

Changes to the Service Availability Charge (SAC) Credit System

Implementation date of these changes is January 1, 2010

MCES grants “credits” to municipalities for a permanent reduction in the wastewater capacity needs of individual properties. These SAC credits reflect the amount a municipality can subsequently restore its use of capacity (measured in SAC Units) without paying additional SAC. Currently, when a redevelopment is smaller (from a wastewater demand perspective), the credits beyond what is needed for the redevelopment become available to the municipality as “net” credits, although the capacity itself cannot be moved and its maintenance is financed by sewer fees from those properties still using the system.

The most significant changes are:

- When a redevelopment property’s new use requires lower wastewater capacity than what was needed at any time in the prior seven years, SAC credits to the city will be limited to the amount needed on the site for the new use. Net credits will not occur.
- Credits will be granted based on the prior demand, in SAC Units, over the seven years prior to the year of permitting, not based on SAC payments or grandparenting. If a property is vacant for the entire 7 year look-back period, no credits will be granted.
- Phased redevelopment is given 10 years to use the credits, and possibly more in extraordinary circumstances.
- Existing credits will remain available to the municipalities.

The changes to the SAC credit system will improve equity of the SAC system and restrain future SAC rate increases.

Detailed rules will be included in the 2010 SAC Procedure Manual.