Impact Fee Process

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Capital Improvements Advisory Committee

Keith A. Martin
Corporate Counsel
Impact Fee

• Governed by **Chapter 395** of the Texas Local Government Code
  – Provides both a procedural and substantive framework for adopting and collecting impact fees (water, sewer, drainage and roadways)

• A one-time charge to fund the cost of building new infrastructure to serve new development
  – Capital costs only (no O&M)
  – Only those projects to serve growth
Impact Fee

• For the **funding** or **recouping** the costs of building new infrastructure attributable to the new development

• City Council has the authority to approve impact fees

• SAWS has a total of 5 categories of impact fees (3 for water and 2 for wastewater) and various service areas
CIAC’s Role

• CIAC is an Advisory Committee
  – At least 40% of the members from the real estate, development or building industries
  – Advise on the need to update and revise Land Use Assumptions plan (LUAP), Capital Improvements Plan (CIP)
    • Must update at least every 5 years
  – Make findings and file written comments that will be presented to the SAWS Board of Trustees and City Council
CIAC Procedures

• Members elect a chair and vice chair
  – Manage the meetings
  – Point of contact for staff
• Convene with a quorum
• Majority vote
• Open meetings (posted 72 hours in advance)
Chapter 395

• LUAP
  – Establishes the Service Area
  – Projects demand/population for the next 10 years in Equivalent Dwelling Units (EDUs)

• Impact Fee CIP
  – Identifies the projects necessary to serve the demand forecast in the LUAP
  – Must be prepared by a qualified registered engineer
Chapter 395

• Impact Fee Calculation

Cost to serve 10 year demand

\[
\frac{\text{Cost} \times \text{Number of EDUs}}{\text{Revenue}} = \text{Max. Impact Fee}
\]

Number of EDUs

*Credit calculation: The Max. Impact Fee is then discounted based on tax and rate revenues generated by the new customers that will pay for the CIP or a credit equal 50% of CIP costs
Chapter 395

• Max Impact Fee example:
  – Assume LUAP projects 500 EDUs and CIP identifies $1,000,000.00 in costs

$1,000,000.00 (capital improvement costs)
(-) 50% (credit)
$500,000.00/ 500 (service units) = $1,000.00
Adoption Process

• CIAC will complete its report/findings to be presented to SAWS Board and City Council
• SAWS staff and Consultant will draft updated impact fee program report
• SAWS Board will accept the updated Impact Fee Program, including, LUAP, CIP and Max. Impact Fee
• Go to City Council for consideration
Adoption Process

• LUAP/CIP update procedural requirements
  – w/i 60 days of receipt of update, CC shall adopt an ordinance setting a public hearing
  – Make updated LUAP/CIP/Impact Fee available to public prior to setting public hearing
  – Must publish notice of hearing (statutory language)
  – *CIAC shall file its written comments at least 6 days prior to public hearing
  – CC may approve updates after the public hearing
Adoption Process

• Periodic Update Requirements
  – LUAP/CIP shall be updated at least every 5 years
    • 5-year period begins on date the initial CIP is adopted
    • LUAP shall be reviewed and evaluated, and the CIP updated in accordance with the substantive procedures for adopting an Impact Fee