

**City of Minneapolis**  
**Request for Committee Action**

**To:** Intergovernmental Relations  
**Date:** April 7, 2016  
**From:** Intergovernmental Relations Department  
**Prepared by:** Gene Ranieri, Loren Olson  
**Presented by:** Gene Ranieri  
**File type:** Action  
**Subcategory:** Policy Position

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**Subject:**

Amend 2016 Policy Positions related to Sewer Access Charges

**Description:**

Approving amendment to the Municipal Governance section of the City of Minneapolis 2016 Policy Positions to adding to the Sewer Access Charge statements the following:

Limit the imposition of SAC for outdoor seating at an eating or drinking establishment to only those additions or expansions that increase the number of restrooms or connections to the sanitary sewer system, or increase the capacity of the establishment's sanitary sewer pipes.

**Previous Actions:**

Nov. 20, 2015: [15-01439](#) - 2016 City of Minneapolis Policy Positions  
March 18, 2016: [16-00322](#) - Updates to the 2016 Policy Positions and Legislative Agenda re: Local Government, Capital Bonding & Investment and Transportation.  
March 18, 2016: [16-00327](#) - Updates to the 2016 Policy Positions and Legislative Agenda re: Public Policy  
March 24, 2016: [16-00407](#) - Amendments to the 2016 Policy Positions and Legislative Agenda re: Public Safety Policies, Criminal Code; Youth Violence Prevention; Jobs and Workforce Development; and Employment Access and Workplace Policies.

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**Ward/Address:**

All Wards

**Background/Analysis:**

The Sewer Availability Charge (SAC) is a fee imposed by Metropolitan Council Environmental Services for each new connection or increase in capacity demand of the Metropolitan Disposal System – the sanitary sewer system. The fee is usually determined when a building permit is issued for either a new building or a remodel, or a brand new connection into the sanitary sewer is created. The SAC fee is intended to relate to the amount of wastewater that will be produced on site and the amount of the sewer's space (capacity) that would need to be reserved to accommodate the increase in wastewater. The amount of the charge for a site is calculated using a complex set of guidelines and every "unit" of SAC owed is then multiplied by the current rate as determined by the Metropolitan Council. The Sewer Availability Charge Procedure

Manual contains a number of rules and exceptions adopted by the Metropolitan Council which are used to calculate the amount of SAC units due.

Under current guidelines, outdoor seating receives a 75% reduction in the calculation for maximum potential daily wastewater as compared to indoor seating. The reason given for this is that peak demand on the capacity of the wastewater system occurs during rain events (as a result of storm-water that ends up entering into the sanitary sewer system through inflow and infiltration) and since uncovered outdoor areas are typically not used during rain events, those areas are not contributing to demand at peak times and therefore, should be calculated at discounted rate.

There is presently a bill before the Minnesota House of Representatives, HF3644, which would limit the imposition of SAC fees to outdoor seating areas. The proposed legislation says, in part, that the Metropolitan Council “must not impose SAC on a local government unit for an existing eating or drinking establishment due to an addition or expansion of outdoor seating unless the establishment also increases the number of fixtures discharging into the sanitary sewer system or increases the capacity of its sanitary sewer pipes connected to the system.”

Advocates for the bill note that the addition of outdoor seating does not necessarily mean that there will be an increase in wastewater production and demand from the system at the site. It is possible that customers that were using indoor seats have simply moved outside. The concept of the bill is that SAC should not be charged for such expansions or additions of outdoor seating unless it’s demonstrated that increased demand from the system can be expected. This would be shown by actions such as increasing the number of fixtures discharging into the sanitary sewer system or increasing the size of sanitary sewer pipes.

The City and other communities have successfully worked with Met Council in the past to periodically re-examine and reform the SAC program. The City’s has expressed support for a holistic approach to reviewing SAC charges. Current Policy Positions site support for a “comprehensive and long-range study of the overall SAC program and structure.” We will continue to work with Met Council and other partners regarding a more holistic review. This proposed change does not challenge the overall scheme of SAC. This Policy Position is also not specific as to the appropriate mechanism to make this change, whether a Legislative proposal, Met Council action, or other process.

The City is very mindful and cautious about the possibility that a reduction of SAC in one area may result in shifting costs to other SAC payers. Minneapolis has generally opposed the idea of subsidizing or encouraging certain business types or certain activities through SAC and instead, we have encouraged the SAC program to operate in a manner similar to a utility with a very clear relationship between the fees charged and the benefit or service obtained. It’s on this basis that this particular fee should be reviewed.

Likewise, the City is mindful that reductions in SAC revenue have, in the past, led to increased rates to the Metropolitan Wastewater Charge. As this is a large direct cost to cities, Minneapolis is cautious about actions which would result in increased costs to the MWC. Again, the city supports a holistic approach to more substantial changes to SAC. This policy does not challenge the overall funding scheme of SAC, it simply acknowledges that in this case, the nexus between the fee charged and benefit obtained, is not strong.

**Financial Review:**

**No additional appropriation required, amount included in current budget.**