

Impact Fee Advisory Committee
March 6, 2019

A regular meeting of the Impact Fee Advisory Committee of the City of Waxahachie was held on Wednesday, March 6, 2019 at 1:00 p.m. in the Council Conference Room, 401 S. Rogers, Waxahachie, Texas.

Members Present: Rick Keeler, Chairman
David Hill
Kevin Strength
Jeff Frazier
Clyde Hargrove
Brett Hess
Joe Rust

Members Absent: Melissa Ballard
Mike Ramsey
John Houston
George Salvador

Others Present: Michael Scott, City Manager
Albert Lawrence, Assistant City Manager
Tommy Ludwig, Assistant City Manager
Shon Brooks, Planning Director
Amber Villarreal, Assistant City Secretary

1. Call to Order

Chairman Rick Keeler called the meeting to order.

2. Approve minutes of Impact Fee Advisory Committee meeting of August 27, 2015

Action:

Mr. Brett Hess moved to approve the minutes of the Impact Fee Advisory Committee meeting of August 27, 2015. Mr. Jeff Frazier seconded, All Ayes.

3. Presentation of the Five Year Impact Fee Summary Report

Assistant City Manager Tommy Ludwig explained the Impact Fee Advisory Committee will review a five year summary of revenues and expenditures from October 1, 2012 to September 30, 2018. He noted Capital Improvement Plans and Land Use Assumptions must be updated at minimum every five years and the City's next update must be completed prior to November 5, 2020 and staff is preparing for update in its FY 19-20 budget.

Planning Director Shon Brooks presented and reviewed the following Five Year Impact Fee Summary Report:

The City's current water and sewer water impact fees were updated on October 21, 2013. The City adopted its most recent capital improvement plan, land use assumptions and service area maps, along with updates to the roadway impact fees on November 2, 2015. Below is a summary of the City's current impact fees, as established by the November 2, 2015 ordinance. Please note that State law

enables a municipality to establish a service area as the area within its corporate boundaries or extraterritorial jurisdiction for water and sewer impact fees. For roadway impact fees State law limits service areas to an area within the corporate boundaries of the City that cannot exceed six miles. As a result, the City has a single service area for all water impact fees, a single service area for all sewer impact fees, and seven service areas for roadway impact fees. For your reference attached to this summary report are the City's current service water, sewer, and roadway service area maps.

Current Water and Sewer Impact Fees

Meter Type	Meter Size	Living Unit Equivalents	Water Impact Fee	Sewer Impact Fee
Simple	5/8" X 3/4"	1	\$1,499.00	\$1,987.00
Simple	1"	2.5	\$3,747.50	\$4,967.50
Simple	1-1/2"	5	\$7,494.99	\$9,935.00
Simple	2"	8	\$11,991.99	\$15,895.99
Compound	2"	8	\$11,991.99	\$15,895.99
Turbine	2"	10	\$14,989.99	\$19,869.99
Compound	3"	16	\$23,983.98	\$31,791.99,
Turbine	3"	24	\$35,975.97	\$47,687.98
Compound	4"	25	\$37,474.97	\$49,674.98
Turbine	4"	42	\$62,957.95	\$83,453.97
Compound	6"	50	\$74,949.95	\$99,349.97
Turbine	6"	92	\$137,907.90	\$182,803.94
Compound	8"	80	\$119,919.91	\$158,959.94
Turbine	8"	160	\$239,839.82	\$317,919.89
Turbine	10"	250	\$374,749.73	\$499,284.00

Current Roadway Impact Fees

Service Area	Impact Fee (per Vehicle Mile)
1	\$1,024.00
2	\$992.00
3	\$1,025.00
4	\$1,222.00
5	\$621.00
6	\$1,160.00
7	\$1,337.00

Impact Fee Revenues and Expenditures

Below are tables illustrating the revenues and expenditures for water and sewer impact fees from October 1, 2012 to September 30, 2018:

Water Impact Fees

Fiscal Year	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Beginning Balance	\$0.00	\$322,430.92	\$684,028.42	\$1,223,956.32	\$1,803,319.82	\$2,500,437.80
Revenues	\$365,756.00	\$378,497.50	\$540,539.40	\$579,363.50	\$815,455.93	\$1,165,013.12
Expenses	-\$43,325.08	-\$16,900.00	-\$611.50	\$0.00	-\$118,337.95	-\$61,674.50
Ending Balance	\$322,430.92	\$684,028.48	\$1,223,956.32	\$1,803,319.82	\$2,500,437.80	\$3,603,776.42

Sewer Impact Fees

Fiscal Year	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Beginning Balance	\$0.00	\$446,771.28	\$980,740.03	\$1,680,367.53	\$2,174,877.31	\$2,538,194.81
Revenues	\$473,675.00	\$548,828.75	\$711,372.50	\$578,122.00	\$980,774.97	\$1,401,096.77
Expenses	-\$26,903.72	-\$14,860.00	-\$11,745.00	-\$83,612.22	-\$617,457.47	-\$116,325.79
Ending Balance	\$446,771.28	\$980,740.03	\$1,680,367.53	\$2,174,877.31	\$2,538,194.81	\$3,822,965.79

Water and Sewer Expenditure Summary

Below is a brief summary of the projects which have been funded, or partially funded through the use of water and sewer impact fees over the last five fiscal years:

- Water Distribution System Master Plan Update – The Water Distribution System Master Plan Update is the City’s ultimate water growth plan based on the 2016 Comprehensive Plan Update. The Water Distribution System Master Plan Update includes future major water line sizes, water storage tanks, pump stations, and water treatment plant capacity needs. The Water Distribution Master Plan Update was completed by Birkhoff, Hendricks & Carter, LLP (BHC) in January 2017.
- Water and Sewer Impact Fee Update – State law requires that a professional engineer update and/or prepare a municipality’s capital improvement plan and calculate the corresponding impact fees. In FY13-14 the City contracted with Birkhoff, Hendricks & Carter, LLP to review and update the City’s water and sewer capital improvement plan and to recalculate the associated impact fees based upon the update.
- Oversized Participation Agreement North Grove Business Park This oversized participation agreement provided for the installation of an 18-inch water line to service the North Grove Business Park development. The developer for the project paid for a 12-inch water line, and the City of Waxahachie paid for upsizing the line to an 18 inch water line to provide for future

development opportunities. The Oversized Participation Agreement North Grove Business Park was completed by SAP Properties, LLC in February 2018.

- Wastewater Collection Systems Master Plan Update – The Wastewater Collection Systems Master Plan Update is the City’s ultimate wastewater growth plan based on the 2016 Comprehensive Plan Update. The Wastewater Collection System Master Plan Update includes future major wastewater line sizes, lift stations, and wastewater flow monitoring, and wastewater treatment plant capacity needs. The Wastewater Collection Systems Master Plan Update was completed by Birkhoff, Hendricks & Carter, LLP (BHC) in January 2017.
- Wastewater Treatment Plant Master Plan Update – The Wastewater Treatment Plant Master Plan Update provided an analysis to increase the capacity of the City’s wastewater treatment plant from 8 million gallons per day to 12 million gallons per day. The Wastewater Treatment Plant Master Plan Update was completed by Kimley-Horn and Associates in February 2017.
- Waxahachie High School Offsite Water Improvements – The purpose of this project was to extend water services to the new Waxahachie High School site and to provide water for growth west of FM 664. The project includes 3.5 miles of 12-inch, 16-inch and 18-inch water lines. The Waxahachie High School Offsite Water Improvements engineering was performed by Birkhoff, Hendricks & Carter, LLP (BHC) and construction was completed by Canary Construction in December 2016.
- Waxahachie High School Offsite Wastewater Improvements – The purpose of this project was to extend a 24-inch wastewater line approximately 0.63 miles from FM 875 to the new Waxahachie High School site. This project also provided wastewater services to the area west of Highway 287 Business. The Waxahachie High School Offsite Wastewater Improvements engineering was completed by Birkhoff, Hendricks & Carter, LLP (BHC) and construction was completed Canary Construction in December 2016.
- Legacy Grove Sewer Agreement – The Legacy Grove Sewer Development Agreement provided for the installation of an 18-inch sewer force main during the construction of Garden Valley Farms Phase I. This line provided for the redirection of the City’s existing force main and for additional capacity in the Grove Creek drainage basin. The construction of this line was completed by Circle H Construction in December 2016.

Current Roadway Impact Fees

Below is a table illustrating the revenues and expenditures for roadway impact fees from October 1, 2012 to September 30, 2018:

Impact Fee Advisory Committee

March 6, 2019

Page 5

	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Service Area 1						
Beginning Balance	\$0.00	\$38,508.90	\$150,302.90	\$185,149.57	\$216,961.97	\$326,832.55
Revenues	\$40,523.16	\$111,794.00	\$35,781.67	\$35,910.00	\$109,870.58	\$230,548.59
Expenses	-\$2,014.26	\$0.00	-\$935.00	-\$4,097.60	\$0.00	\$0.00
Ending Balance	\$38,508.90	\$150,302.90	\$185,149.57	\$216,961.97	\$326,832.55	\$557,381.14
Service Area 2						
Beginning Balance	\$0.00	\$395,980.62	\$862,920.62	\$0.00	\$0.00	\$0.00
Revenues	\$416,527.54	\$466,940.00	\$828,734.52	\$312,054.92	\$582,268.46	\$670,999.20
Expenses	-\$20,546.92	\$0.00	-\$1,691,655.14	-\$312,054.92	-\$582,268.46	-\$614,021.48
Ending Balance	\$395,980.62	\$862,920.62	\$0.00	\$0.00	\$0.00	\$56,977.72
Service Area 3						
Beginning Balance	\$955.00	\$12,584.04	\$12,584.04	\$24,151.17	\$20,053.57	\$29,554.57
Revenues	\$11,771.00	\$0.00	\$13,695.00	\$0.00	\$9,501.00	\$49,773.83
Expenses	-\$141.96	\$0.00	-\$2,127.87	-\$4,097.60	\$0.00	\$0.00
Ending Balance	\$12,584.04	\$12,584.04	\$24,151.17	\$20,053.57	\$29,554.57	\$79,328.40
Service Area 4						
Beginning Balance	-\$2,236.50	\$23,061.81	\$92,193.08	\$189,525.48	\$241,122.75	\$272,783.43
Revenues	\$26,477.00	\$69,131.27	\$97,332.40	\$51,597.27	\$31,660.68	\$250,011.52
Expenses	-\$1,178.69	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ending Balance	\$23,061.81	\$92,193.08	\$189,525.48	\$241,122.75	\$272,783.43	\$522,794.95
Service Area 5						
Beginning Balance	\$23,458.00	\$51,475.24	\$106,899.78	\$183,677.85	\$264,405.88	\$361,020.88
Revenues	\$30,494.54	\$55,424.54	\$77,970.00	\$80,728.03	\$96,615.00	\$497,028.75
Expenses	-\$2,477.30	\$0.00	-\$1,191.93	\$0.00	\$0.00	\$0.00
Ending Balance	\$51,475.24	\$106,899.78	\$183,677.85	\$264,405.88	\$361,020.88	\$858,049.63
Service Area 6						
Beginning Balance	-\$25,979.00	\$38,372.45	\$54,202.45	\$85,290.45	\$121,822.45	\$206,297.65
Revenues	\$66,737.00	\$15,830.00	\$31,088.00	\$36,532.00	\$84,475.20	\$481,947.29
Expenses	-\$2,385.55	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ending Balance	\$38,372.45	\$54,202.45	\$85,290.45	\$121,822.45	\$206,297.65	\$688,244.94
Service Area 7						
Beginning Balance	\$28,131.00	\$68,579.12	\$108,766.12	\$193,542.12	\$457,016.12	\$524,616.12
Revenues	\$43,896.00	\$40,187.00	\$84,776.00	\$263,474.00	\$67,600.00	\$37,198.24
Expenses	-\$3,447.88	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ending Balance	\$68,579.12	\$108,766.12	\$193,542.12	\$457,016.12	\$524,616.12	\$561,814.36
Total	\$628,562.18	\$1,387,868.99	\$861,336.64	\$1,321,382.74	\$1,721,105.20	\$3,324,591.14

Roadway Expenditure Summary

- Roadway Impact Fee Update: State law requires that a professional engineer update and/or prepare a municipality's capital improvement plan and calculate the corresponding impact fees. In FY12-13 the City contracted with Freese and Nichols, Inc. to review and update the City's roadway capital improvement plan and to recalculate the associated impact fees based

upon the update. Each service area remitted payment for their proportionate share of the analysis, based on the amount of improvements identified within the specific service areas.

- *North Grove Boulevard*: Funds were utilized from Service Area 2 to construct North Grove Boulevard. North Grove is a 4 lane divided public street, approximately 1.30 miles in length, which provides an east west connection from US Highway 77 to FM 813. The roadway has helped to facilitate the preliminary platting of approximately 1,450 single family lots in the Dove Hollow and Estates of North Grove developments. In addition, staff anticipates the development of at minimum an additional 500 single family homes in this area and the construction of a new Elementary School.

State law dictates that funds collected in a particular service area, must be spent within that service area. At the time North Grove Boulevard was constructed, there was insufficient funding to construct the entire street with the Service Area 2 impact fees. As a result, Service Area 2 took out a loan from the City's General Fund budget to fully fund the road construction in FY14-15. Service Area 2 repaid the loan to the General Fund over the following three fiscal years, and the debt was retired fully in FY17-18.

Anticipated FY18-19 Impact Fee Expenditures

Below is a brief summary of the projects intended to be funded, or partially funded, with impact fees in the FY18-19 Budget Year:

- *FM 664 Water Line Project*: This project will provide for the construction of approximately 1.14 miles of 24" diameter water line, which will run from the elevated storage tank on FM 664 south of the 287 bypass to the intersection of business 287 and FM 664. This project will provide water services to the Ridge Crossing and Shepard's Place developments, as well as future developments along FM 664. Staff has budgeted approximately \$1,300,000 in FY18-19 from water impact fees to fund this line.
- *BNSF Water Line Project*: Staff has budgeted to expend approximately \$205,000 in FY18-19 from water impact fees to fund professional engineering services associated with the design of the BNSF Water Line. This project will provide for the installation of approximately .89 miles of 18" diameter water line which will run from Butcher Road east of the railroad tracks to the Cardinal IG property. These improvements will provide for additional growth opportunities in the northern portion of the City.
- *Grove Creek and lower Mustang Creek Lift Station Improvements*: The Grove Creek and Lower Mustang Creek Lift Station improvements will provide additional capacities for wastewater flows from the Grove Creek Parallel Sewer Line and the Cole Creek Sewer System. This increased capacity will provide opportunities for new development in the northeaster portion of the City. Staff has budgeted to spend approximately \$2,000,000 from sewer impact fees in FY18-19 to fund these improvements.
- *Wastewater Treatment Plant Improvements*: In FY18-19 a number of improvements and rehabilitation initiatives will be undertaken at the Wastewater Treatment Plant. These

improvements will help to manage additional capacity, fats, oils, greases, and ensure compliance with State and Federal Regulations. These improvements were identified in 2013 Sewer Capital Improvement Plan and are in direct relation to the growth within the City. While staff has budgeted to spend approximately \$2,000,000 from sewer impact fees in FY18-19 to fund a portion of these improvements; the overall cost of his project are estimated to be approximately \$14,000,000.

- General Fund Reimbursement from Roadway Funds: Over the last several years the City has made a number of improvements identified in the roadway capital improvement plan from City's General Fund, rather than the roadway impact fees. State law allows for a municipality to reimburse itself from impact fee revenue for expenditures made to fund impact fee eligible projects. As a result, City staff will be exploring the idea of reimbursing itself for such expenditures with existing impact fee revenues. Any reimbursed funds would be utilized for street related maintenance and/or improvement activities.
- Debt Service: Staff frequently utilizes bond funds to pay for both impact fee and non-impact fee eligible projects. Moving forward, staff will begin to utilize roadway, water and sewer impact fees to fund annual debt service associated with impact fee eligible bond issuances. As most bond debt carries a 20 year life, staff forecasts impact fee revenue and makes projections based on annual data and construction related trends within the City.

Role of Advisory Committee and Next Steps

As a reminder, the role of the Impact Fee Advisory Committee is to:

- 1) Advise and assist the municipality in adopting land use assumptions, when capital improvement plans are revised.
- 2) Perform a review of the capital improvement plan and provide feedback to City Council and staff.
- 3) Review periodic reports concerning the use impact fees and the progress of the municipality's overall capital improvement plans.
- 4) Make recommendations to City Council and staff regarding the need to update or revise existing land use assumptions, capital improvement plans or impact fees.

As previously stated, staff will contract a professional engineering firm to prepare an update to the City's water, sewer and roadway impact fees in early FY19-20. At that time, staff will engage the Impact Fee Advisory Committee to provide feedback to the selected engineering firm(s) regarding the existing capital improvement plan and land use assumptions. Once a final draft update is prepared, it will be submitted for review to the Advisory Committee. Ultimately staff will look to the Committee for a recommendation to City Council regarding the adoption of the update. Prior to this update, staff will continue to provide periodic updates to the Impact Fee Advisory Committee regarding the use of impact fees and the progress on the overall capital improvement plan. Staff will provide its next report to the Advisory Committee in the Fall of 2019, covering revenues and expenses for the FY18-19 budget year.

Chairman Keeler asked if the impact fees have had positive or negative feedback to developers and Mr. Clyde Hargrove noted he has not heard any complaints recently and believes the developers have been accustomed to the fees.

Mr. Brett Hess noted Waxahachie is in the middle with their impact fee rate. He explained Midlothian charges impact fees and Red Oak is in the process of implementing water and sewer impact fees.

Mr. Joe Rust noted developers will be vocal if impact fee rates are out of line.

4. Public Comments

Councilmember Melissa Olson inquired about collection rate in comparison to Frisco. City Manager Michael Scott noted we charge the max allowed by state law.

5. Adjourn

There being no further business, the meeting adjourned at 1:34 p.m.

Respectfully submitted,

Amber Villarreal
Assistant City Secretary