



October 22, 2024

CITY OF BASTROP, TEXAS WATER AND WASTEWATER IMPACT FEE UPDATE

NewGen
Strategies & Solutions

IMPACT FEES

What are they?

- Mechanism that allows municipalities the ability to recover infrastructure costs associated with future development
 - New construction or facility expansion to serve future development during the next ten (10) years
- Governed by Chapter 395 of the Texas Local Government Code
 - *“Impact Fee means a charge or assessment 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”*

Texas Local Government Code §395.001

IMPACT FEES

What costs are
recoverable?

- Construction
- Surveying and Engineering
- Land Acquisition and Associated Costs
- Financing Costs
- Engineering Costs Associated with Land Use/Capital Improvements Planning and/or Financial Consulting Associated with Developing Impact Fees (Not Employed by the City)

IMPACT FEES

What costs are not
recoverable?

- Capital Improvement Projects NOT Identified in the Impact Fee CIP
- Operations and Maintenance Costs
- Improvements Associated with Existing Deficiencies
- Administrative and Operational Costs of the City
- Non-Impact Fee CIP Debt Service
- SB 883 – exempts school districts from impact fees unless board consents by entering into contractual agreement (effective May 25, 2007)

IMPACT FEES

How are they
calculated?

- Land Use and Population Projections
- Capital Improvements Plan (Master Plan)
 - Description of existing facilities and the costs to meet existing needs and deficiencies
 - Analysis of existing capacity and commitments
 - Description of capital improvements and associated costs attributable to new development based on the approved Land Use Assumptions
 - Projected new service units based on approved Land Use Assumptions
 - Develop 10-year Impact Fee CIP and costs

IMPACT FEES

How are they
calculated?
(continued)

- Financing Costs
- Revenue Credit Calculation or 50% Credit
 - Revenue Credit Calculation – a credit for the portion of ad valorem tax and/or utility service revenues generated by new service units during the program period (10-years) that is used for payment of projects included in the Impact Fee CIP
- Maximum Assessable Impact Fee

$$\text{Impact Fee} = \frac{\text{Cost of Impact Fee CIP} - \text{Credit}}{\text{New Service Units}}$$

IMPACT FEES

Key Assumptions

- Utilized a 4% Growth Factor
- Within next ten years:
 - 3,582 New Wastewater Connections
- 37 Wastewater CIP Projects were included

- Water Impact Fee CIP and Land Use Assumptions were reviewed, but no update to those plans is recommended at this time

WASTEWATER IMPACT FEE CIP

W/ 4 MGD Plant Expansion	Total Project Amount	% for 2024-2034 Growth	Impact Fee Eligible
Wastewater Treatment	\$ 267,514,174	9.53%	\$ 25,485,048
Wastewater Pumping	6,703,660	13.000%	871,786
Major Collection Lines	27,263,235	95.02%	25,905,822
Impact Fee Study	6,250	100.00%	6,250
Total	\$ 301,487,319		\$ 52,268,906

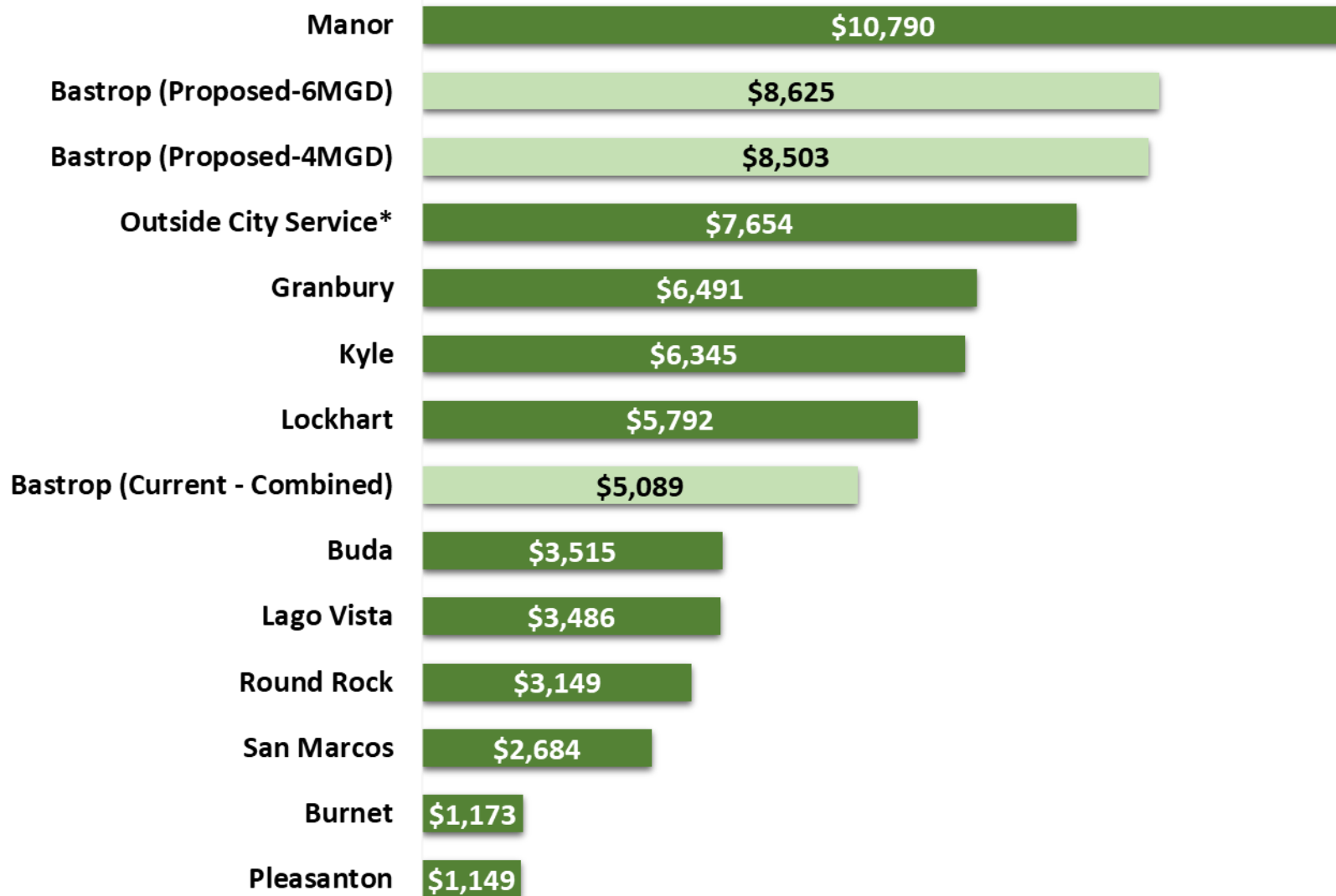
W/ 6 MGD Plant Expansion	Total Project Amount	% for 2024-2034 Growth	Impact Fee Eligible
Wastewater Treatment	\$ 332,014,174	7.86%	\$ 26,080,642
Wastewater Pumping	6,703,660	13.000%	871,786
Major Collection Lines	27,263,235	95.02%	25,905,822
Impact Fee Study	6,250	100.00%	6,250
Total	\$ 365,987,319		\$ 52,865,500

WASTEWATER IMPACT FEE CALCULATIONS

Line	Description	4MGD Exp.	6MGD Exp.
1	Recoverable Cost for Impact Fee Planning Period	\$ 52,268,906	\$ 52,864,500
2	Add: Financing Costs	21,778,103	22,307,244
3	Less: Interest Earnings	(12,143,940)	(12,391,666)
4	Less: Existing Fund Balance	(988,600)	(988,600)
5	Recoverable Cost of Wastewater Impact Fee and Financing Costs Less Balance	\$ 60,914,469	\$ 61,791,478
6	Divide: Additional Service Units Added During Planning Period	3,582	3,582
7	Maximum Assessable Fee	\$ 17,006	\$ 17,251
8	Fee with 50% Credit (Max Assessable Fee)	\$ 8,503	\$ 8,625
9	Current Wastewater Impact Fee	\$ 5,089	\$ 5,089
10	<i>Variance</i>	<i>\$ 3,414</i>	<i>\$ 3,536</i>

RATE RECOMMENDATIONS

- Set the maximum impact fee per service unit equal to a 3/4-inch connection using the 50% credit method for both water and wastewater impact fees
 - Wastewater Impact Fee -
 - 4MGD Expansion - \$ 8,503 for a ¾" Meter
 - 6 MGD Expansion - \$ 8,625 for a ¾" Meter
- Assess escalating fees by meter size based on capacity values from the AWWA Manual M1, Principles of Water Rates, Fees and Charges, 6th edition, 2012



WASTEWATER REGIONAL COMPARISON

Impact Fees
(3/4-inch meter)

*Outside City Service represents the estimated cost of septic installation., which can vary based on labor, material, and system type



QUESTIONS AND DISCUSSION

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