



September 12, 2023

CITY OF WOLFFORTH, TEXAS WATER IMPACT FEE STUDY



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

CAPITAL IMPROVEMENTS ADVISORY COMMITTEE OR “CIAC”

- At least five members appointed by the City Council
 - Code allows for Planning and Zoning Committee or other standing bodies to act as CIAC
 - Must include member of ETJ if service and impact fee area extends beyond City limits
- Roles:
 - Advise, review, and monitor Land Use Assumptions, Impact Fee CIP, and Impact Fees
 - File reports/comments to City Council
 - Advise on the need to update or revise

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 11% Growth Factor
- Within next ten years:
 - 4,059 New Water Connections
- 9 Water CIP Projects were included

WATER IMPACT FEE CIP

Description	Total Project Amount	% 10-Year Growth	Impact Fee Eligible	50% Recoverable Cost
Elevated Storage Tank - Alcove	\$ 6,500,000	80%	\$ 5,200,000	\$ 2,600,000
Water Distribution Improvements for Elevated Tank	1,500,000	80%	1,200,000	600,000
EDR Plant #2	15,000,000	100%	15,000,000	7,500,000
Lubbock North Connection and Ground Storage	2,000,000	75%	1,500,000	750,000
Loop 88 East Connection and Ground Storage	1,000,000	75%	750,000	375,000
Loop 88 North Connection and Ground Storage	3,000,000	75%	2,250,000	1,125,000
Harvest Wells	500,000	100%	500,000	250,000
Overlook Wells	1,000,000	100%	1,000,000	500,000
Water Distribution System Improvements	1,000,000	100%	1,000,000	500,000
	\$ 31,500,000		\$ 28,400,000	\$ 14,200,000

WATER IMPACT FEE CALCULATIONS

Line	Description	
1	Recoverable Cost for Impact Fee Planning Period (50% Credit)	\$ 14,200,000
2	Add: Financing Costs	14,184,735
3	Less: Interest Earnings	(10,637,281)
4	Recoverable Cost of Water Impact Fee and Financing Costs	\$ 17,747,453
5	Divide: Additional Service Units Added During Planning Period	4,059
6	Maximum Assessable Fee	\$ 4,372

RATE RECOMMENDATIONS

- Set the maximum impact fee per service unit equal to a 3/4-inch connection using the 50% credit method for water impact fees
 - Water Impact Fee - \$ 4,372 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

FEE BY METER SIZE

Meter Size	AWWA Demand (GPM)	Meter Factor	Maximum Fee
3/4 - inch or below	30	1.00	\$ 4,372
1 inch	50	1.67	7,287
1 1/2 inch	100	3.33	14,573
2 inch	160	5.33	23,317
3 inch	300	10.00	43,720
4 inch	500	16.67	72,867
6 inch	1,000	33.33	145,733
8 inch	1,600	53.33	233,173
10 inch	2,300	76.67	335,187
12 inch	4,300	143.33	626,653



QUESTIONS AND DISCUSSION

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