

2012-2013 Impact Fee Update

City of McKinney

Development Services - Planning



THE FUNDAMENTALS

WHAT ARE IMPACT FEES?

“A charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the cost of capital improvements or facility expansions necessitated by, and attributable to, the new development.”

THE 5-YEAR UPDATE PROCESS

In accordance with state law, impact fees must be updated at least once every five years and shall involve 3 components:

1. Land Use Assumptions (completed)
2. **Capital Improvements Planning (underway)**
3. Fee Setting/Adopting the Ordinance



CAPITAL IMPROVEMENTS PLANNING

LAND USE ASSUMPTIONS

- Project growth over 10 year period (residential units and non-residential square footage)

REVIEW AND UPDATE IMPACT FEE CIP

- Identify infrastructure needed to accommodate projected growth
- Determine excess capacity of existing facilities
- Estimate probable costs associated with each needed infrastructure project



**The Roadway Improvements Plan
and
Impact Fee Update Report**

Roadway Impact Fee RIP



Exhibit 2 2012-2013 Roadway Impact Fee Update



Miles

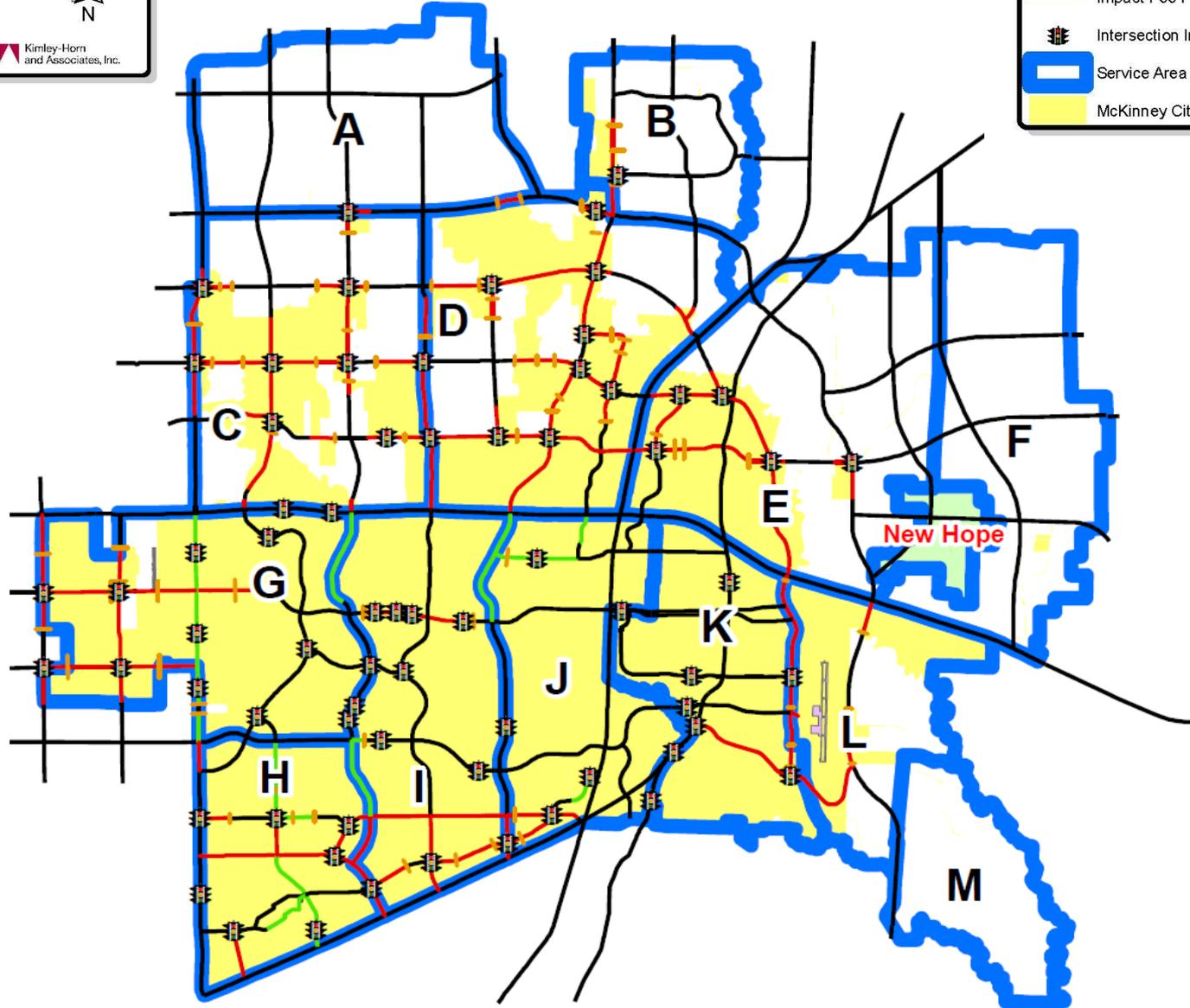


July 2013

Kimley-Horn
and Associates, Inc.

Legend

- Other Thoroughfare Facilities
- Impact Fee Eligible Projects
- Completed Impact Fee Eligible
- Impact Fee Project Limits
- Intersection Improvements
- Service Area Boundary
- McKinney City Limits



METHODOLOGY FOR CALCULATING THE MAXIMUM IMPACT FEE

- Determine amount of projected growth in each Service Area for a 10-yr period (*land use assumptions*)
- Determine the additional capacity (capital construction) needed based on growth projections
- Determine cost of needed capital construction to accommodate growth
- Determine cost per service unit

**Total Cost of the Impact Fee CIP (\$)
of New Service Units in 10-yr period**

MAXIMUM ASSESSABLE ROADWAY IMPACT FEES (PER SERVICE UNIT)

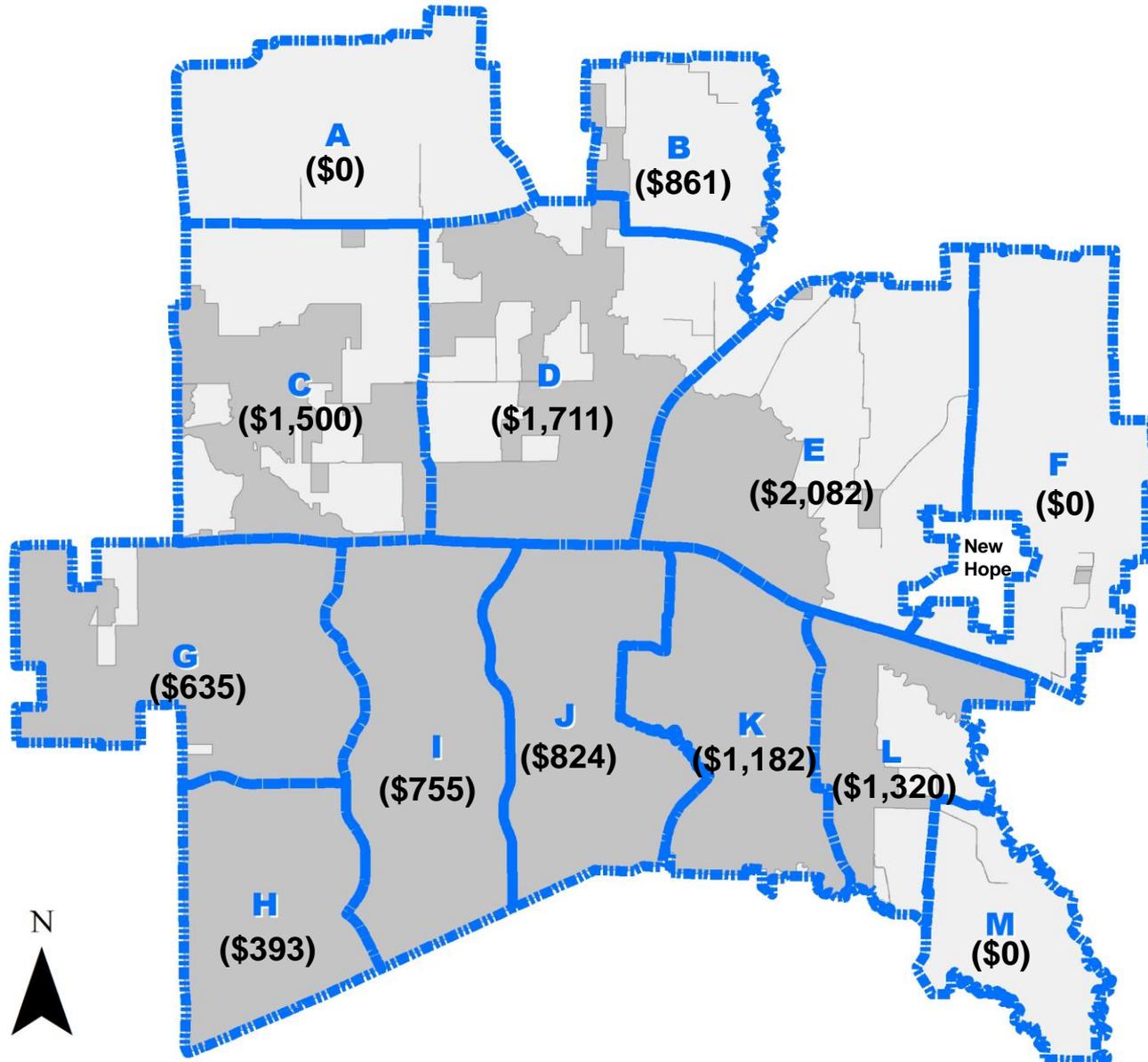
2008 – 2013 Comparison Table

SERVICE AREA	2012-2013 MAXIMUM ASSESSABLE FEE PER SERVICE UNIT	2007-2008 MAXIMUM ASSESSABLE FEE PER SERVICE UNIT
A	\$0	\$0
B	↓ \$861	\$1,558
C	↓ \$1,500	\$1,534
D	\$1,711 ↑	\$1,389
E	\$2,082 ↑	\$1,673
F	\$0	\$0
G	↓ \$635	\$684
H	↓ \$393	\$489
I	\$755 ↑	\$641
J	\$824 ↑	\$719
K	\$1,182 ↑	\$1,153
L	\$1,320 ↑	\$1,281
M	\$0	\$0

Page 53, 2012-2013 Roadway Impact Fee Update Report

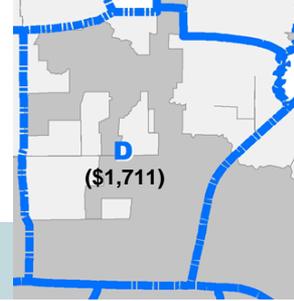
* A "service unit" is equal to one vehicle-mile of travel.

2012-2013 MAXIMUM ASSESSABLE ROADWAY IMPACTS FEES (PER SERVICE UNIT) BY SERVICE AREA



* A "service unit" is equal to one vehicle-mile of travel.

MAXIMUM ASSESSABLE FEE: SAMPLE CALCULATION (SERVICE AREA D)

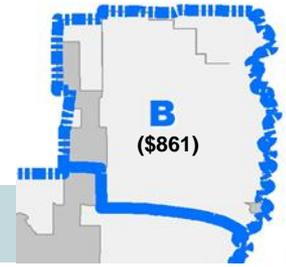


SAMPLE CALCULATION USING DRAFT MAX. ASSESSABLE FEE: SINGLE FAMILY

# of Development Units	X	Service Units (vehicle miles) per development unit in Service Area D (Table 9D in Draft Report)	=	Service Units (vehicle miles) Demanded
1	X	5.80	=	5.80
Service Units (vehicle miles) Demanded	X	Maximum Assessable Fee Per Service Unit (vehicle mile) in Service Area D (Table 8 in Draft Report)	=	Maximum Allowable Fee Charged
5.80	X	\$1,711	=	\$9,923

Sample Development	SERVICE AREA D	
	Current Impact Fee Charged	Max. Fee Allowed based on 2013 Max Assessable
Single Family Dwelling Unit	\$3,500	\$9,923
150,000 sq. ft. Retail Shopping Center	\$564,153	\$2,024,968
10,000 sq.ft. General Office Building	\$31,950	\$139,275
50,000 sq. ft. Warehouse (Industrial)	\$67,995	\$148,001

MAXIMUM ASSESSABLE FEE: SAMPLE CALCULATION (SERVICE AREA B)



SAMPLE CALCULATION USING DRAFT MAX. ASSESSABLE FEE: SINGLE FAMILY

# of Development Units	X	Service Units (vehicle miles) per development unit in Service Area B (Table 9B in Draft Report)	=	Service Units (vehicle miles) Demanded
1	X	.80	=	.80
Service Units (vehicle miles) Demanded	X	Maximum Assessable Fee Per Service Unit (vehicle mile) in Service Area B (Table 8 in Draft Report)	=	Maximum Allowable Fee Charged
.80	X	\$861	=	\$688.80

Sample Development	SERVICE AREA B	
	Current Impact Fee Charged	Max. Fee Allowed based on 2013 Max Assessable
Single Family Dwelling Unit	\$1,260	\$688
150,000 sq. ft. Retail Shopping Center	\$416,340	\$253,134
10,000 sq.ft. General Office Building	\$16,685	\$10,245
50,000 sq. ft. Warehouse (Industrial)	\$32,939	\$11,193



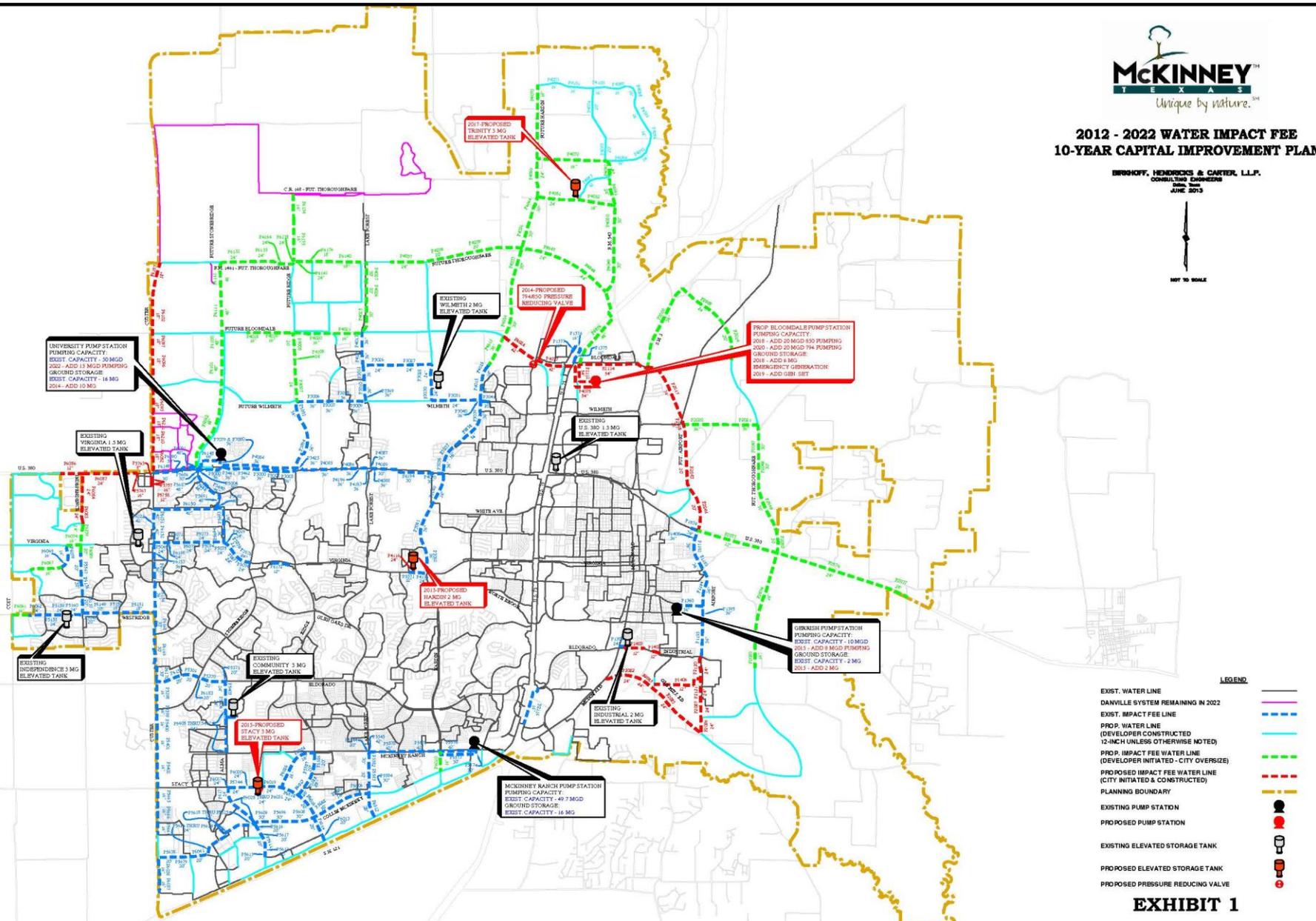
**The Utility Improvements Plans
(Water / Wastewater)
and
Impact Fee Update Report**

WATER CAPITAL IMPROVEMENTS PLAN



2012 - 2022 WATER IMPACT FEE 10-YEAR CAPITAL IMPROVEMENT PLAN

BRUSHOFF, HENDERICKS & CARTER, L.L.P.
CONSULTING ENGINEERS
JUNE 2013



UNIVERSITY PUMP STATION
PUMPING CAPACITY:
EXIST. CAPACITY - 30 MGD
2002 - ADD 13 MGD PUMPING
GROUND STORAGE
EXIST. CAPACITY - 16 MG
2014 - ADD 10 MG

**EXISTING VIRGINIA 1.5 MG
ELEVATED TANK**

**EXISTING INDEPENDENCE 3 MG
ELEVATED TANK**

**EXISTING COMMUNITY 3 MG
ELEVATED TANK**

**2013-PROPOSED STACY 3 MG
ELEVATED TANK**

MCKINNEY RANCH PUMP STATION
PUMPING CAPACITY:
EXIST. CAPACITY - 49.7 MGD
GROUND STORAGE:
EXIST. CAPACITY - 16 MG

**2013-PROPOSED RANCHO 2 MG
ELEVATED TANK**

**EXISTING INDUSTRIAL 2 MG
ELEVATED TANK**

**EXISTING WILMETH 1.5 MG
ELEVATED TANK**

**EXISTING WILMETH 2 MG
ELEVATED TANK**

**2017-PROPOSED TRINITY 3 MG
ELEVATED TANK**

PROP. BLOOMDALE PUMP STATION
PUMPING CAPACITY:
2018 - ADD 20 MGD 150 PUMPING
2001 - ADD 20 MGD 74 PUMPING
GROUND STORAGE:
2011 - ADD 4 MG
EMERGENCY GENERATOR:
2011 - ADD 0.811 SET

LEGEND

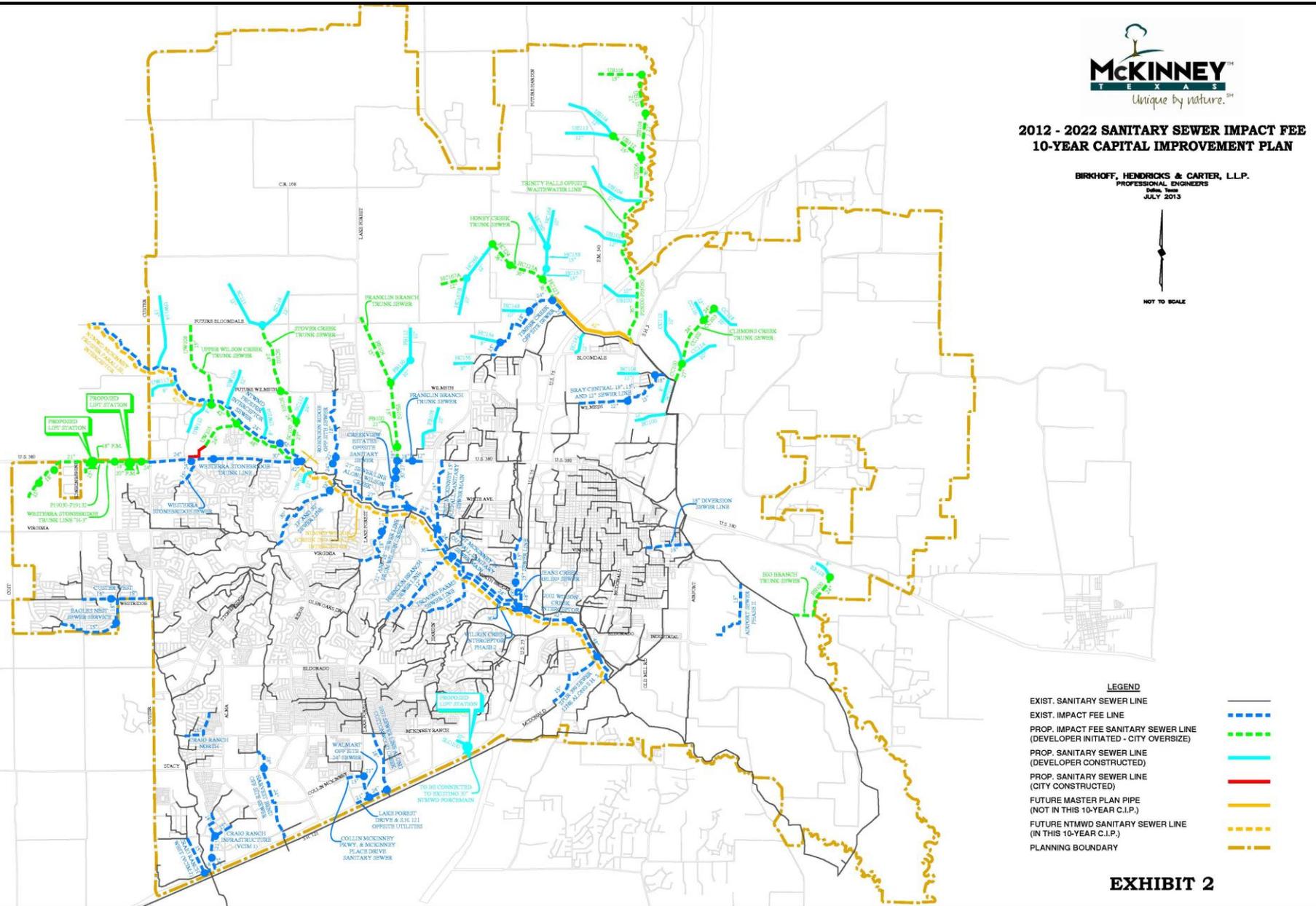
- EXIST. WATER LINE
- DANVILLE SYSTEM REMAINING IN 2022
- EXIST. IMPACT FEE LINE
- PROP. WATER LINE (DEVELOPER CONSTRUCTED 12-INCH UNLESS OTHERWISE NOTED)
- PROP. IMPACT FEE WATER LINE (DEVELOPER INITIATED - CITY OVERSIZE)
- PROPOSED IMPACT FEE WATER LINE (CITY INITIATED & CONSTRUCTED)
- PLANNING BOUNDARY
- EXISTING PUMP STATION
- PROPOSED PUMP STATION
- EXISTING ELEVATED STORAGE TANK
- PROPOSED ELEVATED STORAGE TANK
- PROPOSED PRESSURE REDUCING VALVE

WASTEWATER CAPITAL IMPROVEMENTS PLAN



2012 - 2022 SANITARY SEWER IMPACT FEE 10-YEAR CAPITAL IMPROVEMENT PLAN

BIRKHOFF, HENDRICKS & CARTER, L.L.P.
PROFESSIONAL ENGINEERS
Dallas, Texas
JULY 2013

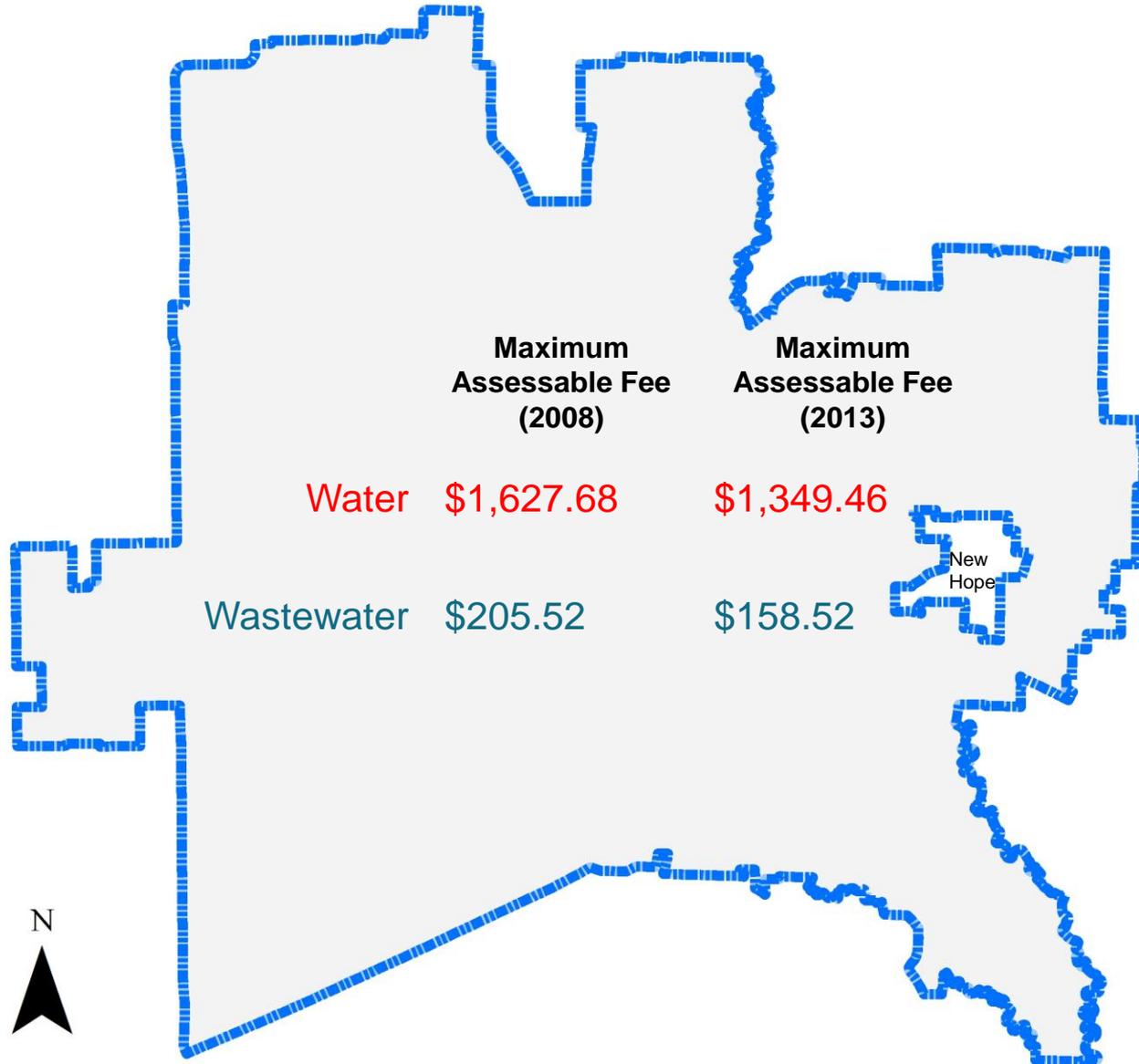


LEGEND

EXIST. SANITARY SEWER LINE	
EXIST. IMPACT FEE LINE	
PROP. IMPACT FEE SANITARY SEWER LINE (DEVELOPER INITIATED - CITY OVERSIZE)	
PROP. SANITARY SEWER LINE (DEVELOPER CONSTRUCTED)	
PROP. SANITARY SEWER LINE (CITY CONSTRUCTED)	
FUTURE MASTER PLAN PIPE (NOT IN THIS 10-YEAR C.I.P.)	
FUTURE NTMWD SANITARY SEWER LINE (IN THIS 10-YEAR C.I.P.)	
PLANNING BOUNDARY	

EXHIBIT 2

MAXIMUM ASSESSABLE FEES COMPARISON FOR UTILITY SERVICE AREA



MAXIMUM ASSESSABLE UTILITY IMPACT FEES

$$\text{Max. Impact Fee} = \frac{\text{Eligible Existing Facility Cost} + \text{Eligible Proposed Facility Cost}}{\text{\# of New Living Unit Equivalents over the next 10 Years}}$$

Living Unit Equivalent = $\frac{3}{4}$ " meter

WATER IMPACT FEE *(3/4" meter)*

$$\frac{\$30,599,144 + \$68,372,105}{36,671 \text{ LUE's}} = \frac{\$98,971,249}{36,671 \text{ LUE's}} = \$2,698.93/\text{LUE}$$

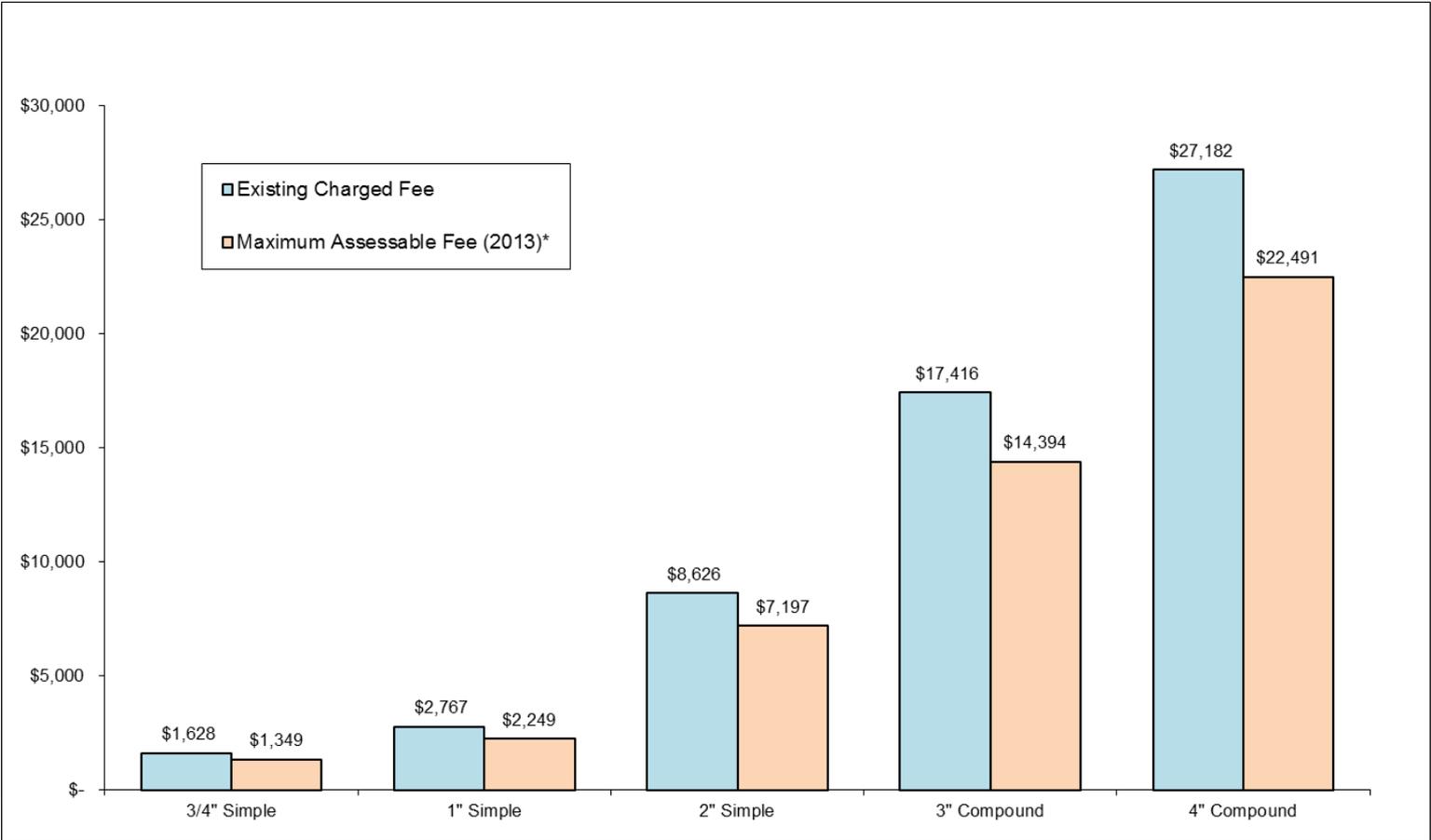
$$\text{Maximum Assessable} = 50\% \text{ of Max. Impact Fee} = \$1,349.46/\text{LUE}$$

WASTE WATER IMPACT FEE *(3/4" meter)*

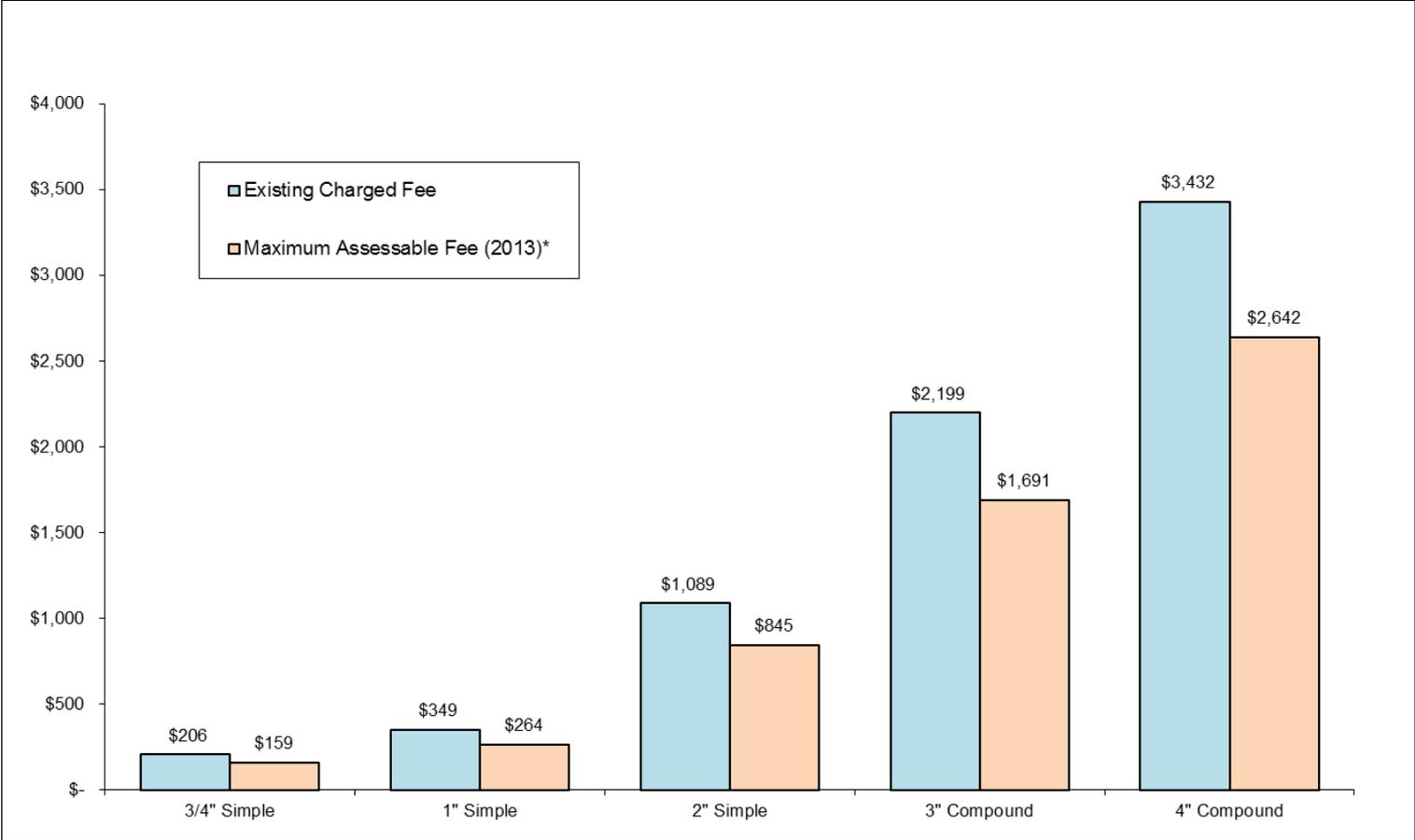
$$\frac{\$2,738,623 + \$7,986,173}{33,828 \text{ LUE's}} = \frac{\$10,724,796}{33,828 \text{ LUE's}} = \$317.04/\text{LUE}$$

$$\text{Maximum Assessable} = 50\% \text{ of Max. Impact Fee} = \$158.52/\text{LUE}$$

MAXIMUM ASSESSABLE FEES COMPARISON (WATER)



MAXIMUM ASSESSABLE FEES COMPARISON (WASTEWATER)



FEE-SETTING CONSIDERATIONS

In the final phase of the Update process, City Council will consider and determine the actual fee amounts to charge.

The following are some general considerations for the fee-setting discussion:

- Should impact fees remain the same?
- Should impact fees be adjusted to reflect the percent change in the maximum assessable fees between 2008 and 2013?
- Should impact fees include targeted adjustments by service area to support/reflect the City's growth and development goals?
- Should impact fees include targeted adjustments by land use type to support/reflect the City's growth and development goals?

ADMINISTRATIVE IMPROVEMENT CONSIDERATIONS

In order to improve administration of the impact fee program and streamline the process for the development community, Staff will be evaluating ways to tweak the ordinance to address two specific issues that have arisen over the past several months:

- the current methodology of calculating the value of a developer's credits based on service units (vehicle miles) supplied by the developer's construction of or contribution to a roadway system facility
- roadway impact fees as a monetary disincentive to the City's redevelopment goals

LOOKING AHEAD ...

AUGUST

On August 7th, Staff will host an Impact Fee Workshop for the development community to present preliminary drafts of the Capital Improvements Plans for Impact Fees and the maximum assessable fee calculations.

Staff anticipates making fee recommendations (including the phase-in of any fee increases) and administrative Ordinance improvement recommendations to City Council at a Work Session in late August.

SEPTEMBER/OCTOBER

Staff anticipates starting the Public Hearing process for the approval of the CIP and Updated Ordinances in October.