

# SAC Credits and Deferments

A Guide for Business-Owners and Developers



Sewer Availability Charges (SAC) occasionally receive negative attention for being perceived as a complicated and arbitrary financial burden on small-business and property development. These criticisms often come from misunderstandings of how SAC is administered and the programs that are available to assist small-business owners and developers. The goal of this brief guide is to help business owners and developers better understand SAC. The Metro Transit TOD office, in coordination with Metropolitan Council Environmental Services (MCES), prepared this guide.

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## What is SAC for?

SAC is one of the ways the Met Council pays for wastewater infrastructure. Rather than expand the regional wastewater system for each new development, MCES builds extra capacity into the pipes in anticipation of future demand. This is a more cost-effective method of delivering wastewater service, but it requires taking on debt to finance the extra capacity. SAC pays off the debt for the extra capacity that was built into the system. Put another way, when you pay SAC, you are paying for the wastewater pipes that were already built to service your community.

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## How is SAC administered?

The Met Council charges SAC to local governments based on how much development has occurred in their municipality. Local governments usually pass SAC fees on to the individual business owners or property developers who are connecting to the regional wastewater system. SAC is usually paid as a part of the permitting process that accompanies any new development.

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## When will I have to pay SAC?

The Metropolitan Council charges SAC when a residence or business connects to the regional wastewater system for the first time. SAC may also be charged when a business grows or changes the use of its space, which may create more potential demand on the system. SAC is usually paid as a part of the permitting process that accompanies any new development or renovation.

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## What determines how much I pay?

SAC is determined by the maximum potential demand a property requires. SAC is different from monthly utility bills in that it is not based on measured water usage, but rather on what the maximum wastewater flow from a property could be. SAC is determined this way because the wastewater system must be built large enough to handle the day when the most wastewater is generated.

The maximum demand of a property depends on use of the property. A residential property pays one SAC unit; the 2018-2019 rate for one unit is \$2,485. Commercial and industrial properties have their SAC determined based on criteria such as the use and gross square footage.

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## How can I find out how much SAC I owe?

The amount of SAC a development or business owes is determined by MCES. Visit <https://metrocouncil.org/SACforms> to get a SAC application and other forms. Once all application materials are complete, submit them to [SACprogram@metc.state.mn.us](mailto:SACprogram@metc.state.mn.us).

MCES has also developed a [SAC Estimation Tool](#) to allow you to estimate how much SAC your business or development will owe.

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## Are SAC rates the same for all property types?

While most properties and businesses pay an even rate for the wastewater capacity they require, there are discounted rates for several types of properties.

**MULTI-FAMILY DISCOUNT:** Apartments with a minimum of four units, and no laundry facilities in any unit are eligible for a 20 percent reduction in the base fee.

**PUBLICLY-ASSISTED HOUSING DISCOUNT:** Publicly-owned or publicly-subsidized affordable housing with a minimum of four units and no garbage disposals or dishwashers is eligible for a 25% reduction in the base fee.

**OUTDOOR SEATING DISCOUNT:** Restaurants or bars with outdoor seating are charged one SAC per 1200 gross square feet outdoors, compared with 1 SAC per 300 gross square feet for indoor seating.

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## What if I cannot afford to pay SAC?

A number of resources and programs are in place to help business owners and property developers pay for SAC.

**SMALL BUSINESS DEFERRAL PROGRAM:** If you own a small business (defined as having a SAC determination of less than 25 SAC units), your local government may be able to delay a portion of your SAC fee. Ask your local government if they participate in the SAC Deferral Program.

**SMALL BUSINESS LOAN:** You may also be able to get a small business loan to spread out the cost of SAC and other local government fees. Check with your local bank or lending agent.

**SITE-SPECIFIC SAC CREDITS:** If you are redeveloping a property, SAC may have already been paid. If this is the case, SAC credits may exist for the site and can be used to discount or eliminate any SAC fees. Check with MCES to inquire whether a property has available credits.

**LOCAL COMMUNITY CREDITS:** It is also possible your community might have programs or funds set aside to help businesses and developers cover SAC fees. Contact your local government to see whether they have a loan/grant program or available community-wide SAC credits.

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## What are SAC credits?

If SAC was paid for a property in the past, any development on the property may be eligible for either a reduction or elimination of SAC fees. As an example, if a property built in 1980 paid 10 SAC, and had a 15-SAC redevelopment occur in 2017, only 5 SAC would be due. If the new development required less than 10 SAC, no fee would be due.

SAC credits may also exist for properties that have never paid SAC but which were connected to the regional wastewater system prior to 2009. These “grandparent credits” function the same as outlined above, albeit with some restrictions. The most significant of these is that grandparent credits expire five years after their initial determination (the date MCES acknowledges them).

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## What if I plan to expand my business after my “grandparent credits” expire?

It is possible to extend the life of grandparent credits through the creation of a Phased Development Plan. A Phased Development plan allows grandparent credits to be used at any point during the term of the plan, thus extending their life beyond five years. It also allows the credits to be used on all properties outlined within the plan. For more information on setting up a Phased Development Plan, contact your local government.

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## Which Properties have credits?

Properties that have already paid SAC, or were connected to the regional system prior to 2009. In general, these will be properties that were previously developed and were connected to the regional wastewater system. To determine whether a specific property has credits, contact MCES at [SACprogram@metc.state.mn.us](mailto:SACprogram@metc.state.mn.us).

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## How does the MCES system compare to other cities?

Regional coordination and planning have resulted in the Metropolitan Service Area having some of the lowest wastewater fees in the country among peer cities.

**For any other questions or concerns, contact MCES at [SACprogram@metc.state.mn.us](mailto:SACprogram@metc.state.mn.us).**

**For more information on SAC, [visit the Metropolitan Council’s website](#).**