

**AGENDA ITEM**

**TO:** Planning and Zoning Commission

**THROUGH:** Jennifer Arnold, Planning Manager

**FROM:** Neil Rose, GIS Planner

**SUBJECT:** Conduct a Public Hearing to Consider/Discuss/Act on the Semiannual Report with Respect to the Progress of the Capital Improvements Plan for Roadway and Utility Impact Fees

**APPROVAL PROCESS:** The recommendation of the Planning and Zoning Commission will be forwarded to the City Council on June 21, 2016.

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**STAFF RECOMMENDATION:** Staff recommends filing of the semiannual report with respect to the progress of the Capital Improvements Plan for roadway and utility impact fees.

**ITEM SUMMARY:** Staff is presenting the 2015-2016 mid-fiscal year semiannual report on the progress of the Capital Improvements Plan for roadway and utility impact fees as required by Chapter 395 of the Texas Local Government Code. Staff has established a schedule of presenting the semiannual report at the mid-point of the fiscal year as well as at the end of the fiscal year (the fiscal year being October to September). The 2014-2015 end of year report was presented at the Planning and Zoning Commission meeting on December 8, 2015 and accepted by City Council on January 5, 2016.

The Planning and Zoning Commission has been appointed as the Capital Improvements Advisory Committee for the City of McKinney. Per state law, the committee serves in an advisory capacity and is established to:

- (1) Advise and assist the political subdivision in adopting land use assumptions;
- (2) Review the capital improvements plan and file written comments;
- (3) Monitor and evaluate implementation of the capital improvements plan;
- (4) **File semiannual reports with respect to the progress of the capital improvements plan and report to the political subdivision any perceived inequities in implementing the plan or imposing the impact fee; and**
- (5) Advise the political subdivision of the need to update or revise the land use assumptions, capital improvements plan and impact fee.

## **Semiannual Report**

The Capital Improvements Plan used for this semiannual report was adopted on November 19, 2013 as part of the 2012-2013 Impact Fee Update. The semiannual report is required to report the progress of the Capital Improvements Plan and report any perceived inequities in the implementation of the CIP. **The Planning & Zoning Commission meeting report from the public hearing, its attachments and meeting minutes will be filed by City Council as the semiannual report.**

The City of McKinney's semiannual report includes a summary of the total roadway and utility impact fee funds collected, transferred, and available for capital improvement projects. It also lists ongoing capital improvement projects partially funded by impact fee revenue.

## **Construction Costs and Inflation Rates**

As part of the semiannual report, Staff has included a review of regional construction costs and national inflation rates.

From March 2015 to March 2016, the Construction Cost Index in the Dallas area increased 0.8% as compared to the National Average, which increased 2.7% during the same period. (Source: Construction Cost Index at [www.enr.com](http://www.enr.com)).

From March 2015 to March 2016, the Consumer Price Index (CPI) shows that annual inflation increased 0.1%. During the same period, the core CPI, which excludes volatile food and energy prices, rose 2.2% (Source: US Department of Labor, Bureau of Labor Statistics).

Staff feels that the impact fee schedule currently in place is commensurate with trends in construction costs and inflation rates.

## **ONE McKinney 2040 Comprehensive Plan Update**

In July 2015, the City launched a major update the Comprehensive Plan, which is a policy document that establishes the City's future land use plan and master thoroughfare plan, among other items. The updated Comprehensive Plan is anticipated to be approved by the end of 2016. Changes to the future land use plan and master thoroughfare plan as part of the major Comprehensive Plan update will likely trigger a need to review the city's impact fee ordinances prior to the 5-year review period required by State Law.

### Roadway Impact Fees Fund Activity (FY 15-16)

Service Area	Beginning LTD Balance	YTD Revenues	YTD Project Transfers / Refunds	Balance LTD	Allocated to Future Projects	Available Funds LTD
A	\$0	\$0	\$0	\$0	\$0	\$0
B	\$0	\$0	\$0	\$0	\$0	\$0
C	\$173,537	\$391,344	(\$3,800)	\$561,080	\$0	\$561,080
D	\$137,613	\$381,438	\$0	\$519,050	\$0	\$519,050
E	\$107,348	\$116,108	\$0	\$223,455	\$0	\$223,456
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$289,092	\$124,683	\$0	\$413,774	\$0	\$413,775
H	\$391,200	\$240,021	(\$10,710)	\$620,510	\$0	\$620,510
I	\$1,068,553	\$110,201	(\$3,800)	\$1,174,954	\$0	\$1,174,954
J	\$1,911,890	\$1,196,197	(\$3,800)	\$3,104,287	\$0	\$3,104,287
K	\$813,468	\$542,769	(\$19,505)	\$1,336,733	\$0	\$1,336,733
L	\$1	\$0	\$0	\$1	\$0	\$1
M	\$0	\$0	\$0	\$0	\$0	\$0
Professional Services				\$0	(\$150,000)	(\$150,000)
<b>TOTAL</b>	<b>\$4,892,701</b>	<b>\$3,102,760</b>	<b>(\$41,615)</b>	<b>\$7,953,845</b>	<b>(\$150,000)</b>	<b>\$7,803,845</b>

- Totals as of 3/31/2016
- YTD – Year to Date (includes funds for the fiscal year which is October 2015 to September 2016)
- LTD – Live to Date (includes balance funds from previous years)
- Allocated funds may exceed balance funds in cases where future fee revenue will fund a specific project
- “Professional Services” is shown to reserve the funds necessary to complete the 5-Year Impact Fee Update
- As of October 1, 2013, interest earned on Roadway Impact Fee revenues is directly deposited into the Street Construction Fund

### Utility Impact Fees Fund Activity (FY 15-16)

Utility Impact Fee Account	Beginning LTD Balance	Fees Collected YTD	Transfers out to Projects/Refunds YTD	Allocated to Future Projects	Available Funds LTD
Water	\$6,549,787	\$1,441,793	(\$216,903)	(\$2,545,000)	\$5,229,677
Wastewater	\$2,444,311	\$150,755	(\$2,379)	\$0	\$2,592,686
<b>Total</b>	<b>\$8,994,098</b>	<b>\$1,592,547</b>	<b>(\$219,282)</b>	<b>(\$2,545,000)</b>	<b>\$7,822,363</b>

- Totals as of 3/31/2016
- “Water and Wastewater Fees Collected YTD” include fees collected within the Trinity Falls Municipal Utility District
- YTD – Year to Date (includes funds for the fiscal year which is October 2014 to September 2015)
- LTD – Live to Date (includes balance funds from previous years)
- As of February 2009, Water and Wastewater Impact Fees are received into separate accounts

### **CIP PROJECT STATUS (FY 2015-2016)**

The CIP Roadway and Utility Projects List is included as an attachment to this report and lists Capital Improvement Program roadway and utility projects for which impact fee funds have been allocated and/or spent during this fiscal year.

## SUMMARY OF PREVIOUS FISCAL YEARS

### Roadway Impact Fees Fund Activity (FY 14-15)

Service Area	Beginning LTD Balance	YTD Revenues	YTD Project Transfers / Refunds	Balance LTD	Allocated to Future Projects	Available Funds LTD
A	\$0	\$0	\$0	\$0	\$0	\$0
B	\$0	\$0	\$0	\$0	\$0	\$0
C	\$178,537	\$0	(\$5,000)	\$173,537	\$0	\$173,537
D	\$1,081,293	\$56,319	(\$1,000,000)	\$137,613	\$0	\$137,613
E	\$247,740	\$84,608	(\$225,000)	\$107,348	\$0	\$107,348
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$221,754	\$504,938	(\$437,600)	\$289,092	\$0	\$289,092
H	\$39,875	\$358,709	(\$7,384)	\$391,200	\$0	\$391,200
I	\$2,130,858	\$701,060	(\$1,963,500)	\$868,418	\$0	\$868,418
J	\$1,217,367	\$1,301,823	(\$607,300)	\$1,911,890	\$0	\$1,911,890
K	\$591,166	\$224,512	(\$2,210)	\$813,468	\$0	\$813,468
L	\$1	\$0	\$0	\$1	\$0	\$1
M	\$0	\$0	\$0	\$0	\$0	\$0
Professional Services				\$0	(\$150,000)	(\$150,000)
<b>TOTAL</b>	<b>\$5,708,591</b>	<b>\$3,231,970</b>	<b>(\$4,247,994)</b>	<b>\$4,692,566</b>	<b>(\$150,000)</b>	<b>\$4,542,566</b>

Note: Fiscal Year Totals as of September 30, 2015

### Utility Impact Fees Fund Activity (FY 14-15)

Utility Impact Fee Account	Beginning LTD Balance	Fees Collected YTD	Transfers out to Projects/Refunds YTD	Allocated to Future Projects	Available Funds LTD
Water	\$5,441,257	\$2,889,645	(\$1,781,115)	(\$2,745,000)	\$3,804,787
Wastewater	\$2,123,681	\$327,403	(\$6,774)	\$0	\$2,444,311
<b>Total</b>	<b>\$7,564,939</b>	<b>\$3,217,048</b>	<b>(\$1,787,889)</b>	<b>(\$2,745,000)</b>	<b>\$6,249,098</b>

Note: Fiscal Year Totals as of September 30, 2015

### Roadway Impact Fees Fund Activity (FY 13-14)

Service Area	Beginning LTD Balance	YTD Revenues	YTD Project Transfers / Refunds	Balance LTD	Allocated to Future Projects	Available Funds LTD
A	\$0	\$0	\$0	\$0	\$0	\$0
B	\$7,367	\$0	(\$7,367)	\$0	\$0	\$0
C	\$584,808	\$157,300	(\$563,571)	\$178,537	\$0	\$178,537
D	\$976,344	\$104,949	\$0	\$1,081,293	\$0	\$1,081,293
E	\$158,332	\$392,944	(\$303,536)	\$247,740	\$0	\$247,740
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$375,491	\$349,763	(\$503,500)	\$221,754	\$0	\$221,754
H	\$90,613	\$104,051	(\$154,789)	\$39,875	\$0	\$39,875
I	\$2,915,301	\$1,393,224	(\$2,177,666)	\$2,130,858	(\$1,400,000)	\$730,858
J	\$874,600	\$349,767	(\$7,000)	\$1,217,367	(\$600,000)	\$617,367
K	\$715,565	\$295,820	(\$420,218)	\$591,166	\$0	\$591,166
L	\$1	\$0	\$0	\$1	\$0	\$1
M	\$0	\$0	\$0	\$0	\$0	\$0
Unknown	\$0	\$0	\$0	\$0	(\$150,000)	(\$150,000)
<b>TOTAL</b>	<b>\$6,698,422</b>	<b>\$3,147,817</b>	<b>(\$4,122,913)</b>	<b>\$5,708,591</b>	<b>(\$2,150,000)</b>	<b>\$3,558,591</b>

Note: Fiscal Year Totals as of September 30, 2014

### Utility Impact Fees Fund Activity (FY 13-14)

Utility Impact Fee Account	Beginning LTD Balance	Fees Collected YTD	Transfers out to Projects/Refunds YTD	Allocated to Future Projects	Available Funds LTD
Water	\$6,946,921	\$2,318,108	(\$3,823,773)	(\$4,450,000)	\$991,257
Wastewater	\$1,858,662	\$270,347	(\$5,328)	(\$1,200,000)	\$923,681
<b>Total</b>	<b>\$8,805,584</b>	<b>\$2,588,455</b>	<b>(\$3,829,101)</b>	<b>(\$5,650,000)</b>	<b>\$1,914,939</b>

Note: Fiscal Year Totals as of September 30, 2014

### Roadway Impact Fees Fund Activity (FY 12-13)

Service Area	Beginning LTD Balance	YTD Revenues	YTD Project Transfers / Refunds	Balance (including interest) LTD	Allocated to Future Projects	Available Funds LTD
A	\$0	\$0	\$0	\$0	\$0	\$0
B	\$0	\$0	\$0	\$0	\$0	\$0
C	\$511,016	\$98,210	(\$25,000)	\$584,808	\$0	\$584,808
D	\$784,214	\$123,613	\$67,540	\$976,344	\$0	\$976,344
E	\$85,229	\$97,945	(\$25,000)	\$158,332	\$0	\$158,332
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$168,403	\$361,165	(\$154,453)	\$375,491	\$0	\$375,491
H	\$155,834	\$173,236	(\$231,183)	\$97,980	\$0	\$97,980
I	\$1,812,501	\$2,457,773	(\$1,357,885)	\$2,915,301	(\$2,100,000)	\$815,301
J	\$710,292	\$206,132	(\$42,700)	\$874,600	(\$600,000)	\$274,600
K	\$354,289	\$407,697	(\$47,138)	\$715,565	(\$410,000)	\$305,565
L	\$1	\$0	\$0	\$1	\$0	\$1
M	\$10,685	\$0	\$0	\$10,685	\$0	\$10,685
Unknown	\$0	\$0	\$0	\$0	(\$150,000)	(\$150,000)
<b>Total</b>	<b>\$4,592,463</b>	<b>\$3,925,770</b>	<b>(\$1,815,819)</b>	<b>\$6,709,107</b>	<b>(\$3,260,000)</b>	<b>\$3,449,107</b>

Note: Fiscal Year Totals as of September 30, 2013

### Utility Impact Fees Fund Activity (FY 12-13)

Utility Impact Fee Account	Beginning LTD Balance	YTD Revenues	Transfers out to Projects/Refunds YTD	Interest YTD	Allocated to Future Projects	Available Funds LTD
Water	\$3,830,382	\$2,938,157	\$171,453	\$6,930	(\$3,785,000)	\$3,161,921
Wastewater	\$1,193,253	\$371,754	\$291,802	\$1,854	\$0	\$1,858,662
<b>Total</b>	<b>\$5,023,634</b>	<b>\$3,309,911</b>	<b>\$463,255</b>	<b>\$8,784</b>	<b>(\$3,785,000)</b>	<b>\$5,020,584</b>

Note: Fiscal Year Totals as of September 30, 2013

### Roadway Impact Fees Fund Activity (FY 11-12)

Service Area	Beginning LTD Balance	YTD Revenues	YTD Project Transfers / Refunds	Balance (including interest) LTD	Allocated to Future Projects	Available Funds LTD
A	\$0	\$0	\$0	\$0	\$0	\$0
B	\$0	\$0	\$0	\$0	\$0	\$0
C	\$998,082	\$119,979	(\$609,393)	\$511,016	(\$715,000)	(\$203,984)
D	\$902,872	\$63,148	(\$184,860)	\$784,214	(\$715,000)	\$69,214
E	\$42,265	\$27,033	\$15,639	\$85,229	(\$25,000)	\$60,229
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$560,861	\$260,382	(\$653,823)	\$168,403	\$0	\$168,403
H	\$69,710	\$765,756	(\$686,237)	\$155,834	(\$150,000)	\$5,834
I	\$783,117	\$1,034,052	(\$10,800)	\$1,812,501	(\$1,000,000)	\$812,501
J	\$531,074	\$216,339	(\$39,724)	\$710,292	(\$615,000)	\$95,292
K	\$130,002	\$247,874	(\$24,764)	\$354,289	(\$190,000)	\$164,289
L	\$50,727	\$0	(\$50,726)	\$1	\$0	\$1
M	\$0	\$0	\$0	\$0	\$0	\$0
Unknown	\$0	\$0	\$0	\$0	(\$600,000)	(\$600,000)
<b>TOTAL</b>	<b>\$4,074,410</b>	<b>\$2,734,563</b>	<b>(\$2,244,688)</b>	<b>\$4,581,778</b>	<b>(\$4,010,000)</b>	<b>\$571,778</b>

Note: Fiscal Year Totals as of September 30, 2012

### Utility Impact Fees Fund Activity (FY 11-12)

Utility Impact Fee Account	Beginning LTD Balance	Fees Collected YTD	Transfers out to Projects/Refunds YTD	Interest YTD	Allocated to Future Projects	Available Funds LTD
Water	\$1,767,328	\$2,103,531	(\$53,672)	\$13,194	(\$1,375,000)	\$2,455,382
Wastewater	\$936,797	\$264,236	(\$12,173)	\$4,393	\$0	\$1,193,253
<b>Total</b>	<b>\$2,704,125</b>	<b>\$2,367,766</b>	<b>(\$65,844)</b>	<b>\$17,587</b>	<b>(\$1,375,000)</b>	<b>\$3,648,634</b>

Note: Fiscal Year Totals as of September 30, 2012