

**CITY OF BEMIDJI  
PUBLIC WORKS COMMITTEE**

**AGENDA**

**MEETING DAY/DATE: MONDAY, OCTOBER 21, 2019**

**LOCATION: CITY HALL**

**TIME: 5:00 P.M.**

1. Call to Order
2. WAC/SAC Fee Discussion
3. Adjourn



City Manager's Office

**TO:** Public Works Committee  
**FROM:** Nate Mathews, City Manager   
**DATE:** October 17, 2019  
**RE:** 10/21 PW Committee meeting: WAC/SAC fee discussion

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The City of Bemidji created a WAC/SAC policy in 2007. Staff would like to spend some time reviewing this policy again with the PW Committee and in particular discuss two concepts for consideration: 1) a two year moratorium on issuing WAC/SAC fees on infill lots for single family home construction; and 2) a WAC/SAC deferral program.

The purpose of these new WAC/SAC policy amendments would be to encourage single family home construction on infill lots within the City of Bemidji that have water and sewer already available to them. Community Development Director Steve Jones has provided a summary document here on the program idea.

## Policy Statement

### TITLE

Sewer Access Charge (SAC) and  
Water Access Charge (WAC)

### CODE

103

### REFERENCE

### PERSONNEL RESPONSIBLE

### EFFECTIVE DATE

Upon Adoption

### POLICY

#### 103.100 – Purpose

Connection fees have been determined as a way to provide a fair and equitable recovery of the costs associated with providing water and wastewater utility services to new customers to avoid placing these costs on existing customers. The connection fee includes those portions of existing assets that will benefit new customers together with any anticipated future capital improvements constructed for the purpose of providing utility services to new customers.

#### 103.200 – Scope

The following implementation schedule of the connection fees have been adopted by the Bemidji City Council:

1. Any existing structure that currently has city water or city sanitary sewer available to it may connect to the city water or sanitary sewer without paying a Sewer Access Charge (SAC) or a Water Access Charge (WAC) provided they make their connection to the city system and have a city water meter installed prior to January 1, 2010.

2. Any existing structure that does not currently have city water or sanitary sewer available to it shall have two years to connect to the city water or sanitary sewer after it becomes available without paying a SAC or WAC charge.
3. Any vacant buildable parcel that has city sewer and/or water available to it shall be required to connect to the available city utilities and shall pay a SAC and WAC at the time a building permit or digging permit is issued.
4. In cases where the proposed use of an existing service is changing and increased water and/or sanitary sewer services are needed, the proposed use shall pay a WAC/SAC fee that shall be calculated on the difference between the new proposed service and the existing. For example, a house with an existing 5/8" x 3/4" water service is demolished and a new business is built in its place and requires a 1 1/2" - 3/4" meter. The fee would be the difference between the WAC/SAC fee of the larger meter and the existing meter (see example below):

Meter Size	WAC	SAC	Total Due
5/8 inch	\$845	\$1,830	
1 1/2 inch	\$3,780	\$8,185	
Difference	\$2,935	\$6,355	\$9,290

**APPROVED BY:** City Council  
**Date:** October 8, 2007  
**Revised:** October 19, 2015

## WATER & SEWER ACCESS CHARGES

### Water Connection Fees\*:

Meter Size	AWWA Rated Capacity (GPM)	HE Ratio	Connection Fee (lesser of 2 x sq root ratio or HE Ratio)
3/4 inch S	20	1.00	\$845
3/4 inch Full	30	1.50	\$1,268
1 inch	50	2.50	\$2,113
1.5 inch	100	5.00	\$3,780
2.0 inch	160	8.00	\$4,780
3.0 inch	320	16.00	\$6,760
4.0 inch	500	25.00	\$8,450
6.0 inch & Larger	1,000	50.00	\$11,950

### Sewer Connection Fees For Customers Connected to Both Water and Sewer:

Meter size	AWWA Rated Capacity (GPM)	HE Ratio	Proposed Connection Fee (lesser of 2 X Square Root Ratio or HE Ratio)
5/8 inch	20	1.00	\$ 1,830
3/4 inch	30	1.50	\$ 2,745
1 inch	50	2.50	\$ 4,575
1.5 inch	100	5.00	\$ 8,185
2.0 inch	160	8.00	\$ 10,350
3.0 inch	320	16.00	\$ 14,640
4.0 inch	500	25.00	\$ 18,300
6.0 inch and larger	1,000	50.00	\$ 25,880

### Sewer Connection Fees For Customers Connected to Only the Sewer:

Pipe Diameter inches	Flow gpm at minimum slope	AWWA Meter Size With Comparable Flow	AWWA Rated Capacity (GPM)	Proposed Sewer Connection Fee
4 inch (Minimum allowed)	78		N/A	\$ 1,830
6 inch	176	2.0 inch	160	\$ 10,350
8 inch	313	3.0 inch	320	\$ 14,640
10 inch	490	4.0 inch	500	\$ 18,300
12 inch	705			\$ 21,960
15 inch and larger	1,102	6.0 inch	1,000	\$ 25,880

\*NOTE: Water Access Connection fees for non-residential (commercial or business) use are subject to applicable state and local sales taxes.

See also: SAC/WAC Policy

## **Bemidji WAC/SAC Community Development Program**

**Two Year Moratorium:** Single family occupied homes are critical to the long term well-being of the City of Bemidji. To encourage ongoing growth in this industry, beginning January 1, 2020, and continuing through Dec. 31, 2021, any building permit issued (paid for) for a single family home constructed on an existing in-fill lot (lot of record created before 1/1/2020) will have the WAC/SAC fee waived. Rental home construction is not eligible. Payment of the WAC/SAC fee must be made to the city if the home constructed is rented anytime during the first five years from the date when the building permit was obtained. To request waiver of the WAC/SAC fee an agreement with the city must be signed prior to issuance of a building permit agreeing to the rental restriction.

City staff can assist builders, developers, and real estate professionals in using the county GIS system to research potential buildable lots or properties.

**WAC & SAC Deferral Program:** In order to minimize the impact of the Sewer Availability Charge (SAC) and Water Access Charge (WAC), the City is offering a deferred payment option program to allow payment of the SAC and WAC fees, over time, instead of an upfront fee due at the time of building permit issuance. The city reserves the right to limit the program or the amount of the deferral.

Terms: 10 year term with an initial interest rate of 1% over prime, secured by a Deferred Payment Agreement or a Property Assessment Agreement.

### **FYI/Questions:**

#### **Why?**

Our goal is to encourage people (realtors and developers) to look at building single family owner occupied homes in the city. In some neighborhoods not only are vacant lots available, so are existing substandard undervalued homes that could be renovated, expanded or demolished to make way for new homes.

Not all vacant lots would owe wac/sac fees (built upon previously), but some would. We could do an analysis of all lots available, but we are not sure it is worth the time and effort to do that.

This is not a perfect idea or system, but it is good public relations and it may help spur some in-fill lot development. We think we need two years to try this out because year one is more educational, and year two forces a deadline and action.

This is also as much about changing perception than anything else. Think of it as a loss leader.

#### **Who will monitor the parcels for the five year period to make sure it doesn't turn to a rental?**

If an owner comes in and get rental permits, this is easily matched up, if they don't, then it could be harder. I think, over time, staff would catch most of these, but yes some could fall thru the

cracks. At least upfront they would be home owner occupied. We are not talking about a lot of homes to monitor.

**What is the potential for lost SAC/WAC fee revenue? i.e. how many potential developable lots would this apply to?**

We currently build 5 to 10 owner occupied homes a year in Bemidji, but most of those are bi-cap or habitat homes, which are already given breaks on building permit fees now, and the higher end homes being built have been in areas without water/sewer access (so no wac/sac anyway.) Over two years, let's say 10 homes are built, maybe half of which would have to pay wac/sac fees. So if this was a normal wac/sac, (\$4,000 to \$6,000 each per home), \$5,000 each, 5 X \$5,000 = \$25,000 over two years possible cost to the city.

If these were never built we would also not collect fees/taxes. There is no direct (out of pocket) cost to the city to do this (yes we would have to provide services, but we would also collect building permit fees, property taxes, etc.)