

City Council Briefing

Water and Wastewater Impact Fee Update

January 22, 2019



What is an Impact Fee?

- A one-time, up-front payment levied on new or expanded development
- Nexus between new development and the capital cost to serve – growth pays for itself
- Impact Fees in Texas are statutorily addressed in Chapter 395 of the Texas Local Government Code



Overview of the Impact Fee Process

- Define Service Areas and Land Use
- Estimate Water and Wastewater Demands
- Identify Costs of Future Facilities
- Calculate Weighted Average Costs
- Determine Rate Credit and Calculate Maximum Fee



Items Payable with Impact Fees

- Growth-related, Capacity-Adding Capital:
 - › Construction cost
 - › Survey and engineering fees
 - › Land acquisition costs
 - › Debt service associated with the growth-related projects
- Cannot Pay for:
 - › Water Supply
 - › Non-growth projects and debt service
 - › Repairs, O&M of existing or new facilities
 - › Administrative costs



Texas Local Government Code – Chapter 395

- Provides for the establishment and collection of impact fees by municipalities
- Mandates the specific fee adoption process



Chapter 395 Requires:

- Creation of Capital Improvements Advisory Committee (CIAC)
- Presentation of Land Use Assumption Report (LUA), Capital Improvements Plan (CIP) and Impact Fee
- Update of LUA and CIP at least every 5 years and recalculated fees if necessary
- Semi-annual reporting to the CIAC of the fees collected and CIP expenditures



Charge of the CIAC



- Verify the:
 - › Land use basis for the CIP
 - › CIP has been reasonably defined
 - › Maximum impact fee has been reasonably calculated
 - › The resultant Maximum Fee
- Recommend a fee to the City Council

EPWater Process: Background and History

- CIAC first formed on October 28, 2008
- Public Hearing on March 24, 2009 for the LUA and CIP
- Impact Fees adopted May 12, 2009 by City Council (75% of the maximum fee)
- LUA, CIP and Impact Fees updated in 2014
 - › City Council did not adopt any changes to the 2009 adopted fees



Capital Improvements Plan



10-Year Growth-Related Capital Improvements Plan (\$000)

Utility	Northeast	Westside	Eastside
Water	\$75,320	\$54,935	\$101,220
Wastewater	\$37,120	\$12,915	\$91,550

Total 10-Year Growth-Related CIP - \$373 Million



Determine Maximum Impact Fee



Northeast Impact Fees – less than 1-inch

Utility	Current (1)	2019 Maximum	2014 Maximum	2009 Maximum
Water	\$1,178	\$2,998	\$3,145	\$1,570
Wastewater	291	1,055	429	388
Total	\$1,469	\$4,053	\$3,574	\$1,958

(1) Adopted in 2009 at 75% of the 2009 Maximum



Westside Impact Fees – less than 1-inch

Utility	Current (1)	2019 Maximum	2014 Maximum	2009 Maximum
Water	\$659	\$1,109	\$922	\$879
Wastewater	927	771	1,364	1,236
Total	\$1,586	\$1,880	\$2,286	\$2,115

(1) Adopted in 2009 at 75% of the 2009 Maximum

Current will
have to be
lowered

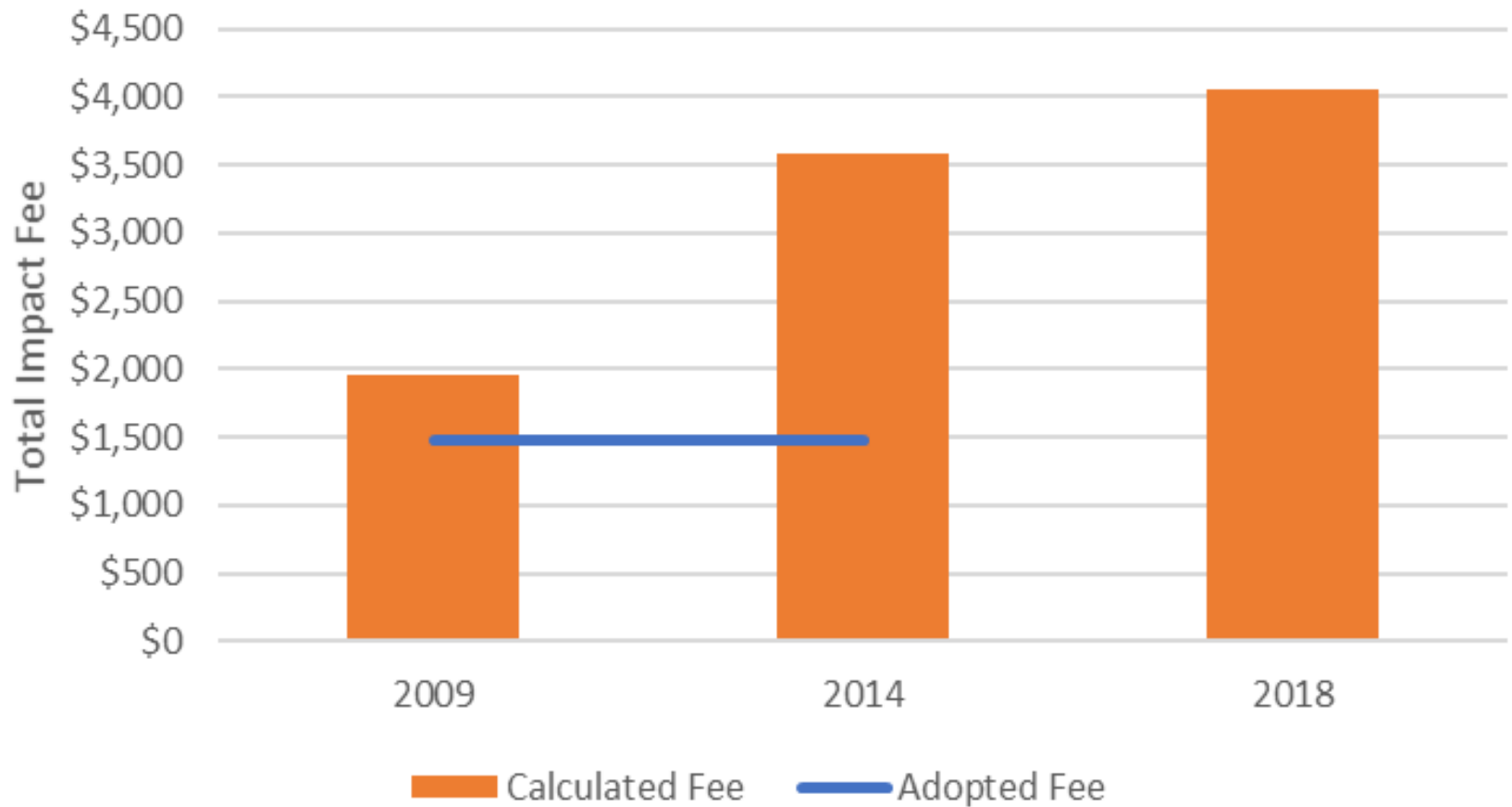
Eastside Impact Fees – less than 1-inch

Utility	Current (1)	2019 Maximum	2014 Maximum	2009 Maximum
Water	\$697	\$3,901	\$2,481	\$929
Wastewater	920	1,897	1,354	1,227
Total	\$1,617	\$5,798	\$3,835	\$2,156

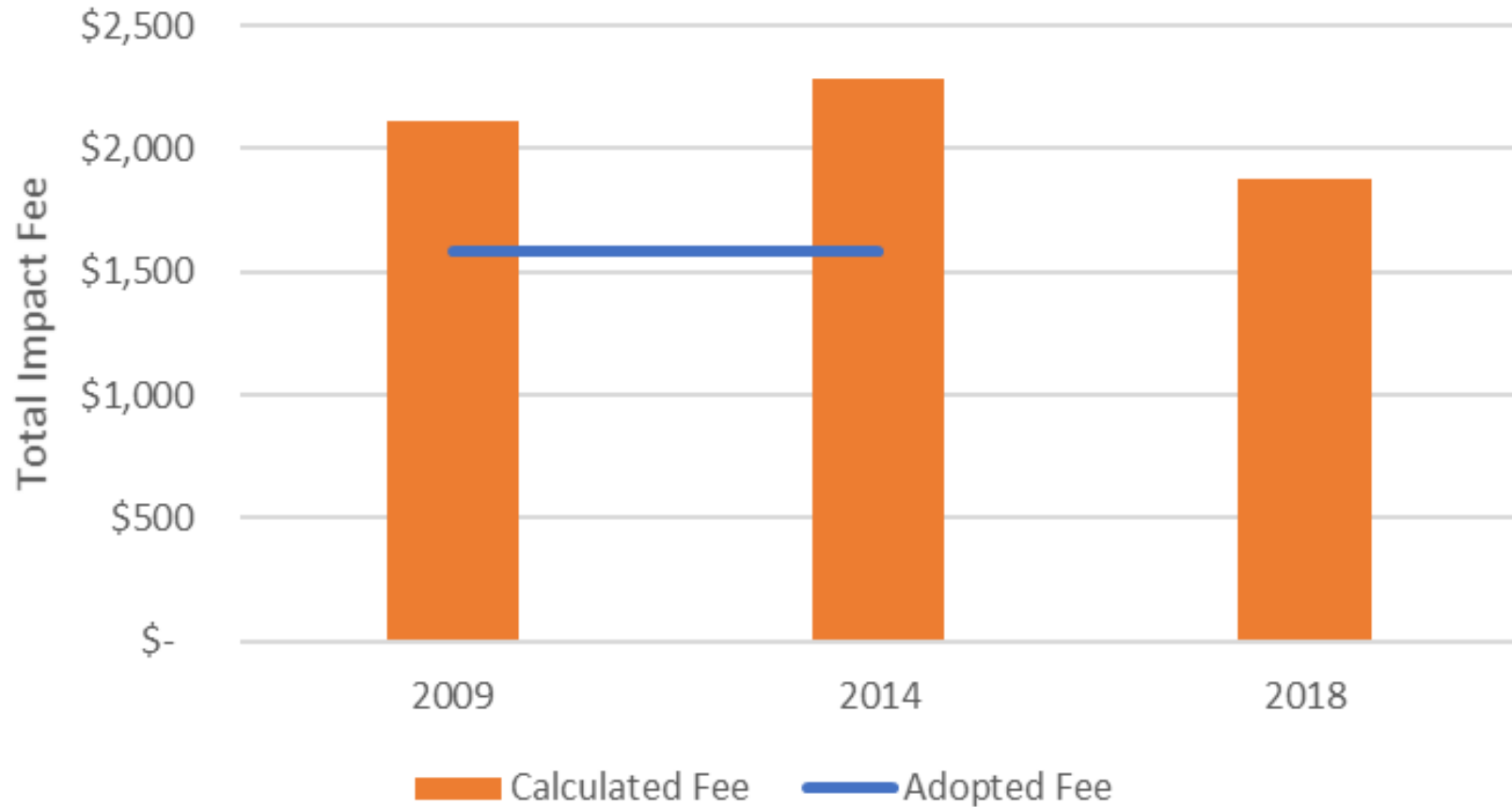
(1) Adopted in 2009 at 75% of the 2009 Maximum



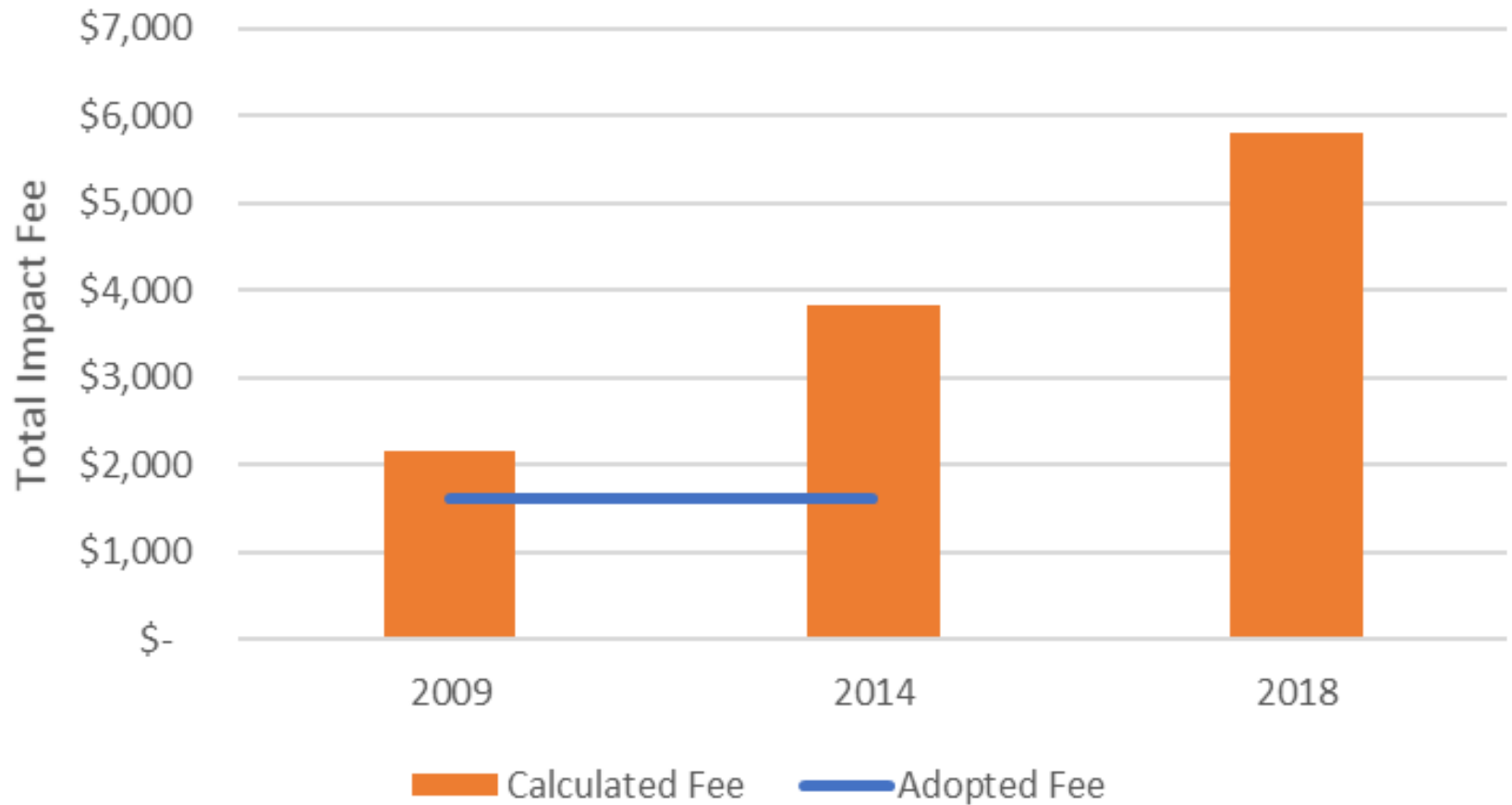
Northeast – Total Fee (less than 1-inch)



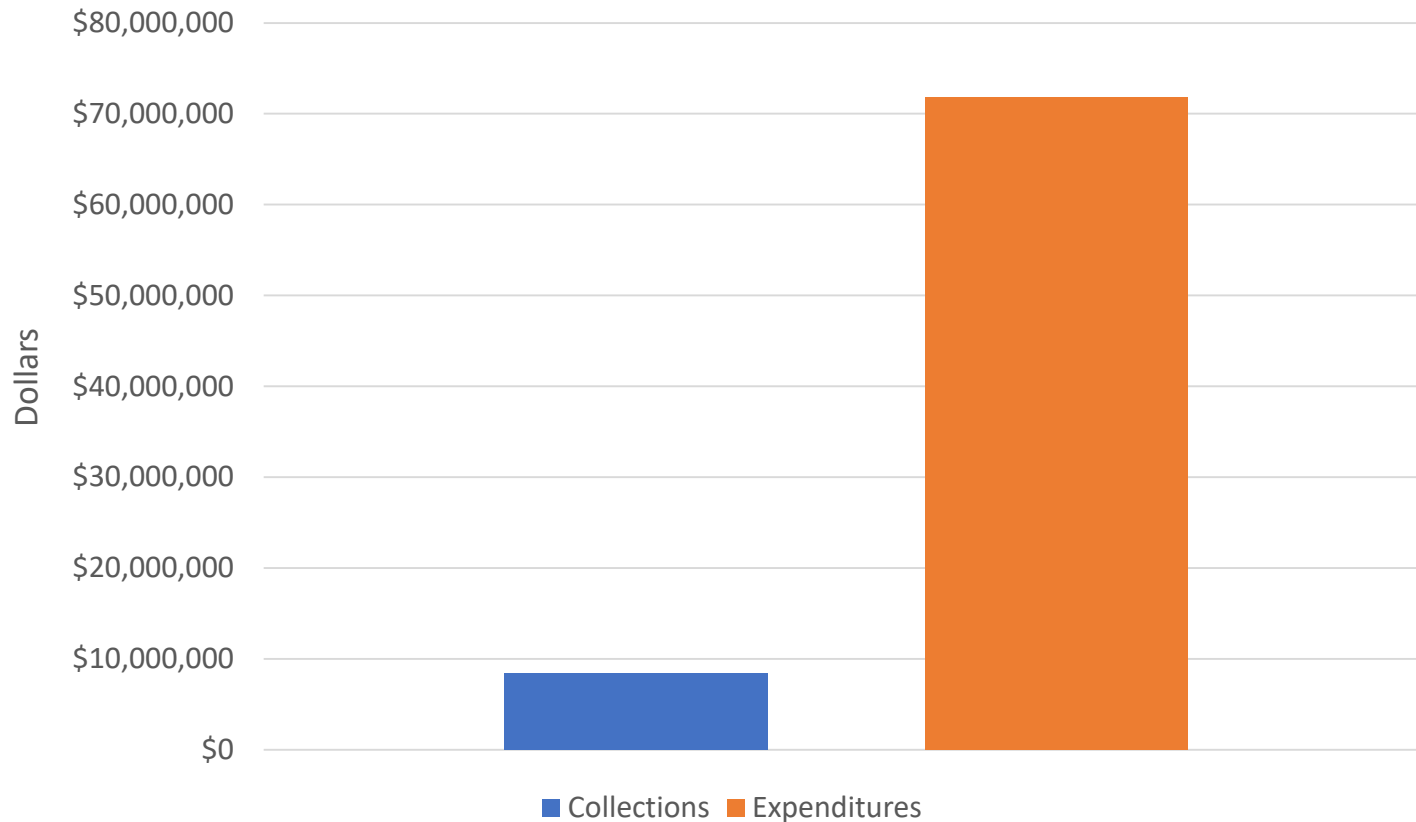
Westside – Total Fee (less than 1-inch)



Eastside – Total Fee (less than 1-inch)



Impact Fees Collected vs. Expenditures May 2009 – August 31, 2018



Questions, Comments and Discussion





Raftelis is a Registered Municipal Advisor within the meaning as defined in Section 15B (e) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder (Municipal Advisor Rule).

However, except in circumstances where Raftelis expressly agrees otherwise in writing, Raftelis is not acting as a Municipal Advisor, and the opinions or views contained herein are not intended to be, and do not constitute “advice” within the meaning of the Municipal Advisor Rule.

Thank you!

Contact: Rick Giardina
303 305 1136 / rgiardina@raftelis.com

