

MAYOR AND COUNCIL COMMUNICATION

DATE: October 15, 2024

TO: Mayor and Council

FROM: Melinda Moritz, Public Works Director

THROUGH: Crystal Caldera, Ph.D., City Manager

SUBJECT: Discussion and Possible Action Ordering a Public Hearing to Discuss and Review a Capital Improvements Plan Water Impact Fee Update

SPONSOR(S): N/A

PURPOSE

The purpose of this item is to consider ordering a public hearing to discuss and review a Capital Improvement Plan water impact fee update.

The City Council approved an increase to the water impact fees in May of this past year. Since that time, it has been discovered that the cost for the purchase of water rights has increased much higher than what was originally estimated.

The previous water impact fees were based on the cost of acquiring water rights at \$6,100 per acre foot (includes closing costs). After numerous inquiries into the purchase of water rights since that time, it has been found that the cost is now estimated between \$10,600 and \$12,000 per acre foot.

Per state law, in order to discuss an update to the fees and to consider an amendment to the Capital Improvements Plan, the City Council must adopt an order setting a public hearing date and notify the public of such hearing. The proposed date of the public hearing would be November 19, 2024.

Impact fees may only be used for improvements to the water and wastewater system that are directly related to new development. They cannot be used to maintain or replace existing systems and may not be charged to existing customers, unless the customer has a change in use that would require an increase in water and/or wastewater treatment usage.

FISCAL IMPACT

Water impact fees are used to offset the costs of obtaining water rights.

RECOMMENDATION

At their September 24, 2024 meeting, the Planning and Zoning Commission

recommended moving forward with an update to the Capital Improvement Plan to increase water impact fees.

APPROVED: _____ DISAPPROVED: _____

APPROVED WITH THE FOLLOWING AMENDMENTS:

ATTEST:

SAUNDRA PASSAILAIGUE, TRMC
City Secretary