

**AGENDA ITEM**

**TO:** Planning and Zoning Commission

**THROUGH:** Jennifer Arnold, Planning Manager

**FROM:** Neil Rose, Planner I

**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 3, 2014.

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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 2013-2014 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 2012-2013 end of fiscal year report was presented at the Planning and Zoning Commission meeting on December 10, 2013 and accepted by City Council on January 7, 2014.

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 cost indices and/or inflationary assumptions to evaluate whether or not current fees are commensurate with regional trends in construction costs and inflation rates.

From March 2013 to March 2014, the Construction Cost Index in the Dallas area increased 0.4% as compared to the National Average, which increased 2.3% during the same period. (Source: Construction Cost Index at [www.enr.com](http://www.enr.com)).

From March 2013 to March 2014, the Consumer Price Index (CPI) shows that annual inflation increased 1.5%. During the same period, the core CPI, which excludes volatile food and energy prices, rose 1.7% (Source: US Department of Labor, Bureau of Labor Statistics).

The first and only increases to roadway impact fees will occur on May 20, 2014 as part of the phase-in schedule approved by City Council. Staff feels that the impact fee levels and phase-in schedule are commensurate with trends in construction costs and inflation rates.

### Roadway Impact Fees Mid-Year 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	\$84,000	\$0	\$668,808	\$0	\$668,808
D	\$976,344	\$31,500	\$0	\$1,007,844	\$0	\$1,007,844
E	\$158,332	\$223,197	\$0	\$381,530	\$0	\$381,530
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$375,491	\$155,012	(\$3,500)	\$527,002	\$0	\$527,002
H	\$84,913	\$77,389	\$2,578	\$164,880	\$0	\$164,880
I	\$2,910,316	\$778,571	(\$1,513,666)	\$2,175,221	(\$600,000)	\$1,575,221
J	\$874,600	\$147,663	(\$3,500)	\$1,018,764	(\$600,000)	\$418,764
K	\$715,565	\$30,793	(\$412,113)	\$334,244	\$0	\$334,244
L	\$1	0	0	\$1	\$0	\$1
M	\$10,685	0	0	\$10,685	\$0	\$10,685
Unknown					(\$150,000)	(\$150,000)
<b>TOTAL</b>	<b>\$6,698,422</b>	<b>\$1,528,126</b>	<b>(\$1,937,569)</b>	<b>\$6,288,979</b>	<b>(\$1,350,000)</b>	<b>\$4,938,979</b>

- Totals as of 3/31/2014
- YTD – Year to Date (includes funds for the fiscal year which is October 2013 to September 2014)
- 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
- “Unknown” is allocated to future projects whose specific locations and specific service areas have not yet been determined (such as signalization improvements)
- As of October 1, 2013, interest earned on Roadway Impact Fee revenues are directly deposited into the Street Construction Fund

### Utility Impact Fees Mid-Year 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	\$6,946,921.40	\$1,040,989.13	(\$3,804,504.80)	\$0.00	\$4,183,405.73
Wastewater	\$1,858,662.49	\$127,007.15	(\$2,502.69)	\$0.00	\$1,983,166.95
<b>Total</b>	<b>\$8,805,583.89</b>	<b>\$1,167,996.28</b>	<b>(\$3,807,007.49)</b>	<b>\$0.00</b>	<b>\$6,166,572.68</b>

- Totals as of 3/31/2014
- YTD – Year to Date (includes funds for the fiscal year which is October 2013 to September 2014)
- 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 2013-2014)

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 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

### Roadway Impact Fees Fund Activity (FY 10-11)

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	\$239,903	\$754,953	\$0	\$998,082	\$0	\$998,082
D	\$898,915	\$89,621	(\$92,540)	\$902,871	\$0	\$902,871
E	\$24,024	\$17,988	\$0	\$42,265	\$0	\$42,265
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$209,975	\$348,276	\$0	\$560,861	\$0	\$560,861
H	(\$6,245)	\$81,421	\$0	\$75,409	\$0	\$75,409
I	\$216,692	\$459,172	\$104,200	\$783,117	\$0	\$783,117
J	\$378,208	\$149,639	\$0	\$531,073	\$0	\$531,073
K	\$37,362	\$105,865	(\$13,810)	\$130,002	\$0	\$130,002
L	\$53,039	(\$2,700)	\$0	\$50,727	\$0	\$50,727
M	\$0	\$0	\$0	\$0	\$0	\$0
Unknown	\$0	\$0	\$0	\$0	(\$600,000)	(\$600,000)
<b>TOTAL</b>	\$2,051,873	\$2,004,235	(\$2,150)	\$4,074,407	(\$600,000)	\$3,474,407

Note: Fiscal Year Totals as of September 30, 2011

### Utility Impact Fees Fund Activity (FY 10-11)

Utility Impact Fee Account	Beginning LTD Balance	Fees Collected YTD	Transfers out to Projects/Refunds YTD	Interest YTD	Available Funds LTD
Water	\$2,271,248	\$1,389,227	(\$1,911,101)	\$17,954	\$1,767,328
Wastewater	\$263,857	\$189,123	\$481,037	\$2,780	\$936,797
<b>Total</b>	\$2,535,105	\$1,578,350	(\$1,430,064)	\$20,734	\$2,704,125

Note: Fiscal Year Totals as of September 30, 2011

### Roadway Impact Fees Fund Activity (FY 09-10)

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	\$135,203	\$225,964	(\$123,070)	\$239,903	\$0	\$239,903
D	\$979,370	\$24,300	(\$109,179)	\$898,915	\$0	\$898,915
E	\$143,746	\$0	(\$120,000)	\$24,024	\$0	\$24,024
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$205,632	\$178,049	(\$175,416)	\$209,975	\$0	\$209,975
H	\$16,833	\$9,192	(\$32,298)	(\$6,245)	\$0	(\$6,245)
I	\$981,127	\$374,313	(\$1,139,600)	\$216,692	\$0	\$216,692
J	\$1,779,163	\$324,191	(\$1,727,819)	\$378,208	\$0	\$378,208
K	\$752,999	\$33,116	(\$749,127)	\$37,362	\$0	\$37,362
L	\$49,743	\$2,700	\$0	\$53,039	\$0	\$53,039
M	\$0	\$0	\$0	\$0	\$0	\$0
Unknown	\$0	\$0	\$0	\$0	(\$600,000)	(\$600,000)
<b>TOTAL</b>	\$5,043,816	\$1,171,825	(\$4,176,509)	\$2,051,873	(\$600,000)	\$1,451,873

Note: Fiscal Year Totals as of September 30, 2010

### Utility Impact Fees Fund Activity (FY 09-10)

Utility Impact Fee Account	Beginning LTD Balance	Fees Collected YTD	Transfers out to Projects/Refunds YTD	Interest YTD	Available Funds LTD
Water	\$1,600,798	\$1,487,019	(\$825,740)	\$9,172	\$2,271,249
Wastewater	\$482,330	\$189,493	(\$409,127)	\$1,161	\$263,857
<b>Total</b>	\$2,083,128	\$1,676,512	(\$1,234,867)	\$10,333	\$2,535,106

Note: Fiscal Year Totals as of September 30, 2010

### Roadway Impact Fees Fund Activity (FY 08-09)

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	\$100,107	\$33,827	\$0	\$135,203	(\$115,000)	\$20,203
D	\$838,283	\$162,585	(\$31,500)	\$979,370	(\$920,000)	\$59,370
E	\$419,339	\$30,010	(\$307,000)	\$143,746	(\$920,000)	(\$776,254)
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$58,121	\$145,726	\$0	\$205,632	(\$165,000)	\$40,632
H	\$1,552,510	\$763,721	(\$1,580,700)	\$740,525	\$0	\$740,525
I	\$1,126,973	\$347,425	(\$385,500)	\$1,100,835	(\$1,130,000)	(\$29,165)
J	\$1,464,616	\$796,256	(\$500,000)	\$1,779,163	(\$1,700,000)	\$79,163
K	\$706,614	\$39,650	(\$1,307)	\$752,999	\$0	\$752,999
L	\$49,205	\$0	\$0	\$49,743	\$0	\$49,743
M	\$0	\$0	\$0	\$0	\$0	\$0
Unknown	\$0	\$0	\$0	\$0	(\$900,000)	(\$900,000)
<b>TOTAL</b>	<b>\$6,315,770</b>	<b>\$2,319,200</b>	<b>(\$2,806,007)</b>	<b>\$5,887,217</b>	<b>(\$5,850,000)</b>	<b>\$37,217</b>

Note: Fiscal Year Totals as of September 30, 2009

### Utility Impact Fees Fund Activity (FY 08-09)

Utility Impact Fee Account	Beginning LTD Balance	Fees Collected YTD	Transfers out to Projects/Refunds YTD	Interest YTD	Available Funds LTD
Water	\$1,381,873	\$1,155,842	(\$945,000)	\$8,081	\$1,600,797
Wastewater	\$592,231	\$293,656	(\$406,606)	\$3,049	\$482,330
<b>Total</b>	<b>\$1,974,104</b>	<b>\$1,449,498</b>	<b>(\$1,351,606)</b>	<b>\$11,130</b>	<b>\$2,083,127</b>

Note: Fiscal Year Totals as of September 30, 2009