

AGENDA ITEM

TO: Planning and Zoning Commission

THROUGH: Jennifer Arnold, Planning Manager

FROM: Arrie Mitchell, Planner II

SUBJECT: Conduct a Public Hearing to Consider/Discuss/Comment on the Updated Capital Improvements Plans and Potential Amendments to Impact Fees for the 2012-2013 Utility Impact Fee Update

APPROVAL PROCESS: 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 the updated Capital Improvements Plan or impact fee amendments for the 2012-2013 Utility Impact Fee Update. The minutes of this Public Hearing will serve as the written comments and will be forwarded to the City Council at the October 15, 2013 meeting.

Upon receiving the Planning and Zoning Commission's written comments, City Council will be requested to set a Public Hearing date to consider adoption of the updated Capital Improvements Plans and the updated Utility Impact Fee Ordinance, including any fee amendments. Staff anticipates that this Public Hearing will be scheduled for November 19, 2013. As required by state law, a 30-day Legal Notice for the Public Hearing will be posted in the McKinney Courier-Gazette.

STAFF RECOMMENDATION: After closing the Public Hearing, Staff recommends that the Commission make a motion to forward the updated Capital Improvements Plans and potential impact fee amendments for the 2012-2013 Utility Impact Update to the City Council.

ITEM SUMMARY:

UPDATED CAPITAL IMPROVEMENTS PLANS FOR UTILITY IMPACT FEES

- The updated Capital Improvements Plans for Utility Impact Fees were presented and discussed at a Joint Work Session of the Planning and Zoning Commission and the City Council on July 29, 2013. The presentation and discussion covered the following:

- Birkhoff, Hendricks & Carter, LLP, serving as the consulting utility engineers on this project have completed drafts of the Capital Improvements Plans for Water and Wastewater. The updated Plans identify the utility infrastructure needed to accommodate projected growth for the next ten years, the probable costs associated with each infrastructure project, and the existing oversized facilities for which excess capacity is available.
- Birkhoff, Hendricks & Carter, LLP has also completed a draft Water and Wastewater Impact Fee Update Report, which includes the draft Capital Improvement Plans. The draft Report also consists of considerable technical analyses, a detailed discussion of the methodology for the computation of utility impact fees, and a presentation of the data for the maximum fees allowed by state law. Once finalized, this report will become a supporting document for the updated Utility Impact Fee Ordinance.
- As required by State Law, a copy of the draft Capital Improvements Plans have been posted on the City's webpage for public review and comment since late July. Additionally, Staff hosted an informational Impact Fee Workshop for the development community on August 7th in order to present the draft Capital Improvements Plan and maximum assessable fee calculations. Staff and the consultant teams fielded questions and gathered input.

POTENTIAL AMENDMENTS TO UTILITY IMPACT FEES

- Potential fee amendments for the 2012-2013 Utility Impact Fee Update were presented at a Work Session of the City Council on September 16, 2013. The purpose of the Work Session was to provide an opportunity for the Council to generate policy discussion associated with establishing the actual impact fee amounts to charge and the phasing-in of any fee increases.
- At the Council Work Session, Staff made the following recommendations for utility impact fee amendments and the phase-in of fee increases:
 - Consistent with the framework of existing water and wastewater impact fees, Staff recommends that the City continue to charge the maximum assessable fee for all meter sizes and meter types.
 - It is important to note that the maximum assessable fee has decreased in most cases, resulting in a decrease in the utility impact fees to be charged.
 - A table depicting Staff's recommendation can be seen below.

- Staff has also created a series of city comparison charts to illustrate how the current and recommended fee amounts compare to other cities in the region. This comparison is included as an attachment to this Agenda Item and titled “*City Comparisons – Utility Impact Fees.*”

| Typical Land Use | Meter Size (inches) | Meter Type | Current Combined Utility Impact Fee Charged (2008 Ordinance) | Combined Maximum Assessable Utility Fees (2012-2013 Update) | Staff Recommendation (2012-2013 Update) |
|---|---------------------|------------|--|---|---|
| SF Residential | ¾ | Simple | \$1,833 | \$1,592.19 | \$1,592.19 |
| SF Residential | 1 | Simple | \$3,116 | \$2,653.65 | \$2,653.65 |
| SF Residential | 1 ½ | Simple | \$6,050 | \$5,307.31 | \$5,307.31 |
| SF Residential | 2 | Simple | \$9,716 | \$8,491.69 | \$8,491.69 |
| Commercial | 2 | Compound | \$9,716 | \$8,491.69 | \$8,491.69 |
| Commercial and Irrigation | 2 | Turbine | \$12,282 | \$16,983.38 | \$16,983.38 |
| Commercial and MF Residential | 3 | Compound | \$19,615 | \$16,983.38 | \$16,983.38 |
| Commercial, MF Residential and Irrigation | 3 | Turbine | \$29,331 | \$37,151.14 | \$37,151.14 |
| Commercial and MF Residential | 4 | Compound | \$30,614 | \$26,536.53 | \$26,536.53 |
| Commercial, MF Residential and Irrigation | 4 | Turbine | \$51,330 | \$68,994.97 | \$68,994.97 |
| Industrial | 6 | Compound | \$61,046 | \$53,073.05 | \$53,073.05 |
| Industrial and Irrigation | 6 | Turbine | \$112,375 | \$148,604.55 | \$148,604.55 |
| Industrial | 8 | Compound | \$97,710 | \$84,916.89 | \$84,916.89 |
| Industrial and Irrigation | 8 | Turbine | \$195,602 | \$254,750.66 | \$254,750.66 |
| Industrial | 10 | Turbine | \$305,595 | \$371,511.38 | \$371,511.38 |
| Industrial and Irrigation | 12 | Turbine | \$403,304 | \$467,042.87 | \$467,042.87 |

Remaining Project Schedule

- Over the next few weeks/month, Staff will adjust fee recommendations based on the feedback received from the Planning and Zoning Commission and direction from City Council. We will then immediately publicize the fee recommendations via the study webpage and our builder/developer email distribution list (being sure to communicate this information directly to the Development Community and providing ample opportunity for feedback).
- Staff anticipates starting the Public Hearing process for the approval of the capital improvements plans for impact fees and updated ordinances (including fee amendments) in October/November.

City Council Feedback

- Feedback received from Council regarding Staff's recommendations for utility impact fee amendments was generally supportive. Therefore, Staff will continue to recommend that fees be set at the maximum assessable fee for all meter sizes and meter types.
- At the request of the Council, Staff has created a series of City comparison charts that include a combined impact fee (water, wastewater, and roadway). This information is included as an attachment to this Staff Report and titled "*City Comparisons – Combined Fees.*"
- This additional information has been forwarded to Council for review.

BACKGROUND INFORMATION:

- Chapter 395 of the Texas Local Government Code mandates that impact fees be reviewed and updated at least every 5 years. The City of McKinney last updated impact fees in 2008. Accordingly, Staff initiated the 2012-2013 Impact Fee Update in Fall 2012.
- Updating Impact Fees involves 3 parts (as required by state law) and the entire process takes approximately 9 months:
 - Land Use Assumptions (completed)
The Land Use Assumptions contain growth projections on which an Impact Fee Ordinance is based. Projections for residential units and square footage of non-residential uses determine the infrastructure needed over the next ten years.

The updated Land Use Assumptions were considered by the Planning and Zoning Commission (serving as the Capital Improvements Advisory Committee) on April 23, 2013 and were approved by the City Council at the June 18, 2013 meeting.

- Capital Improvements Planning (nearing completion)
Capital Improvement Plans for Impact Fees identify the infrastructure that will need to be constructed or expanded to accommodate the additional demand generated by development over the next ten years.

Updates to the Capital Improvements Plans for Impact Fees were presented and discussed during a Joint Work Session of the City Council and Planning and Zoning Commission on July 29th.

- Fee Setting / Adopting the Amended Ordinance (now underway)
The final phase of the process will include the majority of policy discussion as the City Council considers the actual fee amounts to charge, the phase-in of any fee increases, improvements to the administration of the Ordinances, and how credits should be calculated.
- As allowed by state law, the Planning and Zoning Commission is serving as the Capital Improvements Advisory Committee for the 2007-2008 Impact Fee Update. 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.