

MINUTES
IMPACT FEE ADVISORY COMMITTEE MEETING
CITY COUNCIL CHAMBERS
124 Old San Antonio Road
Boerne, TX 78006
January 8, 2018 – 5:30 p.m.

1. CALL TO ORDER – 5:30 PM

Meeting was called to order at 5:35 p.m.

2. Approval of minutes of July 10, 2017

3. Receive presentation and discuss current status of Impact Fee Program.

Sean Reich started by discussing the role of the advisory committee. He said we are required at a minimum to re-evaluate every five years and it was last updated in 2014. We anticipate some additional information as part of the master plan. Sean said the last review of the Capital Improvements Plan was in 2016 and the City is currently working on updating that now. Sean reviewed the current projected land uses slide. He said he anticipates after reviewing a preliminary master plan that the land use assumptions will be updated in the near future. Cal Chapman asked Sean what he thought the magnitude of this change would be. Sean said there is an increase of about 26,000 acres of land use. Chair Hollinshead asked if the impact fees cover the cost of city employees. In other words, will there be an increase in City staff to accommodate all that, and is it built into the impact fee? Per Mike Mann, this cannot be included in the impact fee. The only thing included is capital improvement projects that allow for new development. Sean reviewed the capital improvement plan slides and said they are currently working on the 2017 update. Mike explained oversizing projects to accommodate developments can be included in the impact fees. Mike said 95% of the infrastructure that is built to serve development is funded by the developer. He said we fund treatment, distribution, and capacity, not the onsite infrastructure. He said we will make it bigger if needed to serve more territory. The expansion of the plant will be in the five year capital improvement plan. Sean explained the current impact fees slide. He said it was last

updated in 2014. Sean said he researched and added a few more cities to the slide for impact fee comparison to other cities. We are not the most expensive and not the least expensive. Chair Hollinshead asked what would cause the fee per LUE to go up or down. Sean said that evaluating potential growth of the city and we work with our consultant on the amount of LUE's we expect and what improvements are needed in a certain period of time. Mike Mann said increases in the material costs may increase the fees slightly, but the big factor is how many LUE's we expect to serve because that total amount is divided over the service population. Paula Hayward said there was a time long ago where we brought down the fees because we feared we were pushing away development. We didn't bring them down, she said, we just didn't raise them as high as what was suggested to us during an evaluation. Mike Mann explained that what the committee is charged with doing is approving the land use assumptions and capital improvements plan. The math to arrive at the maximum impact fee is simply math. We ask you to make a recommendation to council if we collect the maximum fee or not, and the council elected several years ago to escalate the maximum fee over a period of 3 years plus or minus. It was not a dramatic increase. Sean explained the next few slides with updated numbers for impact fee collections, expenditures and balances to end of December 2017. Everything is trending up. The last meeting we discussed projections and asked the committee if they thought we were providing what they need. Patrick Cohoon asked about moving one of the big ticket items and do we have capital in place to fund it? Sandy Mattick approached to explain the financials. She said the large ticket items we will go ahead and sell bonds for those things. We pay the debt with the impact fees. Mike explained the confusion with the program is that we have to identify the projects and we have to build them before the development. Then, the development happens that pays the fees. The question of updating the impact fees and how much we charge depends on how much gets paid by fees versus rates, but it all happens after the fact. Sandy said only a percentage comes out of impact fees and the remaining comes from rates. We anticipated the growth of the plant and increased our rates and put that money aside to use for debt

service, so we wouldn't hit the wastewater fund all at once. We have added customers and now our rates are not on the high end, whereas before we didn't have the customers and had to increase the rates. Patrick Cohhon asked about the possibility of rates going up. Sean said the current rates are based on the plant being built in the next ten years. I wouldn't think that by itself would require a rate adjustment unless something else was added. We are in a better position now to know sooner our land use assumptions. The next impact fee update will be evaluated in 2019. We will work with a consultant and this will take time and money. Patrick Cohoon asked how long will our old plant stay operational and do we have a forecast. Sean said we have discussed this and it does have to be done at some point. Paula Hayward asked who does the long term planning of the utilities. Sandy said we put together a 5 year plan that is approved by council, a 25 year plan is more operational and this is more internal. Sean said the master plan is a good place to start it projects 20 years.

Chair Hollinshead asked for a motion to approve the minutes of July 20, 2017, Cal Chapman motioned and Paula Hayward seconded. All were in favor. Minutes were approved.

4. ADJOURNMENT

Meeting adjourned at 6:10 p.m.

Chair

Secretary