were not connected to sanitary sewer on a voluntary basis for these paid but unused SAC.

Region: The seven county metropolitan area over which the Metropolitan Council has some statutory jurisdiction. Note that Hanover and Rockford (in Hennepin County), New Prague (in Scott County), and Northfield (in Dakota County) are excluded.

Residential Property: A property that is used exclusively for permanent human living space, including single family homes, attached homes, townhouses, condominiums, and manufactured homes. Does not include motels/hotels, camps, nursing homes, senior housing, or prisons.

Service Availability Charge (SAC): The MCES charge to Local Government Units for their portion of reserve capacity in the Metropolitan Disposal System (MDS).

Site/Campus: A specific contiguous geographic location that can be identified by a particular address or property identification description. It may be a multi-tenant building, and in some circumstances, it may be an entire campus of buildings such as a college/university or Permitted Industrial User. MCES approves all SAC designations as Site/Campus properties. (Note: malls, retail centers, multi-office buildings are not considered as a Site/Campus.)

Site-Specific Credit: A SAC Credit restricted to future use only for the benefit of the specific site from which it arose. Any Site-Specific Credits on the books January 1, 2010 will be considered a Phased Development and thus will expire on December 31, 2019. No additional Site-Specific Credits will be accumulated after December 31, 2009.

Vacant (Vacancy): Properties that are not occupied, as evidenced by the absence of flow based sewer fees on the property beyond any minimum administration charge and/or minimum flow charge, for the entire Look-Back Period.

Water Treatment Facilities: Any facility intending to discharge an Industrial Waste from a public water supply system into the MDS is required to complete a SAC Commercial, Institutional & Industrial Transmittal application as well as an Industrial Discharge Permit application and submit it to MCES at least 90 calendar days prior to the proposed initiation of discharge.

3. DESCRIPTION OF THE SAC SYSTEM

The Metropolitan Environmental Services (MCES) Service Availability Charge (SAC) is a charge to Local Government Units for the reserve capacity costs of the system. SAC has been levied since 1973 by MCES, and its predecessor agencies, for new demand or increased volume use to the Metropolitan Disposal System (MDS). The regional SAC rate is periodically set by Metropolitan Council (Council) action (and is usually increased effective each January 1st).

SAC is assessed based upon the maximum potential daily wastewater flow, which is in turn based upon the usage of individual properties. Single family houses, townhouses, condos, duplex units and most apartments each equal one SAC per Dwelling Unit. One SAC unit is defined as 274 gallons of daily wastewater flow capacity. Commercial Properties are assessed SAC units based on maximum potential daily wastewater flow proportionate to the Residential capacity (i.e., 274 gallons per day). Industrial Properties are assessed SAC units based on maximum normal daily wastewater flow volume separately for process areas and maximum potential daily wastewater flow volume for Commercial areas.

3.1 History of the SAC Program

While SAC has been levied by MCES since 1973, it was not part of the original rate structure. MCES, then called the “Metropolitan Sewer Board,” was created in 1969 by Minnesota Statutes §473 with mandates to provide service for the rapidly growing population in the Twin Cities Metropolitan area and to clean up the area’s rivers and lakes. At the time the law was passed, Local Government Units in the area, struggling to keep up with rapid growth, were operating about 40 treatment plants. Many treatment plants served limited local areas, and they often caused serious water quality problems in the lakes and rivers which received their effluent.

Heavy capital costs were inevitable as the Sewer Board needed to expand and improve treatment and collection capacity for the area, to serve a population that grew 20 percent in the 1950s and 23 percent in the 1960s.

The question facing the Sewer Board in the early days was how to pay for the share of capital projects reserved for future users. Then, as now, the “reserved” share represents excess capacity built into the current capital projects, so that treatment plants and interceptors provide capacity not only for today’s population but for the population growth expected over the next 20 to 50 years. This reserved capacity does not include capacity for the amount of allowed inflow and infiltration (I/I). Excess I/I does take up reserve capacity that should be available for growth.

The practice of building in reserve capacity is based upon experience and economy. With prudent maintenance, interceptors more than a century old continue to provide service. The physical sites of sewer pipes and treatment plants seldom change; so that major land acquisition occurs only once per site. Further economies of scale in construction make it more cost effective to provide some reserve capacity in these facilities at the time the facility is first built, rather than to make small, frequent expansions in capacity.

In 1971 and 1972, its first two years of operation, the then-Metropolitan Sewer Board allocated the cost of reserve capacity to individual Local Government Units based on each’s projected demand. However, many Local Government Units, particularly those in the early stages of development, found it difficult, if not impossible, to pay lump-sum charges for reserve capacity. These young Local Government Units often had neither the population nor the tax base to finance the cost of capacity they would need in years to come. It quickly became apparent that an alternative method of paying for reserve capacity had to be developed. Following intensive study and discussion with Local Government Units, MCES developed the Service Availability Charge system of paying for reserved capacity and was developed and instituted in 1973.

While the SAC system proved acceptable to Local Government Units in the early stages of development, other Local Government Units challenged the SAC system in court. These Local Government Units characteristically were mature and already developed. In a District court ruling, later upheld by the Minnesota Supreme Court, the SAC system was found consistent with state law authorizing SAC: Minnesota Statutes 473.517 subd (3).

In 1986, the Metropolitan Waste Control Commission (MWCC), predecessor of MCES, again addressed the question of who should pay SAC. Discussions centered on the fact that some Local Government Units had not extended their sewers to everyone who had paid SAC. As a result, beginning in January 1987, a new SAC policy exempted SAC for those buildings that did not have sewer service available. Exempted buildings would pay SAC when hookup became possible. The MWCC also approved a SAC Rebate Program that made rebates available to Local Government Units that paid SAC when buildings were not yet connected directly or indirectly to the interceptor pipes or treatment facilities. The program was optional. If Local Government Units accepted the Rebate Program, they were rebated the amount originally charged for service. Those not receiving rebates could still receive Credit when the buildings were connected to the system. Local Government Units had from January 1, 1987 through December 31, 1989 to apply for rebates.

In 2005 the Metropolitan Council adopted new rules for SAC Credits, but after discussion with metropolitan cities the effective date of the rules was delayed until January 1, 2010. The two major changes are: 1) Credits will be based on use in the prior 7 years, instead of the Grandparent and payment history, and 2) no Net Credits from redevelopment of a site will be allowed (except approved Phased Development Plans allow a Credit-like reservation for delayed-but-planned development). Further information is available at www.metrocouncil.org.

3.2 SAC Determinations

MCES is a wholesaler of wastewater services for the MDS. MCES collects SAC from, and grants SAC Credit to, Local Government Units. In turn, the Local Government Units are responsible for SAC collection from property owners. Generally, Local Government Units issue the permits (building permits or plumbing permits) indicating that development or redevelopment is occurring and that the demand for sewage service is likely to change. The change in demand triggers a SAC Determination. MCES makes all Determinations for Industrial Properties, while Local Government Units make all Residential Determinations and may make Commercial decisions based on MCES criteria and guidance. MCES will assist Local Government Units in SAC Determinations, conduct them upon request, and will make the final decisions regarding the correct number of SAC units to assess. Commercial, Institutional & Industrial Determination application forms are attached as Appendix B.

3.3 SAC Revenue

SAC revenue collected by MCES is used to finance the reserved capacity portion of the capital costs of the MDS, either directly (“pay-as-you-go” funding) or as debt service payments. The remaining portion, representing used capacity, is paid by the Local Government Units through a portion of their monthly municipal wastewater charges.

Capital Costs = SAC + Monthly Sewer Charges
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The per-unit Service Availability Charge is determined and approved by the Council. The base rate is dependent on various factors, including the annual SAC requirement, the amount of the pay-as-you-go funding anticipated, the SAC reserve balance, and the number of SAC units forecast to be collected.

The 2030 Regional Development Framework and the Water Resources Management Policy Plan allow the Rural Growth Centers that meet certain criteria to request that MCES acquire their wastewater treatment plants or build one in the center. The Council will establish separate and higher SAC rates for the Rural Growth Centers. These rural SAC rates will be separate from the current SAC that all current (urban) Local Government Units are charged, and will pay for the reserve capacity portion of the debt service for each individual Rural Growth Center. Rural Growth Center Local Government Units will be charged the same municipal wastewater charges and industrial fees as all Local Government Units served by the MDS.

3.4 SAC Credits

As of January 1, 2010, no new Net Credits will be recognized. SAC Credits to the Local Government Unit will be limited to the amount needed on the site for the New Use only.

Credits will be granted based on the prior demand, in SAC units, over the seven-year Look-Back Period prior to the year of permitting (not based on SAC payments or grandparenting as was used prior to 2010). If a property is Vacant for the entire seven-year Look-Back Period, no Credits will be granted.

Phased Development Plans are given ten years to use the Credits, possibly more in extraordinary and pre-approved circumstances, for those plans approved by MCES.

4. ROLES OF MCES AND LOCAL GOVERNMENT UNITS

4.1 MCES' Roles

- Performs Determinations for Commercial Properties upon request of the Local Government Unit. MCES prefers that its own staff performs these functions to assure consistent treatment of properties and to avoid the need to revise Determinations following a Community Review.
- Performs all Determinations for Industrial Properties and administers a third-year review process for Industrial Properties.
- Assists in explaining the SAC program to Local Government Unit staff or local property owners at the request of Local Government Unit.
- Collects SAC, in a uniform manner, from all Local Government Units connected to the MDS.
- Grants eligible Credits to Local Government Units when a New Use is established on a site.
- Reviews Local Government Unit SAC records and payments at least once every three years.
- Reserves the right to interpret and change SAC rules, subject to authorizing legislation and case law. Staff is authorized to make non-material changes to procedures.
- Maintains regional SAC records.
- Receives Local Government Unit Phased Development Plans and determines adequacy for reservation of potential SAC Credits use on site.

4.2 Local Government Unit's Roles

- Reports all SAC-related activity (including Demolitions) to MCES in accordance with reporting deadlines and procedures.
- Makes Determinations for Residential Properties according to criteria set by MCES.
- Has responsibility for Demolition Credit Determinations, subject to verification and approval by MCES.
- Verifies accuracy of MCES's Commercial Determinations at final inspection to ensure the proper SAC has been collected. Notifies MCES if the final building or plumbing plan changed after the initial Determination was made.
- Assesses Local SAC, as appropriate, within the Local Government Unit. Building inspection departments generally perform this function, based upon building permits or utility connection permits. SAC may be collected on the foundation permit.
- Informs MCES of any new (not permitted by MCES) Industries.
- Collects Local SAC in a manner that works best for the Local Government Unit pursuant to MN Statutes 444.075 subd. 3c or other fund raising authority of the Local Government Unit. Additional charges may be included in the Local SAC bill (e.g., water availability charges and connection fees) as long as the MCES SAC charges are identified separately to avoid the appearance of varying SAC among Local Government Units served.
- Remits SAC to MCES in a timely manner and according to reporting timelines.
- Keeps Local SAC records including building permit activity and detail available for Community Reviews for a minimum of eight years to cover the Look-Back Period. Allows MCES personnel convenient access to records upon request.
- Resolves all Community Review findings and remits any unpaid SAC to MCES within 30 days of discovery. Note: the liability for unpaid SAC is the Local Government Unit's responsibility regardless of collection of Local SAC from property owners.

5. SAC RULES

All properties discharging or intending to discharge to the MDS pay SAC. There are different rules for different types of properties: i.e., Residential, Commercial and Industrial (see Definitions in Section 2).

5.1 Residential Properties

SAC Determinations for Residential Properties, which are done by the Local Government Unit, are generally triggered by building, plumbing, or utility connection permits. Examples include the construction of a house or connecting a house to the central sewer for the first time.

5.1.1 SAC Determination – Residential Properties

5.1.1.1 SAC Assignment

All Residential Properties shall be assigned one SAC unit per dwelling unit.

5.1.1.2 Remodeling

Remodeling that changes the number of dwelling units causes a Determination, which is generally triggered by the building permit for the remodeling.

5.1.1.3 Additions

Additions that do not change the number of dwelling units do not trigger a Determination.

5.1.1.4 Apartment and Condo Conversions

When a dwelling unit changes from a discounted apartment to a condominium, additional SAC (20% of the current SAC rate) will be collected.

5.1.2 SAC Credits – Residential Properties

5.1.2.1 Previous Dwelling Units

If the property previously held a Residence, one Credit will be assigned, provided that:

- the building was connected to a central sewer now connected to the MDS; and
- the Local Government Unit filed a Demolition report with MCES within the required time period and the demolition occurred within the Look-Back Period.

No Credit will be assigned to properties for which:

- a SAC was paid but rebated as part of the MCES Rebate Program;
- the Local Government Unit did not file a Demolition report with MCES within the required time period;
- were substantially Vacant for the entire Look-Back Period (as evidenced by Local Government Unit sewer bill showing no sewer use);
- SAC was *waived* under the MCES 2000–2003 Inclusionary Housing Waiver Program, or for any other reason where
- a SAC should have been paid in the Look-Back Period but did not.

Properties that were discounted categories will receive a discounted Credit.

5.1.2.2 Non-Dwelling Units

If the property was previously classified as Commercial or Industrial and is changing to Residential, or if those facilities paid SAC **and** had a Demolition report filed with MCES and the Demolition occurred within the Look-Back Period, additional Credits may be available.

5.1.3 Discounts

Some Residential Properties are eligible for certain discounts, as described below:

5.1.3.1 Apartment / Conservation Discount

Property Types	SAC	Requirements	Discount or Waiver
Apartments (with a minimum of 4 units). Apartments with 3 or less units are not allowed the discount.	One per unit	1) No plumbing for laundry facilities in any unit (generally, but not necessarily, evidenced by common laundry facilities). -and- 2) Prior written approval from MCES.	20% reduction in base fee Base Fee*\$2,000 20% discount* <u>\$400</u> Discounted SAC*\$1,600 <i>*These rates are based on the 2009 SAC rate and may change in 2010.</i>

5.1.3.2 Public Housing / Conservation Discount

Property Types	SAC	Requirements	Discount or Waiver
Multi-dwelling public housing units (with a minimum of 4 units). Housing Units with 3 or less units are not allowed the discount.	One per unit	1) No plumbing for garbage disposals or for dishwashers. -and- 2) Public housing or publicly subsidized low income units. -and- 3) Prior written approval from MCES.	25% reduction in base fee (or reduction in discounted fee if the discount discussed in 5.1.3.1 also applies). Base Fee* \$2,000 PH/C discount <u>25% off</u> Subtotal* \$1,500 A/C discount <u>20% off</u> Discounted SAC* \$1,200 <i>*These rates are based on the 2009 SAC rate and may change in 2010.</i>

The following examples are for illustration purposes only:

Example R-1: A single family dwelling is remodeled into a duplex. One SAC is due.

Example R-2: An existing single family home is remodeled into four apartment units, with common laundry facilities and no individual laundry connections in the basement. Four SAC units are due at 80% of the SAC rate (to account for the four new Dwelling Units), and one Credit will be issued at 100% of the SAC rate (to account for the removal of the single family home).

Example R-3: A new home is built in City A, but because City B owns the local pipe in the street, the sewer fees are due to City B. As the issuer of the permit, City A is ultimately responsible for the collection and reporting of the SAC, unless the cities have a Joint Powers Agreement to the contrary.

Example R-4: An apartment building with common laundry facilities is converted into condominiums. The Credit for each apartment is 80% of a SAC unit and the charge for each

condominium is 100% of a SAC unit. Therefore, an additional 20% of a SAC unit is due for each conversion.

5.2 Commercial Properties

A Commercial Property, for SAC purposes, is broadly defined to include any property that is not a Residential or Industrial Property. This includes governmental and non-profit properties and some properties that are likely thought of as “industrial” for other purposes (See Definitions in Section 2).

5.2.1 SAC Determinations – Commercial Properties

5.2.1.1 Basis

The SAC Determination is based on the Commercial Property’s approximate *maximum* wastewater flow potential. MCES will use the criteria in Appendix A for determining the SAC units for identified types of Commercial facilities. These criteria are based upon the recommendations and standards developed by the Minnesota Department of Health, Education and Welfare (MnDHEW) and are supported by actual maximum flow data from similar facilities in the Metropolitan Region. Local Government Unit officials should contact MCES for assistance in any situation not clearly identified in Appendix A.

5.2.1.2 Minimum Charge

There is a minimum charge of one SAC unit for each new building. Note that this charge is per building, not per business occupying the building. Individual businesses occupying the same building are not each subject to the minimum one SAC unit.

5.2.1.3 Shell Buildings (Speculative)

The SAC Determination of Commercial property is based on the future use of the building. In the case of a shell building that will be occupied by multiple tenants, with the use of each space not known, the SAC is determined and collected based on the speculative use of the shell building. As the tenants occupy the building, the only time that a new SAC Determination has to be made is when the tenant’s use changes from the speculative use.

For shell buildings where the speculated use will be determined by fixture units, fixture rough-ins will count towards the total SAC charge calculation.

5.2.1.4 Multipurpose Areas

For a multi-purpose area (or room) the Determination is based on the use that would generate the most flow. For example, a church with removable pews, where the space doubles as a banquet hall, will be charged as a banquet hall.

5.2.1.5 Determinations

A Determination is required whenever there is a change in type of use or a change in sewer demand, whether or not a Demolition is involved. Examples that require a Determination include: a change from retail to restaurant, any physical change in the building that requires a building and/or plumbing permit, and any tenant changes that differ from the previous use of the space. Temporary new uses are assigned SAC units in the same manner as permanent new uses.

When the use of the space is determined by fixture units, fixture rough-ins will count toward the total SAC charge calculation. In other types of building use that do not use fixture units to calculate the SAC charge, such as an office building, a rough-in for a shower will count towards the total SAC charge calculation.

When a new tenant moves into a retail shopping center, an updated tenant listing must be supplied to MCES as part of the Determination process. The listing must include a current list of all tenants and suite numbers.

If a property is being remodeled or rebuilt (e.g. after a fire) but is not changing use and size, no SAC Determination is necessary, and no SAC will occur. If it is changing size but not use, SAC will be required on the incremental capacity demand. The fire rebuilt must still be properly reported on the SAC Activity Report.

5.2.1.6 Outdoor Spaces

Peak demand on the wastewater conveyance and treatment facilities is experienced only during significant wet weather events. During these events, the use of outdoor areas is significantly reduced thereby contributing little or no wastewater to the system's peaks. A 75% reduction is given to those criteria for the outdoor spaces for which there is potential for minimal or no use during rain events. This includes driving ranges, golf courses including mini-golf (a club house is not eligible for the reduction), park shelters, outdoor seating areas for food and drink establishments, outdoor pools and water parks, drive-in restaurants and theaters, outdoor tennis courts, and outdoor public areas such as zoo exhibits. This does not include arenas or stadiums which may only delay the event or where it may be used in the rain (e.g. football games). Outdoor areas with structural roofs of any type will only qualify for the discount if "in the discretion of MCES staff" the demand for the space (or transit to it, e.g. gazebo) is exposed to weather and will be predominantly reduced during wet weather days.

The 75% discount does not apply to existing outdoor space sites where the SAC should have been paid prior to October 1st, 2009.

5.2.1.7 Restaurants

5.2.1.7.1 Full Service Restaurants

Those establishments that primarily engage in providing food service to patrons who order and are served while seated by wait staff and pay after eating are considered full service restaurants by SAC standards. Those establishments that allow patrons to order prior to being seated but include wait staff and payment after eating are also considered full service restaurants. The type of dishwashing does not apply.

5.2.1.7.2 Fast Food (Limited Service) Restaurants

Those establishments that primarily engage in providing food service where patrons generally order or select items and pay before eating, there is no wait staff, at least 60% of sales are taken off-site or delivered, and baskets, trays and cups are the only reusable items are considered fast food restaurants by SAC standards. Food and drink may be consumed on premises, taken out or delivered to the patron's location.

5.2.1.7.3 Outdoor Patios

SAC is calculated using the same criteria as inside seating for outdoor seating on patios or sidewalks. For example, if the interior portion is calculated as full service, the outside seating is also calculated as full service. A 75% reduction for the outdoor space is given for those business types with outdoor seating areas. Outdoor areas with structural roofs of any type will only qualify for the discount if "in the discretion of MCES staff" the demand for the space (or transit to it, e.g. gazebo) is exposed to weather and will be predominantly reduced during wet weather days.

The 75% discount does not apply to existing outdoor space sites where the SAC should have been paid prior to October 1st, 2009.

If the Local Government Unit is restricting food and/or drink from being consumed on the outdoor seating and designating the seating as a “smoking only,” documentation, such as an Ordinance or a copy of the Local Government Unit issued business license stating the restriction, will need to be submitted to MCES. If such documentation is supplied this area is excluded from the SAC calculation.

5.2.1.8 Retroactive SAC

MCES will retroactively assess SAC when appropriate Determinations should have, but did not occur within the previous seven years. In such a situation, if the Local Government Unit has a proven record of acting in good faith, MCES may, at its discretion, collect SAC at the rate it should have paid (in the prior years), or in special circumstances forego the collection of the retroactive SAC.

5.2.1.9 Determination Appeal

An appeal review of a SAC Determination may be requested by the Local Government Unit. A formal letter must be sent, detailing the facts of the situation and any supporting documentation, to the MCES Finance Director. After completion of the appeal review and consultation with the Local Government Unit involved, a written decision will be sent to the Local Government Unit. Appeals should not be sent directly to the Council or MCES by the property owner.

5.2.2 SAC Credits – Commercial Properties

5.2.2.1 Credits for Previous Use

All Commercial Credit Determinations are subject to the review and approval of MCES.

Effective January 1, 2010, the SAC Credit for a property is based on the prior demand in the Look-Back Period, in SAC units. If SAC should have been paid during the Look-Back Period but was not, no credit is allowed for that unpaid SAC. When a redeveloping property’s New Use requires lower wastewater capacity (than what was demanded at any time in the Look-Back Period), SAC Credits to the Local Government Unit are limited to the amount needed on the site for the New Use. Net Credits will not occur. In other words, a property redeveloping at the same or lesser wastewater demand will not generate a Net SAC liability. If redeveloping at a higher wastewater demand, it will require a SAC only for the capacity increment above the demand in the Look-Back Period.

Credits cannot be taken at the time of Demolition or when a business shuts down. Such Credits are only available on that site to offset charges for a New Use that occurs within the Look-Back Period at the time of permitting the New Use (ie. the next seven plus years).

Phased Developments will be allowed to use the Credits, computed as described, over a ten-year period on the specific site from which they originated, and longer in extraordinary and pre-approved cases (upon appeal to MCES). If a building continues to be in use and has the potential to change use, those properties will not be included as part of the approved Phased Development Plan. Such reservation of Credits for Phased Development requires the submission of SAC form xxx at the time of the first redetermination on the site.

5.2.2.2 Reporting Requirements

All Demolitions must be reported within one month of the end of the calendar year during which the Demolition occurred, in order for the prior use to be eligible for any Credit on the property. For example, if a building is demolished in September 2008, the Demolition must be properly reported to MCES by January 31, 2009. **Monthly reporting of all Demolitions is recommended.** This establishes the potential Credit that may be allowed when a New Use occurs on the site.

5.2.2.3 No Credit Determination

No SAC Credit will be assigned to properties or tenant spaces within properties:

- that were not previously connected to a central sewer now connected to the MDS;
- that were not in the SAC program due to the Council's 2000-2003 Inclusionary Housing SAC Waiver Program, or had SAC waived for any other reason;
- if a SAC was paid but rebated as part of the MCES Rebate Program;
- that should have paid SAC in the Look-Back Period but did not;
- where the building(s) are gone and no Demolition report was filed with MCES within the required time period; or
- that were substantially Vacant for the entire Look-Back Period (as evidenced by Local Government Unit sewer bills showing no sewer use).

In applying for Credits, the Local Government Unit must certify that these no-Credit conditions do not exist on SAC Form yyyy.

5.2.2.4 Credit Criteria

For Commercial properties, where the no-Credit conditions do not apply, wastewater demand is calculated using the Commercial criteria in Appendix A of this SAC Procedure Manual. If detailed plans are not available, 80% of gross square footage is used to calculate Credit (this is the assumed usable space). If the square footage is not provided, one Credit per building will be assigned. A minimum SAC Credit will not be assigned to individual businesses within a single building. All Credit Determinations are subject to review and approval of MCES.

5.2.2.5 Merging or Splitting Properties

If properties are merged into a single legal description, the potential SAC Credit for the newly created parcel is the sum of the two individual properties' potential Credit. If properties are split into multiple parcels, a logical division of the SAC Credit potential will be determined by MCES based on the use of the buildings in each new parcel.

5.2.2.6 Credit Criteria

The following Commercial Property examples are for illustration purposes only:

Example C-1: A 20-SAC functioning office building is demolished (and properly recorded) in 2010. A 15-SAC restaurant is built on the site in 2011. No SAC would be paid and no Net Credit would be created.

Example C-2: A 15-SAC functioning restaurant is demolished (and properly recorded) in 2010 and a 20-SAC office building is built on the site in 2011. Five SAC would need to be paid.

Example C-3: A 15-SAC restaurant that had been Vacant for seven or more years is demolished and a 20-SAC office building is built on the site. Twenty SAC would need to be paid. Even though the demolition occurred within the Look-Back Period, the building had been Vacant or unused for the Look-Back Period.

Example C-4: A 4-SAC functioning retail tenant space is vacated in 2009 and in 2010 another similar retail tenant occupies the same space. No SAC would need to be paid and no Determination is required since there is no change of use.

Example C-5: A 4-SAC functioning retail tenant space is vacated in 2009 and that same year a 6-SAC salon moves into the space. Two SAC were due for this change but were inadvertently not collected. In 2011, the preceding salon goes out of business and a different 6-SAC salon takes the

space and remodels, causing a redetermination. The SAC Credit for the Look-Back Period does not include SAC that should have been paid but was uncollected. Therefore, there are 2 SAC due. If the latest use had returned the space to a 4-SAC retail tenant, there would have been no SAC due.

Example C-6: In 2011, a functioning 6-SAC salon is replaced by a 5-SAC restaurant. No SAC is due and no Net Credit occurs. In 2014, the 5-SAC restaurant is replaced by a new 6-SAC salon. No SAC is due, even though the new use exceeds the SAC criteria of the previous use, because the Maximum Demand within the Look-Back Period was a 6-SAC salon.

Example C-7: A 12-SAC functioning restaurant burns down and a replacement restaurant (the same-size) is built the next year. No SAC is due. However, if the owner decides to increase the size of the replacement to a 16-SAC restaurant, 4 SAC would need to be paid.

Example C-8: In 2001, a 14-SAC office/warehouse building is remodeled into a 13-SAC office/warehouse building and the Local Government Unit left the one Credit as Site-Specific for future use. This Credit will be available to offset charges January 1, 2010 through December 31, 2019 at the site because the Site-Specific Credits are honored as Phased Developments.

Example C-9: A federal post office is built and connected to the central sewer without a local building permit. SAC is due per the same criteria as other Commercial Properties as defined in Appendix A and is collected on issuance of the sewer-connection permit.

5.3 Industrial Properties

Industrial has a special meaning for SAC purposes. Many businesses commonly referred to as Industrial are Commercial for SAC purposes. (See Definitions in Section 2).

5.3.1 SAC Determination – Industrial Properties

5.3.1.1 Determinations

MCES makes all Industrial Determinations. Permitted Industrial Users must contact MCES whenever a Determination is needed. The Local Government Unit should inform MCES of any substantial wastewater-producing industries for permitting evaluation, including Water Treatment Facilities.

5.3.1.2 Basis for Determinations

Initial Determinations for Permitted Industrial Users are derived by adding two components: 1) Commercial criteria (see Appendix A) for non-process areas, and 2) the normal maximum Industrial Waste for process areas.

5.3.1.3 Determinations

Non-process area Determinations can be triggered by the Commercial criteria described in Section 5.2.1 (e.g., building permits and changes in use) and are subject to Commercial rules.

For process areas, a SAC Review of Permitted Industrial Users is done at least every third year to account for process flow changes (e.g., the flow was significantly increased by a change such as expanding the work day or increasing the rate of the process, but no building permit was issued).

SAC liability occurs when the review indicates that the discharge volume exceeds the Baseline or Modified Baseline for the property. Industrial SAC liability incurred as a result of the third year review may be paid at anytime prior to permit renewal, but always at the rate in effect at the time of payment.

5.3.1.4 Industrial Baseline

MCES Permitted Industrial Users shall have their discharge volume SAC-reviewed every third year. Their discharge volume will be compared with their SAC Baseline or Modified Baseline. Any capacity increment above their current Baseline or Modified Baseline will incur a potential SAC liability. No Credits will be issued for the unused capacity below their Baseline or Modified Baseline, but that capacity remains available to that Permitted Industrial User in the future.

5.3.1.5 Transfer of Baseline or Modified Baseline

A Baseline or Modified Baseline is set for a specific MCES permit and Permitted Industrial User. In 2010 and thereafter, a Baseline or Modified Baseline, in continuous use, under a MCES permit will continue to provide capacity to the property/user. However, the Baseline or Modified Baseline is not transferable unless the MCES permit is transferred to the new owner.

5.3.1.5.1 Baseline is Non-Transferable

If the MCES permit is terminated due to any reason (e.g. a company closing; process changes or process discontinuation make the permit unnecessary; or a sale or merger of the company) the SAC Baseline is lost. The new business will still have Credits pursuant to Section 5.3.2.

5.3.1.5.2 Baseline or Modified Baseline Transferable

If the business ownership changed due to a sale or merger and the MCES permit and the industrial process is maintained, the Baseline or Modified Baseline remains with the MCES permit. For the MCES permit to transfer, the sale must be legally defined as the sale of the complete business. If the sale is assets only, where the new owner does not assume liabilities of the prior business, the Baseline value is lost. The new business will still have Credits pursuant to Section 5.3.2.

5.3.1.6 Landfill

Landfills experience a short-term peak as active cells generate Leachate followed by decreasing wastewater flow until the landfill is closed, permanently capped and Leachate generations stops. The time period from start-up to closure/capping can vary, but generally is less than 20 years. The peak period will typically last 3-5 years. Once a landfill is closed, the land is not suitable for redevelopment due to the unstable nature of the fill material.

Due to the unique life-cycle of a landfill, an Add-on Service Charge will be assessed to connected landfills in lieu of SAC. All connected landfills must be permitted by MCES. Hauled Leachate is not subject to SAC.

5.3.2 SAC Credits – Industrial Properties

5.3.2.1 Credits for Old Use

All Industrial Property Credit Determinations are subject to the review and approval of MCES. Credit for the capacity previously used on the site occur only when a New Use is established on the site. Credits cannot be taken at the time of Demolition or when a business shuts down until a New Use is documented.

5.3.2.2 No Credit Determination

No SAC Credit will be assigned to properties or tenant spaces within properties:

- that were not previously connected to a central sewer now connected to the MDS;
- that were not in the SAC program due to the Council's 2000-2003 Inclusionary Housing SAC Waiver Program, or had SAC waived for any other reason;

- where the building(s) are gone and no Demolition report was filed with MCES within the required time period;
- were substantially Vacant for the entire Look-Back Period (as evidenced by Local Government Unit sewer bills showing no sewer use);
- if a SAC was paid but rebated as part of the MCES Rebate Program, or any other reason
- where a SAC should have been paid in the Look-Back Period but did not.

In applying for Credits, the Local Government Unit must certify that these no-Credit conditions do not exist on SAC Form yyyy.

5.3.2.3 Credits for Previous Use

For Industrial Properties, where the no-Credit conditions do not apply, Credit for prior wastewater demand is calculated using both Commercial and Industrial criteria. All Credit Determinations are subject to review and approval of MCES.

Where the prior use was Commercial and for Commercial areas within a permitted industry the Commercial criteria in Appendix A of this SAC Procedure Manual will be used for Credit Determination. If detailed plans are not available, 80% of gross square footage is used to calculate Credit as warehouse criteria. If the square footage is not provided, one Credit per building will be assigned. A minimum SAC Credit will not be assigned to individual businesses within a single building.

Where the prior use was a MCES Permitted Industrial User, the process area Baseline of the old business use for this property will be retained if the Baseline is transferred by MCES (pursuant to Section 5.3.1.5). If a new MCES industrial permit is issued, the Credit for the old use will be the Maximum Demand documented in the Look-Back Period, (not counting any unrecognized growth in demand service since the last third year review). If the permit was not active during the Look-Back Period, the Credit will be determined using the Commercial criteria as found in Appendix A.

5.3.2.4 Reporting Requirements

All Demolitions must be reported within one month of the end of the calendar year during which the Demolition occurred, in order for the prior use to be eligible for any Credit on the property. For example, if a building is demolished in September 2009, the Demolition must be reported to MCES by January 31, 2010. **Monthly reporting of all Demolitions is recommended.** This establishes the potential Credit(s) that may be allowed when a New Use occurs on the site within the Look-Back Period.

5.3.2.5 Merging or Splitting Properties

If properties are merged into a single legal description, the potential SAC Credit for the newly created parcel is the sum of the two individual properties potential Credit. If properties are split into multiple parcels, a logical division of the SAC Credit potential will be determined by MCES based on the use of the buildings in each new parcel.

5.3.2.7 Credit Criteria

The following Industrial Property examples are for illustration purposes only:

Example I-1: An Industrial site has paid SAC of 30 units but has a Baseline of 50 SAC. They add a third shift to increase production and a Determination indicates 75 SAC is needed. The Industry would pay for only the 25 new SAC units. Upon payment the Industry would have a Modified Baseline of 75 SAC units.

Example I-2: In example I-1, above, the same Industry two years later eliminates a manufacturing process and drops back to the need for a total of 50 SAC. Their Modified Baseline would remain at 75 for the Look-Back Period, but even if there was a permanent process change, no Net Credits are generated.

Example I-3: A Permitted Industrial User with a Modified Baseline of 150 SAC has a permanent process change that results in the Local Government Unit taking 50 Credits off-site to use City-Wide in 2009. The Modified Baseline becomes 100 SAC. In 2014 the Permitted Industrial User vacates the property and a New Use is established. The Maximum Demand in the Look-Back Period is 100 SAC. Even though the Modified Baseline was 150 SAC, the Local Government Unit took 50 SAC off-site in 2009.

5.3.3 Determination Extensions

5.3.3.1 Extensions

Extensions will only be considered for Permitted Industrial Users.

5.3.3.2 Requesting Extensions

The Permitted Industrial User must request extensions in writing to MCES, including:

- a detailed explanation of the circumstances leading to the request,
- a projected timetable to address the volume difference (between the Baseline or Modified Baseline and actual flow), and
- an agreement to pay SAC (at the SAC rate in effect at the end of the extension) should the volume of wastewater continue to exceed the Baseline or Modified Baseline.

5.3.3.3 Review and Approval of Extension Requests

The request will be subject to the review and approval of MCES. MCES will notify the host Local Government Unit of any approved extension requests.

5.3.3.4 Term of Extension

The total length of the extension shall not exceed 2 years.

5.3.3.5 Add-On Service Charges

For approved extensions longer than a 6 month grace period, Permitted Industrial Users will be assessed Add-On Service Charges for all reported volume discharged above the Baseline or Modified Baseline value. Note: the Permitted Industrial User will also continue to be subject to all other charges assessed by MCES.

5.3.4 SAC Facility Definitions

5.3.4.1 Industrial Discharge Permits

Industrial Discharge Permits may be issued to Permitted Industrial Users occupying part of a building, a single building or multiple building properties. The following information is intended to provide guidance during the volume review conducted by MCES staff as part of the permit renewal process.

5.3.4.2 Part of a Building

A Permitted Industrial User occupying part of a single building, (e.g. renting a bay in a warehouse or renting a floor in a multi-story building), is required to accurately measure wastewater discharged from its operations. SAC for increases in wastewater flow must be paid for by the Permitted

Industrial User—unless, the building owner gives written consent and MCES approves a SAC calculation transfer within a building. However, no portion of the building can have its SAC Credits reduced to less than its square footage requirement for its designated use. For example, if an industrial tenant who had paid 6 SAC units vacated a 14,000 square foot warehouse space, only four SAC units could be transferred to another space within the building. Two SAC units would remain to cover the warehouse use of that space. (See Appendix A for our SAC criteria calculations.)

5.3.4.3 One Single Building

Permitted Industrial Users occupying an entire building whether owned or rented, will be responsible for maintaining SAC for the total wastewater flow from the building. Baseline or Modified Baseline values will be used to determine if a SAC liability exists.

5.3.4.4 Multiple Buildings

An Industrial Discharge Permit may be issued for the total wastewater flow from a Campus of several buildings within the same Local Government Unit if the property meets one of the following definitions:

- One parcel of property contains two or more buildings; all buildings must be totally occupied by the Permitted Industrial User,
- Two or more separate parcels of property with contiguous borders and all buildings must be totally occupied by the Permitted Industrial User, or
- Two or more parcels of property separated only by a body of water (e.g. stream or river) or a transportation route (e.g. road, pipeline, state trail or railroad) and all buildings must be totally occupied by the Permitted Industrial User.

The properties may be owned or rented by the Permitted Industrial User. Permitted Industrial Users are allowed to informally transfer SAC units from one building to another within the Campus to satisfy SAC liabilities resulting from the MCES' volume review. The transfer of Credits is subject to the following conditions:

- Each building on the property must maintain the minimum number of SAC units to match its intended use for that space,
- Each building must maintain at least 1 SAC unit (i.e. Vacant buildings),
- Each transfer of Credits must be approved by MCES and by the property owner(s) on a form provided by MCES,
- In case of the sale of all or part of the property, MCES will assign SAC Credits to individual buildings as it deems appropriate, and
- If another business shares a building with a Permitted Industrial User, Credits are not allowed to be transferred to another building.

Industrial Campus Credit transfers will apply to SAC liability discovered as a result of MCES' volume review. SAC liability as a result of building additions or new construction will be determined using the Commercial criteria as found in Appendix A.

Note: Permitted Industrial Users moving operations to a new location have no right to transfer SAC Credits to that location except if they have been approved as part of a SAC Credit Transfer as described in Section 5.7.

5.4 Local Government Credit System

5.4.1 Legal Description

5.4.1.1 No Financial Obligation

SAC Credits are a MCES tally of capacity freed up within a Local Government Unit, on which MCES will forego future SAC. This does not imply a financial obligation on the part of MCES.

5.4.1.2 Sale of Credits Prohibited

MCES SAC Credits shall not be sold or exchanged in any manner unless part of an approved SAC Credit Transfer, as described in Section 5.7.

5.4.1.3 Credits as Information

Credits are for the information of MCES and the Local Government Unit only and imply no benefit of any type whatsoever for particular property owners or any other third parties.

5.4.2 Use of Credits

5.4.2.1 Generation of Credits

As of January 1, 2010 no new Net Credits will be generated for the Local Government Unit use. Credit is still given for a New Use on a site up to the demand of the old use on that site (i.e. the Maximum Demand during the Look-Back Period).

5.4.2.2 Existing City-wide Credits

All City-Wide Credits, that were generated prior to January 1, 2010, will remain available, until depleted, to the Local Government Unit for use to offset other SAC charges at other sites within the Local Government Unit.

5.4.2.3 Existing Site-Specific Credits

Any Site-Specific Credits on MCES books, that were generated prior to January 1, 2010, will be honored for use on the specific site where they were generated. However, these Credits are treated as Phased Developments, meaning all Site-Specific Credits generated prior to January 1, 2010 will expire on December 31, 2019.

5.4.3 Withdrawal from the MCES Service Area

Subject to negotiation with the Council, if a part of a Local Government Unit or a tribal nation withdraws from the MCES service area, and MCES may use the capacity to serve other areas within a reasonable period of time, SAC Credits may be available to the Local Government Unit or tribal nation up to the amount of capacity demand for the Look-Back Period being withdrawn.

5.5 Local Government Unit Payments and Reporting

5.5.1 Payments

5.5.1.1 SAC Payments

Each Local Government Unit is required to pay any SAC due, according to reporting deadlines (Section 5.5.2.1), with the submittal of the Form MCES SAC-A. The SAC rate to be charged is the rate in effect at the time of permit issuance and payment, regardless when the permitting process began. SAC is not to be prepaid in advance of the Local Government Unit permit issuance. (Note: SAC may be collected on a foundation permit. If the plans changed between the foundation permit and building permit process a new Determination is required.)

5.5.1.2 Interest Charges

At the discretion of the MCES Finance Director, MCES may add interest to any unpaid SAC balances, as permitted by law.

5.5.1.3 Past Due SAC

When unremitted SAC charges from prior years are discovered (e.g., in a Community Review), the Local Government Unit is responsible for remitting any amounts due to MCES within 30 days.

5.5.1.3.1 Good Faith Efforts and Use of Earlier SAC Rate

Where the Local Government Unit has acted in good faith, in the opinion of the MCES Finance Director, MCES will accept the payment based on the earlier SAC rate and without interest accrual. The earlier SAC rate is that rate that was in effect at the time the charges should have been submitted to MCES. Acceptance of the earlier rate is contingent on payment within 30 days of discovery of the omission (or longer in extenuating circumstances, at the discretion of the MCES Finance Director). The Local Government Unit's payment liability to MCES is not contingent on the Local Government Unit receiving payment from the property owner.

5.5.1.3.2 Use of Current SAC Rate

If payment is not received within the initial period after discovery, the current SAC rate will be used to calculate the amount due and interest will be accrued.

5.5.1.3.3 Credit Application to Unpaid SAC

Credits generated after the unpaid charge was incurred are not available to offset the payment due. For example, an unpaid charge that should have been paid in 2006 is discovered in 2008, Credits generated in 2007 are not available to offset the payment due (that should have been paid in 2006). If Credits were available in 2006 and have not been used in the interim period, they are available to offset the unpaid SAC.

5.5.1.4 Collection of Unpaid SAC

MCES reserves the right to collect any unpaid SAC using any mechanisms provided by law, including the use of a Deficiency Levy as provided in Minnesota Statutes § 473.521(4) which requires the County Auditor to levy an ad valorem tax on all property within the Local Government Unit. The discount is not allowed to be taken on any adjustments made from prior reporting periods.

5.5.1.5 Discount for Prompt Payment

The Local Government Unit is allowed to retain 1% of the net amount due to MCES as a discount for prompt payment. However, the Local Government Unit may not take this discount if all the reporting forms and payments are not remitted to MCES within 30 days of the end of the month, or quarter if such reporting is approved by MCES.

5.5.1.6 Payment Deferrals

For issues of region-wide significance, SAC payments by Local Government Units may be amortized over a period of up to ten years. Payments must include interest and a guarantee of payment by the Local Government Unit. Contact MCES for further information and list of conditions.

5.5.2 Form MCES SAC-A - Summarized Activity Report

Form MCES SAC-A is a summary of information from the supporting forms.

5.5.2.1 Reporting Deadline

Local Government Units with a prior-year activity level exceeding 20 SAC Units are required to submit Form MCES SAC-A within 30 days of the end of each month. Local Government Units with a prior-year activity level of 20, or less, SAC Units and the previous reports have been submitted by the report deadline may report on a quarterly basis (within 30 days of the end of the quarter) if the Local Government Unit has received prior approval from MCES. All Local Government Units will

go through an approval process by MCES and those Local Government Units that qualify for quarterly reporting will receive a “Quarterly Approval Form” in the beginning of the calendar year that must be signed and returned by the end of February. If the Local Government Unit has not received a “Quarterly Approval Form” the Local Government Unit is required to submit the MCES SAC-A form within 30 days of the end of *each month*.

5.5.2.2 No Activity

If there is no SAC activity for the reporting period, write “no activity” on the form and mail or fax it to MCES, without attachments. An e-mail report is acceptable. The email must state the name of the Local Government Unit, the reporting period and year, and “no activity”.

5.5.2.3 Activity

If there was activity during the month or quarter, the detail must be included in the SAC report on the appropriate forms or other MCES approved formats.

5.5.2.4 Voided Permits

Local Government Units may obtain a Credit or refund of SAC paid on a permit that has been canceled or voided after fees were paid to MCES. Attach a copy of the permit, marked “void,” to the SAC-A form (and indicate the Credit in the SAC adjustment area of the form).

5.5.3 Form MCES SAC-B - Residential Detail Report

5.5.3.1 Documentation of New Use Activity

Form MCES SAC-B is required to document all New Use activity for Residential properties. All Residential activity must be shown on the Form MCES SAC-A submittal.

5.5.3.2 Computerized Reporting Standards

For the “New Use” part of this form, the Local Government Unit may substitute a computerized listing as long as it clearly includes the following information: building permit number, issue date, address, type of dwelling, and SAC units charged. All Residential activity must be shown on the Form MCES SAC-A.

5.5.3.3 Requirements for Credits

Credits are available (to be reported in the “Demolition” part of the form) when a New Use is being established on the site and the prior use is either currently being Demolished or was Demolished and properly reported to MCES in a prior year. Current Demolitions must still be reported on Form MCES SAC-D. *No Credits are allowed without a declared New Use on this form. Demolitions that occurred in a prior calendar year and have not been correctly reported on MCES Form SAC-D are not eligible for Credits.*

5.5.3.4 Approval for Discounts

Discounts, pursuant to section 5.1.3, require prior written approval of MCES. This written approval must be attached to Form MCES SAC-B.

5.5.4 Form MCES SAC-C – Commercial Detail Report

5.5.4.1 Documentation of New Use Activity

Form MCES SAC-C is required to document all New Use and change of use activity for Commercial properties (including non-profit, governmental and institutional). A MCES SAC Determination Letter may be substituted for this form if it includes an address, building permit number, issue date

and pertinent Credit information. All Commercial activity must be shown on the Form MCES SAC-A submittal.

5.5.4.2 Requirements for Credits

Credits are available (to be reported in the “Demolition” part of the form) when a New Use is being established on the site and the prior use is either currently being Demolished or was Demolished and properly reported to MCES in a prior year. Current Demolitions must still be reported on Form MCES SAC-D. *No Credits are allowed without a declared New Use on this form. Demolitions that occurred in a prior calendar year and have not been correctly reported on MCES Form SAC-D are not eligible for Credits.*

5.5.4.3 Approval for Discounts

Discounts, pursuant to Section 5.1.3, require prior written approval of MCES. This written approval must be attached to Form MCES SAC-C.

5.5.5 Form MCES SAC-D - Demolition Declaration

5.5.5.1 Demolished Properties without a New Use

Form MCES SAC-D is required to document all Demolition activity. This form establishes a potential future Credit and is required to be submitted within 30 days of the end of the calendar year in which the Demolition occurred (e.g., by January 31st of the calendar year following the year in which the Demolition was performed). Demolitions must be reported to be creditable. If Form MCES SAC-D is not submitted within the required time period, the property is not eligible for a future Credit. **Monthly reporting is recommended.**

5.5.5.2 Required Attachments

Form MCES SAC-D is not valid without the following attachments:

- Commercial Demolitions must be accompanied by Form MCES SAC-C or a MCES SAC Determination Letter;
- Industrial Property Demolitions must be accompanied by a MCES SAC Determination Letter.

5.5.5.3 Declarable Credits

Declarable potential Credits are subject to the following:

5.5.5.3.1 Extent of Credits

Effective January 1, 2010, the SAC Credit for a property is based on the prior demand in the Look-Back Period, in SAC units. No Credit will be allowed if the property should have paid SAC in the Look-Back Period, but did not or if the property sat Vacant for the entire Look-Back Period. If a discount or a waiver was applied originally during the Look-Back Period, the Credits will be correspondingly reduced. For example if an apartment complex received a 20% discount, then the potential Credit is 0.8 SAC for each unit Demolished. No Credits are available if the property participated in the Council’s 2000-2003 Inclusionary Housing SAC Waiver Program.

5.5.5.3.2 Connection to MDS

No Credit is allowed if the building was not connected to a central sewer now connected to the MDS.

5.5.5.3.3 Demolition in Prior Year

No Credit is allowed if the Demolition was done in a prior year. For example if the Demolition was done in 2007 and a report is submitted after January 31, 2008, the Credit will be not be eligible.

5.5.5.3.4 Demolition Permit Required

There must be a Demolition permit or other verifiable documentation to support the claim.

5.5.6 Quarterly Approval Form

All Local Governments Units with a prior-year activity level of 20, or less, and the previous years reports have been submitted by the report deadline will go through a quarterly approval process. Those that qualify for quarterly reporting will receive a “Quarterly Approval” form in the beginning of the calendar year that must be signed and returned by the end of February. The Local Government Unit will have the option of reporting monthly or quarterly. If the Local Government Unit chooses to report quarterly, any time the Local Government Unit exceeds 20 units, or if the quarterly report is submitted late, the quarterly reporting approval is revoked. The Local Government Unit must then report on a monthly basis.

5.6 SAC Collection for Local Government Discharging to the MDS for the First Time

A Local Government Unit within the Council’s jurisdiction (Region) is required to collect SAC according to the rules in this SAC Procedures Manual beginning at the SAC trigger date described in three different circumstances below.

The Council will make the sole Determination of the applicable date and notify the Local Government Unit(s) unless such notice is implicit in an acquisition or service agreement. Note that where the trigger date and the related liability occurs on a projected date one-year prior to service, a delay in completion of the project shall not change the liability to pay SAC to MCES.

5.6.1 Existing Publicly Owned Treatment Plant to be Acquired by MCES

If the service area has an existing publicly owned treatment plant that is to be acquired by MCES, the SAC trigger date shall be the later of: 1) the effective date of the acquisition agreement or 2) one year prior to the transfer of ownership to the Council pursuant to an acquisition agreement or MN statutes, section 473.511.

All properties being serviced by the local treatment plant prior to the SAC trigger date will be Grandparented into the MDS and the Local Government Unit will not normally owe SAC for those properties. The only exception to the Grandparenting provision is where the Local Government Unit debt to be assumed by the Council, pursuant to MN Statutes, section 473.511 subd. 2, is disproportionate to the reserve capacity of the system being acquired. In such a case, at the sole discretion of the Council, SAC will be due to the Council to make up the disproportionality.

In order to grant the Grandparent Credits, the Local Government Unit shall provide an inventory of all addresses being served by the local treatment plant (e.g. a current list of all customers currently paying for sewer service from the Local Government Unit). This inventory should identify Commercial and Industrial users and their current wastewater volumes at the trigger date. If the inventory is not provided by the Local Government Unit to MCES by the SAC trigger date, then the Grandparent Credits shall not be applied.

After the SAC trigger date, SAC shall be collected on new construction in compliance with all of the rules in this manual. If a building permit was issued prior to the SAC trigger event, but the SAC trigger date occurs prior to sewer hook-up, the SAC liability to MCES occurs with the hook-up.

5.6.2 Existing Publicly Owned Treatment Plant Not to be Acquired by MCES

If the new service area has an existing publicly owned treatment plant that is not being acquired by the Council, the Council will serve the area through an interceptor; the SAC trigger date shall be within one year at the time the Council projects that service will be available.

All properties being serviced at the SAC trigger date by a local publicly owned treatment plant that is being phased out due to the MCES service will be Grandparented into the MDS and the Local Government Unit will not owe SAC for those properties.

In order to grant the Grandparent Credits, the Local Government Unit shall provide an inventory of all addresses being served by the local plant (e.g. a current list of all customers currently paying for sewer service from the Local Government Unit). This inventory should identify Commercial and Industrial users and their current wastewater volumes. If the inventory is not provided by the Local Government Unit to MCES by the SAC trigger date then the Grandparent Credits shall not be applied.

After the SAC trigger date, SAC shall accrue on new construction in compliance with all of the rules in this manual. If a building permit was issued prior to the SAC trigger event, but the trigger occurs prior to sewer hook-up, the SAC liability to MCES occurs and should be collected with the hook-up.

5.6.3 Service Area not Previously Serviced by Publicly Owned Treatment Plant

If the service area has not been previously served by a publicly owned treatment plant and will be served by MCES through an interceptor, by a new MCES treatment plant or connected to another Local Government Unit's sewer trunk line which is connected to the MDS, the SAC trigger date shall be within one year at the time the Council projects that service will be available.

SAC liability shall accrue whenever a building or connection permit is issued which either directly or indirectly connects property to the MDS. Normally the liability occurs with the building permit, however, if a building permit has been issued more than a year prior to the connection of service, the liability to MCES occurs with the sewer hook-up (and at the rate in effect at that time).

In this circumstance no Grandparenting of SAC applies (that is, all properties connecting shall accrue a liability for SAC due to MCES).

5.7 SAC Credit Transfer

A SAC Credit Transfer allows a transfer of SAC Credits between Local Government Units and between sites within a Local Government Unit for substantial statewide economic development opportunities.

5.7.1 Requirements for a Credit Transfer

SAC Credit Transfers are allowed in situations where:

- The request originates either from the Local Government Unit or from the Department of Employee and Economic Development (DEED) for businesses DEED determines would make a significant statewide economic impact if the business left the state. (It is expected that if DEED initiates the request they will contact representatives of the Local Government Unit which will lose the business prior to, or as part of initial discussions, with the company proposing to move and/or the Local Government Unit where the transferred Credits may end up);
- The transferring entity is a: 1) standard Permitted Industrial User of MCES (not including liquid waste haulers, special discharge permittees or general permittees) or 2) any other entity served by the MDS where at least 50 full-time equivalent (FTE) jobs are currently located on the site to be moved;
- The entity moving is not a service or retail company (retail businesses include, but are not limited to: retail shopping stores, restaurants, salon/spas, and repair shops);
- The owner of the business or entity being moved is the property owner of the existing site (or has the written consent of the property owner for the Credit transfer);

- MCES reviews and approves the availability of capacity in conveyance (lift stations and interceptor pipes) and treatment facilities for the new site; and
- Written approval from each Local Government Unit involved has been received by MCES on approved forms.

5.7.2 Determination of Credits Available to Transfer

The number of Credits that may be transferred is at the discretion of the Local Government Unit representing the existing site of the business or entity, but limited to the amount potentially available at that site. There is a minimum of one SAC unit per building that must be left at the current site. If all buildings will be Demolished as part of this Credit Transfer, this minimum requirement does not apply.

5.7.2.1 Campus Credits

The allocation of SAC units between buildings that will be retained for those businesses or entities that are considered Campuses for SAC purposes is at the reasonable discretion of MCES.

5.7.2.2 Permitted Industrial Users

For industries permitted by MCES, the rules for potential SAC Credit availability are stated in Section 5.3.2. Any Baseline or Modified Baseline values above the capacity used within the Look-Back Period do not transfer.

5.7.2.3 Credit Balances from other Local Government Units

Any Local Government Unit that has a City-wide Credit balance must use those Credits to offset the current charges on their SAC activity report. However, surplus booked City-Wide Credits are available to be transferred to another Local Government Unit as part of a SAC Credit Transfer if all of the requirements of section 5.7.1 are met.

5.7.3 Implementation of a Credit Transfer

5.7.3.1 Timing

SAC Credit Transfers occur at the point of execution of the required documents by all parties. MCES will notify all parties when this is complete. Once the Credit Transfer occurs these Credits become the reserved capacity for the Local Government Unit on the future site for the business or entity. Once 1) the SAC Credit Transfer has occurred and 2) the MCES Determination letter for the new site has been issued, the business or entity has up to 7 years from the date of the Determination Letter to complete the project. If the project does not occur within the 7-year period, the transferred Credits are lost.

5.7.3.2 Revocability

If either a building permit for the new site has been issued or if a new use has been established on the old site (the existing site before the transfer), the Credit transfer is irreversible and irrevocable. Up to that point in time the Credit transfer may be reversed with the agreement of all Local Government Units.

5.7.3.3 Use of Credits after the Transfer

Once the SAC Credit Transfer has occurred, the Credits are usable on the specific site to which they were transferred. These units will be available only to offset SAC charges for the property related to the business or entity moving to the site and only for the facilities built at the time of the move.

For Permitted Industrial Users, SAC Credit Transfer units are limited to the amount needed on the future site for the new use that will be determined at the next MCES flow review. The review will

determine how many additional SAC, if any, are required for the Permitted Industrial User's normal maximum discharge.

5.7.3.4 Local Government Unit Reporting

The Local Government Unit at the future site is the responsible party for reporting the SAC Credit Transfer on the SAC Activity reports. Once the type of local permit as stated on the MCES Credit Transfer – C2 form has been issued, the Local Government Unit is required to report the Credit Transfer on the next SAC Activity report to MCES. SAC Credits transferred may only be applied up to the amount needed on the new site for the new use.

5.7.4 SAC Credit Transfer Forms

5.7.4.1 Form MCES Credit Transfer–A - DEED Checklist

Form MCES Credit Transfer – A is a checklist for the Department of Employee and Economic Development that includes the minimum requirements for a SAC Credit Transfer.

5.7.4.2 Form MCES Credit Transfer–B - Submittal List

Form MCES Credit Transfer – B is a submittal list for the business or entity wishing to transfer available Credits to a new location. The legal owner of the business must sign and date this form.

5.7.4.3 Form MCES Credit Transfer–C1 - Local Government Form for the Current Site

Form MCES Credit Transfer – C1 is an approval form for the Local Government Unit representing the current site. This form states the number of Credits that will be transferred. Only the Local Government Unit Finance Director or City Manager has the authority to sign this form.

5.7.4.4 Form MCES Credit Transfer–C2 - Local Government Form for the New Site

Form MCES Credit Transfer – C2 is an approval form for the Local Government Unit representing the new site. This form states what type of local permit will be issued to activate the SAC Determination on the new site. This includes an acknowledgement that these Credits are only available on the specific site to which they were transferred. Only the Local Government Unit Finance Director or City Manager has the authority to sign this form.

5.8 Community Reviews

5.8.1 Basis for Community Reviews

MCES will review Local Government Unit records at least once every three years to assure conformance and consistency to its SAC rules.

5.8.2 Records Reviewed

During each review, MCES will look at all building activity including, but not limited to:

- New Residential permits;
- Residential addition permits that increase the number of dwelling units;
- New Commercial permits;
- Commercial remodel, addition, tenant finish, and build out permits; and
- Demolition permits.

MCES will also go through the SAC reports during the review period and verify that the 1% discount has been taken correctly.

5.8.3 Community Review Payments and Reporting

5.8.3.1 Past Due SAC

When unremitted SAC charges from prior years are discovered, the Local Government Unit is responsible for remitting any amounts due to MCES within 30 days.

5.8.3.2 Good Faith Efforts and Use of Earlier SAC Rate

Where the Local Government Unit has acted in good faith, in the opinion of the MCES Finance Director, MCES will accept the payment based on the earlier SAC rate and without interest accrual. The earlier SAC rate is that rate that was in effect at the time the charges should have been submitted to MCES. Acceptance of the earlier rate is contingent on payment within 30 days of discovery of the omission (or longer in extenuating circumstances, at the discretion of the MCES Finance Director). The Local Government Unit's payment liability to MCES is not contingent on the Local Government Unit receiving payment from the property owner.

5.8.3.3 Use of Current SAC Rate

If payment is not received within the initial period after discovery, the current SAC rate will be used to calculate the amount due and interest will be accrued.

5.8.3.4 Reporting Community Review Charges

Any amount due to MCES from the Community Review must be submitted separately from the regular SAC activity report or submitted in the "adjustment" section on Form MCES SAC-A. That is, the 1% discount cannot be taken off any amount due.

Appendix A: SAC Criteria for Commercial Properties

FACILITY	PARAMETER	SAC
Animal Clinic (humane societies, animal research, boarding, etc.)		
Animal holding area	*17 fixture units	1
Archery (6 feet/lane); for remainder use other criteria	6 lanes	1
Arena (bleachers 18 inches/person)	110 seats	1
Assisted Living (see formula below to determine the number of residents)		
No washer/dryer in each unit	3 residents	1
Washer/dryer in each unit	2.5 residents	1
Calculate the number of residents as follows:		
Number of efficiency units x 1.0 resident/unit		
+ Number of one-bedroom units x 1.5 residents/unit		
+ Number of two-bedroom units x 2.0 residents/unit		
+ <u>Number of three-bedroom units x 3.0 residents/unit</u>		
Total number of residents for SAC calculation		
Auditorium (7 square feet/person)	110 seats	1
Automobile Service		
Fast service (less than 4 hours/car)	2 service bays	1
Major service (more than 4 hours/car)	14 service bays	1
Car dealership (charges for office, retail, etc. are separate at established rates)	2 service bays	1
Fast service (number of service bays x 30%)	2 service bays	1
Major service (Number of service bays x 70%)	14 service bays	1
Ballroom (exclude dance floor)		
Facility without liquor service	825 square feet	1
Facility with liquor service	590 square feet	1
Bank (exclude bank vault)	2,400 square feet	1
Banquet Room (15 square feet/person)		
Food catered	2,060 square feet	1
Food catered with dishwashing	1,180 square feet	1
Food catered with liquor	1,028 square feet	1
Food catered with dishwashing and liquor	750 square feet	1
Food preparation and dishwashing	825 square feet	1
Food preparation with dishwashing and liquor	590 square feet	1
Barber	4 cutting stations	1
Batting Cage (10 feet/lane-pitching; 15 feet/lane-batting); for remainder use other criteria	6 lanes	1
Beauty Salon		
Hair Cutting	4 cutting stations	1
Manicure	9 stations	1
Pedicure/Facial	7 stations	1
Bingo Hall (used only for bingo)	1,650 square feet	1
Boarding House (dorm rooms; with food service)	5 beds	1
Body Shop (major service – more than 4 hours/car; vehicle washing additional)	14 service bays	1

FACILITY	PARAMETER	SAC
Bowling Alley (for remainder use other criteria)	3 alleys	1
Camp (number of gallons x occupant or site)		
Children's camps (central toilet and bath; overnight, primitive cabins; number of occupants x 50 gallons/occupant)	274 gallons	1
Day camps (no meals served; number of occupants x 10 gallons/occupant)	274 gallons	1
Labor/construction camps (number of occupants x 50 gallons/occupant)		
Resorts (housekeeping cabins; number of occupants x 60 gallons/occupant)	274 gallons	1
Travel trailer parks		
With water and sewer hookup (number sites x 100 gallons/site)	274 gallons	1
With central toilet and showers (number of sites x 75 gallons/site)	274 gallons	1
Sanitary dump (sites without hookup; number of sites x 10 gallons/site)	274 gallons	1
Card Room	Contact MCES for Determination	
Car Wash		
Self-Serve; Other Car Wash Bays	1 Bay	3
Roll-over	Contact MCES for Determination	
Conveyor/Pull-Through	Contact MCES for Determination	
Catering	Contact MCES for Determination	
Church (for sanctuary, nave, chancel; 7 square feet/person seating area; sacristy and ambulatory at no charge); for remainder use other criteria	275 seats	1
Ablution Room (# of people in sanctuary x 1.5 gallons/person)	274 gallons	1
Clinic (see <i>Hospital</i>)		
Cocktail Lounge (no food service)	23 seats	1
Coffee Shop (no food service)	23 seats	1
Convention Center (15 square feet/person)	14 people	1
Correction Facility (prison)	3 inmates	1
Court Room	1,650 square feet	1
Dance Floor		
With Beverage Service	350 square feet	1
Without Beverage Service	700 square feet	1
Daycare		
Number of people for which facility is licensed	14 people	1
Child/adult play area (not licensed)	490 square feet	1
Health Club, Bowling Alley, etc.	2,400 square feet	1
Dorm Room (on and off campus; charge for classrooms is additional)	5 beds	1
Dry Cleaner (retail)	3,000 square feet	1
Elder Housing (see <i>Assisted Living</i>)		
Exercise Area/Gym (juice bars at no charge); for remainder use other criteria	700 square feet	1
No showers	2,060 square feet	1
Exhibit Hall (gross square feet x 45% usable space @ 7 square feet/person)	64 people	1

FACILITY	PARAMETER	SAC
Fire Station (charges for office, meeting rooms, etc. are calculated separately); for remainder use other criteria		
Hose Tower	1 tower	1
Vehicle Washing	1 vehicle	1
Full time, overnight people (75 gallons/person)	274 gallons	1
Volunteer (occasional overnight stays)	14 volunteers	1
Funeral Home (charge for the viewing areas only: i.e., chapel); for remainder use other criteria		
Apartment	1 apartment	1
Game Room (billiards, video and pinball games)		
With bar	590 square feet	1
Without bar	2,060 square feet	1
Golf Course (if facility has showers use Locker Room criteria)		
18 hole		3
9 hole (par 3)		2
Miniature		3
Country club (private)		
Dining room (used only on evenings and weekends)	15 seats	1
Bar and grill (with bar and grill separate)		
Bar only	23 seats	1
Grill	15 seats	1
Golf Dome or Driving Range (for remainder use other criteria)		
	6 driving stations	1
Greenhouse		
Area not open to the public	15,000 square feet	1
Area open to the public	5,000 square feet	1
General retail area	3,000 square feet	1
Group Home		
Secondary treatment (residents leave during the day)	5 beds	1
Primary treatment (residents stay all day)	3 beds	1
Guest Room (in an apartment or condominium complex)		
Washer/dryer	100% of current SAC rate	
No washer/dryer	80% of current SAC rate	
No kitchen	50% of current SAC rate	
Handball and Racquetball Court		
	1 court	2
Hospital (licensed beds or baby cribs)		
	1 bed	1
Outpatient clinic	*17 fixture units	1
Sterilizer (4 hours x gallons per minute x 60 minutes)	274 gallons	1
X-ray film processor (4 hours x gallons per minute x 60 minutes)	274 gallons	1
Dental clinic vacuum device (4 hours x gallons per minute x 60 minutes)	274 gallons	1
Whirlpool, therapy (number of gallons to fill x 8 fills/day)	274 gallons	1
Ice Arena		
Shower (see <i>Locker Room</i>)		
Team Room (plumbing fixture units)	*17 fixture units	1
Bleachers	110 seats	1
Ice resurfacers (if discharge goes to the sanitary sewer)	1 resurfacers	4
Laundromat (required water volume for cycle time x 8 cycles/day)		
	274 gallons	1

FACILITY	PARAMETER	SAC
Library (subtract book storage areas, file areas; charge for common plumbing fixture units in public areas)	*17 fixture units	1
Reception, book checkout, office	2,400 square feet	1
Meeting room, board room	1,650 square feet	1
Loading Dock	7,000 square feet	1
Locker Room (if showers – 20 gallons/locker)	14 lockers	1
Manufacturing	7,000 square feet	1
Process Discharge	Contact MCES for Determination	
Massage Room (without showers)	5 stations	1
With showers	1 Shower	1
Meals to Go (prepared bulk meals)		
# meals prepared in one day x 1.5 gallons/meal (<i>no dishwashing</i>)	274 gallons	1
Meeting Room (conference room)	1,650 square feet	1
Mini-storage (storage area – no charge)		
Apartment	1 apartment	1
Public Area	*17 fixture units	1
Mobile Home		1
Motel and Hotel (assume 2 people/room; no charge for pools, saunas, whirlpools, game rooms, or exercise rooms used exclusively by guests)	2 rooms	1
Breakfast only (complimentary)	45 seats	1
Cocktail hour (complimentary)	55 seats	1
Kitchenette (number of kitchenettes x 10 gallons/day)	274 gallons	1
Museum	2,400 square feet	1
Nail Salon (See <i>Beauty Salon</i>)		
Nursing Home	2 beds	1
Office		
General office (deduct mechanical rooms, elevator shafts, stairwells, restroom and storage areas)	2,400 square feet	1
Dental and Doctor's office, see <i>Hospital, Outpatient Clinic</i>		
Parking Garage (minimum 1 SAC)	*17 fixture units	1
Park Shelter	*17 fixture units	1
Park Public Building (<i>see specific criteria for each use</i>)		
Plane Washing	Contact MCES for Determination	
Police Station (charge as Office)		
Cells (overnight – jail)	3 inmates	1
Cells (holding area with no overnight stays)	14 inmates	1
Recording/Film Studio	7,000 square feet	1
Restaurant		
Drive-in	9 parking spaces	1
Take-out (no seating)	3,000 square feet	1

FACILITY	PARAMETER	SAC
Fast food		
<i>Establishments primarily engaged in providing food services where patrons generally order or select items and pay before eating. There is no wait staff. Food and drink may be consumed on premises, taken out or delivered to the patron's location. At least 60% of sales must be taken off-site or delivered. Baskets, trays and cups are the only reusable items.</i>		
Fixed Seating (actual number of seats; booth seating is 24"/seat)	22 seats	1
Non-Fixed Seating (square feet of dining area @ 15 square feet/seat)	22 seats	1
Full service		
<i>Establishments primarily engaged in providing food service to patrons who order and are served while seated by wait staff and pay after eating.</i>		
Fixed Seating (actual number of seats; booth seating is 24"/seat)	8 seats	1
Non-Fixed Seating (square feet of dining area @ 15 square feet/seat)	8 seats	1
<u>Outdoor patios and sidewalk seating are charged at same criteria as inside seating</u>		
Retail Store (deduct mechanical rooms, elevator shafts, stairwells, escalators, restrooms and unfinished storage areas)	3,000 square feet	1
Roller Rink (skating area only)	825 square feet	1
Rooming House (no food service)	7 beds	1
RV Dumping Station (not in association with camp grounds)		1
School (teacher offices are included in the per student criteria; admin areas use separate criteria; music rooms are excluded)		
K-12 Schools (without shower facilities)	540 square feet	1
K-12 Schools (with shower facilities)	420 square feet	1
Lab (includes computer, library, art and science)	700 square feet	1
Gym (if permanent bleachers)	110 seats	1
College/technical/vocational	540 square feet	1
Lecture hall (no fixed seats)	270 square feet	1
Lecture hall (fixed seats)	18 seats	1
Lab	900 square feet	1
Gym (if permanent bleachers)	110 seats	1
Dorm rooms (on and off campus)	5 beds	1
Music School (number of practice rooms x 2 people/room)	18 students	1
Nursery school (see Daycare)		
House of worship nursery (used during worship service only; not daily parochial school)	1,650 square feet	1
Service Station		
Gas pumping		1
Convenience center	3,000 square feet	1
Service bays	2 bays	1
Car wash	Contact MCES for Determination	
Shooting Range (rifle and handgun ranges, 6 feet/lane); for remainder use other criteria	6 lanes	1
Shower (if lockers, use Locker Room criteria)	1 shower	1
Swimming Pool (non-Residential, swimming pool area only)	900 square feet	1
No charge for private Residential, townhouse, apartments, condominiums, hotels, or motels used exclusively by residents of complex		
Tanning Room (no showers)	3,000 square feet	1
With showers add 1 SAC/shower		

FACILITY	PARAMETER	SAC
Tennis Court (non-Residential, showers available)	1 court	2
No showers available	5 courts	1
Theater	64 seats	1
Drive-in (parking spaces)	55 spaces	1
Vehicle Garage		
Employees stationed in garage	14 employees	1
Vehicle drivers (per day)	28 drivers	1
Vehicle washing wash bay	1 bay	3
Warehouse		
Assembly area	7,000 square feet	1
Office/warehouse (speculative)		
Minimum 30% office	2,400 square feet	1
Maximum 70% warehouse	7,000 square feet	1
Water Treatment Plants	Contact MCES for Determination	

***Plumbing Waste Fixture Units**

Type of Fixture**	Fixture Unit Value (f.u.)
Note: 17 Fixture Units (f.u.) = 1 SAC	
Drinking Fountain	1
Floor Drain	
2" waste (only if hose bib included)	2
3" waste (only if hose bib included)	3
4" waste (only if hose bib included)	4
Trench drain: per 6-foot section	2
Sinks	
Exam room, bathroom	1
Kitchen and others	2
Surgeon	3
Janitor	4
Urinal	3
Water closet	6
Shower	17

*Asterisks in Appendix A denote which criteria use these fixture unit calculations.

**Rough-in fixtures will be included in the SAC charge calculation.

Appendix B: Commercial, Institutional & Industrial SAC Forms

**Service Availability Charge (SAC)
Commercial, Institutional & Industrial Determination Transmittal**

NEW	PROJECT TYPE: <input type="checkbox"/> New Building <input type="checkbox"/> Addition <input type="checkbox"/> Remodel <input type="checkbox"/> Tenant Finish
	Business Name _____ Type of Business _____
	Site Address (if address not assigned – street intersections in lieu of street address) City _____
	Site Location (ex. Mall of America, Oaktown Office Park, etc.) Suite Number _____
	Project Description _____
PREVIOUS	Business Name (at this location) _____ Type of Business _____
	Site Address, Suite Number _____
	Original building construction date? Building use if constructed prior to 1/1/1973? _____
CONTACT	Contact Name _____ Phone Number _____
	Company Name _____
	Complete Mailing Address _____
	Email Address _____

SUBMITTAL CHECKLIST:

INCLUDED

- Complete SAC Determination Transmittal **(Must be filled out in entirety)**
- Architectural Plans – 1 set, pdf plans are acceptable **(No Spec Books)**
 - Scalable or with individual room dimensions for each room/space
 - Room Schedule, showing room use (if not specified on plan)
 - Seating layout (if restaurant, bar or theater) – Indoor and outdoor seating
 - Plumbing fixture layout (if clinic, hospital or parking garage)
- Demolition Plans (if existing or remodel) – 1 set
- SAC Affidavit, Reclaim or Transmittal-B forms (if applicable)

See “Additional Submittal Requirements” page for further submittal requirements

**Submit all of the above to SAC Technician at the address on the bottom of page or by pdf document to
kelly.barnebey@metc.state.mn.us**

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Affidavit of Business Use

Food/Drink Establishments

This form is to be submitted along with the other items listed on the Transmittal-A form if the business use is a food/drink establishment.

Business Name:	
Business Owner:	
Business Site Address:	City
Federal Tax ID:	Minnesota Tax ID:

* * * *Please check one box per section that pertains to your business* * * *

TYPE OF SERVICE:

- Full Service** - Those establishments that primarily engage in providing food service to patrons who order and are served while seated by wait staff and pay after eating.
- Fast Food** - Those establishments that primarily engage in providing food services where patrons generally order or select items and pay before eating, there is no wait staff, at least 60% of sales are taken off-site or delivered, and baskets, trays and cups are the only reusable items. Food and drink may be consumed on premises, taken out or delivered to the patron's location.
- Drinks Only** - No food prepared
- Take Out Only** - No dining seats

TYPE OF DINING:

- Indoor Dining**
 Outdoor Dining
 Indoor and Outdoor Dining
 Take Out - No dining

If outdoor area is smoking only and no food or drink can be consumed, submit copy of City approved ordinance or City issued business license stating the restriction of food or drink from being consumed. If drinks can be consumed but no food, submit said copy of City approved ordinance or City issued business license stating the restriction.

I hereby certify that I have read and understood every question in this affidavit and that the answers to every question are true to my knowledge and belief. I further understand that the giving of false information in this affidavit constitutes fraud and is also cause for the immediate redetermination of any charges and I will be held responsible for any additional SAC fees.

If agent signs, must submit letter from business owner stating agent can sign on his/her behalf.

Print Name of Business Owner: _____

Signature of Business Owner: _____ Date: _____

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Environmental Services

Affidavit of Business Use Manufacturing

This form is to be submitted along with the other items listed on the Transmittal-A form if the business use is a manufacturing establishment.

Business Name:
Business Owner:
Business Site Address: <small>Street</small> <small>City</small>
Federal Tax ID: Minnesota Tax ID:

***** Please check one box per section that pertains to your business *****

TYPE OF FACILITY:

- Existing Facility(s) - or - New Facility
- Multi-Tenant Facility or Campus
- Yes
- No
- Permitted Industry Through MCES Industrial Waste Division
- Yes Permit # _____
- No

TYPE OF MANUFACTURING PROCESS:

- Dry Process** - no process water discharges into the sanitary sewer
- Wet Process** - process water discharges into the sanitary sewer
- Maximum potential process discharge into the sanitary sewer
- gallons per day

I hereby certify that I have read and understood every question in this affidavit and that the answers to every question are true to my knowledge and belief. I further understand that the giving of false information in this affidavit constitutes fraud and is also cause for the immediate redetermination of any charges and I will be held responsible for any additional SAC fees.

If agent signs, must submit letter from business owner stating agent can sign on his/her behalf.

Print Name of Business Owner: _____

Signature of Business Owner: _____ Date: _____

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Reclaim Conveyor Carwash Systems Submittal List

Business Name:	
Business Owner:	
Business Site Address:	City
<small>Street</small>	
Federal Tax ID:	Minnesota Tax ID:

1. ____ If recycling is required under a local ordinance then a copy of said ordinance shall be submitted.
2. ____ A letter from the city including a statement that the city is willing to inspect the facility to ensure the equipment is installed properly and that no cross connections or bypass features exist which would allow the wash system to function without reclaimed water usage. Agreement from the city to periodically inspect the facility to ensure that the reclaim equipment is being utilized properly, and that the actual water usage conforms to the original SAC determination.
3. ____ A letter from the business owner indicating that they are committed to the continued use of the reclaim process and that the facility will and cannot operate without the reclaim system.
4. ____ Detailed plumbing plan that highlights the tanks, method of connection to sanitary sewer, location and size of reclaim supply line, and location, elevation and size of interconnection(s) between tanks.
5. ____ Detailed floor plan of wash area that shows and identifies each piece of equipment within vehicle wash bay
6. ____ Detailed plumbing plans that shows freshwater supply from entrance into building to equipment connection(s). Note: Freshwater supply line should be sized so that it is insufficient to deliver adequate water pressure or flow rate to operate wash system without the use of reclaimed water. Freshwater supply lines should only be connected to the rinsing equipment.
7. ____ Specification sheet stating water delivered (gpm) for each piece of equipment and operation cycle (prewash, wash, repeat wash, rinse, etc.) Identify which pieces of equipment are using reclaim.
8. ____ Calculations or specifications which gives the duration (seconds) of each piece of equipment cycle time per vehicle (i.e. undercarriage sprayer, 10 seconds). For pull-through/conveyor wash system we need conveyor speed (vehicles/hour) and total "wash/rinse" time per vehicle (minute/vehicle).

* * *

For vehicle reclaim consideration, please send all of the above information along with the SAC Commercial/Institutional & Industrial Determination Transmittal to the attention of SAC Technician at the address on the bottom of this form. Please allow at least one week review period for your project.

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Reclaim Rollover Carwash Systems Submittal List

Business Name:	
Business Owner:	
Business Site Address:	City
Federal Tax ID:	Minnesota Tax ID:

1. ____ If recycling is required under a local ordinance then a copy of said ordinance shall be submitted.

2. ____ A letter from the city including a statement that the city is willing to inspect the facility to ensure the equipment is installed properly and that no cross connections or bypass features exist which would allow the wash system to function without reclaimed water usage. Agreement from the city to periodically inspect the facility to ensure that the reclaim equipment is being utilized properly, and that the actual water usage conforms to the original SAC determination.

3. ____ A letter from the business owner indicating that they are committed to the continued use of the reclaim process and that the facility will and cannot operate without the reclaim system.

4. ____ Detailed plumbing plan that highlights the tanks, method of connection to sanitary sewer, location and size of reclaim supply line, and location, elevation and size of interconnection(s) between tanks.

5. ____ Detailed floor plan of wash area that shows and identifies each piece of equipment within vehicle wash bay

6. ____ Detailed plumbing plans that shows freshwater supply from entrance into building to equipment connection(s). Note: Freshwater supply line should be sized so that it is insufficient to deliver adequate water pressure or flow rate to operate wash system without the use of reclaimed water. Freshwater supply lines should be connected to a separate manifold that feeds fresh water only during the appropriate cycles.

7. ____ Specification sheet stating water delivered (gpm) for each piece of equipment and operation cycle (prewash, wash, repeat wash, rinse, etc.) Identify which pieces of equipment are using reclaim.

8. ____ Calculations or specifications that gives the duration (seconds) of each piece of equipment cycle time per vehicle (i.e. undercarriage sprayer, 10 seconds).

* * *

For vehicle reclaim consideration, please send all of the above information along with the SAC Commercial/Institutional & Industrial Determination Transmittal to the attention of SAC Technician at the address on the bottom of this form. Please allow at least one week review period for your project.

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Appendix C: SAC Activity Reporting Forms



**Service Availability Charge (SAC)
ACTIVITY SUMMARY REPORT**

Local Government Unit _____
Reporting Period (month or quarter) _____ Year _____

Attach Form MCES	SECTION 1 - Full SAC Rate	Building/Sewer Permit Units(a)	Credit Units(b)	Net SAC Units(a-b)
SAC-B	Single Family Dwelling			
	Multi-Family (includes duplex, townhome, condo, assisted living)			
	Apartment (with individual laundry connections or no central laundry)			
SAC-C or Determination Letter	Residential/Commercial Combination (residential and commercial mixed building)			
	Commercial			
	Institutional/Governmental			
	Industrial (with MCES permit only)			
Sub-Total SAC Units Section 1: _____				

Attach Form MCES	SECTION 2 - Discounted SAC Rate Must receive prior written approval from MCES	Building/Sewer Permit Units(a)	Credit Units(b)	Net SAC Units(a-b)
SAC-B	Apartment (without individual laundry connections)			
				x 80% (to receive 20% discount): = _____
	Public Housing (without garbage disposals or dishwashers)			
				x 75% (to receive 25% discount): = _____
	Public Housing (without individual laundry connections, garbage disposals or dishwashers)			
				x 60% (to receive 40% discount): = _____
	Condo Conversion (converting a discounted apartment to a condominium)			
				x 20% : = _____
Sub-Total SAC Units Section 2: _____				

Net SAC Units from Section 1 + Section 2: _____

Net SAC Unit Credit Balance from Previous Reporting Period: - _____

Sub-Total SAC Units (if Net Credit carry forward to next Activity Report): _____

Current SAC Rate: x _____

Sub-Total SAC Amount Due: _____

Check if paying within 30 days of the end of the approved reporting period.

1% Discount for Prompt Payment: - _____

Sub-Total SAC Amount Due: _____

Adjustments (attach explanation): + _____

TOTAL AMOUNT DUE: _____

FOR MCES USE ONLY	
Invoice No.	_____
Customer No.	_____
Check No.	_____
Date	_____
Amount Paid \$	_____

Activity Report prepared by:	
Name _____	Date _____
Title _____	Phone _____
E-mail Address _____	

**Service Availability Charge (SAC)
COMMERCIAL DETAIL REPORT**

Local Government Unit _____

Reporting Period (month or quarter) _____ Year _____

PROJECT TYPE:

 New building only; Alteration (change in use); Addition
 Demolition Declaration Only (attach MCES SAC-D); Demolition with new use (attach MCES SAC-D)

N E W U S E	Proposed Occupant _____		Type of Business _____
	Site Address _____		
	Building Permit Number _____	Issue Date _____	Gross Square Feet _____
	CALCULATION OF SAC CHARGES:		
	Use	Quantity/Size	SAC Units
	Office _____	Sq. ft. @ 2,400 sq. ft. Per SAC = _____	_____
	Retail _____	Sq. ft. @ 3,000 sq. ft. Per SAC = _____	_____
	Warehouse _____	Sq. ft. @ 7,000 sq. ft. Per SAC = _____	_____
	Other _____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	Determination made by: _____ Date: _____		Total Charge: _____
	<small>(If completed by MCES, attach Determination Letter)</small>		<small>(in units)</small>

P R E V I O U S U S E	Previous Occupant _____		Type of Business _____
	Site Address _____		
	Demolition Permit Number _____	Demolition Date _____	Gross Square Feet _____
	CALCULATION OF SAC CREDITS:		
	Was previous use in existence prior to 1/1/1973? <input type="checkbox"/> Yes; <input type="checkbox"/> No		
	If no, Original Building Permit # _____		Date Issued: _____
	Actual SAC paid for space involved: (choose one) <input type="checkbox"/> Entire Building <input type="checkbox"/> Portion of Building = _____		_____
	Additional SAC paid for sapce involved: Building Permit # _____		Date _____ = _____
			Total Credit = _____
	If yes, submit proof of grandparent credit information.		
	Use	Quantity/Size	SAC Units (in units)
	Office _____	Sq. ft. @ 2,400 sq. ft. Per SAC = _____	_____
	Retail _____	Sq. ft. @ 3,000 sq. ft. Per SAC = _____	_____
	Warehouse _____	Sq. ft. @ 7,000 sq. ft. Per SAC = _____	_____
	Other _____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	Determination made by: _____ Date: _____		Total Credit: _____
	<small>(If completed by MCES, attach Determination Letter)</small>		<small>(in units)</small>

If Net SAC Units is a Credit Balance, please indicate how many will be reserved as:

 Site Specific _____ City-wide (place in Credit Unit column under the use) _____

Appendix D: SAC Credit Transfer Forms



SAC CREDIT TRANSFER

Department of Employee and Economic Development (DEED) Checklist

Business Name:	
Business Owner:	
Current-Site Address: <small>Street</small>	<small>City</small>
Future-Site Address: <small>Street</small>	<small>City</small>

QUESTIONS:

1. Is this a Permitted Industry Through MCES' Industrial Waste Division?

No

Yes, Permit # _____
2. Does the current location has 50 or more full-time equivalent (FTE) jobs?

No

Yes, Number of Employees _____ (FTEs)
3. Who owns the real estate at the businesses current location?

This business owns the real estate at the current location.

This business is a tenant of the property owner and has approval to transfer credits to new location.

DEED hereby states that this credit transfer is a significant state-wide economic development issue and requests that the Metropolitan Council allows the transfer of SAC credits from one location to another. The state is providing other economic incentives, among which include:

* * * * *

I hereby certify that I have read and understood this form and that the answers are true to my knowledge and belief. I understand that "but for" DEED providing a benefit package and the approval of the SAC Credit Transfer we believe that the current business will move out of state.

Print Name of DEED Commissioner _____ Phone: _____

Signature of DEED Commissioner: _____ Date: _____



Environmental Services

SAC CREDIT TRANSFER Submittal List

Business Name:	
Business Owner:	
Current-Site Address: <small>Street</small>	City
Future-Site Address: <small>Street</small>	City

1. ___ Transmittal-A (SAC Commercial/Institutional & Industrial Determination Transmittal Application Form)
2. ___ Affidavit-B (Affidavit of Business Use - Manufacturing) *for permitted industries or manufacturing companies*
3. ___ Credit Transfer-B forms (Approval forms from both local governments at current- and future-site locations)
4. ___ Credit Transfer-A form (DEED Checklist requesting the credit transfer)
5. ___ Approval from MCES (as to available capacity in conveyance and treatment plant facilities at new location)
6. ___ One set of scalable, architectural floor plans with room schedule

QUESTIONS:

Is this a Permitted Industry Through MCES' Industrial Waste Division?

- No
 Yes, Permit # _____

Does the current location have 50 or more full-time equivalent (FTE) jobs?

- No
 Yes, Number of Employees _____ (FTEs)

Who owns the real estate?

- This business owns the real estate at the current location.
 This business is a tenant of the property owner and has approval to transfer credits to new location. (Provide approval letter from property owner)

* * * * *

I hereby certify that I have read and understood this form and that the answers are true to my knowledge and belief. I attest that "but for" the approval of the SAC Credit Transfer and the associated benefit package from DEED, we will move our business out of state. I further understand that the giving of false information in this affidavit constitutes fraud and is also cause for the immediate redetermination of any charges and I will be held responsible for any additional SAC fees.

If agent signs, must submit letter from business owner stating agent can sign on his/her behalf.

Print Name of Business Owner: _____ Title: _____
Signature of Business Owner: _____ Date: _____



Environmental Services

SAC CREDIT TRANSFER Current-Site Local Government Form

Current-Site Local Government: _____

Future-Site Local Government: _____

Current-Site Address:
Future-Site Address:
Business Name:
Business Owner:

QUESTIONS:

What is the number of potential SAC units to transfer (as determined by MCES):

_____ SAC

What is the number of actual SAC units local government will agree to transfer:

_____ SAC

What is the number of current city-wide credit balance units local government will transfer:

_____ SAC

* * * * *

I hereby certify that I have read and understood this form and that the answers are true to my knowledge and belief. I further understand that by transferring these credits we are giving up reserved capacity in the Metropolitan Disposal System and that this transfer is irrevocable. I understand that if redevelopment of the site requires more SAC units than what remain after the transfer, our local government will be required to pay SAC for the difference at the current SAC rate at the time of development.

Print Name of Government Official: _____

I am the: City Manager
 Finance Director/CFO

Signature of Government Official: _____

Date: _____



Environmental Services

SAC CREDIT TRANSFER Future-Site Local Government Form

Current -Site Local Government: _____

Future-Site Local Government: _____

Current-Site Address:
Future-Site Address:
Business Name:
Business Owner:

QUESTIONS:

What is the number of transferred SAC units accepted (as approved by MCES)?

_____ SAC

What will be the type of permit issued to activate the SAC Credit Transfer?

Local Government will report project to MCES on current monthly report after permit issuance.

- Certificate of Occupancy
- Utility Connection Permit
- Other, specify: _____

* * * * *

I hereby certify that I have read and understood this form and that the answers are true to my knowledge and belief. I further understand that the use of these credits off this project site is denied; that is, there will not be any net SAC credits allowed to be applied elsewhere in the City. The transferred credits will stay on site for up to 5 years after the issuance of the SAC determination letter approving the credit transfer.

Print Name of Government Official: _____ I am the: City Manager
 Finance Director/CFO

Signature of Government Official: _____ Date: _____



Metropolitan Council
Environmental Services

390 Robert Street North
St. Paul, Minnesota 55101

(651) 602-1005
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Metro Info Line · 602-1888

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