Impact Fee Update

19-0010M7

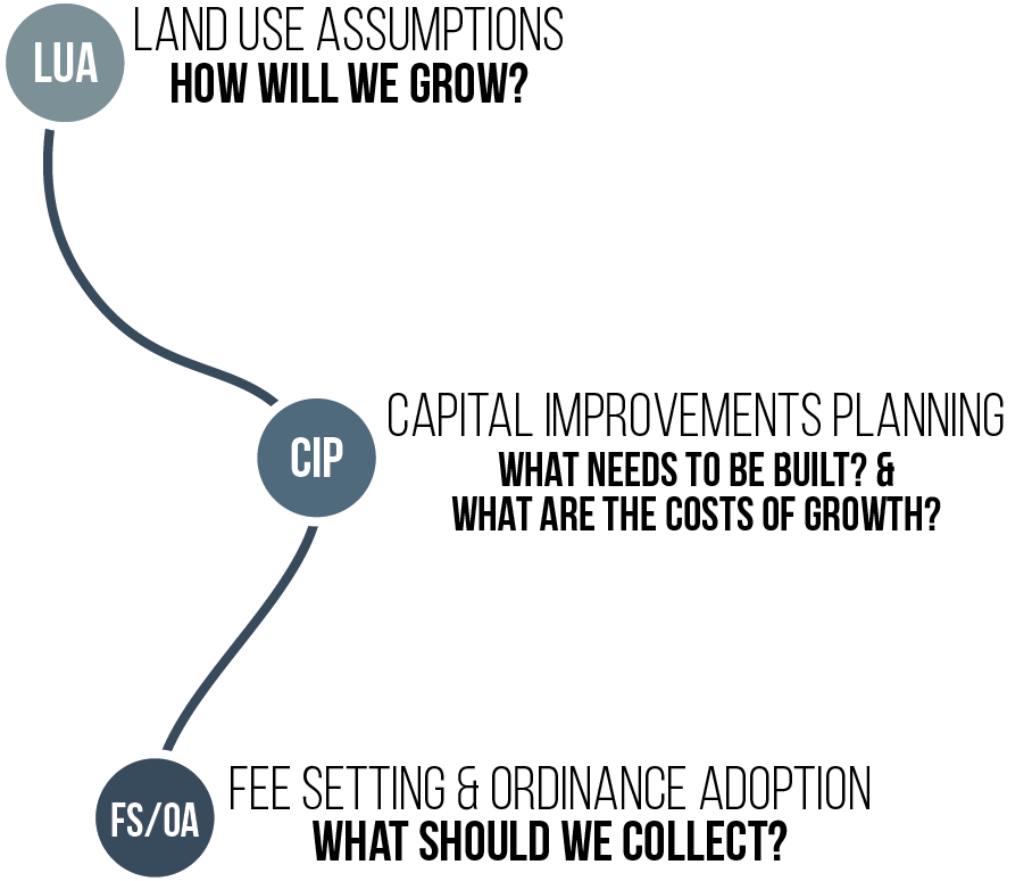
October 6, 2020

Introduction & Overview

- The purpose of today's presentation
  - Present the impact fee recommendations
  - Receive final direction on setting the Impact Fee
- General outline of the presentation
  - Brief Recap
  - Roadway Impact Fee Recommendation
  - Utility Impact Fee Recommendation
  - Phase-In Options
  - Summary & Discussion

McKINNEY TEXAS
Unique by nature.

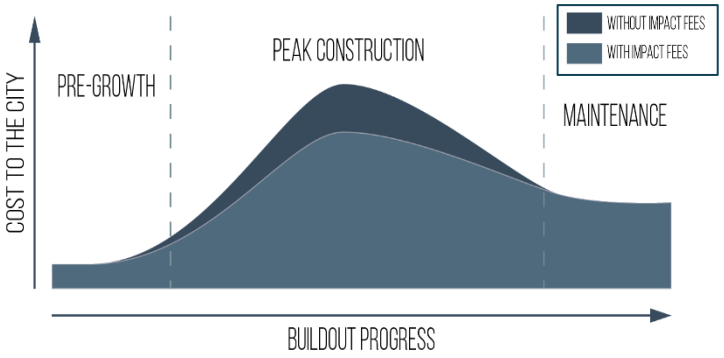
Impact Fee Update Process



Information Series Summary

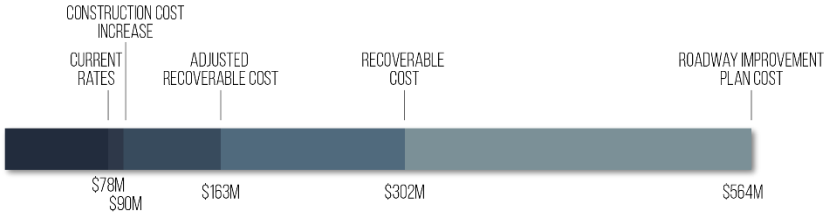
Presentation 1 (Aug 4) : What, Why, and How

- Determination of impact fee based on growth and infrastructure needs and are unique for each municipality
- Assessment/Collection of impact fees is only feasible during periods of growth
- Due to growth rate and growth potential, McKinney's Infrastructure needs are greater than our sister cities



Presentation 2 (Sept 1): Maximum Assessable Fees and Recoverable Costs

- The process for determining the Maximum Assessable Impact Fee is regulated by State Law and is based on a series of formulas and calculations
- Staff desires to recommend a fee increase that balances the recovery of infrastructure costs and market competitiveness



Information Series Summary

Today, Presentation 3: What do we Charge?

Roadway Impact Fee Recommendation

- ✓ Increase current fees by Construction Cost Increases (~18%)
- ✓ Cap fees that increase to the maximum assessable fee
- ✓ 9 month grace period before new fees become effective*

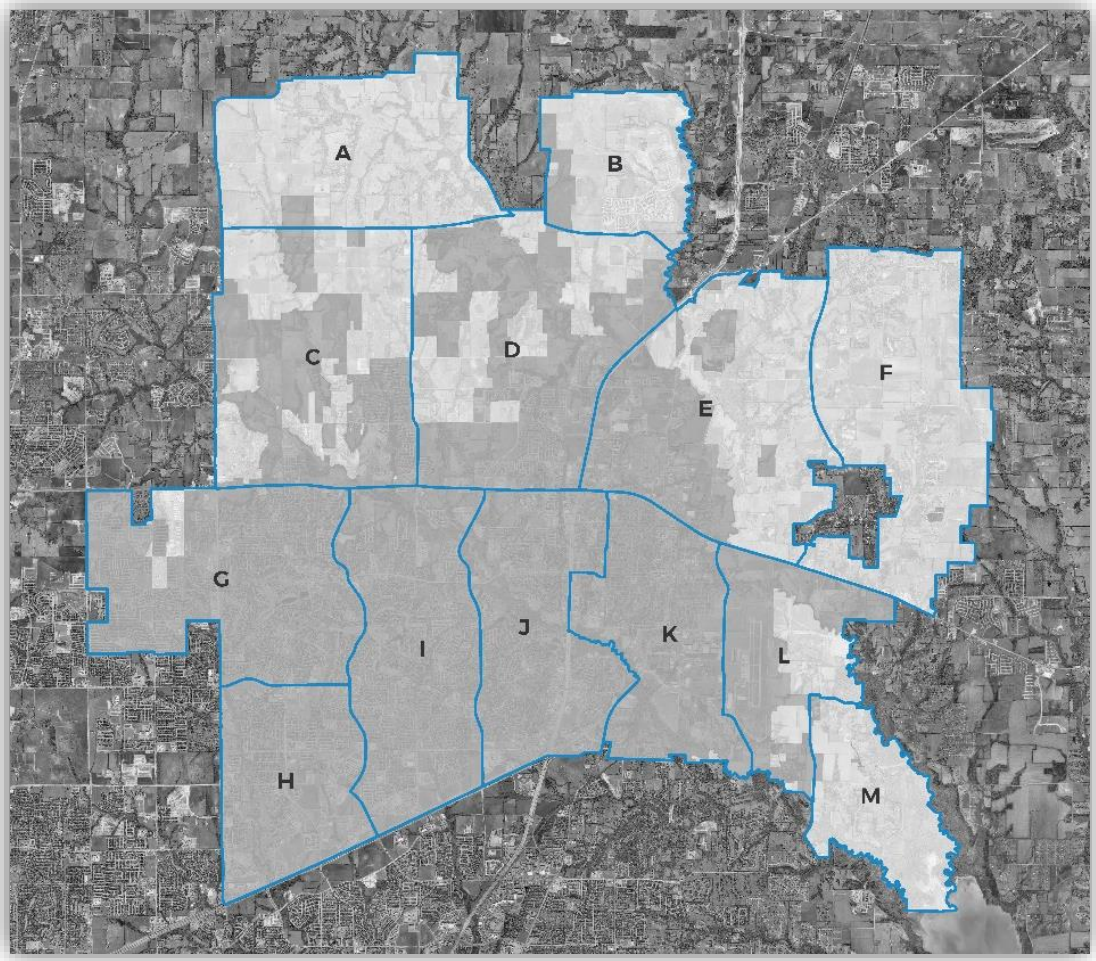
Utility Impact Fee Recommendation

- ✓ Increase current water fees to maximum assessable fee
- ✓ Increase current wastewater impact fees to include McKinney infrastructure costs and 50% of NTMWD costs
- ✓ 9 month grace period before new fees become effective*

** Fees that go down will become effective immediately*

Roadway Impact Fee Recommendations

Roadway Impact Fees: What Do We Charge?



Roadway Service Area Map

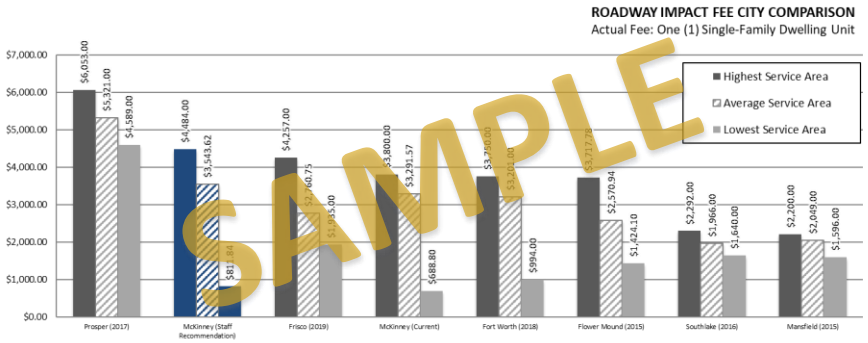
- 13 service areas
- Fees are based on service area and land use
- Roadway impact fees only assessable within city limits

Impact Fee Update: What Do We Charge?

McKinney Fee Comparison Table

SINGLE FAMILY RESIDENTIAL USES				
SERVICE AREA	CURRENT COLLECTION RATE	MAXIMUM ASSESSABLE FEE	STAFF RECOMMENDATION	INCREASE / DECREASE
A	$0	$0	$0	
B	$688	$1,411	$812	
C	$3,800	$11,120	$4,484	
D	$3,800	$16,674	$4,484	
E	$3,800	$10,460	$4,484	
F	$0	$0	$0	
G	$3,800	$5,602	$4,484	
H	$1,827	$1,661	$1,661	
I	$3,800	$6,135	$4,484	
J	$3,800	$1,683	$1,683	
K	$3,800	$5,805	$4,484	
L	$3,800	$7,093	$4,484	
M	$0	$3,585	$0	

Sister City Comparison Chart



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FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

SINGLE FAMILY RESIDENTIAL USES				
SERVICE AREA	CURRENT COLLECTION RATE	MAXIMUM ASSESSABLE FEE	STAFF RECOMMENDATION	INCREASE / DECREASE
A	$0	$0	$0	↑
B	$688	$1,411	$812	↑
C	$3,800	$11,120	$4,484	↑
D	$3,800	$16,674	$4,484	↑
E	$3,800	$10,460	$4,484	↑
F	$0	$0	$0	↑
G	$3,800	$5,602	$4,484	↑
H	$1,827	$1,661	$1,661	↓
I	$3,800	$6,135	$4,484	↑
J	$3,800	$1,683	$1,683	↓
K	$3,800	$5,805	$4,484	↑
L	$3,800	$7,093	$4,484	↑
M	$0	$3,585	$0	↑

Fee/Rate per Dwelling Unit

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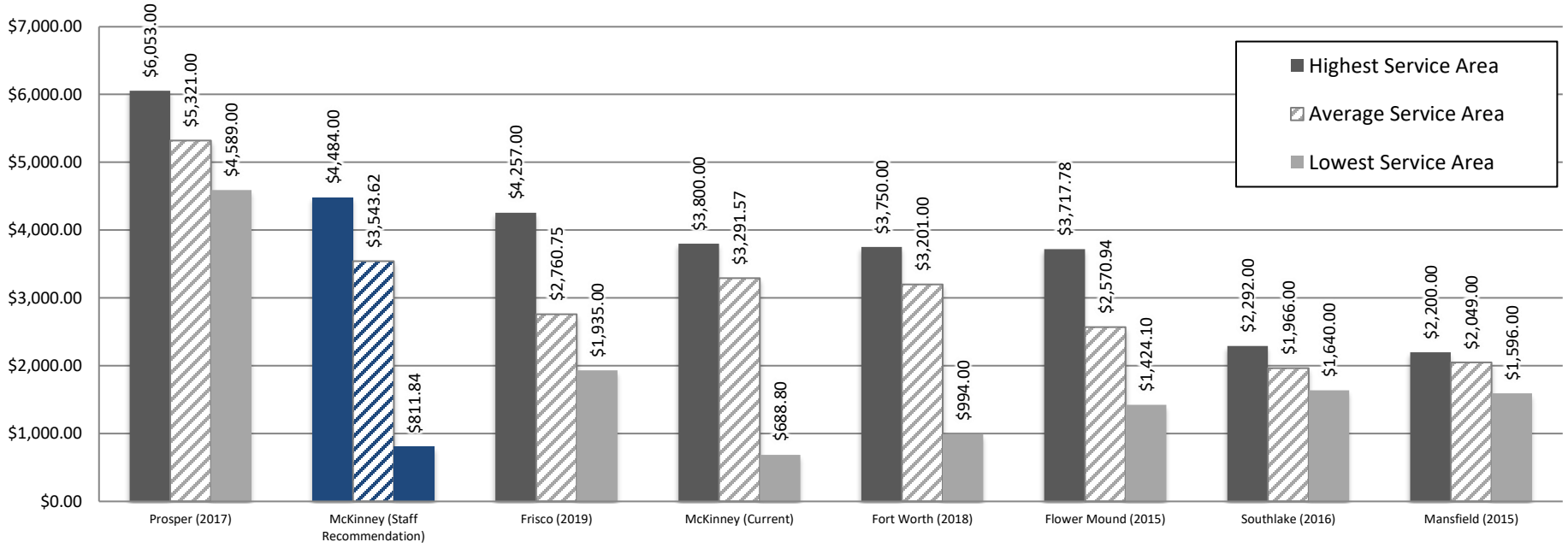
FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

Single-Family Residential Uses

ROADWAY IMPACT FEE CITY COMPARISON
Actual Fee: One (1) Single-Family Dwelling Unit



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FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

MULTI-FAMILY RESIDENTIAL USES				
SERVICE AREA	CURRENT COLLECTION RATE	MAXIMUM ASSESSABLE FEE	STAFF RECOMMENDATION	INCREASE / DECREASE
A	$0	$0	$0	↑
B	$430	$624	$507	↑
C	$2,880	$4,942	$3,398	↑
D	$4,340	$7,426	$5,121	↑
E	$4,323	$4,646	$4,646	↑
F	$0	$0	$0	↑
G	$2,362	$2,495	$2,495	↑
H	$1,132	$740	$740	↓
I	$2,586	$2,732	$2,732	↑
J	$2,901	$750	$750	↓
K	$3,889	$2,586	$2,586	↓
L	$2,864	$3,148	$3,148	↑
M	$0	$1,588	$0	↑

Fee/Rate per Dwelling Unit

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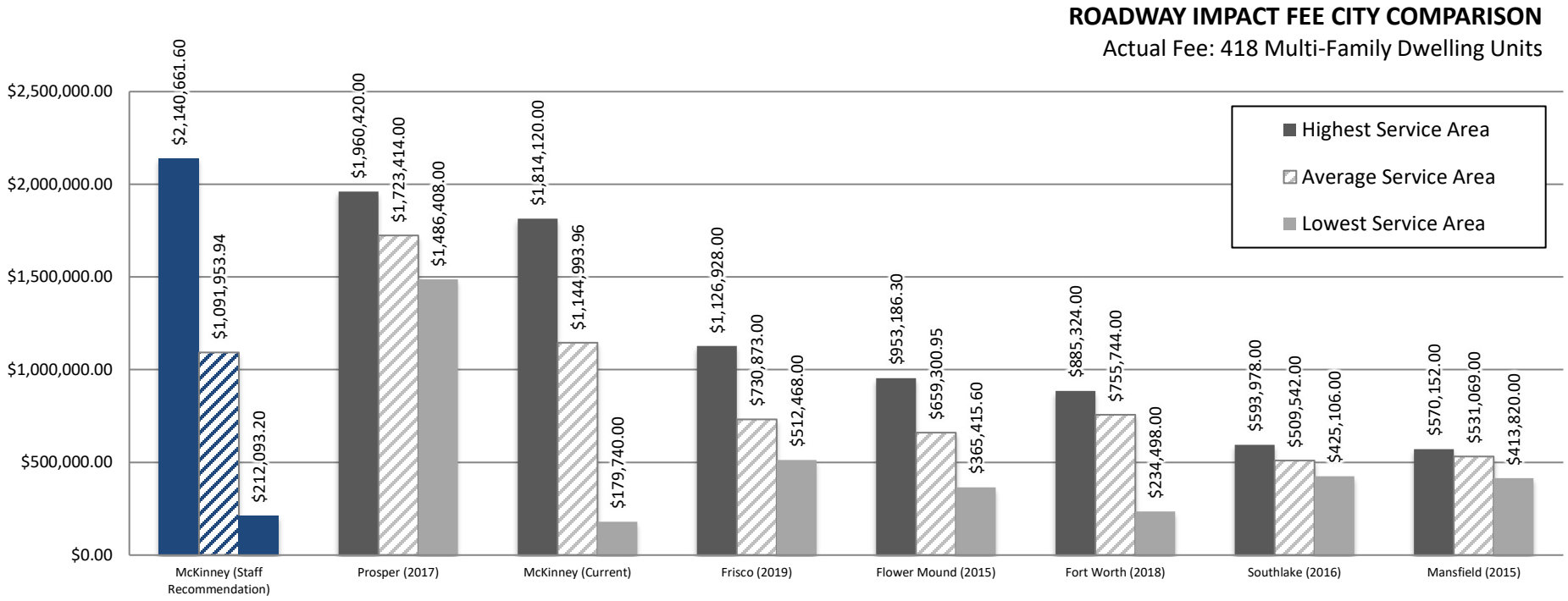
FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

Multi-Family Residential Uses



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FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

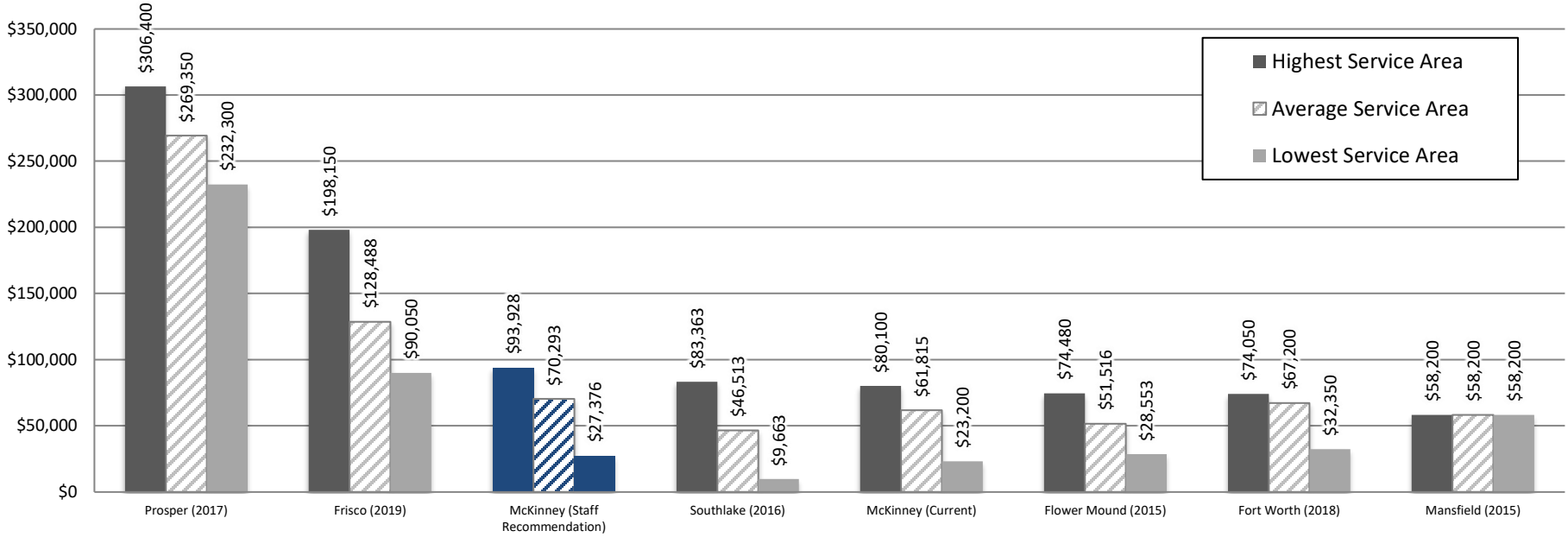
LIGHT INDUSTRIAL USES				
SERVICE AREA	CURRENT COLLECTION RATE	MAXIMUM ASSESSABLE FEE	STAFF RECOMMENDATION	INCREASE / DECREASE
A	$0	$0	$0	↑
B	$464	$897	$548	↑
C	$1,592	$7,076	$1,879	↑
D	$1,472	$10,864	$1,737	↑
E	$1,602	$6,650	$1,890	↑
F	$0	$0	$0	↑
G	$1,149	$3,650	$1,356	↑
H	$916	$1,058	$1,058	↑
I	$1,211	$3,997	$1,429	↑
J	$782	$1,097	$922	↑
K	$1,392	$3,783	$1,643	↑
L	$1,354	$4,517	$1,598	↑
M	$0	$2,286	$0	↑

Fee/Rate per 1,000 sq ft

Light Industrial Uses

ROADWAY IMPACT FEE CITY COMPARISON

Actual Fee: 50,000 Square Foot Light Industrial Development



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FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

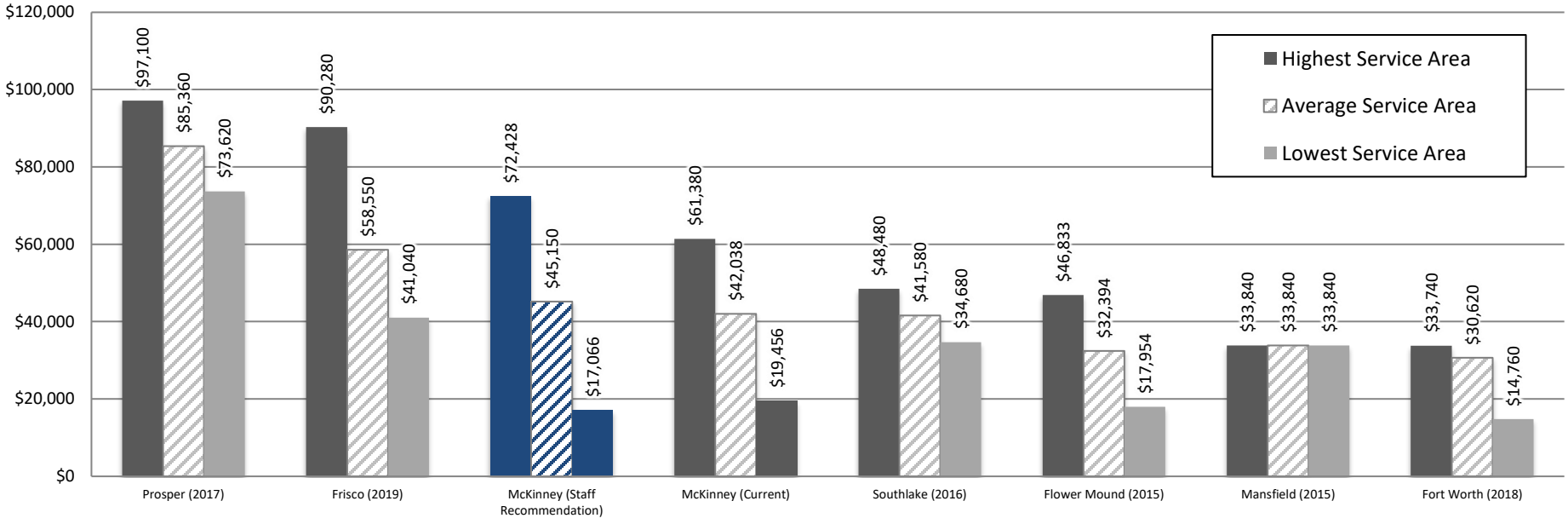
CORPORATE HEADQUARTER USES				
SERVICE AREA	CURRENT COLLECTION RATE	MAXIMUM ASSESSABLE FEE	STAFF RECOMMENDATION	INCREASE / DECREASE
A	$0	$0	$0	↑
B	$972	$853	$853	↓
C	$2,263	$6,739	$2,670	↑
D	$2,995	$12,377	$3,534	↑
E	$3,069	$6,342	$3,621	↑
F	$0	$0	$0	↑
G	$1,703	$4,158	$2,010	↑
H	$1,724	$1,007	$1,007	↓
I	$1,827	$4,554	$2,156	↑
J	$2,065	$1,249	$1,249	↓
K	$2,757	$3,806	$3,253	↑
L	$1,882	$4,292	$2,221	↑
M	$0	$2,165	$0	↑

Fee/Rate per 1,000 sq ft

Corporate Headquarter Uses

ROADWAY IMPACT FEE CITY COMPARISON

Actual Fee: 20,000 Square Foot Corporate Headquarters



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FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

GENERAL OFFICE USES				
SERVICE AREA	CURRENT COLLECTION RATE	MAXIMUM ASSESSABLE FEE	STAFF RECOMMENDATION	INCREASE / DECREASE
A	$0	$0	$0	↑
B	$1,023	$1,641	$1,208	↑
C	$2,415	$12,917	$2,850	↑
D	$3,195	$23,722	$3,770	↑
E	$3,270	$12,155	$3,859	↑
F	$0	$0	$0	↑
G	$1,818	$7,970	$2,145	↑
H	$1,840	$1,931	$1,931	↑
I	$1,951	$8,729	$2,302	↑
J	$2,206	$2,394	$2,394	↑
K	$2,940	$7,302	$3,469	↑
L	$2,009	$8,237	$2,371	↑
M	$0	$4,162	$0	↑

Fee/Rate per 1,000 sq ft

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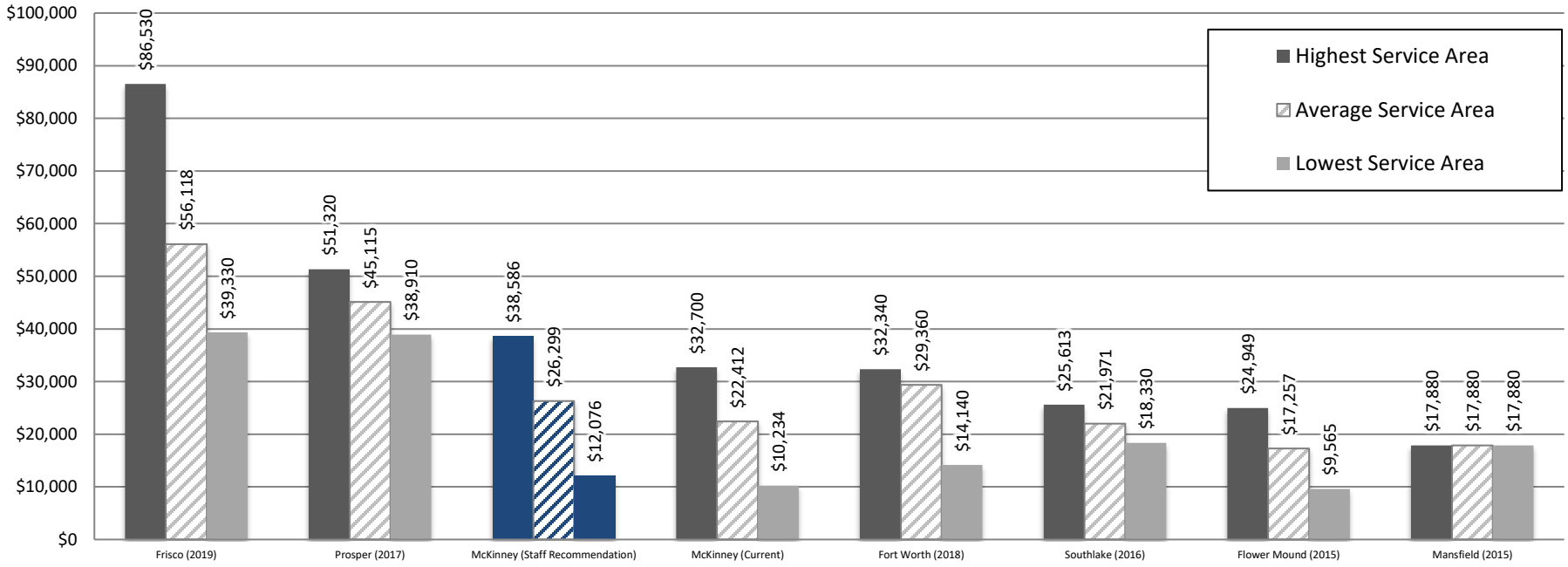
FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

General Office Uses

ROADWAY IMPACT FEE CITY COMPARISON
Actual Fee: 10,000 Square Foot Office Development



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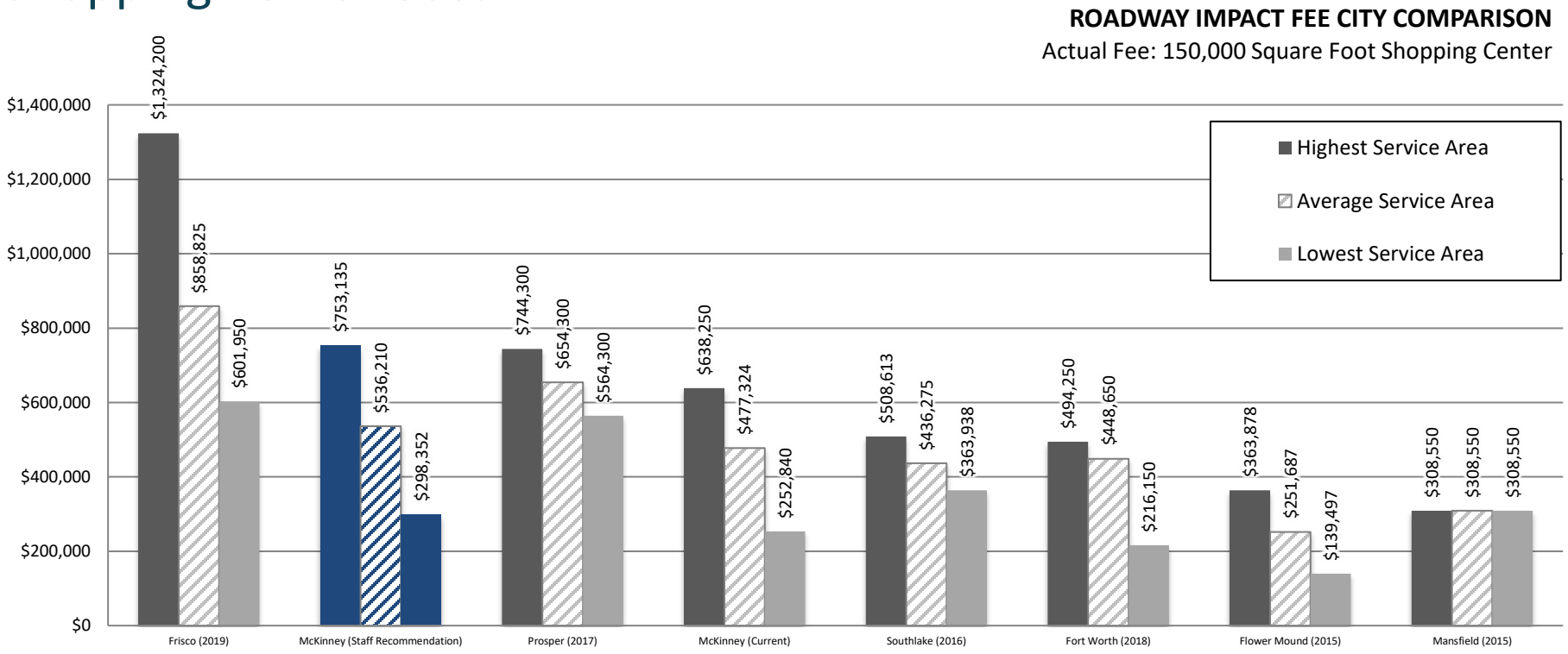
FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

SHOPPING CENTER USES				
SERVICE AREA	CURRENT COLLECTION RATE	MAXIMUM ASSESSABLE FEE	STAFF RECOMMENDATION	INCREASE / DECREASE
A	$0	$0	$0	↑
B	$1,686	$3,566	$1,989	↑
C	$4,255	$19,740	$5,021	↑
D	$3,761	$24,169	$4,438	↑
E	$4,131	$15,480	$4,875	↑
F	$0	$0	$0	↑
G	$2,194	$8,120	$2,589	↑
H	$2,571	$2,538	$2,538	↓
I	$3,176	$8,893	$3,748	↑
J	$3,597	$2,439	$2,439	↓
K	$3,590	$8,415	$4,236	↑
L	$3,282	$14,369	$3,873	↑
M	$0	$16,914	$0	↑

Fee/Rate per 1,000 sq ft

Shopping Center Uses



THOUGHTS?

Other fee setting options:

- 25% increase to meet local cost of concrete increase
- Set fee at percentage of max assessable for individual uses or use categories
- Set fees based on targeted land uses

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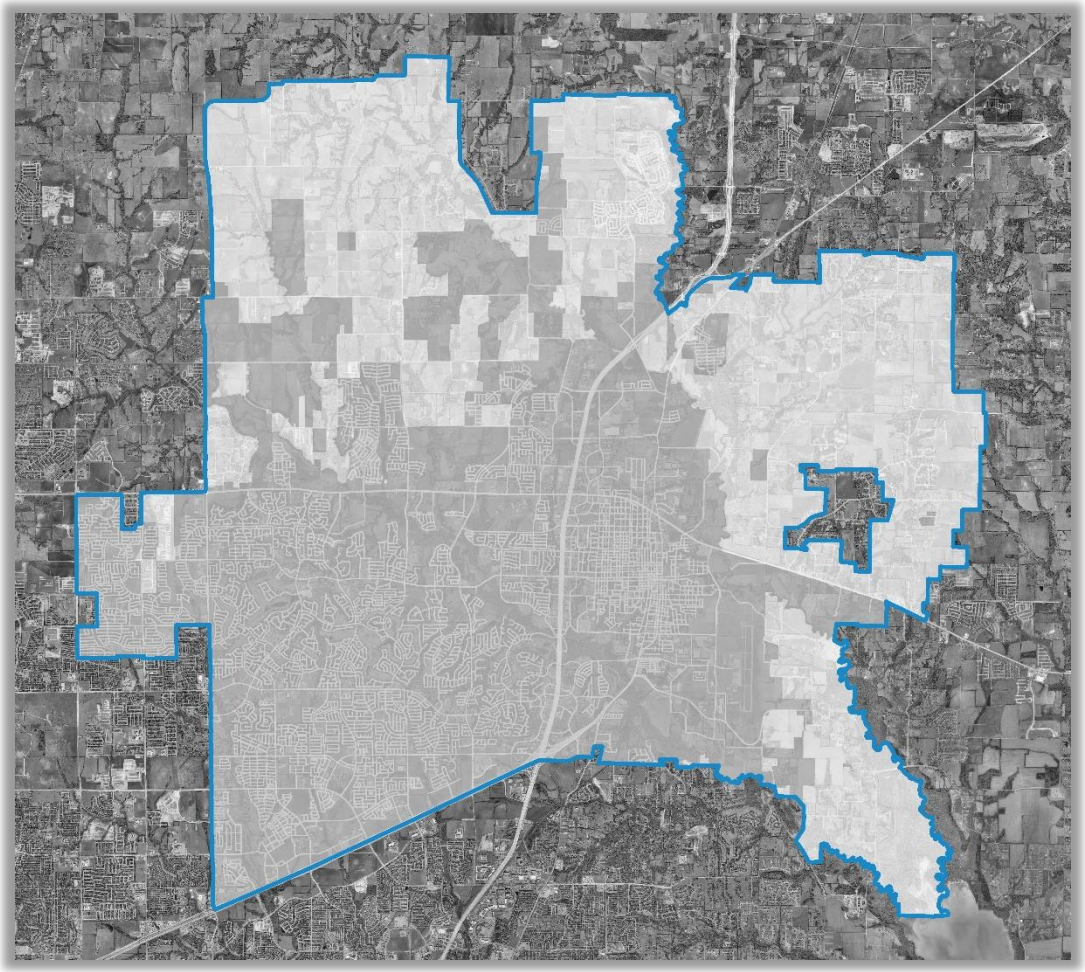
Unique by nature.

Utility Impact Fee Recommendation

Utility Impact Fees: What Do We Charge?



Utility Service Area Map

- Single service area
- Utility impact fees are assessable within city limits and ETJ
- Utility impact fees are based on meter size

Utility Impact Fee Recommendation

- ✓ Increase current water fees to maximum assessable fee
- ✓ Increase current wastewater impact fees to include McKinney infrastructure costs and 50% of NTMWD costs
- ✓ 9 month grace period before new fees become effective

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FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

Water Impact Fee Comparison

	Current Collection Rate	Max Assessable Fee
Water Impact Fee *(3/4" Meter)*	$1,294.70	$1,754.00

Wastewater Impact Fee Comparison

	Current Collection Rate	Max Assessable Fee
Wastewater Impact Fee *(3/4" Meter)*	**$162.14**	**$2,899.00***
McKinney CIP Cost	$162.14	$388
NTMWD CIP Cost	n/a	$2,511

**includes NTWMD capital improvement costs*

McKINNEY TEXAS
Unique by nature.

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FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

Water Impact Fee Comparison			
	Current Collection Rate	**Max Assessable Fee**	**Staff Recommendation**
Water Impact Fee *(3/4" Meter)*	$1,294.70	$1,754.00	**$1,754.00**

Wastewater Impact Fee Comparison			
	Current Collection Rate	**Max Assessable Fee**	**Staff Recommendation**
Wastewater Impact Fee *(3/4" Meter)*	**$162.14**	**$2,899.00***	**$1,644.50**
McKinney CIP Cost	$162.14	$388	$388
NTMWD CIP Cost	n/a	$2,511	$1,255.50

**includes NTWMD capital improvement costs.*

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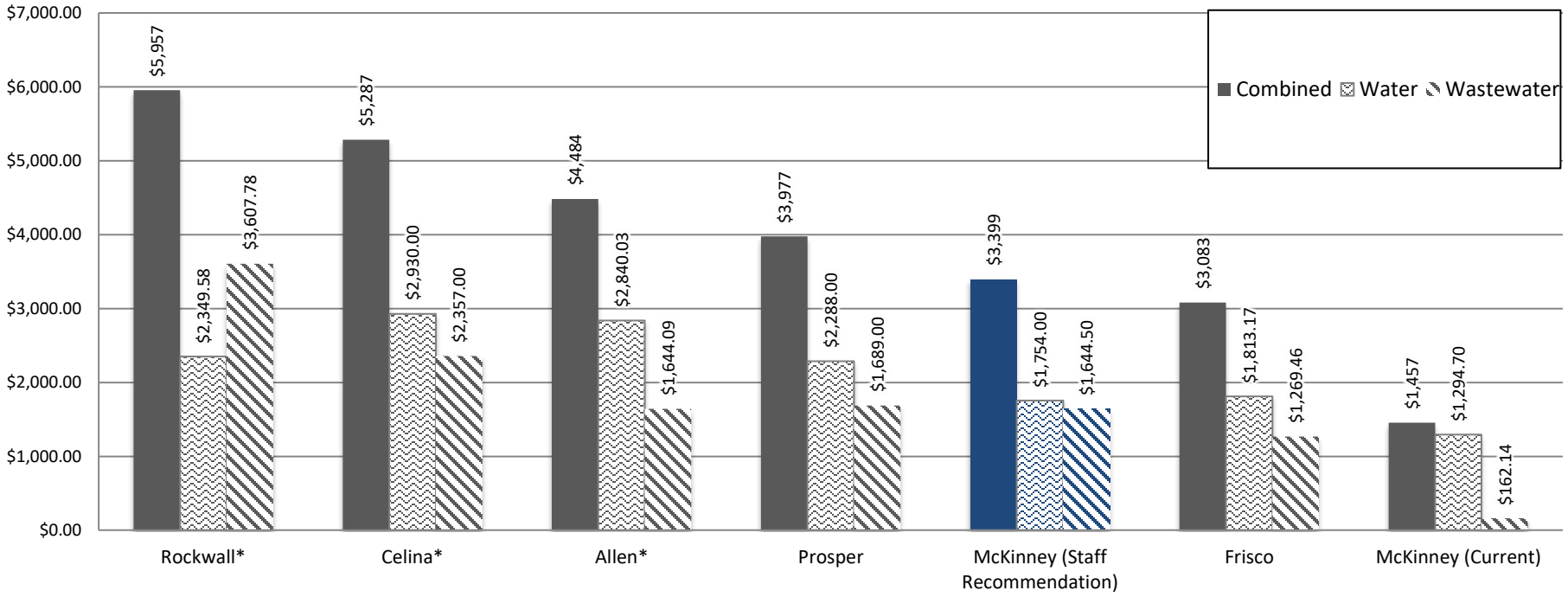
FEE SETTING & ORDINANCE ADOPTION
WHAT SHOULD WE COLLECT?

Combined Utility Impact Fee Comparison

Typical Land Use	Meter Size	Current Collection Rate	Max Assessable Fee	Staff Recommendation
SF Res	3/4”	$1,456.84	$4,653.00	**$1,754.00**
SF Res	1”	$2,476.63	$7,770.51	**$5,673.82**
SF Res	1 ½”	$4,851.27	$15,494.49	**$11,313.67**
SF Res/Commercial	2”	$12,091.77	$38,759.49	**$28,301.17**
Commercial/ MF Res	3”	$24,329.23	$77,565.51	**$56,636.32**
Commercial/MF Res	4”	$48,512.77	$155,084.49	**$113,238.67**
Industrial	6”	$77,649.57	$248,144.49	**$181,188.67**
Industrial	8”	$135,923.17	$434,264.49	**$317,088.67**
Industrial	10-12”	$267,038.77	$853,034.49	**$622,863.67**

Utility Impact Fee Comparisons



**includes NTWMD CIP costs*

Phase-In Discussion

Impact Fee: Phase-in Recommendation

- New Fees will become effective 9 months after amended Ordinance adoption.

- Fees that go down will become effective immediately.

Next Steps

Fee Setting Meetings:

October

- CIAC Info Series #3
- CIAC Impact Fee Update Recommendation (10/27)

Public Hearing and Adoption Process

- **October 6th**
  - Adopt resolutions to set the Public Hearings (4 consent agenda items)
- **November 17th**
  - Conduct public hearings and act on the amendments to the Capital Improvement Plans & Impact Fee Update