



January 14, 2024

CITY OF BURNET, 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

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

Administration

- **Assessment vs. Collection**
 - Assess at the time of final plat recordation
 - Collect at the time of building permit
- **Accounting**
 - Separate interest-bearing account for each impact fee category and service area
 - Interest earnings held to same restrictions as Impact Fees
- **Refunds**
 - If service not available, may collect fee, but water and sewer improvements must start within 2 years and be completed within 5 years
 - Impact Fees refunded, including interest, if not spent within 10 years after collection
 - Refunded to property owner at time of refund
- **Update at least every five years**
 - Period begins on the day the Impact Fee CIP is adopted
 - CIAC to provide comments to Council for any updates

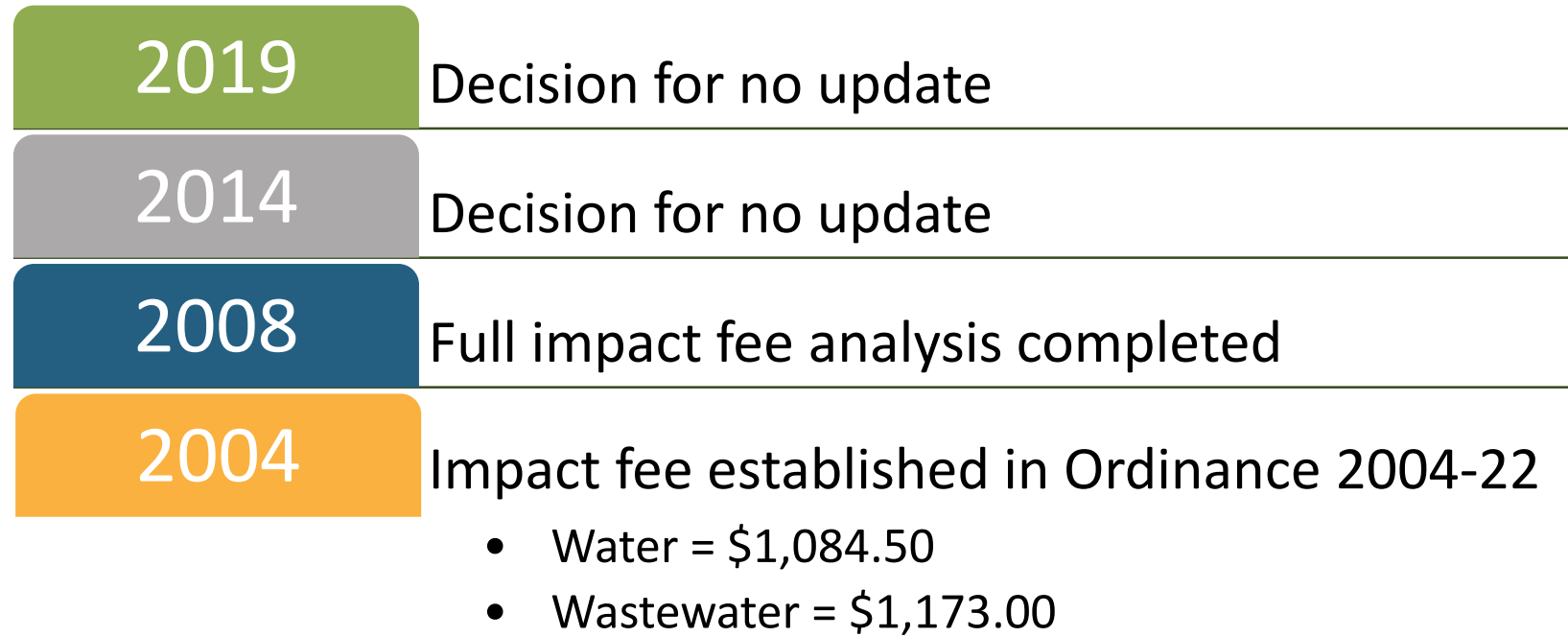
IMPACT FEES

“CIAC” – Capital
Improvements
Advisory Committee

- At least five members appointed by the City Council
 - Code allows for Planning and Zoning Committee to act as CIAC
- Roles:
 - Advise, review, and monitor Land Use Assumptions, Impact Fee CIP, and Impact Fees
 - File reports/comments to City Council

IMPACT FEES

History In Burnet



IMPACT FEES

Wastewater Recommendations

- After discussions with City staff regarding current planning and projected capital uses, as well as reviewing available information, the Project Team recommends that no update to the wastewater Land Use Assumption, Capital Improvements, or Impact Fee is called for at this time
- We recommend that if expected growth patterns or required capital needs change, then Land Use Assumptions, Capital Improvements Plan, or the Impact Fees should again be evaluated for amendment specific to wastewater at that time

IMPACT FEES

Water Recommendations

- The City is constructing a water well project that will add critical water supply capacity to support new growth
- Recommendations
 - The City consider an update to its water-related Impact Fee CIP to include recovery of this project in water Impact Fees
 - No change to the water Impact Fee at this time

IMPACT FEES

KEY ASSUMPTIONS

- Within next ten years:
 - 489 new water connections
- New well project anticipated to support 1,667 new connections
 - 29.3% of the project will be utilized in the 10-year Impact Fee window



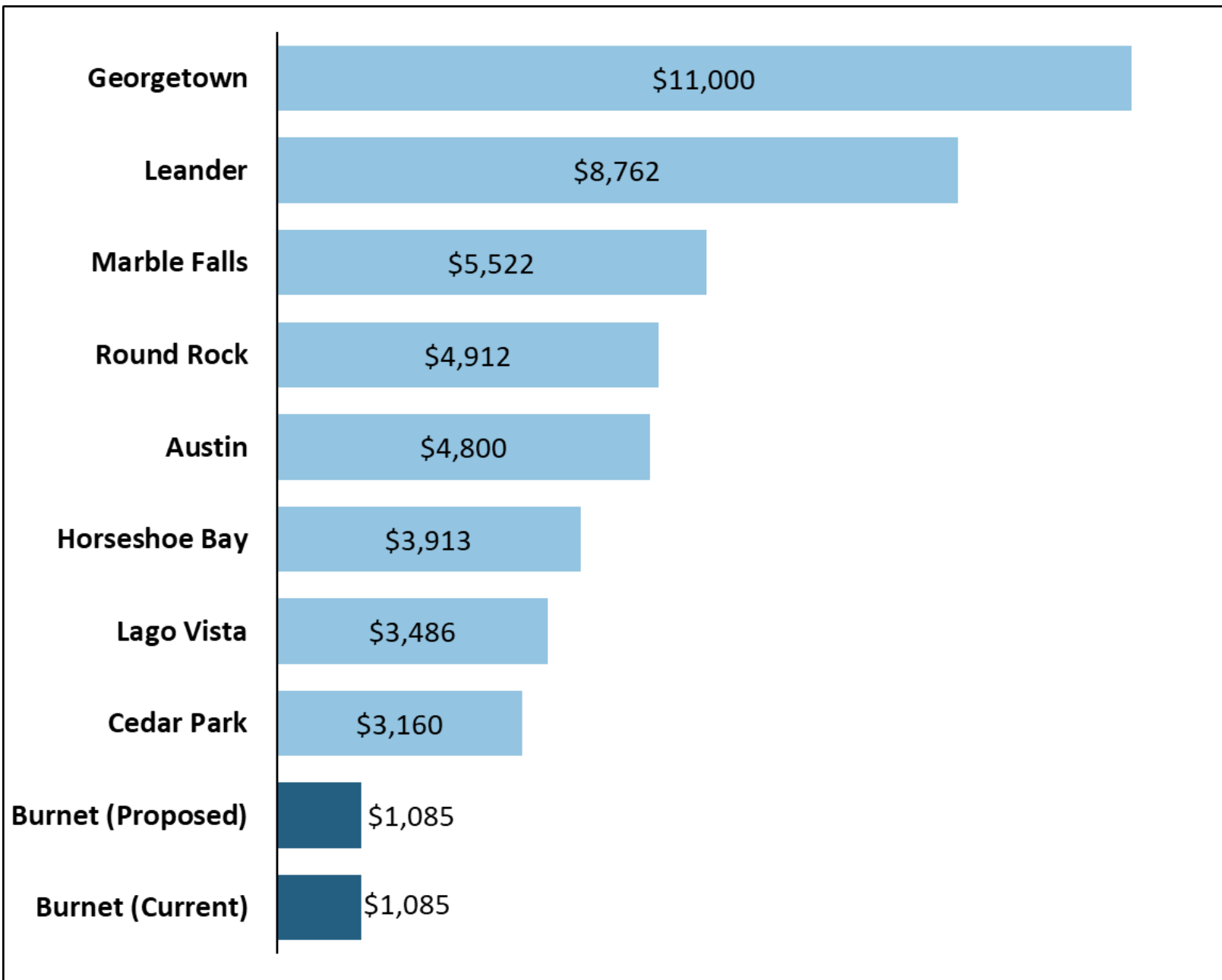
WATER IMPACT FEE CIP

	Amounts
Existing Impact Fee Eligible Projects	
1.0 MGD Water Treatment Plant	\$ 2,429,099
New Impact Fee Eligible Projects	
New Water Well Project	\$ 3,135,000
% Impact Fee Eligible	29.3%
Impact Fee CIP Cost for Calculation	\$ 919,344

WATER IMPACT FEE CALCULATIONS

Line	Description	Calculation
1	Recoverable Cost for Impact Fee Planning Period*	\$ 919,344
2	Add: Financing Costs	556,067
3	Less: Existing Fund Balance	(388,967)
4	Recoverable Cost of Water Impact Fee and Financing Costs Less Balance	\$ 1,086,444
5	Less: 50% Credit	(543,222)
6	Recoverable Water Impact Fee Eligible Cost	\$ 543,222
7	Divide: Additional Service Units Added During Planning Period	489
8	Maximum Assessable Fee	\$ 1,111
9	Current Water Impact Fee	\$ 1,085
10	<i>Variance</i>	\$ 27

*Both projects on previous slide are included in the impact fee CIP



WATER REGIONAL COMPARISON

Impact Fees
(3/4-inch meter)

SUGGEST COUNCIL MOTION

- In accordance with the requirements of Local Government Code Chapter 395.052 and 395.057, I move that we approve the proposed amendments to the Water Impact Fee Capital Improvement Plan as outlined in the report and presentation received from NewGen Strategies and Solutions and maintain the existing Water Impact Fee of \$1,084.50 per living unit equivalent as originally approved in City Ordinance No. 2004-22.



QUESTIONS AND DISCUSSION

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