



May 26, 2022

CITY OF BASTROP, TEXAS WATER AND WASTEWATER IMPACT FEE UPDATE



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:
 - 4,687 New Water Connections
 - 1,600 Aqua Customers
 - 3,753 New Wastewater Connections
- 76 Water CIP Projects were included
- 32 Wastewater CIP Projects were included

WATER IMPACT FEE CIP

Description	Total Project Amount	% for 2022-2032 Growth	Impact Fee Eligible
Water Supply	\$ 44,518,888	14.20%	\$ 6,319,526
Water Pumping	18,189,154	25.47%	4,633,147
Ground Storage	12,433,942	13.00%	1,616,705
Elevated Storage	12,205,800	17.20%	2,099,554
Transmission Lines	23,456,855	65.69%	15,409,000
Distribution Lines	19,150,000	78.20%	14,975,909
Impact Fee Study	9,250	100.00%	9,250
	\$ 129,963,889		\$45,063,092

WATER IMPACT FEE CALCULATIONS

Line	Description	Production	Distribution
1	Recoverable Cost for Impact Fee Planning Period	\$ 6,320,253	\$ 38,742,269
2	Add: Financing Costs	2,549,603	34,348,778
3	Less: Interest Earnings	(553,235)	(8,524,739)
4	Less: Existing Fund Balance	0	(486,004)
5	Recoverable Cost of Water Impact Fee and Financing Costs Less Balance	\$ 8,317,193	\$ 64,080,304
6	Divide: Additional Service Units Added During Planning Period	3,087	4,687
7	Maximum Assessable Fee	\$ 2,694	\$ 13,671
8	Fee with 50% Credit (Max Assessable Fee)	\$ 1,347	\$ 6,835
9	Current Water Impact Fee	\$ 0	\$ 4,109
10	<i>Variance</i>	<i>\$ 1,347</i>	<i>\$ 2,726</i>

Note: Production includes Water Supply projects and portion of Impact Fee Study cost.

WASTEWATER IMPACT FEE CIP

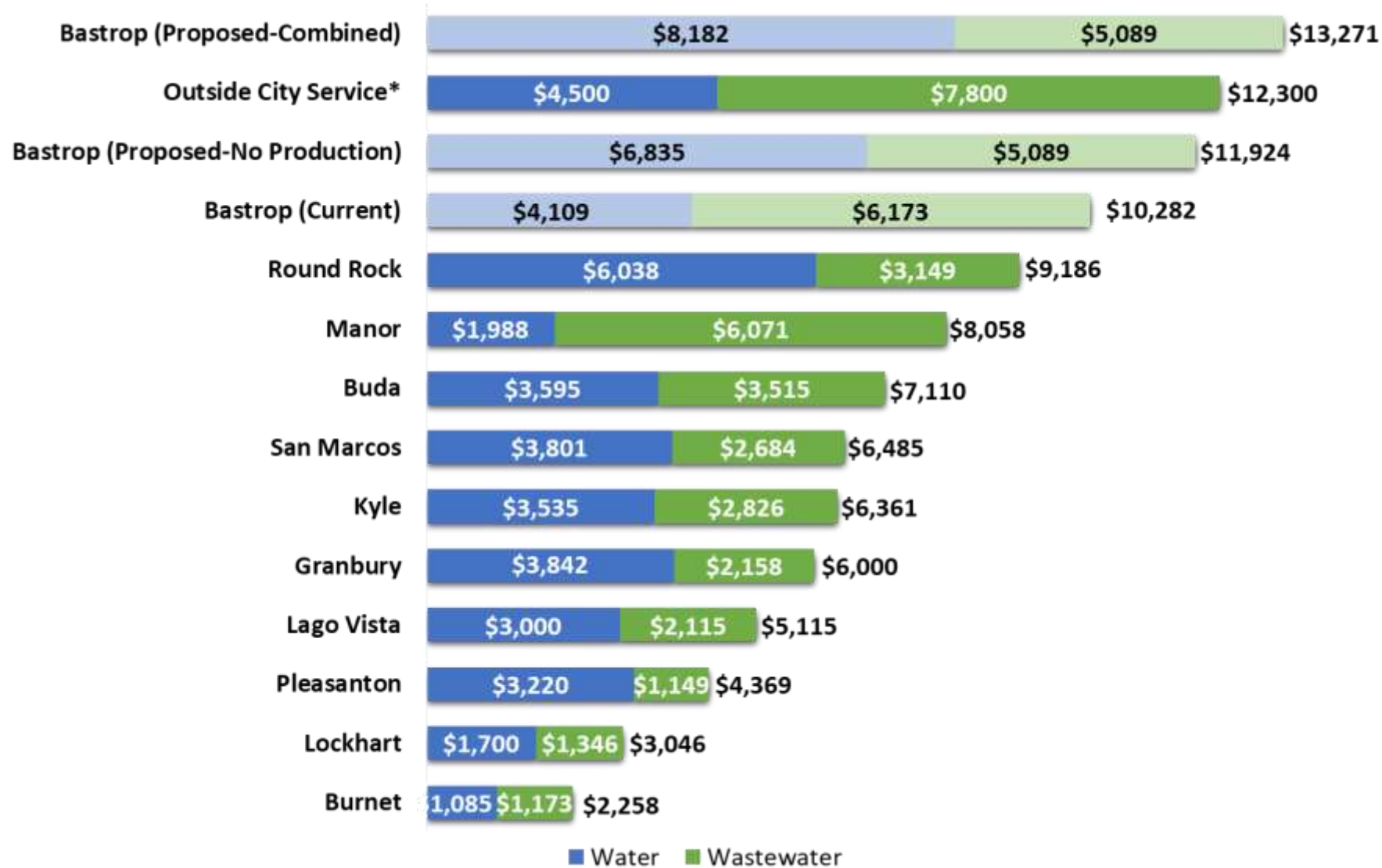
Description	Total Project Amount	% for 2022-2032 Growth	Impact Fee Eligible
Wastewater Treatment	\$ 70,157,174	17.38%	\$12,190,696
Wastewater Pumping	6,703,660	24.72%	1,656,972
Major Collection Lines	17,583,235	92.28%	16,225,822
Impact Fee Study	9,250	100.00%	9,250
Total	\$ 94,453,319		\$ 30,082,740

WASTEWATER IMPACT FEE CALCULATIONS

Line	Description	2022
1	Recoverable Cost for Impact Fee Planning Period	\$ 30,082,740
2	Add: Financing Costs	11,986,689
3	Less: Interest Earnings	(2,619,981)
4	Less: Existing Fund Balance	(1,245,624)
5	Recoverable Cost of Wastewater Impact Fee and Financing Costs Less Balance	\$ 38,203,823
6	Divide: Additional Service Units Added During Planning Period	3,753
7	Maximum Assessable Fee	\$ 10,179
8	Fee with 50% Credit (Max Assessable Fee)	\$ 5,089
9	Current Wastewater Impact Fee	\$ 6,173
10	<i>Variance</i>	<i>(\$ 1,084)</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
 - Water Impact Fee - \$ 8,182 for a ¾" Meter
 - Production - \$ 1,347 for a ¾" Meter
 - Distribution - \$ 6,835 for a ¾" Meter
 - Wastewater Impact Fee - \$ 5,089 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



REGIONAL COMPARISON

Impact Fees (3/4-inch meter)

*Outside City Service represents water meter fee from Aqua WSC and cost of septic installation.



QUESTIONS AND DISCUSSION

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