



SEWER (SAC) & WATER (WAC) AVAILABILITY CHARGE POLICY

Adopted: June 24, 2024

I. INTRODUCTION

The Metropolitan Council Environmental Services (MCES) is the wastewater provider for the seven-county metro area. MCES charges a fee when a residence or business connects to the regional wastewater (sewer) system, this fee is referred to as a Sewer Access Charge (SAC). The SAC fee recoups the capital invested to build and maintain the MCES wastewater system.

The MCES charges the SAC unit fee to the city, which captures this fee during the permitting (building, sewer connection, or plumbing). A review of the sewer capacity also occurs when a company expands or changes use, creating a higher demand for the system. The total SAC charge is based on the maximum wastewater flow generated by the type of business.

II. CITY SAC AND WAC WAIVER POLICY

The City of Chanhasseen also charges local water (Water Access Charge – WAC) and sanitary sewer services (Sewer Access Charge - SAC) fees to property owners connecting to the city's systems. The city provides up-front investment into water and sewer infrastructure and then pays off that infrastructure over time in part through SAC and WAC fee revenue. Chanhasseen mirrors the MCES unit determination for local SAC/WAC charges. With the adoption of this policy, if any existing Commercial or Industrial building is renovated in Chanhasseen and has an increase in SAC/WAC, the city will waive the first five (5) city SAC/WAC Charges.

III. CHANHASSEEN SAC AND WAC SITE-SPECIFIC AND COMMUNITY-WIDE CREDIT PROGRAMS

As redevelopment occurs within the city, in certain circumstances, there will be an opportunity for excess charges to be claimed and designated as community-wide credit.

When a redeveloped property's new use requires lower wastewater capacity than what was demanded previously, if SAC was previously paid on the property, net credits will occur, or, a non-conforming grandparent demand will apply. Where the SAC was previously paid to MCES, the city can take the net credit community-wide or leave it site-specific.

Through the adoption of this policy, the city will begin to collect community-wide credits to aid small businesses choosing to start a new business, expand their current business, or wish to relocate their business to Chanhasseen.

If site-specific credits remain unused after five years, the credits will be available community-wide. If the credit is from a non-conforming grandparent demand, net credits will remain site-specific for five years to allow for the new use's growth, after which the credits expire.

If SAC credits generated on a site were used elsewhere by the community (i.e., community-wide) or a different business used the site-specific credits, those credits are no longer available to offset the current SAC charges on the original site.

A. USAGE OF SITE-SPECIFIC CREDITS

If a property is being redeveloped, 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. MCES will verify whether a property has available credits. If site-specific credits remain unused after five years, the credits will be available community-wide. If after five years, the original property requires additional SAC units, the property will be eligible to apply for community-wide credits.

B. USAGE OF COMMUNITY-WIDE CREDITS

Community-wide credits will be used to retain current small businesses or attract new small businesses to Chanhassen.

1. A small business may apply for credits if they are one of the following business types: Retail, food, beverage-based, entertainment, and manufacturing. Eligible businesses must:
 - a. Open a new business within the city, or
 - b. Expand existing operations that require additional SAC.
2. Applications for this program shall only be accepted before the issuance of a building permit. Applications will not be accepted for reimbursement of previously paid-for credits.
3. The maximum number of credits that any one applicant may apply for administratively is five (5) credits or 80% of the total number of credits needed, whichever is smaller.
4. Potential applicants should consult with city staff before application to determine the availability of credits.
5. The city will maintain a record of community-wide credits. This includes maintaining a record of community-wide credits available and a record of businesses which have benefitted from this program. Records shall be kept within the Finance Department.

C. GENERAL TERMS AND CONDITIONS

1. Any applicant not in good standing with the city, concerning licenses, fees, or other specific charges, will not be considered for this program.
2. Residential purposes are not eligible and will not be considered.

3. Community-wide credit applications won't be accepted if credits aren't available. Information contained in the application for assistance will become a matter of public record except for those items protected under Minn. Stat. 13.591.
4. An officer of the city will not have a personal financial interest or personally benefit financially from the business to be assisted.
5. The City of Chanhassen and the EDC reserve and retain the right to deny an application.
6. All SAC credit recipients shall be required to indemnify the city, the Economic Development Commission, and any officers acting on their behalf.

D. APPLICATION PROCESS

All applications for credits through this program will be accepted on a first-come, first-served basis. Upon submission of an application, city staff will review the application to ensure complete information is provided. If additional information is needed, staff will request the needed information. Applications for up to five (5) credits shall be processed and are eligible to be approved administratively by the City Manager and Economic Development Manager. Applications that seek above the five (5) credit maximum shall only be approved by the Economic Development Commission.

E. TERMS

Community-Wide Credit: A SAC credit that the community uses anywhere within the community to offset current SAC payments that would otherwise be due.

Grandparent Demand: A potential non-conforming credit benefit to a community that allows the use of wastewater capacity on a site even without payment of SAC for the site, if and where it can be shown that the demand had been in existence and connected to the metropolitan disposal system before January 1, 2009, and into 2009.

SAC Unit: One SAC unit equals 274 gallons of maximum potential daily wastewater flow. A freestanding, single-family residence is charged one SAC unit, a base unit. Other types of buildings pay a SAC fee based on the maximum potential demand on the wastewater system.

Site-Specific Credit: A SAC credit restricted to future use only for the benefit of the specific site or campus for which a community paid SAC. Site-specific credits can be used anywhere within the same building but may not be moved to a different building on the same site. Demolitions are indicative only of *potential* credits, not actual credits.

Small Business: A business with fewer than 50 employees, operating a retail, food, beverage-based, entertainment, and manufacturing business.