



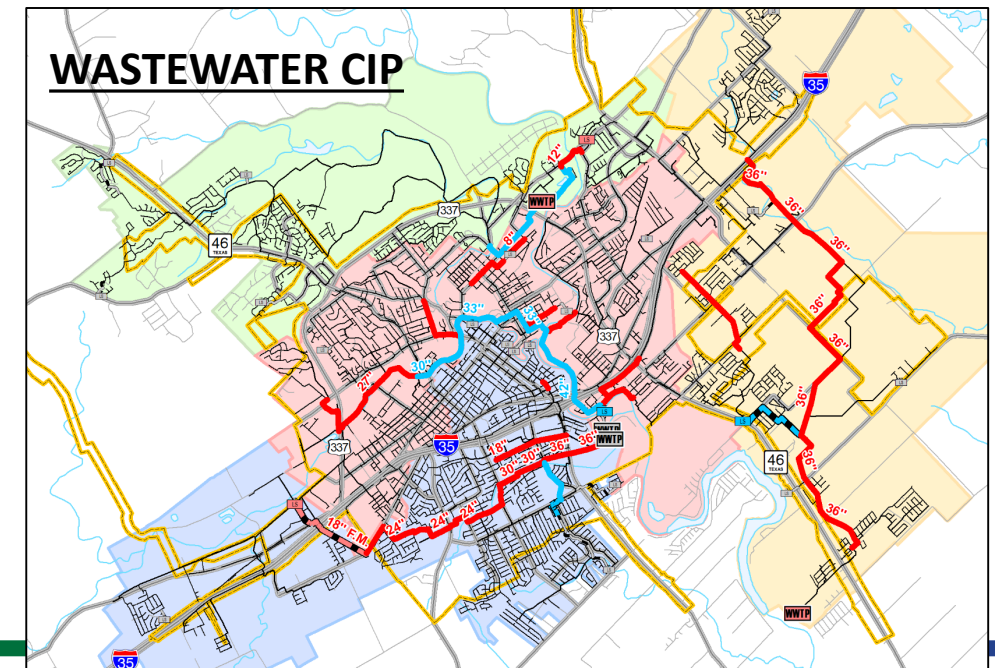
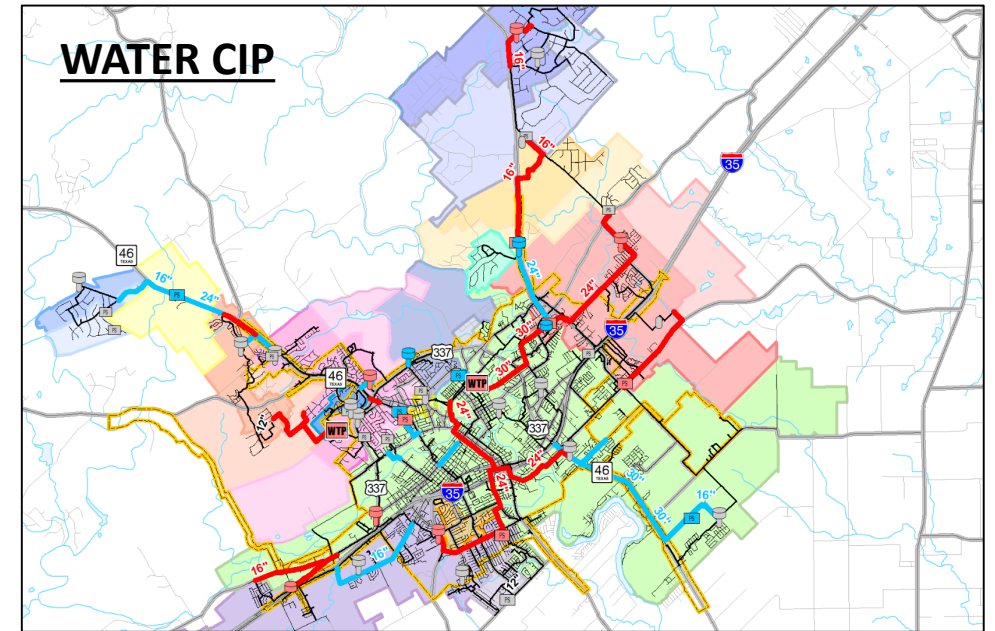
Impact Fee Update

Revised Maximum Allowable Impact Fees

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Status Update

- Developed growth projections
- Identified impact fee eligible capital improvements
- Calculated living unit equivalents (LUEs)
- Determined maximum allowable impact fees
- Presented to Impact Fee Advisory Committee and Board
- **Public Outreach**
 - Multi-family LUE
 - Implementation Schedule
 - Phase-in



Multi-Family Analysis

- Reviewed 5 years of historical billing data for single-family and multi-family accounts
- Compared average consumption per multi-family unit to average single-family consumption

Customer Category	5-year Average Consumption (gal/day/unit)	Single Family Equivalency
Single Family	211	1.00
Low-Density MF (2-4 Units)	122	0.58
MF1 (5-50 Units)	112	0.53
MF2 (51-100 Units)	112	0.53
MF3 (100+ Units)	103	0.49
All Multi-Family	112	0.53

Recommended Revision for Multi-Family LUE

- Initial calculation utilized 1.0 LUE/unit to be consistent with TCEQ water system requirements
- Recent consumption data shows typical multi-family units use less water than single-family residences
- **Recommendation to revise the multi-family equivalency to 0.5 LUEs/unit**
- The recommendation is consistent with NBU's current impact fee policy

Revised Maximum Allowable Impact Fees

- Using 0.5 LUEs/unit increases impact fee per LUE because it reduces the growth in LUEs projected throughout next 10 years (compared to using 1.0 LUE/unit), but CIP costs remain unchanged
- Decreases total impact fee assessed to multi-family development

	Updated Maximum Allowable (0.5 LUEs/unit)		Previous Maximum Allowable (1.0 LUEs/unit)	
	WATER	WASTEWATER	WATER	WASTEWATER
Capital Improvement Costs	\$396,930,914	\$123,125,849	\$396,930,914	\$123,125,849
Credit Calculation	(\$837,433)	(\$2,813,220)	-\$850,871	-\$2,830,979
Total Eligible Costs	\$396,093,481	\$120,312,629	\$396,080,043	\$120,294,870
Growth in LUEs	20,367	19,269	22,618	21,061
Maximum Allowable Impact Fee	\$19,448	\$6,244	\$17,512	\$5,712

Optional Collection Amount Phasing

- Recommended Effective Date = February 1, 2023

	Current Collection Rate	<u>Year 1</u> 70% of Maximum	<u>Year 2</u> 85% of Maximum	<u>Year 3</u> 100% of Maximum
WATER	\$7,989	\$13,614	\$16,531	\$19,448
WASTEWATER	\$3,251	\$4,371	\$5,307	\$6,244
TOTAL	\$11,240	\$17,985	\$21,838	\$25,692

Revenue Scenarios

- Extend effective date to February 1, 2023
- Phase in max allowable over 3 years (@70%, 85%, and 100%)
- Change LUE assumption from one to ½ LUE

FY23 FOP					
FY23	FY23*	FY24	FY25	FY26	FY27
Electric**	3.3%	1.7%	1.7%	1.7%	1.7%
Water	22.0%	10.0%	10.0%	10.0%	10.0%
Wastewater	13.0%	6.0%	6.0%	6.0%	6.0%

FY2027 Results	
DSC	2.87
Total New Debt	\$600.0M
Debt to Cap.	54%
Total Debt	\$906.8M

Policy
≥2.4X
<55%

IF - Combined - Scenario #4					
FY23	FY23*	FY24	FY25	FY26	FY27
Electric**	3.3%	1.7%	1.7%	1.7%	1.7%
Water	22.0%	10.0%	10.0%	10.0%	10.0%
Wastewater	13.0%	6.0%	6.0%	6.0%	6.0%

FY2027 Results	
DSC	2.88
Total New Debt	\$603.1M
Debt to Cap.	54%
Total Debt	\$909.8M

Policy
≥2.4X
<55%

Ratios By Year

FY23 FOP	FY23	FY24	FY25	FY26	FY27	Policy
Total Debt / Capitalization Ratio*	45.17%	49.58%	51.86%	52.95%	53.51%	55%
Debt Service Coverage	5.07	3.44	2.90	2.92	2.87	2.40
Debt Service Including Extraordinary Event	1.79	3.44	2.90	2.92	2.87	1.40
Days Cash on Hand	193	223	242	266	286	

FY22 Forecasted DSC Including Extraordinary Event = 1.98

IF - Combined - Scenario #4	FY23	FY24	FY25	FY26	FY27	Policy
Total Debt / Capitalization Ratio*	45.18%	49.79%	52.17%	53.21%	53.68%	55%
Debt Service Coverage	5.06	3.35	2.84	2.92	2.88	2.40
Debt Service Including Extraordinary Event	1.79	3.35	2.84	2.92	2.88	1.40
Days Cash on Hand	193	223	242	266	286	

Project Schedule

<u>Milestone</u>	<u>Date</u>
Board Presentation and Possible Action to Revise Impact Fee Calculations	August 25, 2022
Submit Updated Final Impact Fee Report	August 31, 2022
IFAC Meeting to Present Revised Maximum Allowable Impact Fees	September 7, 2022
City Council Meeting to Consider Resolution establishing Public Hearing	September 12, 2022
City Council Meeting for Public Hearing and Consider Approval of Impact Fees & First Reading of Ordinance	October 24, 2022
City Council Meeting for Second Reading of Ordinance	November 14, 2022
Board Meeting to Consider Setting Impact Fee Collection Rate	December 8, 2022

Questions / Discussion
