

2012-2013 Impact Fee Update

- State enabling legislation (1987)
- City of McKinney's first adoption of utility impact fees (1990)
- City of McKinney's first adoption of roadway impact fees (1997)
- State law Chapter 395 requires a city's impact fee program/calculations to be updated at least every five years
- City of McKinney's previous impact fee update (2007-2008)

City Council Regular Meeting
September 18, 2012



Unique by nature.

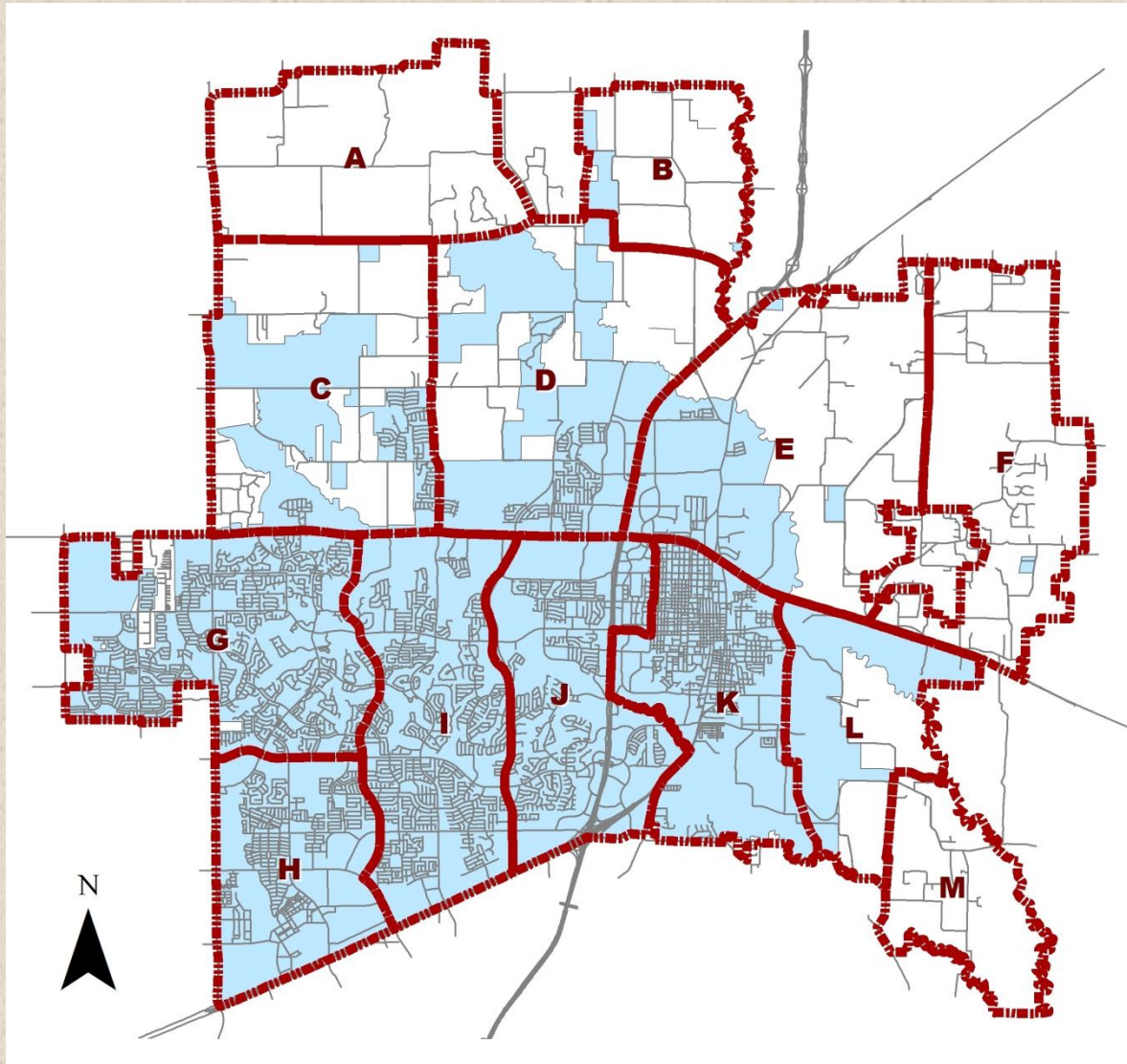
What are Impact Fees?

- Impact Fees are 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 new development.
- A mechanism to recover infrastructure costs required to serve new development.

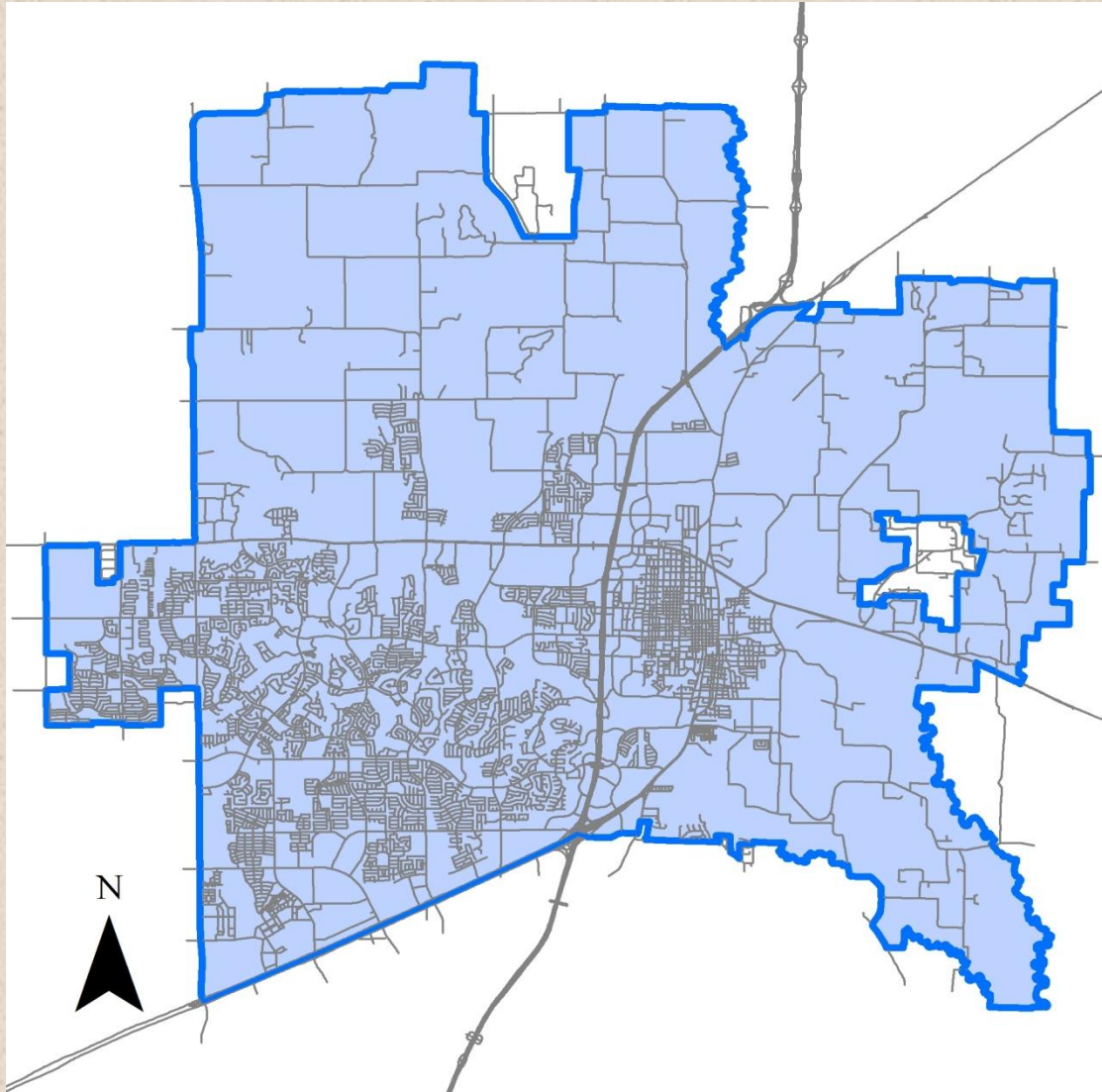
Service Areas

- 13 service areas for roadway impact fees
- 1 service area for utility impact fees
- Impact fees collected from a development must be spent within the development's service area

Roadway Service Area Map



Utility Service Area Map



2012-2013 Impact Fee Update (7-9 months)

3 parts to the update process:

- Update Land Use Assumptions (Oct-Dec 2012)
- Update impact fee Capital Improvements Plans and calculate max assessable fee (Oct 2012-March 2013)
- Set fees and adopt updated ordinances (April-June 2013)

2012-2013 Impact Fee Update (7-9 months)

The update process will include:

- 2 workshops for the development community
- Multiple work sessions/project briefings to P&Z Commission and City Council
- Several public hearings (as required by Chapter 395)



Unique by nature.

Part 1: Land Use Assumptions

- Staff projects growth over a 10-year period by Service Area
 - Residential units
 - Non-residential square feet
- These projections help determine the amount of capital improvements (roadway, water, and wastewater) needed over the 10-year period

Part 2: Impact Fee Capital Improvement Plans and Calculation of Max Assessable Fees

- Consultant and Staff update the list of capital improvements or facility expansions (and probable cost) needed to accommodate the projected growth for next 10 years.
- Consultant calculates Maximum Assessable Impact Fee

$$\text{Impact Fee Per Service Unit} = \frac{\text{Cost of the CIP (\$)}}{\text{New Service Units}}$$

Part 3: Set the Fees and Adopt Updated Ordinances

With the final part of the process, the majority of policy discussion will occur as Staff will make recommendations to the City Council to consider:

- the actual fee amounts to charge
- the phase-in of any fee modifications
- any changes to the administration of the impact fee program and adoption of updated ordinances



Unique by nature.

Possible Improvements to Program Administration

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 offsets/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