

A G E N D A

The Impact Fee Capital Improvements Advisory Committee (IFCIAC) will hold a regular meeting on **Tuesday, October 27, 2020 at 5:30 p.m.** in the City Council Conference Room at 401 S. Rogers St., Waxahachie, TX

Committee Members: Rick Keeler, Chairman
Melissa Ballard, Vice Chairman
Betty Square Coleman
Bonney Ramsey
Jim Phillips
David Hudgins
Erik Test
Mary Lou Shipley
Clyde Hargrove
Brett Hess
John Houston
Jimmy Poarch

1. Call to Order
2. Invocation
3. **Public Comments:** Persons may address the Impact Fee Capital Improvements Advisory Committee on any issues. This is the appropriate time for citizens to address the Commission on any concern whether on this agenda or not. In accordance with the State of Texas Open Meetings Act, the Committee may not comment or deliberate such statements during this period, except as authorized by Section 551.042, Texas Government Code.
4. **Reorganize** the Committee
5. **Approval** of minutes of the regular Impact Fee Capital Improvements Advisory Committee meeting of September 15, 2020
6. **Presentation** to discuss capital improvement plan impact fee calculation change
7. **Reconsider** recommendation to City Council associated with the approval of Capital Improvement Plan, approach, and corresponding fees
8. **Presentation** to discuss Impact Fee revenue and expenditures for the 2020-2021 fiscal year
9. Adjourn

The IFCIAC reserves the right to go into Executive Session on any posted item.

This meeting location is wheelchair-accessible. Parking for mobility-impaired persons is available. Any request for sign interpretive services must be made forty-eight hours ahead of the meeting. To make arrangements, call the City Secretary at (469) 309-4005 or (TDD) 1-800-RELAY TX.

Notice of Potential Quorum

***One or more members of the Waxahachie City Council may be present at this meeting.
No action will be taken by the City Council at this meeting.***

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Impact Fee Capital Improvements Advisory Committee
September 15, 2020

The Impact Fee Capital Improvements Advisory Committee (IFCIAC) held a regular meeting on Tuesday, September 15, 2020 at 5:30 p.m. in the City Council Conference Room at 401 S. Rogers St., Waxahachie, TX

Members Present: Rick Keeler, Chairman
Melissa Ballard, Vice Chairman
Bonney Ramsey
Jim Phillips
David Hudgins
Erik Test
Mary Lou Shipley
Clyde Hargrove
Brett Hess
Jimmy Poarch

Members Absent: Betty Square Coleman
John Houston

Others Present: Michael Scott, City Manager
Albert Lawrence, Assistant City Manager
Tommy Ludwig, Assistant City Manager
Lori Cartwright, City Secretary
James Gaertner, Director of Public Works & Engineering

1. **Call to Order**
2. **Invocation**

Chairman Rick Keeler called the meeting to order and gave the invocation.

3. **Public Comments**

None

4. **Approval of minutes of the regular Impact Fee Capital Improvements Advisory Committee meeting of June 23, 2020.**

Action:

Mrs. Bonney Ramsey moved to approve the minutes of the Impact Fee Capital Improvements Advisory Committee meeting of June 23, 2020. Ms. Mary Lou Shipley seconded, All Ayes.

5. **Presentation to discuss Impact Fee and Collection Rate (10-year and Full System)**

Mr. Eddie Haas, Project Manager for Roadway Impact Fees, Freese & Nichols, reviewed land use assumptions for impact fees and explained the 10-year growth projection by service area was calculated at 3.5% growth rate. The Land Use Assumptions are the basis for the development of the Capital Improvement Plan. He reviewed the Roadway Impact Fee Report and the full thoroughfare roadway system. Mr. Haas provided two (2) methods of calculating the fees being a 10-year Capital Improvement method and a full Thoroughfare method.

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Impact Fee Capital Improvements Advisory Committee

September 15, 2020

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Mr. Derek Chaney, Birkhoff, Hendricks, & Carter, L.L.P., reviewed the Water and Wastewater Impact Fee Report. He provided two (2) methods of calculating the fees, a 10-year Capital Improvement Plan method and a full Water and Sewer System method.

Assistant City Manager Tommy Ludwig recommended the full system method for Roadway, Water and Wastewater with the fees for the 10-year CIP service units. He recommended making the Water 71% of maximum and Wastewater 64% of maximum.

6. Recommend to City Council the adoption of the Capital Improvement Plan Land Use Assumptions

Action:

Vice Chairman Melissa Ballard moved to recommend City Council adopt the Land Use Assumptions as presented. Mrs. Bonney Ramsey seconded, All Ayes.

7. Recommend to City Council approval of Capital Improvement Plan approach, and corresponding fees

Action:

Vice Chairman Melissa Ballard moved to recommend City Council adopt the Full System Impact Fee Capital Improvement, assess the fees associated at the amount no greater than the 10 year Capital Improvement Plan where possible and apply the current 71% water and 64% wastewater fee discount to the plan. Mrs. Bonney Ramsey seconded, All Ayes.

8. Adjourn

There being no further business, the meeting adjourned at 6:22 p.m.

Respectfully submitted,

Lori Cartwright
City Secretary

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TO: Mayor and City Council
FROM: Rick Keeler, Chairman, *Impact Fee Capital Improvement Advisory Committee*
DATE: November 2, 2020
SUBJECT: Recommendation Regarding Impact Fee Program Update

In accordance with Texas Local Government Code, the Impact Fee Capital Improvement Advisory Committee (IFCIAC) has been conducting meetings with City staff and the City's consultants for the purpose of commenting on technical data relative to the update of the water, wastewater, and roadway impact fee program. State law mandates that the impact fee program be updated and reviewed, at minimum, every five years. Technical elements of the review were performed by the IFCIAC. The IFCIA consists of the Planning and Zoning Commission, additional ad hoc members from the development community and the City's extraterritorial jurisdiction, and a City Council Member. The technical review included an analysis of the Land Use Assumptions (2020 – 2030), respective Capital improvement Plans, and the resultant cost per service unit calculations for determining impact fees.

After consideration and deliberation of the information, the CIAC recommends the following:

- a. Concurrence with the information presented in the Land Use Assumptions for impact fees;
- b. Implementing a system wide approach to the impact fee capital improvement planning, rather than a program based on a 10 year horizon;
- c. Assessing the impact fees, based on the 10 year system calculations, wherever possible, for water, wastewater and roadway impact fees;
- d. Assessing 82% of the maximum 10 year system calculation for water impact fees, 73% of the maximum 10 year calculation for the wastewater impact fees, and assessing 100% of the maximum 10 year system calculations, where possible, for the roadway fees (imposed at 100% of the maximum of the full system calculations where not).

The following represent the recommended collection rates for the impact fee program:

Roadway Service Area	Recommended Collection Rate (per service unit)
1	\$925
2	\$1,014
3	\$1,102
4	\$1,193
5	\$1,144
6	\$923
7	\$1,420

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Meter Type	Meter Size	LUE	Recommended Collection Rate (per service unit)		
			Water	Sewer	Total
Simple	5/8" x 3/4"	1	\$2,216	\$2,321	\$4,537
Simple	1"	2.5	\$5,540	\$5,803	\$11,343
Simple	1-1/2"	5	\$11,080	\$11,605	\$22,685
Simple	2"	8	\$17,728	\$18,568	\$36,296
Compound	2"	8	\$17,728	\$18,568	\$36,296
Turbine	2"	10	\$22,160	\$23,210	\$45,370
Compound	3"	16	\$35,456	\$37,136	\$72,592
Turbine	3"	24	\$53,184	\$55,704	\$108,888
Compound	4"	25	\$55,400	\$58,025	\$113,425
Turbine	4"	42	\$93,072	\$97,482	\$190,554
Compound	6"	50	\$110,800	\$116,050	\$226,850
Turbine	6"	92	\$203,872	\$213,532	\$417,404
Compound	8"	80	\$177,280	\$185,680	\$362,960
Turbine	8"	160	\$354,560	\$371,360	\$725,920
Compound	10"	115	\$254,840	\$266,915	\$521,755
Turbine	10"	250	\$554,000	\$580,250	\$1,134,250
Turbine	12"	330	\$731,280	\$765,930	\$1,497,210

The Committee came to these conclusions after reviewing comparable cities' impact fees to ensure that Waxahachie would remain competitive based on the proposed rate structure. The IFCIAC would recommend that the City Council approve the updated Land Use Assumptions Report, Capital Improvements Plan, and the water, wastewater, and roadway impact fees as presented.

Sincerely,

Rick Keeler
Impact Fee Capital Improvement Advisory Committee
Committee Chairman

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Memorandum

To: Impact Fee Advisory Committee
From: Shon Brooks, Senior Director Planning
Thru: Michael Scott, City Manager
Date: October 27, 2020
Re: FY 2019-2020 Impact Fee Revenue and Expenditure Activity Report

In April 2020, city staff presented the FY 2019-2020 Impact Fee Revenue and Expenditure Activity Mid-Year Report to the Impact Fee Capital Improvement Advisory Committee. The activity summary detailed impact fee revenue and expenditures from October 1, 2019 to March 31, 2020.

The following report entails the Impact Fee revenue and expenditure activity summary for the 2019-2020 fiscal year, which includes data from October 1, 2019 to September 30, 2020. Impact fees are authorized under Chapter 395 of the Texas Local Government Code, and empower municipalities to levy a charge or assessment against a 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.

Please note that additional revenues and/or expenses may post to the period between October 1, 2019 and September 30, 2020 after the date of this report. If additional revenues and/or expenses are posted to this period they will be reflected in the next biannual report.

Impact Fee Revenues and Expenditures

Below are tables illustrating the revenues and expenditures for water, sewer, and roadway impact fees from October 1, 2019 to September 30, 2020, with a brief explanation of the associated expenditures from each project.

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Water Impact Fees

Fiscal Year	FY 19-20 (Through 09/30/2020)
Beginning Balance	\$2,954,777.53
Revenues	\$1,437,450.69
Expenses	\$469,710.16
Ending Balance	\$3,922,518.06

Water Impact Fee Expenditure Summary FY 19-20

Below is a brief summary of the projects which have been funded, or partially funded through the use of water impact fees during the FY 19-20 budget year:

- **FM 664 Water Line Project**: This project provided for the construction of approximately 6,000 linear feet of 24" diameter water transmission line, which runs from the elevated storage tank on FM 664 south to the intersection of Business 287 and FM 664. This project provides water services to the Ridge Crossing and Shepard's Place developments, and supports future developments west of IH 35 in this area. In August 2019, City Council awarded a Construction Bid to Circle H Contractors for \$1,172,803. This project was fully funded throughout both the FY 2018-19 and FY 2019-20 budget years through the use of impact fees. This project was completed in March 2020.
- **BNSF Railroad 18" Water Transmission Line Project Phase 1**: (Engineering Design Only) This project will construct an 18" water line from the existing 24" water line on Butcher Road to Cardinal Road. The project will parallel the BNSF Railroad, and is part of a larger series of water infrastructure improvements that will help facilitate transmission of water from the Sokoll Water Treatment Plant into the Northern Service Area and reducing pumping and transmission needs from the Southern (715) Service Area. On September 3, 2019 the City Council awarded an Engineering Design Contract to Kimley-Horn for \$133,500. Design for the project is anticipated to be completed by the fall of 2020. Construction will be funded through the FY 19-20 bond issuance, and is scheduled to begin in the first quarter of 2021. The design phase of this project is being fully funded with impact fees.
- **BNSF Railroad 18" Water Transmission Line Phase 2** - (Engineering Design Only) This is the second phase of the BNSF Railroad 18" Water Transmission Line Project. This will connect the 18" water line from BNSF Phase I near Cardinal Road to the existing 14" water line coming from the Solon Rd Elevated Storage Tank. This project is part of a larger series of water infrastructure improvements that will help facilitate transmission of water from the Sokoll Water Treatment Plant into the Northern Service Area and reducing pumping needs from the Southern Service Area. An Engineering Design Contract was awarded to Kimley Horn on February 3, 2020 in the amount of \$105,500. Design for the project is anticipated to be complete by the end of the calendar year for 2020. Construction will be funded through the FY 19-20 bond

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issuance. The design phase of this project is being fully funded with impact fees.

- Distribution Line: Loftland Road/Ovilla Road Phase 1 – (Engineering Design Only)
This project is the first phase to install approximately 8,900 LF of 24” diameter water transmission line. The limits will be from Cardinal Road just east of the BNSF Railroad west to Ovilla Rd at the Marshall Rd intersection. This line will help sustain water pressures to the northern part of Settlers Glen Subdivision and surrounding areas, provide for additional capacity from the Sokoll Water Treatment Plant, and support development in the area west of IH-35 and north of the 287 Bypass. On October 21, 2019, City Council awarded an Engineering Design Contract to Birkhoff, Hendricks & Carter, LLP in the amount of \$370,100. This cost included design as well as land rights acquisition services. Design for the project is scheduled to be complete by the first quarter of 2021, contingent upon right-of-way acquisitions. Construction will be funded through the FY-19-20 bond issuance and is scheduled to begin in the first quarter of 2021. The design phase of this project is being fully funded with impact fees.
- Water 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 at least every five years. The City of Waxahachie budgeted \$60,000 to engage a professional engineering firm to assist in updating the City’s Water Impact Fees. The City executed a contract with Birkhoff, Hendricks & Carter, LLP in the amount of \$40,000 to conduct the Water and Wastewater Impact Fee Update; however a change order of \$20,000 was executed to complete a full system wide comparison analysis. The cost is split 50/50 between Water and Wastewater funds. The project is also working in concert with the Roadway Impact Fee Update which is being conducted by Freese and Nichols on behalf of the Public Works Department. Freese and Nichols is also preparing the required Land Use Assumption component for a total of \$24,000. This cost will be split evenly between Public Works, Water and Wastewater. The project commenced in February 2020 and is anticipated to be complete by December 2020. This project is being fully funded with impact fees.
- Debt Service – The City issues debt for the purpose of financing long-term infrastructure capital improvements. Infrastructure includes those basic physical structures provided by government to support basic services including improvements and new components to the City’s utility system. Utility-related bond projects are largely financed by a portion of monthly water fees paid by the City’s utility customers. Additionally, water impact fees may be used to support and partially offset the required annual debt service for these bond funds. In FY 2019-2020, water impact fees contributed \$98,500 toward the City’s water debt service.

Anticipated FY 20-21 Water Impact Fee Expenditures

In the FY20-21 planned Capital Budget, there are approximately \$6,664,622 worth of water impact fee eligible projects. Utility capacity expansion projects are complex and expensive, and as a result it is important to build a healthy fund balance to maximize the use of impact fees. In addition, every year during the budget process City Management works with the Finance Department to determine the best use of impact fee funds (debt service, partially fund projects, preserve funds to fully fund projects). In the next biannual report staff will provide a detailed list of the projects that will be funded or partially funded through impact fees.

Specifically in FY 2021, the funding plan calls for the use of water fees to fund the Howard Rd. High Service Pump No. 5 in the amount of \$1.4 million. This use of water impact fees reduces the amount of bonds the city must issue, saving the City money in financing and interest costs.

Sewer Impact Fees

Fiscal Year	FY 19-20 (Through 09/30/2020)
Beginning Balance	\$5,038,088.37
Revenues	\$1,514,100.20
Expenses	\$1,306,402.23
Ending Balance	\$5,245,786.34

Sewer Impact Fee Expenditure Summary FY 19-20

Below is a brief summary of the projects which have been funded, or partially funded through the use of sewer impact fees during the FY 19-20 budget year:

- **Waste Water Treatment Plant Rehabilitation Project**: In October 2019, City Council awarded a contract to BAR Construction in the amount of \$12,875,550 for the Wastewater Treatment Plant. \$1,354,550 of this project is anticipated to be funded by impact fees, with the rest of the project being funded through Certificate of Obligation Bonds. In addition, the City also executed a materials testing contract in January 2020 with Alpha Testing for \$53,888.50. This will also be funded with impact fees. Construction began in January 2020 and is scheduled for completion in July of 2021. The Finance Department has recommended to expend the bond funds associated with this project first, and then utilize impact fee funds in accordance with IRS Rules governing bonds. As a result it will be in FY-20-21 before the impact fees associated with this project are fully expended.
- **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. The City budgeted \$60,000 to engage a professional engineering firm to assist in updating the City's Sewer Impact Fees. The City executed a contract with Birkhoff, Hendricks & Carter, LLP in the amount of \$60,000 to conduct the Water and Wastewater Impact Fee Update; however a

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change order of \$20,000 was executed to complete a full system wide comparison analysis. The cost is split 50/50 between Water and Wastewater funds. The project is also working in concert with the Roadway Impact Fee Update which is being conducted by Freese and Nichols on behalf of the Public Works Department. Freese and Nichols is also preparing the required Land Use Assumption component for a total of \$24,000. This cost will be split evenly between Public Works, Water and Wastewater. The project commenced in February 2020 and is anticipated to be complete by December of 2020. This project is being fully funded with impact fees.

- Debt Service – The City issues debt for the purpose of financing long-term infrastructure capital improvements. Infrastructure includes those basic physical structures provided by government to support basic services including improvements and new components to the City’s utility system. Utility-related bond projects are largely financed by a portion of monthly sewer fees paid by the City’s utility customers. Additionally, waste water impact fees may be used to support and partially offset the required annual debt service for these bond funds. In FY 2019-2020, waste water impact fees contributed \$1,225,195 toward the City’s waste water debt service.

Anticipated FY 20-21 Sewer Impact Fee Expenditures

In the FY20-21 planned Capital Budget, there are approximately \$3,409,324 worth of sewer impact fee eligible projects. Utility capacity expansion projects are complex and expensive, and as a result it is important to build a healthy fund balance to maximize the use of impact fees. In addition, every year during the budget process City Management works with the Finance Department to determine the best use of impact fee funds (debt service, partially fund projects, preserve funds to fully fund projects). A portion of the expenditures this year went toward debt service. In the next biannual report, staff will provide a detailed list of the projects that will be funded or partially funded through impact fees.

Current Roadway Impact Fees FY 19-20

Below is a table illustrating the revenues and expenditures for roadway impact fees from October 1, 2019 to September 30, 2020:

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Service Area	FY 2020 Start	Revenues	Expense	FY 2020 End
Service Area 1	\$760,154.63	\$215,168.18	-\$8,760.55	\$966,562.26
Service Area 2	\$381,066.86	\$1,072,050.58	-\$348,939.33	\$1,104,178.11
Service Area 3	\$119,149.62	\$50,365.50	-\$8,760.55	\$160,754.57
Service Area 4	\$644,611.81	\$591,314.47	-\$8,760.55	\$1,227,165.73
Service Area 5	\$1,189,107.11	\$311,879.68	-\$8,760.55	\$1,492,226.24
Service Area 6	\$964,426.65	\$102,985.23	-\$8,760.55	\$1,058,651.33
Service Area 7	\$673,175.82	\$0.00	-\$8,761.55	\$664,414.27
Interest	----	\$59,589.15		
Total	\$4,731,692.50	\$2,403,352.79	\$401,503.63	\$6,733,541.66

Roadway Expenditure Summary FY 19-20

Below is a brief summary of the projects which have been funded, or partially funded through the use of roadway impact fees during FY 19-20:

- **Vista Way**: Funds from Service Area 2 were utilized to assist in the construction of Vista Way (Completed in March of 2020). Vista Way is a primary north-south collector road for North Grove Boulevard and will also provide the main point of access for the new Max Simpson Elementary School. Funding for this project was through a cost sharing development agreement between the City of Waxahachie (75%) and John Houston Development Company (25%). The total City portion of the agreement could not exceed \$750,000. In total, \$571,267 of the cost were Impact Fee eligible. \$215,558.57 was expended in FY18-19, and \$338,813.78 worth of Impact Fee eligible expenses have been charged through the end of March 2020; these charges appear in the table above.
- **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 FY19-20, the City has contracted with the engineering firm Freese and Nichols for \$62,750 to review land use assumptions, and update the City's roadway Capital Improvement Plan and to recalculate the associated impact fees based upon the update. This update will be 100% funded through Impact Fees. Each service area will remit payment for their proportionate share of the analysis, based on the amount of improvements identified within the specific service areas. As of September 1, 2020, a total of \$51,824.91 has been expended from all seven Service Areas for associated expenses.

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Anticipated FY 20-21 Roadway Impact Fee Expenditures

At the time of this report, City staff does not anticipate the use of Roadway Impact Fees in the first half of FY 2021. Due to COVID-19, and an all-time low in the cost of bond funding, originally budgeted Roadway Impact Fee funding was exchanged for other funding options (original budget was \$605,368 for Kaufman Road). City staff (Public Works and Engineering and Utilities) will continue discussions to determine where efficiencies can be obtained through the scheduling of capital improvement projects for both departments.

Next Steps

Throughout the year, City staff will continue to work with Freese and Nichols and Birkhoff, Hendricks, & Carter, LLP to prepare an update to the City's land use assumptions as well as the water, sewer and roadway impact fees. Staff is working to prepare final recommendation letters from Impact Fee Committee to Council, which is anticipated to be provided to City Council on November 2nd. In addition, on November 2nd City Council will consider a resolution authorizing a public hearing on the land use assumptions and impact fee capital improvement plan. The public hearing is tentatively scheduled for December 7th with Council consideration and adoption the same meeting. The next biannual Impact Fee Capital Improvement Advisory Committee meeting will be held in April 2021, which will cover the impact fee revenues and expenses associated with the first half of FY20-21.

I am available at your convenience should you need additional information.

Shon Brooks