



## MEMORANDUM

**To:** Mayor and City Council

**From:** Kumar Gali, P.E., Assistant Director of Public Works-Engineering  
Kent Collins, P.E., Director of Public Works

**Date:** April 14, 2020

**Reference:** Public Hearing to discuss and receive input regarding proposed amendments to: Land Use Assumptions; Capital Improvement Plans; and Water, Wastewater and Roadway Impact Fees, in accordance with Chapter 395 of the Local Government Code.

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### General Information:

- The City collects roadway, water and wastewater impact fees to cover costs associated with infrastructure needed to serve future development
- According to Chapter 395 of the Texas Local Government Code, Cities must review their impact fees at least every five years
- In January of 2018 the City entered into an agreement with Birkhoff, Hendricks & Carter, LLP for System Planning and Impact Fee Update
- Birkhoff, Hendricks & Carter, L.L.P. has completed the System Planning and Impact Fee Update study
- Per Chapter 395 of the Texas Local Government Code, any amendments to the impact fee need to follow a schedule of required actions, and one of the actions is to have a public hearing to review amendments to land use assumptions, capital improvement plans and impact fees
- The final step in the process will be to consider an ordinance adopting new impact fees. Staff has tentatively scheduled that to occur during the April 28, 2020 City Council meeting.

### Introduction:

The City adopted water and wastewater impact fees in 1991 and roadway impact fees in 1995. The last amendments to the impact fees were adopted in 2012. Currently the City charges \$900.00 per service unit for water and wastewater impact fees and \$150.00 per service unit for roadway impact fees. Per Chapter 395 of the Texas Local Government Code, Cities must review their impact fees at least every five years and need to follow the below amendment process.

1. Develop updated Land Use Assumptions (LUA)

2. Perform capacity analysis to develop Capital Improvements Plans (CIP)
3. Conduct Impact Fee analysis and calculations
4. Present amendments to LUA, CIP, and Impact Fees to Capital Improvements Advisory Committee (CIAC). The City's Planning and Zoning (P&Z) Commission serves as the CIAC as established by the City's Impact Fee Ordinance and allowed by statute
5. Public Hearing at City Council meeting
6. City Council adoption of new Impact Fees

This agenda item is step 5, Public Hearing, of the impact fee amendment process.

**Analysis:**

Birkhoff, Hendricks & Carter, L.L.P. in association with Lee Engineering, L.L.C. has completed the Water, Wastewater and Roadway 2018-2028 Impact Fee Update study and submitted a final report (attached with this memorandum) to the City on March 5<sup>th</sup>, 2020. The report included a number of key findings:

- land use assumptions for the 10-year period from 2018-2028 based upon the 2030 Comprehensive Plan;
- evaluation of existing water, wastewater and roadway facilities for any deficiencies to serve the future land use;
- identification of needed capital improvements to maintain the current level of service, and;
- calculated the maximum allowable impact fees.

To provide services to the future land use and maintain the current level of service, the City needs to continue assessing impact fees for the water, wastewater and roadway facilities. The updated impact fees from the study are, \$1,328.00 per service unit for water, \$446.00 per service unit for wastewater and \$178.00 per service unit for roadway. In practice, the water and wastewater fees are based on the size of the domestic water meter (scaled for larger meters). Roadway impact fees are based on the intensity (number of units, square feet, etc.) and use (office, retail, residential, etc.) of the development.

As part of the amendment process, staff and consultants met with the Capital Improvement Advisory Committee (CIAC) on February 20, 2020 and March 19, 2020 to review the findings from the study and seek a recommendation to City Council on the amended land use assumptions, capital improvement plans, and impact fees. After consideration and deliberation of the information, the CIAC recommended the following (memorandum attached):

1. Concurrence with the information presented in the Land Use Assumptions for Impact Fees, the Impact Fee Capital Improvement Plans, and resultant cost per service unit calculations.
2. Amend the impact fee base rates to the following:
  - a. Water: \$1,328.00 per service unit
  - b. Wastewater: \$446.00 per service unit
  - c. Roads: \$178.00 per service unit

The last step before adoption of the impact fees by City Council is to hold a public hearing on the subject matter, tentatively scheduled for April 28th. Staff will be available at the meeting to make a presentation and answer any questions.

**Legal Review:**

No legal review was required for this item. Staff has consulted with the City Attorney throughout the impact fee update process.

**Fiscal Impact:**

There is no fiscal impact related to this item.

**Recommendation:**

This item is presented for review and discussion only.