

**CAPITAL IMPROVEMENTS ADVISORY COMMITTEE  
REPORT TO THE SAN ANTONIO CITY COUNCIL ON THE UPDATE OF THE 2011 –  
2020 LAND USE ASSUMPTION PLAN, CAPITAL IMPROVEMENTS PLAN AND  
MAXIMUM IMPACT FEES**

Chapter 395 of the Texas Local Government Code establishes both the procedural and substantive requirements for the City Council of the City of San Antonio (City) to adopt impact fees related to the San Antonio Water System's (SAWS) water and wastewater capital costs associated with new development. As part of those requirements, Section 395.058 of the Code requires the City Council to appoint an impact fee advisory committee, but gives the Council the option to either: designate the Planning or Zoning Commission as the advisory committee; or create a separate and independent advisory committee. In August of 1987, pursuant to Resolution No. 87-41-64, the City Council created the Capital Improvements Advisory Committee (CIAC) as an independent impact fee advisory committee.

Pursuant to Section 395.058, the CIAC is charged with the following responsibilities: advise and assist the City/SAWS in adopting a Land Use Assumptions Plan (LUAP); review the Capital Improvements Plan (CIP) and file written comments; monitor and evaluate the implementation of the CIP; file semiannual reports on the progress of the CIP and report any perceived inequities to the City/SAWS; and advise the City/SAWS of the need to update the CIP, LUAP and/or Impact Fees (see § 395.058). For the purposes of the proposed comprehensive five (5) year update, the CIAC's main purpose is to timely file its written comments consistent with those relevant responsibilities delineated above. The SAWS Board has the authority to make an independent recommendation to City Council and the Council has the final authority to adopt the updated CIP, LUAP and Impact Fees up to the maximum calculations. The CIAC shall meet at least semi-annually to review the status of the impact fee program and to meet the current legislative requirements.

Since April 2010, the CIAC has met approximately 15 times with SAWS staff and consultants. SAWS staff and consultants made many presentations and provided the CIAC with the opportunity to discuss and deliberate numerous aspects of the proposed impact fee program. Although the ultimate responsibility for calculating the Maximum Impact Fees based on the CIP and LUAP totals and formula prescribed by Chapter 395 rests with the professional staff and consultants, the CIAC provided direction and comments which were taken into consideration in compiling the final CIP, LUAP and Maximum Impact Fee calculations. The CIAC voted to make separate findings and comments to City Council to be incorporated into this report, which are specifically delineated as follows:

**FINDINGS**

1. The definition of an Equivalent Dwelling Unit is:
  - a. Water = 313 gpd
  - b. Wastewater = 240 gpd

2. The Land Use Assumptions Plan is accepted and recommended for City Council approval.
  - a. 10 year water Land Use Assumptions Plan = 80,343 EDU's
  - b. 10 year wastewater Land Use Assumptions Plan = 107,075 EDU's
  
3. The Capital Improvements Plan is accepted and recommended for City Council approval.
  - a. 10 year value of eligible water supply projects = \$115.7 million
  - b. 10 year value of eligible water delivery projects = \$171.3 million
  - c. 10 year value of eligible wastewater projects = \$217.6 million
  - d. Total 10 year value of all impact fee eligible projects = \$504.6 million
  
4. The CIAC agrees with and recommends the following proposed changes to impact fee service areas.
  - a. The San Antonio Water System has begun a major sewer outfall project, the Medina River Sewer Outfall. The drainage area for the Medina River Sewer Outfall is proposed to be identified as a separate service area. The area is further divided creating the upper and lower Medina service areas. A portion of the upper Medina service area was previously the Big Soux/Lucas area for the Medio wastewater treatment plant.
  - b. The Medio collection impact fee area only includes the area that flows directly to the Medio treatment plant.
  - c. Wastewater Treatment impact fees are based on 2 areas:
    - i. Medio service area
    - ii. Leon Creek/Dos Rios service area
  
5. Chapter 395 of the L.G.C. requires utilities to calculate a rate credit for growth related CIP to be subtracted from the calculated impact fee.
  - a. The credit is based on the amount of projected future rate revenues or taxes expected to be generated by the new development and used to pay for capital improvements identified in the CIP.
  - b. Utilities can calculate the credit and apply it to the impact fee or apply a credit equal to 50% of the calculated impact fee.
  - c. SAWS opted to calculate the rate credit.
  
6. The impact fees per EDU based on the different methods identified in Chapter 395 of the LGC for complying with the rate credit requirement are shown below:

	<u>50% method</u>	<u>Rate Credit Calculation</u>
a. Water supply impact fee =	\$720	\$1,297
b. Water flow impact fee =	\$666	\$1,247
c. Water System development impact fee		
i. High =	\$483	\$966
ii. Middle =	\$402	\$774
iii. Low =	\$305	\$579

- |                           |       |         |
|---------------------------|-------|---------|
| d. Wastewater treatment   |       |         |
| i. Medio Creek =          | \$741 | \$1,379 |
| ii. Dos Rios/Leon Creek = | \$291 | \$552   |
| e. Wastewater collection  |       |         |
| i. Medio Creek =          | \$299 | \$582   |
| ii. Upper Medina =        | \$537 | \$1,053 |
| iii. Lower Medina =       | \$301 | \$594   |
| iv. Upper Collection =    | \$873 | \$1,668 |
| v. Lower Collection =     | \$534 | \$1,015 |
7. The CIAC accepts and recommends for City Council approval the maximum impact fees as shown below:
- |  |         |
|--|---------|
| a. Water supply impact fee =           | \$1,297 |
| b. Water flow impact fee =             | \$1,247 |
| c. Water System development impact fee |         |
| i. High =                              | \$966   |
| ii. Middle =                           | \$774   |
| iii. Low =                             | \$579   |
| d. Wastewater treatment                |         |
| i. Medio Creek =                       | \$1,379 |
| ii. Dos Rios/Leon Creek =              | \$552   |
| e. Wastewater collection               |         |
| i. Medio Creek =                       | \$582   |
| ii. Upper Medina =                     | \$1,053 |
| iii. Lower Medina =                    | \$594   |
| iv. Upper Collection =                 | \$1,668 |
| v. Lower Collection =                  | \$1,015 |
8. Chapter 395 requires the calculation of the maximum impact fee. It does not require that the maximum impact fee be charged.
- Historically, the City of San Antonio has approved charging the maximum impact fee.
  - Many other cities charge an impact fee that is less than the maximum impact fee.
9. The method used to determine the value of the existing infrastructure was changed to provide a more accurate valuation.
- In the 2006 update, the value of the infrastructure system was based on the number of linear feet. Each foot of infrastructure was valued at the same amount. In the 2011 update, the value of the infrastructure is based on the diameter and length.
  - The revised methodology contributed to an increase in value of the existing system and an increase in the collection and flow impact fees. The change resulted in an increase in the average wastewater collection impact fee of about \$180.
10. The water supply impact fee is based on the SAWS 50 Year Water Management Plan.

- a. The 50 Year Water Management Plan uses the drought of record as the guide to determine when projects are needed and the amount of Edwards Aquifer water that is available.
- b. The water supply projects used in the calculation are the local Carrizo, Regional Carrizo, and the Brackish Desalination project. The calculation also included the portion of the integration line needed for the local Carrizo and Brackish Desal projects over the next 10 years.
- c. The amount of Edwards Aquifer water identified for growth was determined to be the average annual amount available over the 10 year period (32,073 acre feet) in excess of the amount available during the worst year of the drought of record (130,587 acre feet).

## COMMENTS

1. The CIAC was briefed on the SAWS conservation program and the committee recognizes that the program has been instrumental in effectively using the allocated and available water and in postponing the capital investments requirement for additional water production.
2. Currently, there are four wastewater collection impact fee service areas: Upper, Lower, Far West-Medio, and Far West-Potranca-Big Sous-Lucas. The dividing line between the Upper and Lower service areas is as an arc, 23 miles from the Dos Rios treatment plant and close to the southern boundary of the EARZ, as adopted by City Council. The Upper collection service area currently has an impact fee \$278 higher than the Lower. In 2006, SAWS staff had proposed dividing the one collection service area into two collection service areas. The rationale for the division was that properties farther from the treatment plants use more infrastructure and the impact fee should be higher, the cost for infrastructure on the EARZ is higher, and City Council supported incentives to develop off the EARZ.

SAWS staff has now recommended a further division of the lower Dos Rios/Leon Creek collection service area to create three collection service areas. The lower collection service area would be divided into the lower and middle collection service areas. The dividing line between the new lower and middle follows the northern boundary of the City of San Antonio Inner City Reinvestment/Infill Policy target area. The committee agrees with and supports the city policies relating to infill and redevelopment of the inner city and southside. However, the proposed division of the Lower service area into a Middle and Lower service area creates an additional administrative burden. The ICRIIP, located in the current Lower collection service area, already has numerous incentives to reduce the costs for developing in the area. Among them, SAWS makes available \$2 million per year in impact fee waivers. Currently, the \$2 million is available at the beginning of the year and does not carry over. SAWS and the City of San Antonio are considering changing the practice and the amount not used in one year would be added to the \$2 million available the next year. The CIAC supports the change to carry over unused waiver funds and to expand the targeted area.

The CIAC voted to keep the current boundary between the Upper and Lower collection service areas, not adding the Middle service area to the Dos Rios/Leon Creek service area, and adding the Upper Medina and Lower Medina service areas. The CIAC defers any final decision concerning the creation of a new Dos Rios/Leon Creek Middle collection service area to the SAWS Board of Trustees and City Council.

3. The CIAC is recommending a temporary freeze relating to the amount per edu of wastewater impact fee collected.
  - a. San Antonio has been experiencing an economic downturn and development has been much slower than in recent years.
  - b. The wastewater impact fees have increased substantially.
    - i. Treatment impact fee increases = 23% to 53%
    - ii. Collection impact fee increases = 34% to 177%
  - c. To ease the burden of the increased wastewater impact fees, the CIAC recommends that the wastewater impact fees charged per edu remain the same as currently charged for a 24 month period.
    - i. Impact fee assessment occurs at the time of plat recordation. Impact fees would still be assessed at the approved maximum impact fee amount when plats are recorded.
    - ii. The amount charged per edu would equal the current rate for a 24 month period. After 24 months, the amount per edu charged would change to the approved maximum impact fee.
    - iii. The proposed temporary freeze only applies to the collection of wastewater impact fees.
    - iv. Information provided by SAWS staff estimates a net loss of \$14.2 million in impact fees collected as a result of the freeze.
    - v. The impact to the average ratepayer is an increase in rates about \$0.15/month or \$1.80/year.
  - d. Water impact fees did not increase significantly in this update and the maximum water supply, water flow and water system development impact fees should be charged upon approval by City Council.

A copy of all agendas, minutes, recordings and presentations to the CIAC will be maintained by SAWS. A copy of the draft 2011-2020 impact fee report is attached hereto for reference.

The CIAC, in its advisory capacity to City Council, is required to file its written comments on the proposed updates and amendments to the CIP, LUAP and maximum impact fees no later than six (6) business days prior to the public hearing on the updates and amendments (see § 395.056).

Capital Improvements Advisory Committee

---

Felix Alvarez  
District 1

---

Robert Hahn  
District 7

---

Susan Wright  
District 2

---

Mark Johnson  
District 8  
Vice-Chair

---

Jose Limon  
District 3

---

Keith Pyron  
District 9

---

Michael Martinez  
District 5

---

Dan Kossl  
District 10  
Chair

---

Michael Hogan  
District 6

---

Mike Cude  
ETJ

