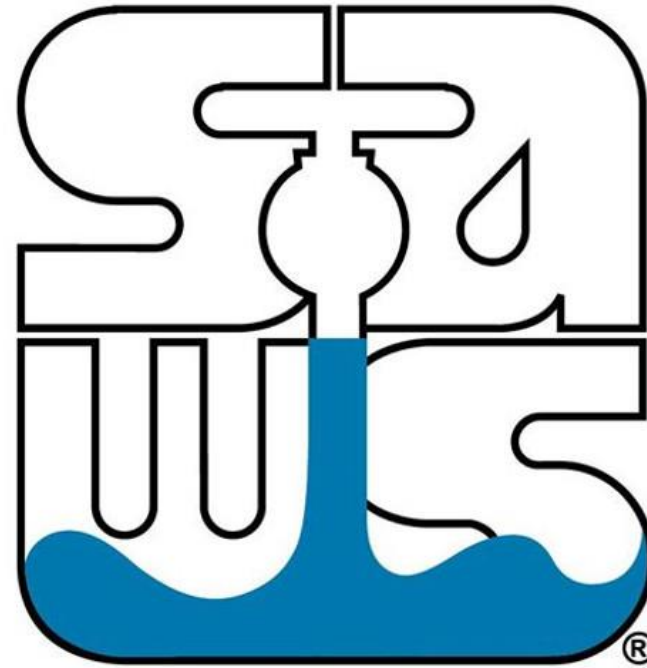


Impact Fees 101

San Antonio Water System

Capital Improvements Advisory Committee



**San
Antonio
Water
System**

July 26, 2023

— Agenda

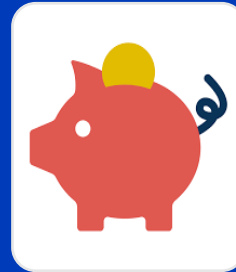
- What is an Impact Fee
- Texas Impact Fee Legislation
- Impact Fee Calculation
- Types of Impact Fees
- Service Areas

Impact Fee Definition

Impact Fees

- One-time upfront fee paid by developer to connect to system
- Pays for new system capacity to serve

"Growth pays for growth"



Buy-in

- New connections buy existing capacity that has been paid for
- Best for systems at or near build-out



Incremental/Expansion

- New connections pay for expansion CIP
- CIP can be allocated between new and existing users
- Best for systems with lots of growth planned



Hybrid

- Combines both the buy-in and expansion approaches
- Best for systems in-between build-out and growth phases

Impact Fee vs. Utility Bills

	UTILITY BILLS	IMPACT FEES
Basis for charge	Monthly Usage	One-time Connection
Customer	Existing	New
Funds	Operations and Maintenance Replace/Upgrade Existing Infrastructure	Growth-related Infrastructure

What is an Impact Fee?



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
Chapter 395

What is Required in Texas?

Methodology



Buy-in

- New connections buy existing capacity that has been paid for
- Best for systems at or near build-out



Incremental/Expansion

- Existing capacity available for new connections
- Expansion CIP required to serve new connections



Hybrid

- Combines both the buy-in and expansion approaches
- Best for systems in-between build-out and growth phases

Other Requirements

- 10-year study period
- Rate credit
- Advisory committee
- Public notifications
- Public hearings
- Written documentation

Impact Fee Calculation

Land Use Assumptions Plan

Provides number of ***added service units***

Capital Improvements Plan

Provides ***cost of eligible capital improvements***

$$\text{CALCULATED IMPACT FEE} = \frac{\text{cost of eligible capital improvements}}{\text{added service units}}$$

Types of Impact Fees

Water Delivery
Flow



Water Delivery
System
Development



Water Supply



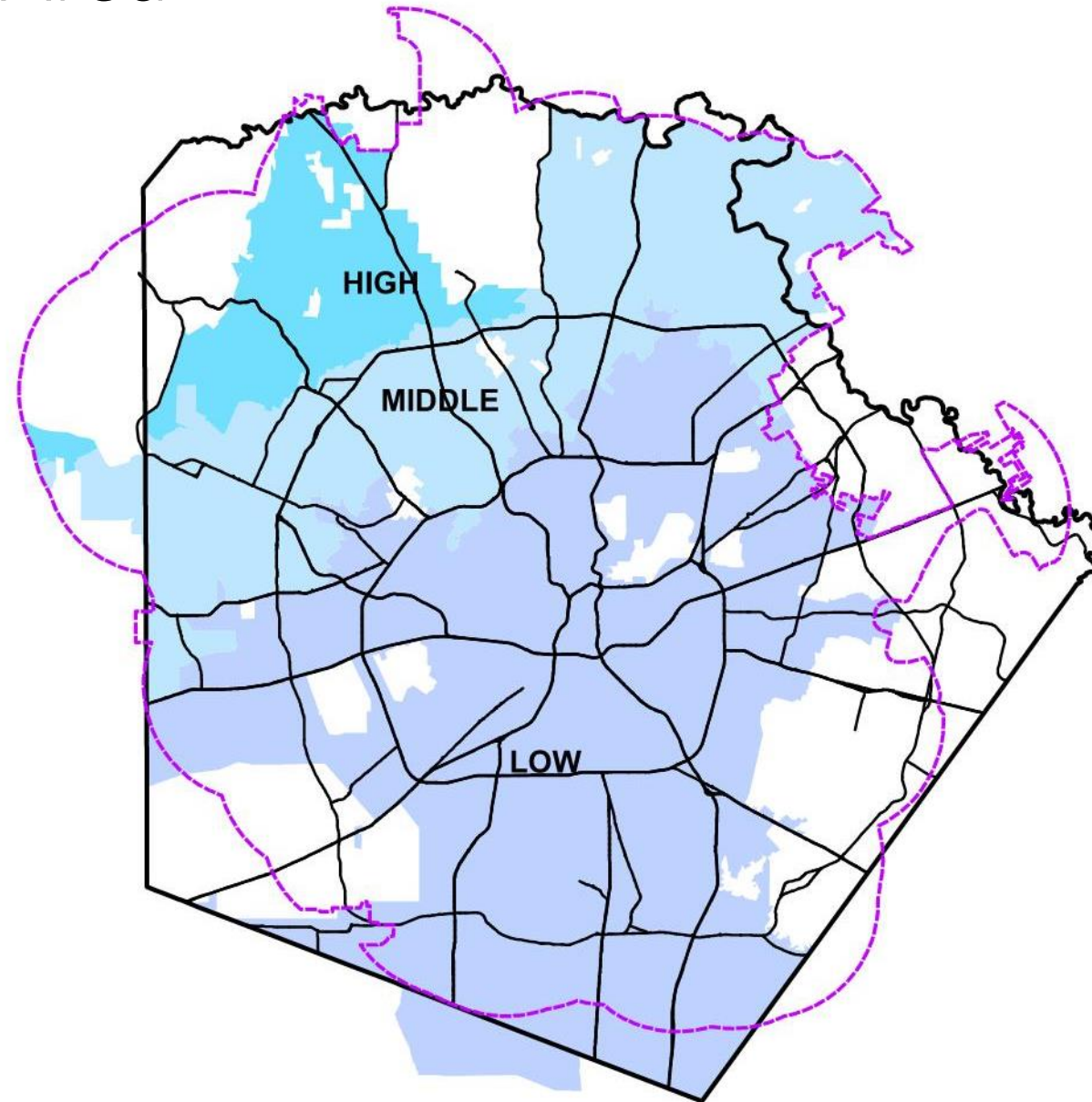
Wastewater
Collection



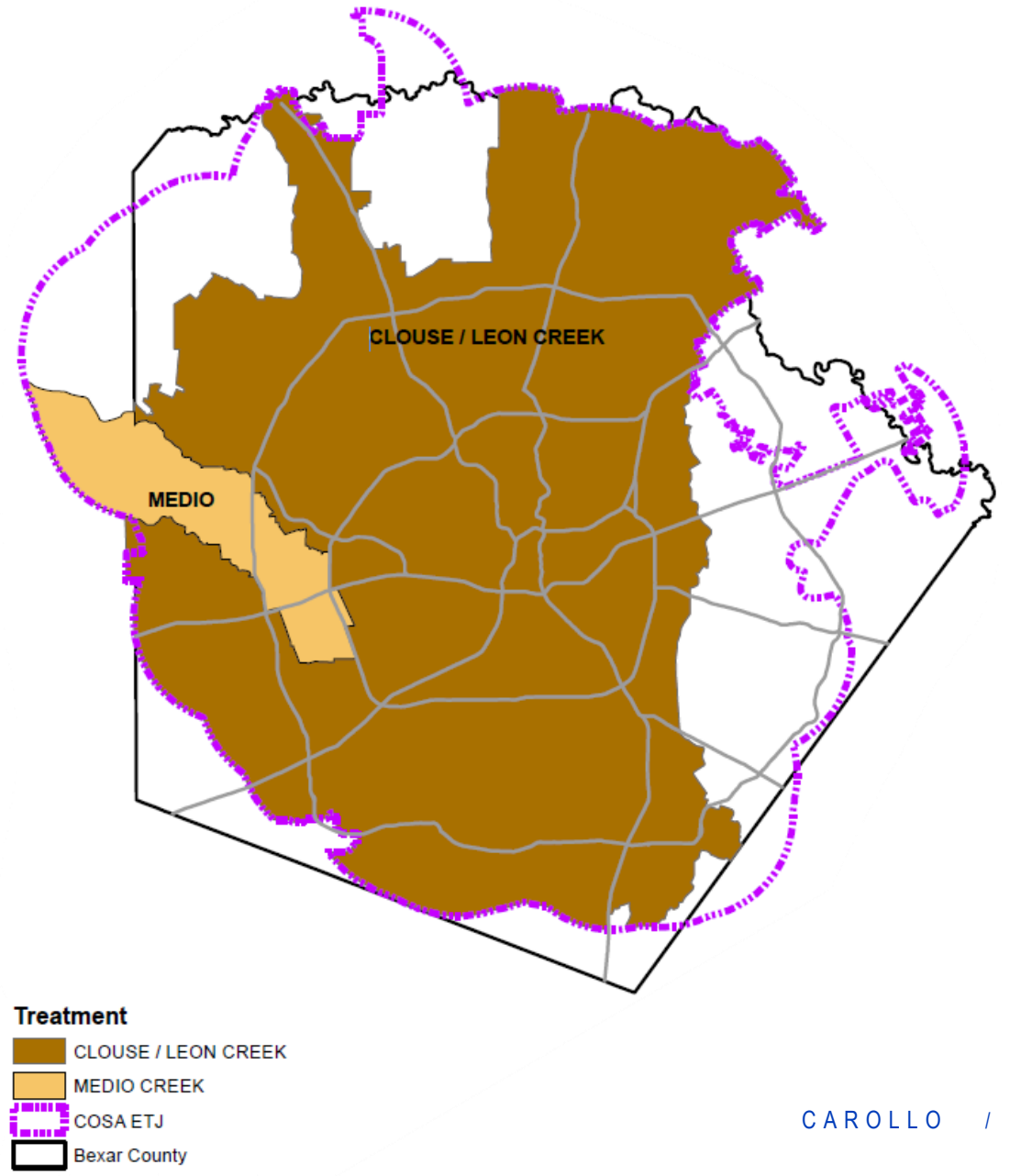
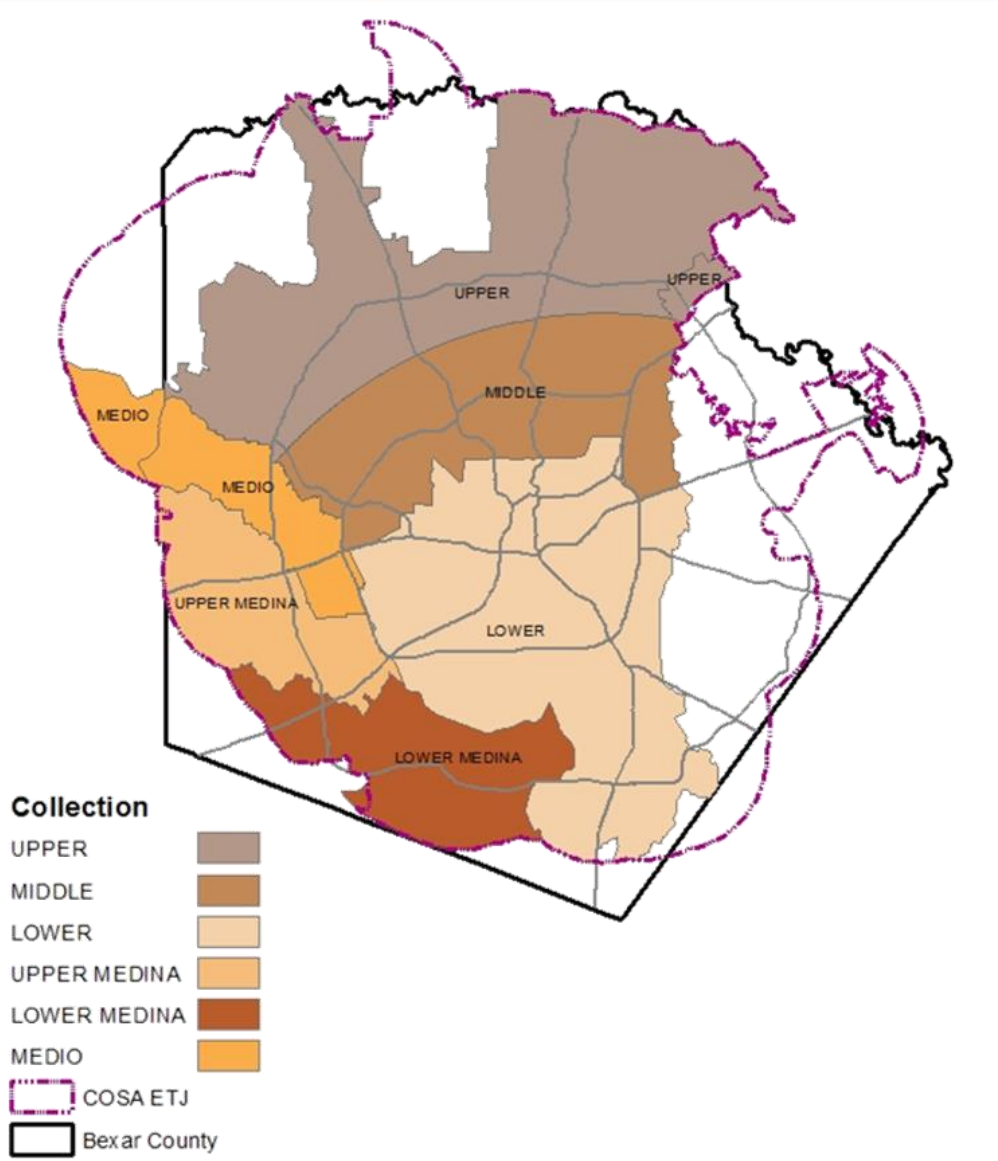
Wastewater
Treatment



Water Service Area



Wastewater Service Area



2018 Recommended Impact Fees

