

**THIS IS A PROPOSED DRAFT ORDINANCE AND WILL BE REPLACED BY THE
FINAL, SIGNED ORDINANCE OR RESOLUTION ADOPTED BY THE CITY
COUNCIL.**

AN ORDINANCE

**APPROVING UPDATES AND AMENDMENTS TO THE LAND USE
ASSUMPTION PLAN, CAPITAL IMPROVEMENTS PLAN, AND SAN
ANTONIO WATER SYSTEM (SAWS) IMPACT FEES BY SERVICE
CATEGORY.**

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WHEREAS, the San Antonio Water System (“SAWS”) operates a combined water and wastewater utility system on behalf of the City of San Antonio, which serves approximately 502,000 water and 449,000 wastewater customers in the San Antonio metropolitan area; and

WHEREAS, Chapter 395 of the Local Government Code (“Chapter 395”) establishes the requirements and the process that the City of San Antonio must follow in order to assess and collect impact fees; and

WHEREAS, under Chapter 395 “impact fees” are defined as assessments imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development; and

WHEREAS, the calculation of impact fees is based on the Land Use Assumptions Plan (“LUAP”) and Capital Improvements Plan (“CIP”) for the SAWS service area; and

WHEREAS, the purpose of the LUAP is to describe the service area subject to impact fees and establish a ten year forecast of expected changes in land uses, densities, intensities, and population in the service area; while the CIP provides an overview of the parts and costs of the capital improvements and facility expansions necessary to support new development in the service area based on the land use assumptions; and

WHEREAS, Chapter 395 requires impact fees to be updated every five years – the SAWS impact fees for several water and wastewater categories were last approved by the City Council on May 29, 2014 by Ordinance No. 2014-05-29-0363; and

WHEREAS, with the assistance of Carollo Engineers, a professional engineering firm, SAWS developed the updated 2019-2028 LUAP and CIP (collectively the “Plans”), and maximum impact fee calculations related to the following five service categories: (i) water supply; (ii) water flow; (iii) water system development; (iv) wastewater collection; and (v) wastewater treatment (the SAWS 2019 Impact Fee Study is attached as Exhibit A); and

WHEREAS, the formula for calculating the maximum impact fees is prescribed by Chapter 395 as Maximum Impact Fee = [(Cost of Growth ÷ EDUs) – Rate Credit], where:

- “Cost of Growth” is the CIP capital cost attributed to additional infrastructure needed to serve new development (i.e., new customers) during the ten year forecast period
- “EDU” stands for “equivalent dwelling unit” and represents a new customer as measured by the demand of water flow needed by an average household
- “Rate Credit” is calculated as (i) the projected rate revenue that is used to pay for impact fee eligible infrastructure or debt and attributed to the EDUs added during the ten year forecast period and deducted from CIP capital costs, and (ii) a portion of the ad valorem tax generated by that growth which is a zero sum since SAWS does not collect or use tax revenue to fund any infrastructure or services

WHEREAS, the LUAP forecasts the following demand attributed to new development for the period 2019-2028:

- Water LUAP = 141,770 EDUs
- Wastewater LUAP = 131,840 EDUs

WHEREAS, the CIP identifies existing and future capital improvement projects necessary to serve new development during the period 2019-2028 totaling \$1,178,517,291 and allocated as follows:

- Water Supply CIP \$ 519,048,777
- Water Delivery CIP
 - Flow \$ 182,232,572
 - System Development \$ 139,999,299
- Wastewater CIP
 - Treatment \$ 102,044,699
 - Collection \$ 235,191,944

WHEREAS, the following maximum impact fees per EDU for the SAWS service areas taking into account the calculated rate credit (SAWS impact fee schedule is attached as Exhibit B):

- Water Supply - \$ 3,322
- Water Flow - \$ 1,188
- Water System Development
 - High Elevation Service Area - \$ 1,203
 - Middle Elevation Service Area - \$ 1,014
 - Low Elevation Service Area - \$ 855
- Wastewater Treatment
 - Medio Creek Service Area - \$ 1,222
 - Leon Creek/Dos Rios Service Area - \$ 651
- Wastewater Collection
 - Medio Creek Collection Service Area - \$ 861
 - Upper Medina Collection Service Area - \$ 1,422
 - Lower Medina Collection Service Area - \$ 520
 - Leon Creek/Dos Rios Upper Collection Service Area - \$ 2,800
 - Leon Creek/Dos Rios Middle Collection Service Area - \$ 2,013
 - Leon Creek/Dos Rios Lower Collection Service Area - \$ 902

WHEREAS, on April 2, 2019, the SAWS Board of Trustees adopted the updated 2019-2028 LUAP, CIP, maximum impact fee calculations and proposed impact fees for all five impact fee categories, and by resolution forwarded the Plans and recommendations to the City Council in order for the City Council to proceed with notice of public hearing, receive public comment, and consider the Plans, maximum impact fees and proposed impact fees in accordance with Chapter 395 – the SAWS Board Resolution is attached as Exhibit C; and

WHEREAS, pursuant to Chapter 395, the Capital Improvements Advisory Committee (“CIAC”) whose members are appointed by the City Council, reviewed and evaluated the Plans and maximum impact fee calculations produced by SAWS and issued its own recommendations which have been filed with the City Clerk’s Office and are consistent with SAWS proposed impact fees and were incorporated into the report adopted by the SAWS Board on April 2, 2019 (see Exhibit D); and

WHEREAS, the CIAC approved of the SAWS updated 2019-2028 LUAP and CIP, and maximum impact fee calculation for water supply, water flow, water system development, wastewater treatment, and wastewater collection, but objected to charging the maximum calculated water supply impact fee (the CIAC recommended impact fee schedule is attached as Exhibit B) and made the following recommendations:

- Assess a prorated Supply Impact Fee of \$2,706 per EDU to account for the maximum calculated Supply Impact Fee of \$3,322 and the expected future calculated Supply Impact Fee of \$2,637 when the Vista Ridge Project will be accepted by the System and become a component of the existing infrastructure calculation. Acceptance of the Vista Ridge Project is expected in 2020.

WHEREAS, the process for updating the LUAP, CIP, and maximum impact fees outlined in Chapter 395 has been followed as outlined below:

- April 2, 2019 – the SAWS Board passed a resolution accepting and recommending that the City Council approve the updated LUAP, CIP, and maximum impact fees and implement the proposed impact fees (see Exhibit C)
- April 10, 2019 – the City Clerk received the SAWS 2019 *Water and Wastewater Facilities Land Use Assumptions Plan, Capital Improvements Plan, and Maximum Impact Fees Study* and the Findings Report of the CIAC which has been publicly available at the City Clerk’s Office and on the SAWS website at www.saws.org/CIAC since that date;
- April 11, 2019 – SAWS briefed the City Council in “A” Session on the updates to the LUAP, CIP, and maximum and recommended impact fees (attached as Exhibit E)
- April 11, 2019 – the City Council passed an ordinance setting a public hearing on the updates and amended impact fees for May 16, 2019 (attached as Exhibit F)
- April 13, 2019 – notice of the public hearing was published in the San Antonio Express News (attached as Exhibit G)
- May 16, 2019 – the City Council held a public hearing where it received public comments and the recommendations from SAWS and CIAC on the proposed updates to the LUAP, CIP, and maximum impact fees

WHEREAS, within 30 days following the public hearing, the City Council must approve or disapprove the proposed updates to the LUAP and CIP, and modification of the impact fees by service category; and

WHEREAS, on May 16, 2019 the City Council convened to consider adoption of the updates to the LUAP, CIP, and maximum impact fees; and heard public comments and the recommendations from SAWS, the Supervisor of Public Utilities and the CIAC; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The SAWS 2019 *Water and Wastewater Facilities Land Use Assumptions Plan, Capital Improvements Plan, and Maximum Impact Fees Report* is hereby adopted as attached in Exhibit A and is incorporated into this Ordinance for all purposes.

SECTION 2. The updates and amendments to the 2019-2028 LUAP are hereby authorized and approved.

SECTION 3. The updates and amendments to the 2019-2028 CIP are hereby authorized and approved.

SECTION 4. The maximum legal calculation for the water supply, water flow, water system development, wastewater treatment, and wastewater collection impact fees related to the updated and amended 2019-2028 LUAP and CIP are hereby authorized and approved.

SECTION 5. The recommended impact fees by SAWS and CIAC will be effective June 1, 2019. The water supply impact fee will be set at \$2,706 per EDU. All other water and wastewater impact fees will be set at the maximum calculated fee per EDU. The revised schedule of impact fees approved by this Ordinance is summarized below:

Table I – Approved SAWS Impact Fees (Effective on June 1, 2019)

	Impact Fee (\$/EDU)			
	Current	2019	\$ Change	% Change
Water Supply	\$ 2,796	\$ 2,706	\$ (90)	-3.2%
Water Flow	\$ 1,182	\$ 1,188	\$ 6	0.5%
Water System Development				
High Elevation	\$ 883	\$ 1,203	\$ 320	36.2%
Middle Elevation	\$ 799	\$ 1,014	\$ 215	26.9%
Low Elevation	\$ 619	\$ 855	\$ 236	38.1%
Wastewater Treatment				
Medio Creek	\$ 1,429	\$ 1,222	\$ (207)	-14.5%
Leon Creek/Dos Rios	\$ 786	\$ 651	\$ (135)	-17.2%
Wastewater Collection				
Medio Creek	\$ 838	\$ 861	\$ 23	2.7%
Upper Medina	\$ 1,565	\$ 1,422	\$ (143)	-9.1%
Lower Medina	\$ 475	\$ 520	\$ 45	9.5%
Upper Collection	\$ 2,520	\$ 2,800	\$ 280	11.1%
Middle Collection	\$ 1,469	\$ 2,013	\$ 544	37.0%
Lower Collection	\$ 719	\$ 902	\$ 183	25.5%

SECTION 6. SAWS shall deposit all funds collected through the adoption of the updated and amended impact fees in interest-bearing accounts and shall clearly identify the category of capital improvements or facility expansions within the service area for which the fee was adopted. If impact fees are pledged as security for the payment of debt service on a bond, note or other obligation issued to finance a capital improvement or public facility expansion, the City of San Antonio certifies that none of the impact fees will be used or expended for an improvement or expansion not generally identified in the plan..

SECTION 7. The recitals set out above and all exhibits attached hereto are fully incorporated into this Ordinance.

SECTION 8. This Ordinance shall become effective immediately upon the passage by eight (8) votes of the City Council and if passed upon fewer than eight (8) votes after the tenth (10th) day after passage.

PASSED AND APPROVED, this 16th of May, 2019.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Leticia M. Vacek, City Clerk

Andrew Segovia, City Attorney