Impact Fee Process

Tracey B. Lehmann, P.E.
Director - Development
Impact Fee

• Chapter 395 of the Texas Local Government Code
  – Framework for financing the capital improvements related to growth through the adoption and collection of impact fees (water, sewer, drainage and roadways)

• One-time charge to fund or recoup the cost of building infrastructure for new development
  – Capital costs only (no O&M)
  – Only those projects to serve growth
Types of Impact Fees

- **Water Flow**
- **Water System Development**
- **Water Supply**
- **Wastewater Collection**
- **Wastewater Treatment**
LUAP & CIP

• Land Use Assumptions Plan (LUAP)
  – Establishes the service area
  – Projects demand/population for the next 10 years in Equivalent Dwelling Units (EDUs)

• Impact Fee Capital Improvements Plan (CIP)
  – Identifies the projects necessary to serve the demand forecast in the LUAP
  – Must be prepared by a licensed professional engineer
Impact Fee Formula

Maximum Impact Fee = \left( \frac{\text{Growth CIP (\$)}}{\text{LUAP (EDU's)}} \right) - \text{Rate Credit}

- Impact Fee calculation within service areas: CIP costs to serve 10 years of growth divided by the number of EDUs (future and existing)

- Rate Credit: Reduction based on either the tax and rate revenues generated by the new customers that will pay for the CIP or an amount equaling 50% of CIP costs
Impact Fee

• Periodic Update Requirements
  – LUAP/CIP shall be updated at least every 5 years
    • 5-year period begins on date the CIP is adopted – last update was June 2014
    • LUAP shall be reviewed and evaluated, and the CIP updated in accordance with the procedures of Chapter 395
CIAC’s Membership & Role

• At least 40% of the members from the real estate, development or building industries (+) 1 member from the ETJ

• Advise on the need to update and revise the LUAP, CIP & Max. Impact Fee, and monitor the CIP on a semi-annual basis
Overview of Update Process

• SAWS staff and Consultant present information regarding LUAP, CIP and Maximum Impact Fee to CIAC
• CIAC will file its report (findings & recommendations) to be presented to SAWS Board and City Council
• SAWS staff and Consultant will draft updated Impact Fee Program report
• SAWS Board will consider the updated Impact Fee Program, including, LUAP, CIP and Maximum Impact Fees and make a recommendation to City Council
• Request approval by City Council
Update Procedural Requirements

• City Council shall adopt an ordinance setting a public hearing within 60 days after receiving the updated Impact Fee Program.

• Make the updated Impact Fee Program available to the public and publish notice at least 30 days prior to the date of the public hearing.

• CIAC shall file its written comments at least 6 days prior to the public hearing.

• City Council may approve the updated Impact Fee Program within 30 days after the public hearing.