

2018-2019 Impact Fee Update

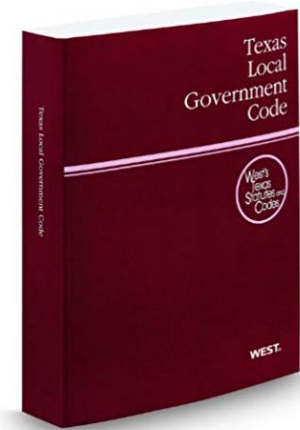
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August 27, 2019



What Are Impact Fees?

- Chapter 395 of the Texas Local Government Codes defines impact fees as “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 the new development”.
- A way to ensure that a city can recover some the costs of infrastructure to serve future development.

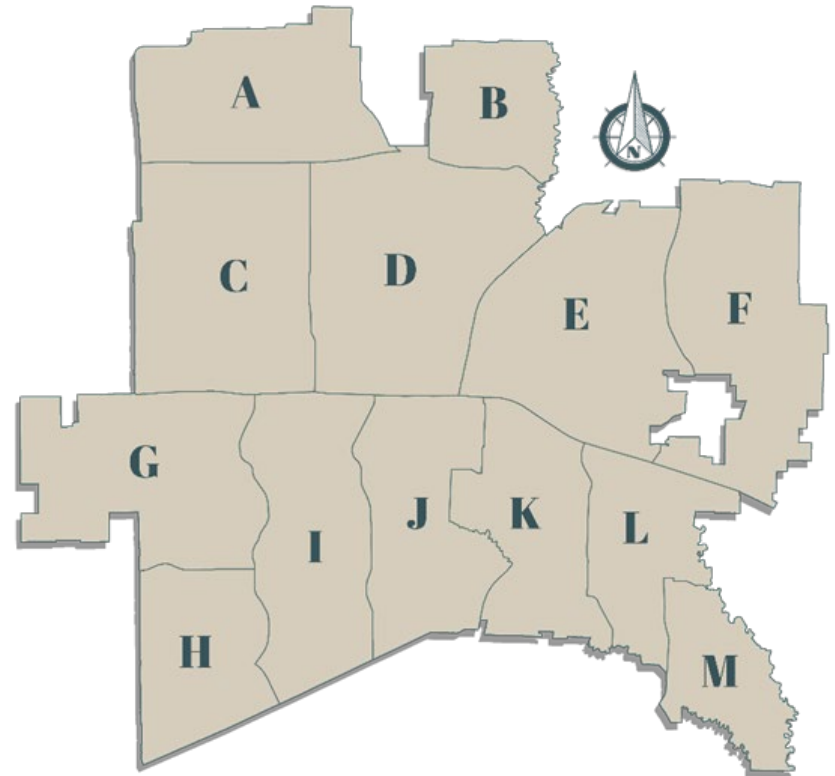


Impact Fee Basics

- Governed by Chapter 395 of the Texas Local Government Code
- Mechanism to recover infrastructure costs required to serve new development
- Rough proportionality
- In McKinney, impact fees are used for:
 - Water
 - Wastewater
 - Roadway
- Capital Improvements Advisory Committee
 - Designated as Planning and Zoning Commission, plus one representative from the ETJ.

Terminology

- Service Areas
- Land Use Assumptions
- Service Units
- Capital Improvements Plans
- Maximum Assessable Fee
- Collection Rate



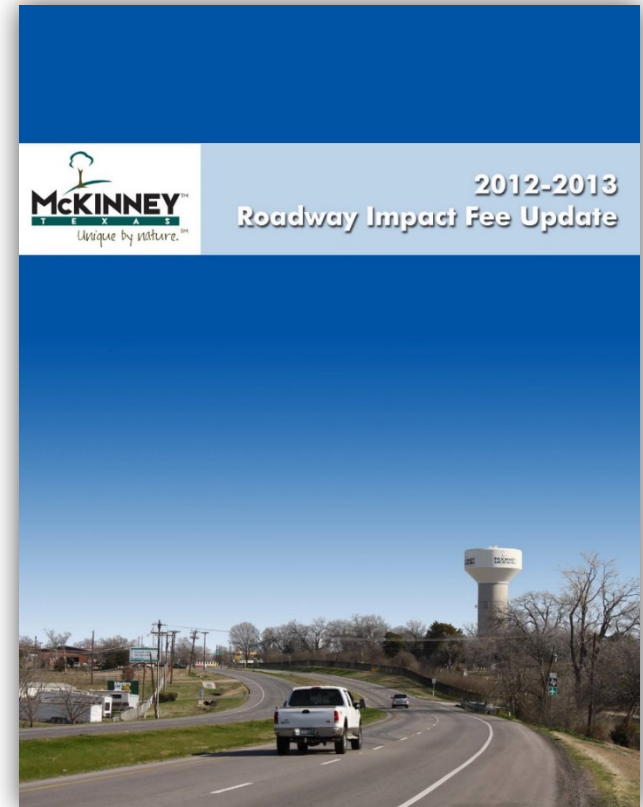
Roadway Impact Fee Service Areas

5-Year Impact Fee Update

- Required by Law
 - “A political subdivision imposing an impact fee shall update the land use assumptions and capital improvements plan at least every five years.”

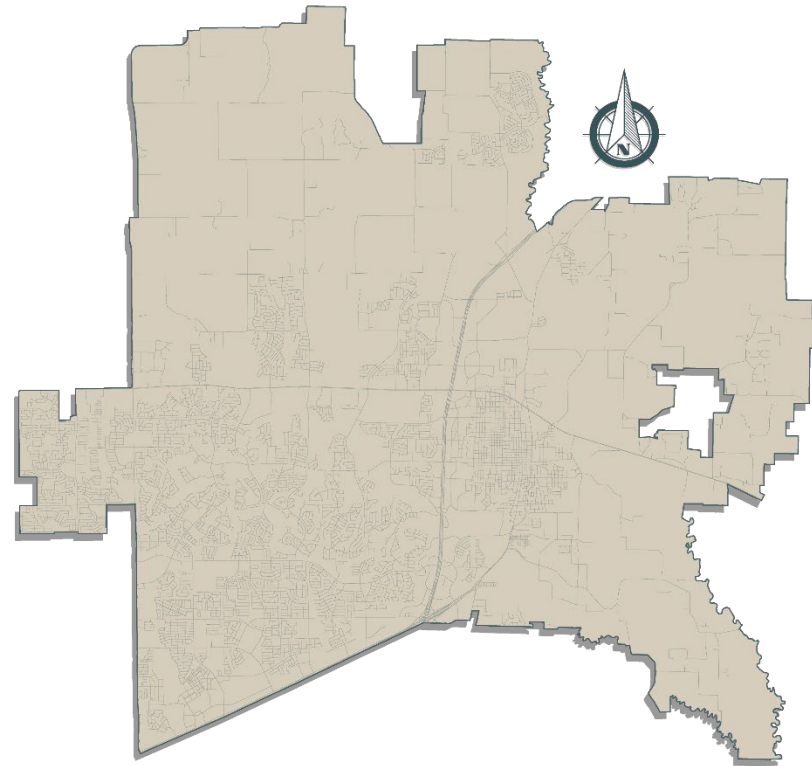
The are 3 parts to updating the impact fees:

1. Update the Land Use Assumptions
2. Update the Capital Improvements Plans
3. Fee Setting / Adopting the Ordinance



Land Use Assumptions

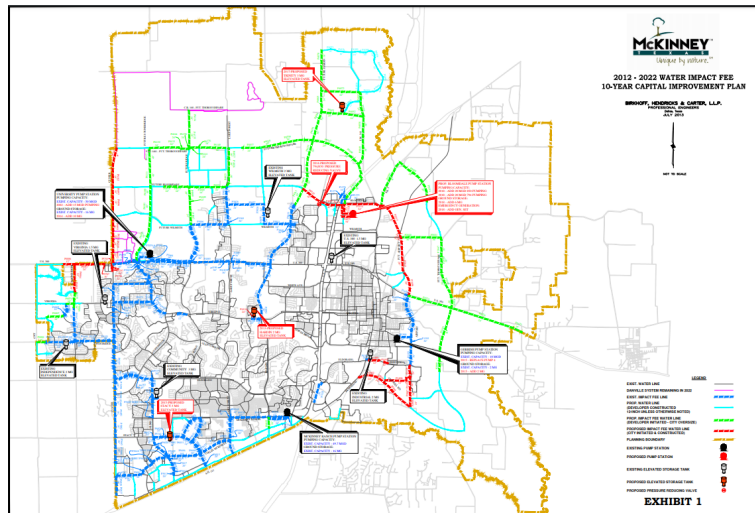
- Projects growth in McKinney over a 10-year period by Service Area
 - Residential Population/Units
 - Non-Residential Square Feet
- These projections help determine the amount of capital improvements needed over a 10-year planning horizon.



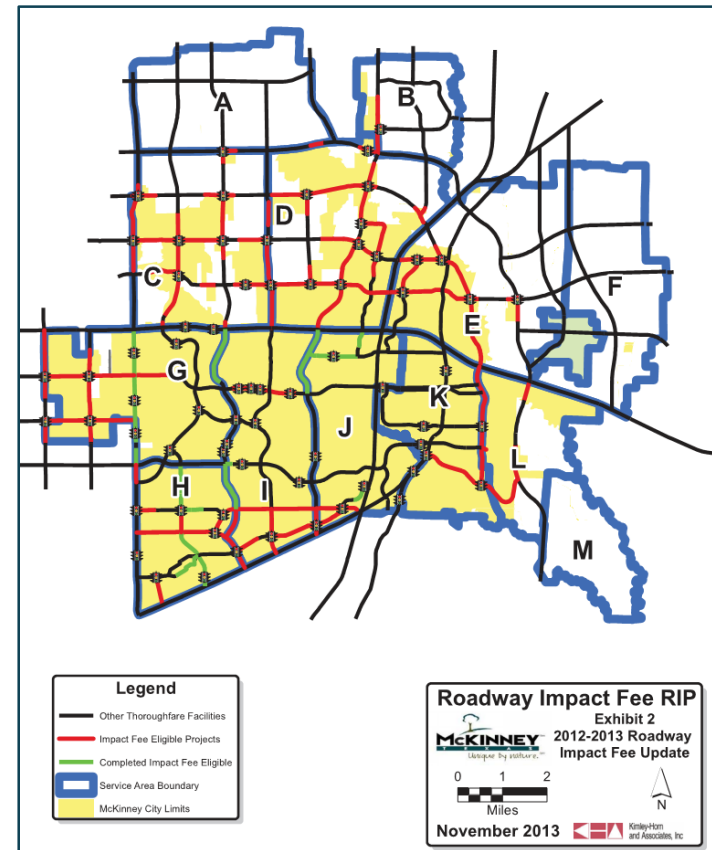
Utility Impact Fee - Service Area

Capital Improvements Plan (CIP)

- Identifies roadway and utility infrastructure needed to handle 10 year projections determined by the land use assumptions.



2013 Water Improvements Plan



2013 Roadway Improvements Plan

Fee Setting/Ordinance Adoption

- **Maximum Assessable Fee**
 - Maximum fee that is able to be assessed. Calculated using the recoverable costs from the capital improvements plan and the number of service units.
- **Fee Setting**
 - Presentation of the Impact Fee Study findings.
 - Policy discussion regarding the desirable impact fees to change.
- **Ordinance Adoption**
 - Adoption of amendments to the Impact Fee Ordinances.

Impact Fee Update – Next Steps

- August-September 2019

- Land Use Assumptions (LUA)

- Formally set the required Public Hearing date for LUA approval (9/17).
 - Present Land Use Assumptions to the CIAC tonight (8/27).
 - Comments forwarded to CC for approval on 9/17.

- October 2019 – January 2020

- Impact Fee Update

- Staff will work with Kimley-Horn in the coming months to gather data and determine the max assessable fee as defined by Chapter 395.
 - Public outreach – Staff will host an impact fee workshop for the development community so stakeholders can learn more about the process, ask questions and offer input.
 - Presentation of the updated Impact Fees to CC are expected to occur in early 2020.