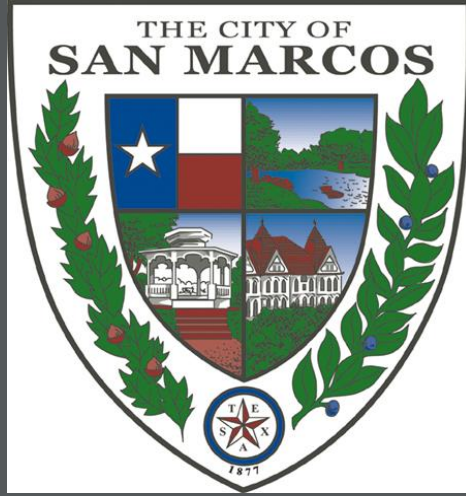




2018 UPDATE OF WATER & WASTEWATER IMPACT FEES

Public Hearing
City of San Marcos
April 3, 2018



WHAT IS AN IMPACT FEE?

- A one-time, up-front payment levied on new or expanded development for its capital costs of providing service being place on the utility system.
- Intended to mitigate rate impacts arising from the capital costs of new development and help make growth pay for itself.
- Impact Fees in Texas are statutorily addressed in Chapter 395 of the Texas Local Government Code.

WHAT IS AN IMPACT FEE?

- **The real issue underlying impact fees and rates is,**
 - *“Who pays for utility capacity related to growth?”*
 - If there are no impact fees, ratepayers carry the costs.
 - If there are impact fees, the costs are shared.
- **The ultimate goal is to assure that:**
 - Infrastructure needed to accommodate growth is constructed.
 - Capacity will be available when the development community needs it.
 - Limitations will not be placed on growth due to lack of utility capacity.

BACKGROUND

- Process is defined in Chapter 395 of Local Government Code, as amended.
- Water and wastewater impact fees last updated in 2014.
- Current Impact Fee Fees
 - Water \$2,285 per LUE
 - Wastewater \$3,506 per LUE
 - Total \$5,791 per LUE



FEE DESIGN

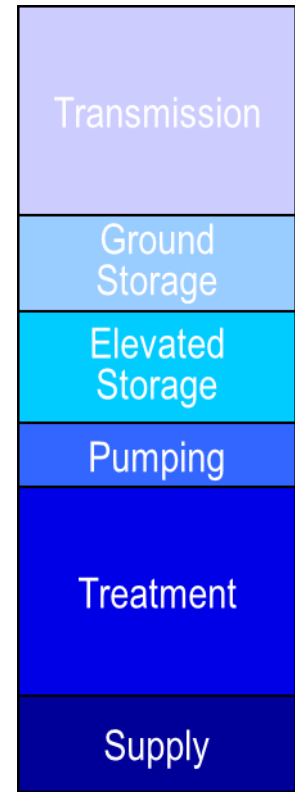
- Overall fees are made up of component fees

Water

- Supply/Treatment
- Storage
- Pumping
- Transmission

Wastewater

- Treatment
- Pumping
- Interceptors



- Produces a maximum fee amount, subject to Council decision on that *or lesser amount*.

MAXIMUM FEE DETERMINATION

- Define impact fee service area & land uses
- Estimate water & wastewater utility demands
- Compare to existing capacity
- Identify amount and cost of existing available capacity and new facility needs (10-Year CIP)
- Allocate current & future service demands to facilities

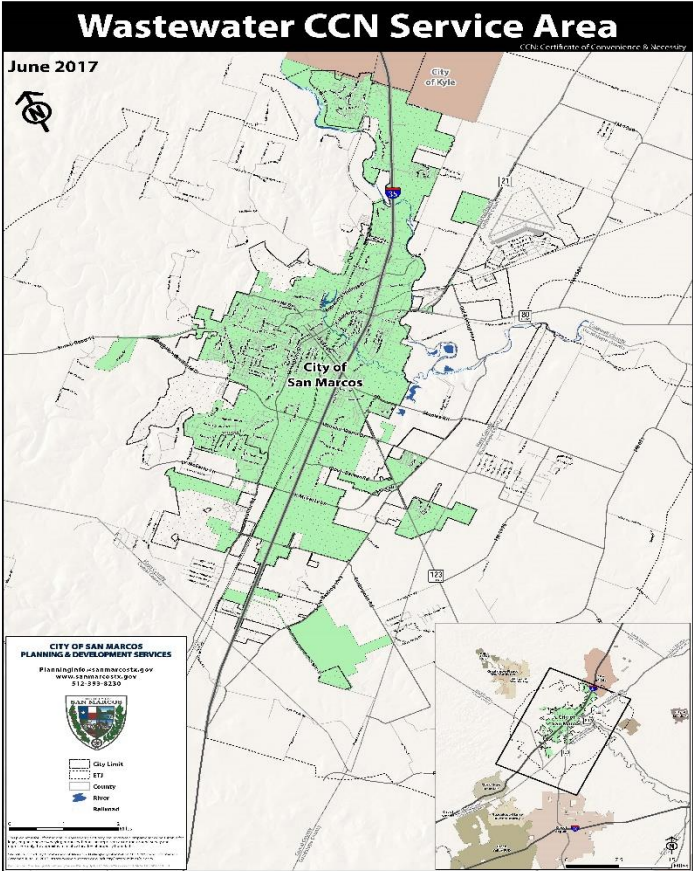
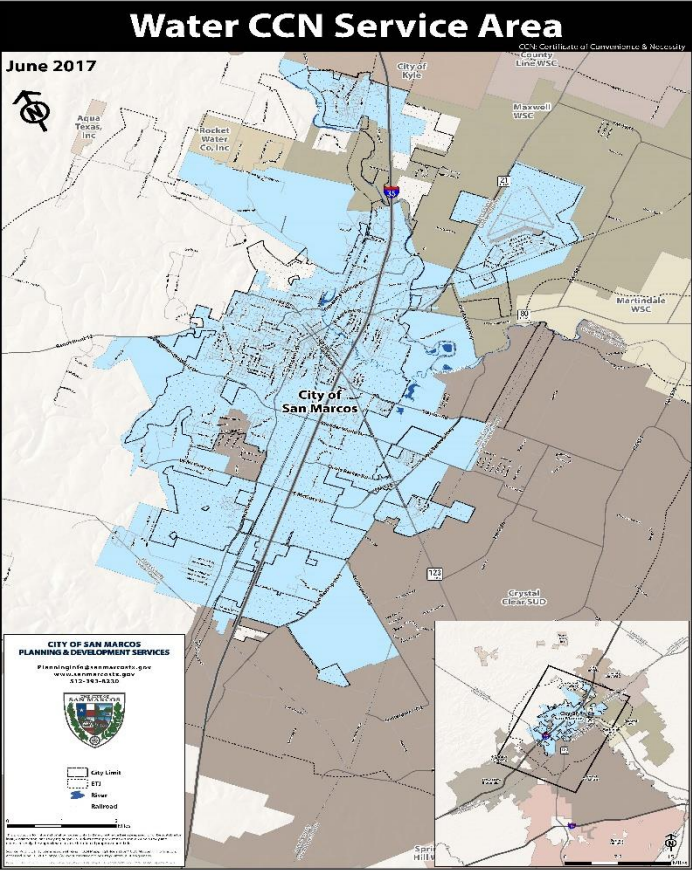
MAXIMUM FEE DETERMINATION

- Calculate weighted cost of existing and new capacity per Living Unit Equivalent (LUE)
- Determine amount of capital being funded through rates per LUE
- Weighted Capacity Cost per LUE

Minus: Rate Credit per LUE

Equals: Maximum Impact Fee per LUE

IMPACT FEE SERVICE AREA



LAND USE – SAN MARCOS

Water

<i>Item</i>	<i>Current</i>		<i>Future (Including ETJ)</i>	
	<i>Acres</i>	<i>%</i>	<i>Acres</i>	<i>%</i>
Single-Family Residential	6,774	10.9%	8,084	13.0%
Multi-Family Residential	1,977	3.2%	2,356	3.8%
Mixed Use	1,147	1.8%	1,371	2.2%
Commercial	3,481	5.6%	4,156	6.7%
Industrial	1,545	2.5%	1,841	3.0%
Public / Institutional	5,337	8.6%	6,364	10.2%
Undeveloped	42,093	67.5%	38,182	61.2%
Total Land Use Acreage	62,354	100.0%	62,354	100.0%

Source: City of San Marcos, 2017.

The following water use rates were used to project demand based on the land use data above:

- 360 gals per acre – Residential
- 650 gals per acre – Non-Residential

Wastewater

<i>Item</i>	<i>Current</i>		<i>Future (Including ETJ)</i>	
	<i>Acres</i>	<i>%</i>	<i>Acres</i>	<i>%</i>
Single-Family Residential	7,563	6.7%	9,026	8.0%
Multi-Family Residential	2,207	2.0%	2,631	2.3%
Mixed Use	1,281	1.1%	1,531	1.4%
Commercial	3,887	3.5%	4,640	4.1%
Industrial	1,725	1.5%	2,055	1.8%
Public / Institutional	5,959	5.3%	7,106	6.3%
Undeveloped	89,684	79.9%	85,317	76.0%
Total Land Use Acreage	112,306	100.0%	112,306	100.0%

Source: City of San Marcos, 2017.

The following wastewater use rates were used to project demand based on the land use data above:

- 165 gals per acre – Residential
- 265 gals per acre – Non-Residential

WATER CIP

<i>Water Capital Projects</i>	<i>Cost</i>
WATER SUPPLY	
Alliance Regional Water Authority	\$75,405,000
WATER PUMPING	
Comanche Pump Station Improvements	180,000
SWTP Pump Expansion	0
Trunk Hill Pumps	2,500,000
Soyars Storage Tank Pumps	65,000
ELEVATED STORAGE	
Trunk Hill Tank	1,790,000
La Cima Tank Oversizing	215,500
TRANSMISSION	
Southeast Improvements	12,065,000
Northeast Improvements	4,800,000
Central Improvements	3,500,000
Southwest Improvements	733,000
Total 10-Year Projects for Growth	\$101,253,500

WASTEWATER CIP

Wastewater Capital Projects	Cost
WASTEWATER TREATMENT	
Existing WWTP 4.0 MGD AADF Expansion	\$20,500,000
PUMPING (Lift Stations)	
Brown Terrance Wastewater Lift Station	50,000
Hwy 80 Lift Station and Force Main	6,000,000
Trace Lift Station Oversize	3,200,000
Main Lift Station Improvements	6,200,000
Main Lift Station Force Main	4,700,000
INTERCEPTORS	
Southeast Improvements	800,000
Northeast Improvements	17,400,000
Central Improvements	500,000
Southwest Improvements	1,725,000
Total 10-Year Projects for Growth	\$61,075,000

IMPACT FEE COMPONENTS

Item	Capital Cost of New Service per LUE	Optional Adjustments		Option A	Option B	Highest of Option A or B
		Option A Rate Credit	Option B 50% Cost Adjustment			
WATER						
Supply	\$ 2,495	\$ 208	\$ 1,247	\$ 2,287	\$ 1,247	
Treatment	609	10	305	599	305	
Pumping	128	18	64	110	64	
Ground Storage	298	1	149	297	149	
Elevated Storage	163	8	82	155	82	
Transmission	455	113	228	342	228	
Allocated Impact Fee Study Cost	10			10	10	
Total Water	\$4,159	\$358	\$2,074	\$3,801	\$2,085	\$3,801
WASTEWATER						
Treatment	\$ 1,470	\$ 86	\$ 735	\$ 1,385	\$ 735	
Pumping	705	78	352	627	352	
Interceptors	774	112	387	662	387	
Allocated Impact Fee Study Cost	10			10	10	
Total Wastewater	\$2,960	\$276	\$1,475	\$2,684	\$1,485	\$2,684
TOTAL WATER/WASTEWATER	\$7,119	\$634	\$3,549	\$6,485	\$3,570	\$6,485

AREA FEE COMPARISON

<i>City/Utility</i>	<i>Water</i>	<i>Wastewater</i>	<i>Total</i>
New Braunfels	\$5,322	\$4,081	\$9,403
San Antonio	\$4,597	\$3,306	\$7,903
Austin	\$5,400	\$2,200	\$7,600
Buda	\$3,595	\$3,515	\$7,110
Pflugerville	\$4,241	\$2,725	\$6,966
San Marcos – New Maximum	\$3,801	\$2,684	\$6,485
Kyle	\$3,535	\$2,826	\$6,361
Round Rock	\$4,025	\$2,099	\$6,124
San Marcos – Current	\$2,285	\$3,506	\$5,791
Hutto	\$3,625	\$2,128	\$5,753
Leander	\$3,880	\$1,615	\$5,495
Cedar Park	\$2,250	\$2,000	\$4,250
Seguin	\$1,875	\$2,374	\$4,249