

MINUTES
IMPACT FEE ADVISORY COMMITTEE MEETING
CITY COUNCIL CHAMBERS
124 Old San Antonio Road
Boerne, TX 78006
September 23, 2019 – 6:00 p.m.

Advisory Committee Members Present: Joe Davis, Patrick Cohoon, Cal Chapman, Bob Cates, Joe Anzolito, Paula Hayward, Kyle Kana

City Staff Present: Michael Mann, Cheryl Rogers, Andrea Snouffer, and Sheldon Cravey

Visitors: Grady Reed-HDR Engineering

1. CALL TO ORDER – 6:00 PM

Meeting was called to order at 6:01p.m.

2. Approve minutes of April 1, 2019.

Cal Chapman made a motion to approve the minutes. The motion was seconded. All were in favor to approve the minutes of April 2, 2019.

3. Review the Land Use Assumptions, Capital Improvements Plan, and Impact Fees presented in a report by HDR Engineering, Inc. and make recommendation to City Council regarding the update of the Land Use Assumptions, Capital Improvements Plan, and Impact Fees.

Grady started with an explanation of impact fees. He said it's a one time payment levied on on new or expanded development. Impact Fees do not apply to anything already built and constructed. For property already platted under existing impact fees, their impact fees do not change. They are collected at time of building permit issuance

and/or time of application according to the date of plat. The City pays for the infrastructure up front of the impact fees. The cost is shared between new growth and existing customers. Land uses are not used in impact fee calculation. We look at the number of connections. Chapter 395 explains the building of the impact fees and how much should be credited should a developer build an item the CIP list. We look at the utility demands for water and wastewater. We take the 10 year CIP projects related to growth, no rehab or replacement, and then we allocate the future service demands to the existing capacity and new capacity through new projects. We look at how much demand for projects already built and new ones. An LUE is a standard water connection, for example a 5/8" meter is 1 LUE. If a development gets a 2" meter you can put eight times the number of water thru this meter so the developer will pay eight times whatever the impact fee is per LUE. Next, we determine amount of capital funded per LUE. Chapter 395 says you have two options after determining the weighted costs. Option A is to take 50% of that number and that is the maximum impact fee. Or, option B is to take the number of new projects expected to be funded through utility rates for new and existing customers and then subtract that amount out of the weighted capital cost to determine what the maximum impact fee is. The rate credit option gives a higher impact fee and more revenue to the City. Both these options are presented in the report. The way we determine the rate is we work with city staff and see what projects are projected in a 10 year period. We don't want to double charge customers and take out the rate credit. Otherwise they will pay for it through impact fees and pay for it in rates. Cal Chapman asked about the 10 year period. Grady said 2019 to 2028. Joe Anzolito asked if it hadn't been platted then would an impact fee apply. When a new plat comes in for a section of Esperanza for example. Mike Mann said per ordinance fees are assessed at the time of platting. Whatever impact fees are in place at the time of platting. Grady said if a property or development connects to the city's system they can be charged an impact fee by the City. Grady reviewed the land use slide. Land within the City's ETJ. The numbers are not used for impact fee purposes, but used according to Chapter

395. The land use is reasonable and the method to calculate impact fee is reasonable, looking for a level of reasonableness we are asking you to approve the impact fee report. We look 10 years out for population projection. Joe Anzolito asked about Shoreline Park. Per Grady and Mike this development does not apply, we are not providing them water and sewer. We use connection count to determine utility demands. By 2028 we think about 24,000 in population. Joe Anzolito asked how we determine population. Grady said we determine population out of the master plan. The water CIP, we are looking at 25 million in projects related to growth, and on the wastewater side about 30 million. Grady reviewed the water fee slide and the steps we go through to calculate the fees. Wastewater is split between treatment, pumping, and interceptors. We calculate a construction cost per LUE. Future facilities, for example WWTP expansion capacity and number of LUEs. We take the construction cost and divide by the number of LUE's. Over the next 10 years some will go towards new growth and some to existing. Cal Chapman asked about pumping, do we fall short. Mike said not right now, but projected in the future. We are using planning level demands per Grady. TCEQ based needs as well per Grady. Patrick Cohoon asked where we are in demands compared to where we want to go. Mike asked what specifically. Patrick said big picture; where we are. Where is the time line to know where we get to a point where we need to make an improvement. Mike Mann said we put in the plan what we expect to build, if we don't need it, it will drop off. Sometimes we need to add to the plan as well. Grady said there are triggers that the City uses to make decisions on demands and when they need new infrastructure. TCEQ will demand this also. In an impact fee study, we look at things at a high level and take our best guess. You want to be conservative and reasonable in your CIP list. The City is better financially for having those projects in there. If you build a project related to growth and you did not include in your CIP list, you can't charge impact fees for that project. Paula Haywood remembers a time when TCEQ considered shutting down the old water treatment plant. Shutting down the old may be considered maintenance. Grady said this is replacing existing capacity in your

system. It has to be expenses that provide for new growth. Paula asked if City Council needs to approve the expansions. Mike Mann said council is provided the CIP list. The CIP is attached to the ordinance that council approves. Mike Mann referred to our CIP projects on the maps. Bob Cates asked about Table 4 on page 6. Grady explained the pumping value, we project out future number of connections. For every connection, you need to have x amount of gallons per day pumping capacity amount for every connection. That is your pumping demand and compare to existing pumping capacity. This shows the City was in deficit of their pumping capacity currently. We can change this pumping demand. Mike Mann said 150 gallons per capita a day to push into the system. Bob Cates said if we over inflate this number and we are cutting ourselves short of what are rate increase should be. Cal Chapman said we could short ourselves. Mike said the dollars should provide for the growth we are projecting. This is not affecting the impact fee calculation. Grady said it has minimal impact on the impact fee. Cal Chapman asked about improving the model. Mike Mann said we don't want to put in too much capacity in our system that we don't have the growth to meet. We are using 1200 gallons per day per LUE for pumping capacity per Grady and that number may be too high. Mike said it could be too high or we need to add a new project to the CIP. Cal Chapman asked about adding another line on the spreadsheet in regards to transmission capacity. Grady said determining the capacity of a transmission line is very difficult. It's not a single point of transmission. There are pipes of different sizes and changing capacity around town. Because you have excess in your capacity doesn't mean you don't need new projects in future. Mike asked about the excess in the projections that Grady has, Grady said it doesn't affect his calculations. Paula asked what a inceptor is. Mike said a big pipe. Grady said we use this term rather than collection and distribution. Projects built by the developer and paid for by developer aren't part of City projects/expenses. The nine million dollar main is for projected growth. Grady said by oversizing pipe does not contribute to higher impact fees. Only certain number of connections will use these projects in the 10 year plan. Maximum impact fee calculation slide. We added the cost of the study to this.

Option A, is the rate credit and is more advantageous to the City. Option B is taking the 50% cost adjustment. The City does not have to charge the maximum fee, but Grady recommends this amount. Grady explains the Advisory Committee Actions. We ask this committee to approve the impact fee report. He also recommends we include maps as appendices to the impact fee report. Cal Chapman said this is very helpful to see the overall picture and appreciates this broader view. Mike said there are two CIP's with the city, one is for financial planning and one is for development related projects. The financial plan is a five year plan and include expenditures of impact fees and selling debt and is different from the impact fees here. Paula Haywood asked about roadway impact fees. Mike said they can only be assessed in the city limits and a lot of our roads are outside the City. Paula asked about impact fees for drainage. Grady doesn't know of any cities that charge for this. Cal Chapman asked about the MS 4 process. Mike Mann said if we are ever rolled into the urbanized area, we would need a storm water permit. We would become responsible instead of TCEQ. There would be more responsibility on us. Impact fee comparison slide. We are on the higher side, but not the highest. Other cities are approaching their 5 year update and we may see changes with those cities. We would like to see other cities with the same growth. Mike Mann explained the impact fee program is different in cost and scope. When I started the fee was a lot lower around 2 or 3 thousand per LUE. The main difference is two fold. We used to be able to collect part of the fee when they plat. It's by the applicant, not the developer. The rate credit came in several updates ago. It was so complex in the calculation we asked the committee to take the 50%. Every new person that pays an impact fee becomes a rate payer. The law requires us to lower that impact fee. Joe Davis asked about approving the report. Grady said you will be approving the report based on the land use projections, water and wastewater CIP, and that the impact fee was calculated in a reasonable manner. Once this body approves this report, council will meet and have a public hearing date. The methodology Grady uses is more financial, he is provided the CIP. Joe Anzolito asked about the legislature moving the fee from

the developer. Regardless of where the fee is put in, the homeowner will pay the whole fee when they purchase their lot. Mike asked for recommendation for meeting no later than November P&Z meeting. We will get answers to their questions and address at the next meeting.

4. ADJOURNMENT

Meeting was adjourned at 7:23 p.m.

Chair

Secretary