

AGENDA ITEM

TO: Planning and Zoning Commission

THROUGH: Brian Lockley, AICP, CPM, Director of Planning

FROM: Jennifer Arnold, Planning Manager

SUBJECT: Consider/Discuss/Comment on an Amendment to Capital Improvements Plan for Utility Impact Fees and the Imposition of Updated Utility Impact Fees

APPROVAL PROCESS: The recommendation of the Planning and Zoning Commission will be forwarded to the City Council for final action at the February 7, 2017 meeting.

STAFF RECOMMENDATION: The Planning and Zoning Commission is serving as the Capital Improvements Advisory Committee (CIAC) and, as such, is required to provide written comments to the City Council prior to Council action on any amendments to the Capital Improvements Plan for Utility Impact Fees or any impact fee amendments. The minutes of this meeting will serve as the written comments and will be forwarded to the City Council at the February 7, 2017 meeting as part of the Public Hearing and potential action on the proposed amendment.

As required by state law, a 30-day Legal Notice for the February 7, 2017 Public Hearing has been posted in the McKinney Courier-Gazette and the Celina newspaper.

ITEM SUMMARY:

- As of mid-2016, the City no longer issues 1 ½” water meters, compound meters, or turbine meters. To replace compound and turbine meters, the City now issues ultrasonic meters for meters 2 inches or larger. These changes have a direct impact on the assessment of utility impact fees.
- In general, the decision by City Council to discontinue using 1½” meters was made to improve efficiency within the utility infrastructure system by requiring the most appropriately-sized meter for different users. Similarly, compound and turbine meters have been replaced by ultrasonic meters, which have higher efficiencies in flow and design and are less costly to the city.
- However, since utility impact fees are assessed and charged based on meter size (ranging from ¾” to 12”) and meter type (multijet/simple, compound, turbine), this change in city practice necessitates the need to modify the Utility Impact Fee Ordinance to incorporate the new and discontinued meters.

- A summary table of the proposed changes is below:

Meter Size (inches)	Meter Type	Combined Utility Impact Fee Charged (current - 2013)	Combined Utility Impact Fee Charged (2017 update)
¾	Simple	\$1,592.20	\$1,456.84
1	Simple	\$2,653.65	\$2,476.63
1½	Simple	\$5,307.31	n/a
2	Ultrasonic	n/a	\$12,091.77
2	Simple	\$8,491.69	
2	Compound	\$8,491.69	
2	Turbine	\$16,983.38	
3	Ultrasonic	n/a	\$24,329.23
3	Compound	\$16,983.38	
3	Turbine	\$37,151.14	
4	Ultrasonic	n/a	\$48,512.77
4	Compound	\$26,536.53	
4	Turbine	\$68,994.97	
6	Ultrasonic	n/a	\$77,649.57
6	Compound	\$53,073.05	
6	Turbine	\$148,604.55	
8	Ultrasonic	n/a	135,923.17
8	Compound	\$84,916.89	
8	Turbine	\$254,750.66	
10	Ultrasonic	n/a	\$267.038.77
10	Turbine	\$371,511.38	
12	Ultrasonic	n/a	\$267.038.77
12	Turbine	\$467,042.87	

- Of note, utility impact fees for the most commonly issued meter size/types have gone down based on the updated methodology.

BACKGROUND INFORMATION:

- Water and Wastewater Impact Fees (collectively referred to as Utility Impact Fees) are assessed and charged in accordance with Chapter 130, Article II of the McKinney Code of Ordinances. The fee amounts included in Chapter 130 were established by Ordinance No. 2013-11-109 (and as amended by Ordinance 2013-12-118) as part of the 2012-2013 Impact Fee Update.
- As required by State Law, the methodology for determining the maximum assessable fee allowed for utility impact fees can be found in the Capital Improvements Plan for Utility Impact Fees (Exhibit 2 of Ordinance 2013-11-109).
- In general, the maximum assessable impact fee is calculated by taking the total projected cost of new utility infrastructure over a 10-year period divided by the total projected service consumption expected over the same 10-year period (i.e. flow rates) times 50 percent.
- This maximum assessable impact fee is then applied to a ratio based on meter size (ranging from ¾” to 12”) and meter type (multijet/simple, compound, turbine), which determines the actual impact fee charged for different water and wastewater infrastructure.
- Given the changes in meters issued by the City, it became necessary to modify the “total projected service consumption expected over the 10-year period (i.e. flow rates)” because the new ultrasonic meters provide a better efficiency of flow, thus affecting this variable in the calculation.
- It is important to note that none of the policy or growth projections or infrastructure projects included in the 2012-2013 Utility Impact Fee Update have changed due to this minor modification to the calculation.