



City of San Antonio

Agenda Memorandum

File Number:19-3688

Agenda Item Number: 5.

Agenda Date: 5/16/2019

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Public Hearing and Consideration of an Ordinance approving amendment of Impact Fees, including updates to Land Use Assumption Plan, Capital Improvements Plans, and the maximum Impact Fees for the San Antonio Water System Service Area.

SUMMARY:

On April 11, 2019, the City Council approved Ordinance No. 2019-04-11-0297 establishing a public hearing on May 16, 2019 to consider public comments on revised impact fees applicable to the San Antonio Water System (SAWS) service area. In addition, an “A” Session briefing was provided to City Council on the impact fee update process and results. A notice of the public hearing was published in the San Antonio Express News on April 13, 2019. The Ordinance announced the setting of the May 16th public hearing, in which the City Council will receive public comments on the updated Land Use Assumptions Plan (LUAP), Capital Improvements Plan (CIP), and the maximum proposed amended impact fees for SAWS. In addition to the public hearing, on May 16th Council will consider an Ordinance to approve and authorize updates to the LUAP, CIP, and SAWS impact fees by service category.

BACKGROUND INFORMATION:

An impact fee is a one-time charge imposed on new development to help recover capital costs associated with infrastructure and facility expansions necessary to provide service to that new development. Impact fees provide SAWS with a mechanism to have new development pay its equitable portion of required capital costs with these infrastructure projects. The goal of impact fees is to protect ratepayers from subsidizing new growth.

Chapter 395 of the Local Government Code establishes the requirements and the process that must be followed if a municipality is to assess and collect impact fees. One of the requirements is that the LUAP and CIP be updated every five years. The LUAP sets out a description of the service area and forecasts changes in land uses, densities, intensities, and population in the service area over the next 10 year period. Generally, the CIP describes the parts of the capital improvements or facility expansions and their costs necessitated by and attributed to new development in the service area based on the approved LUAP. The current LUAP, CIP, and impact fees for water delivery, water supply and wastewater were approved by City Council on May 29, 2014 to be effective in June of 2014.

SAWS began the current process to update all of its impact fees by engaging Carollo Engineers, a professional engineering firm, to conduct an Impact Fee Study. SAWS staff and Carollo Engineers have been providing technical support to the City Council appointed Capital Improvements Advisory Committee (CIAC) since last year. The Committee has eleven members who are appointed by the City Council. The CIAC held numerous meetings to review the updated LUAP, CIP, and impact fees.

On February 13, 2019, the CIAC unanimously approved its report which include comments and recommendations for City Council consideration regarding the proposed updated 2019-2028 LUAP; the water delivery, water supply, and wastewater CIPs; and the maximum calculated and proposed impact fees (CIAC Report attached). In addition, the City's Office of Public Utilities Staff (Staff) attended all CIAC meetings and SAWS Board meetings regarding discussions on impact fees. Throughout the process, Staff completed analysis to validate the updates to the LUAP, CIP, and impact fees. Staff has reviewed the work of SAWS staff and the SAWS' consultant. Staff concurs with the calculation of the impact fees. A summary of the updated LUAP, CIP, impact fees and other considerations are included below.

On April 2, 2019, the SAWS Board of Trustees (Board) approved a resolution accepting and recommending City Council approval of an updated LUAP, CIP, and impact fees as described below.

Land Use Assumptions Plan (LUAP):

Growth projections for the 2019 - 2028 are consistent with the SAWS' 2017 Water Management Plan. The projections were based on the COSA adopted AACOG/MPO projections, which were created in conjunction with development community, city agencies, state agencies and private organizations. The plan forecasts additional demand in terms of Equivalent Dwelling Units (EDUs) for water and wastewater services within the SAWS territory over the next ten years. For reference, one EDU is equivalent to a single family residential housing unit.

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

Capital Improvements Plan (CIP):

For the water supply, water delivery and wastewater categories, SAWS staff identified the cost of new capital improvement projects and portions of existing infrastructure that will be necessary to support new development during the 2019 - 2028 time periods.

- Water Supply CIP = \$519.1 million

- Water Delivery CIP = \$322.2 million
- Wastewater CIP = \$337.2 million
- TOTAL = \$1,178.5 million

Maximum Calculated Impact Fees:

From the LUAP and the water supply, water delivery and wastewater CIPs, the maximum impact fees per EDU were calculated as follows:

Maximum Impact Fee Calculation (\$/EDU)				
	2014	2019	\$ Change	% Change
Maximum Water Supply	\$ 2,796	\$ 3,322	\$ 526	18.8%
Maximum Water Flow	\$ 1,182	\$ 1,188	\$ 6	0.5%
Maximum 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%
Maximum Wastewater Treatment				
Medio Creek	\$ 1,429	\$ 1,222	\$ (207)	-14.5%
Leon Creek/Dos Rios	\$ 786	\$ 651	\$ (135)	-17.2%
Maximum 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%

Proposed Impact Fees:

The CIAC and the SAWS Board of Trustees recommend assessing a prorated Water Supply Impact Fee of \$2,706 per EDU; which is a weighted average of the maximum calculated Water Supply Impact Fee of \$3,322 and the expected future calculated Water Supply Impact Fee of \$2,637 when the Vista Ridge Project will be in operation and become an asset of the system. The Vista Ridge Project is expected to be completed in the first half of 2020.

Proposed Impact Fee (\$/EDU)				
	2014	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%
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ISSUE:

The purpose of the public hearing is for the City Council to receive public comments on the updated Land Use Assumptions Plan (LUAP), Capital Improvements Plan (CIP), and proposed amended fees for SAWS water and wastewater impact fee categories.

In addition, the proposed Ordinance authorizes the following:

- Approval of the updated LUAP;
- Approval of the updated Water Delivery, Water Supply, and Wastewater CIP and the impact fee calculations; and
- Approval of the proposed impact fees for all the water and wastewater categories.

ALTERNATIVES:

City Council could approve impact fees that are different than the proposed fees, as long as they do not exceed the maximum calculated impact fees, or postpone the decision to gather additional information. Impact fees could be considered on May 30th and still meet the targeted approval timeline of before June.

FISCAL IMPACT:

Impact fees are not subject to the City's payment from SAWS of 2.7% of gross revenues. As such, there is no fiscal impact to the City's budget resulting from the adoption of the proposed impact fees.

RECOMMENDATION:

Staff recommends approval of the proposed Ordinance which allows for an update of the 2019-2028 Land Use Assumptions Plan (LUAP); the Water Delivery, Water Supply, and Wastewater Capital Improvements Plan (CIP); and the maximum and proposed impact fees for all water and wastewater categories.