



Impact Fee Process

April 30, 2010

Capital Improvements Advisory Committee

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Impact Fee

- Governed by **Chapter 395** of the Texas Local Government Code
 - Provides both a procedural and substantive framework for adopting and collecting impact fees (water, sewer, drainage and roadways)
- A one-time charge to fund the cost of building new infrastructure to serve new development
 - Capital costs only (no O&M)
 - Only those projects to serve growth

Impact Fee

- For the funding or recouping the costs of building new infrastructure attributable to the new development
- City Council has the authority to approve impact fees
- SAWS has a total of 5 categories of impact fees (3 for water and 2 for wastewater) and various service areas

CIAC's Role

- CIAC is an Advisory Committee
 - At least 40% of the members from the real estate, development or building industries
 - Advise on the need to update and revise Land Use Assumptions plan (LUAP), Capital Improvements Plan (CIP)
 - Must update at least every 5 years
 - Make findings and file written comments that will be presented to the SAWS Board of Trustees and City Council

CIAC Procedures

- Members elect a chair and vice chair
 - Manage the meetings
 - Point of contact for staff
- Convene with a quorum
- Majority vote
- Open meetings (posted 72 hours in advance)

Chapter 395

- **LUAP**
 - Establishes the Service Area
 - Projects demand/population for the next 10 years in Equivalent Dwelling Units (EDUs)
- **Impact Fee CIP**
 - Identifies the projects necessary to serve the demand forecast in the LUAP
 - Must be prepared by a qualified registered engineer

Chapter 395

- Impact Fee Calculation

Cost to serve 10 year demand

= Max. Impact Fee

Number of EDUs

***Credit calculation: The Max. Impact Fee is then discounted based on tax and rate revenues generated by the new customers that will pay for the CIP or a credit equal 50% of CIP costs**

Chapter 395

- Max Impact Fee example:
 - Assume LUAP projects 500 EDUs and CIP identifies \$1,000,000.00 in costs

\$1,000,000.00 (capital improvement costs)

(-) 50% (credit)

\$500,000.00 / 500 (service units) = \$1,000.00

Adoption Process

- CIAC will complete its report/findings to be presented to SAWS Board and City Council
- SAWS staff and Consultant will draft updated impact fee program report
- SAWS Board will accept the updated Impact Fee Program, including, LUAP, CIP and Max. Impact Fee
- Go to City Council for consideration

Adoption Process

- LUAP/CIP update procedural requirements
 - w/i 60 days of receipt of update, CC shall adopt an ordinance setting a public hearing
 - Make updated LUAP/CIP/Impact Fee available to public prior to setting public hearing
 - Must publish notice of hearing (statutory language)
 - ***CIAC shall file its written comments at least 6 days prior to public hearing**
 - CC may approve updates after the public hearing

Adoption Process

- **Periodic Update Requirements**
 - LUAP/CIP shall be updated at least every 5 years
 - 5-year period begins on date the initial CIP is adopted
 - LUAP shall be reviewed and evaluated, and the CIP updated in accordance with the substantive procedures for adopting an Impact Fee



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