

**AGENDA ITEM**

**TO:** Planning and Zoning Commission

**THROUGH:** Jennifer Arnold, Senior Planner

**FROM:** Craig Sykora, AICP, Planner

**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 21, 2011.

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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 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 end-of-year report for the 2009-2010 fiscal year was presented at the Planning and Zoning Commission meeting on December 14, 2010 and accepted by City Council on January 4, 2011.

The Planning and Zoning Commission has been appointed as the Capital Improvements Advisory Committee for the City of McKinney. Per state law, the advisory 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 October 21, 2008 as part of the 2007-2008 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**

During the 2007-2008 Impact Fee update, it was recommended that a review of construction cost indices and/or inflationary rates become a standard part of McKinney's semiannual reporting process for impact fees. As such, Staff has included a review of regional construction costs and national inflation rates.

From April 2010 to April 2011, the Construction Cost Index in the Dallas area increased 1.7% as compared to the National Average, which increased 4.0% during the same period. (Source: Construction Cost Index at [www.enr.com](http://www.enr.com)).

From March 2010 to March 2011, the Consumer Price Index (CPI) shows that annual inflation increased 2.7%. During the same period, the core CPI, which excludes volatile food and energy prices, rose 1.2%. (Source: US Department of Labor, Bureau of Labor Statistics).

The first of three increases to the roadway impact fees occurred on April 1, 2009 as part of the phase-in schedule approved by City Council. The second increase occurred on October 1, 2010. The final increase will occur on April 1, 2012. Staff feels that the impact fee levels and the phase-in schedule are commensurate with trends in construction costs and inflation rates.

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

Service Area	Beginning LTD Balance	Fees Collected YTD	Transfers Out to Projects/ Refunds YTD	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	\$56,490	\$0	\$297,675	\$0	\$297,675
D	\$898,915	\$33,821	\$0	\$937,016	\$0	\$937,016
E	\$24,024	\$17,988	\$0	\$42,151	\$0	\$42,151
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$209,975	\$142,984	\$0	\$354,245	\$0	\$354,245
H	(\$6,245)	\$71,026	\$0	\$64,840	\$0	\$64,840
I	\$216,692	\$198,281	\$0	\$416,370	\$0	\$416,370
J	\$378,208	\$38,711	\$0	\$418,808	\$0	\$418,808
K	\$37,362	\$55,733	(\$6,505)	\$86,872	\$0	\$86,872
L	\$53,039	(\$2,700)	\$0	\$50,589	\$0	\$50,589
M	\$0	\$0	\$0	\$0	\$0	\$0
Unknown	\$0	\$0	\$0	\$0	(\$600,000)	(\$600,000)
<b>TOTAL</b>	<b>\$2,051,873</b>	<b>\$612,334</b>	<b>(\$6,505)</b>	<b>\$2,668,566</b>	<b>(\$600,000)</b>	<b>\$2,068,566</b>

- YTD – Year to Date (includes funds for the fiscal year which is October 2010 to September 2011)
- LTD – Live to Date (includes balance funds from previous years)
- Allocated funds exceed balance funds in cases where future fees collected will go towards specific projects.
- Balance LTD (includes interest) = (balance forward from previous year + “Fees Collected YTD”) – funds transferred to projects YTD
- Available Funds LTD = “Balance (including interest) LTD” – “Allocated to Future Projects”
- “Unknown” is allocated to future projects (such as signalization improvements) whose specific locations and specific service areas have not yet been determined
- Totals as of 3/31/2011

### 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
<b>Water</b>	\$2,271,248	\$571,887	(\$257,526)	\$9,860	\$2,595,469
<b>Wastewater</b>	\$263,857	\$79,928	(\$2,187)	\$1,072	\$342,670
<b>Total</b>	<b>\$2,535,105</b>	<b>\$651,815</b>	<b>(\$259,713)</b>	<b>\$10,932</b>	<b>\$2,938,139</b>

- Available Funds LTD = (Beginning LTD Balance + Fees Collected YTD + Interest YTD) - (Transfers Out YTD)
- YTD – Year to Date (includes funds for the fiscal year which is October 2010 to September 2011)
- LTD – Live to Date (includes balance funds from previous years)
- As of February 2009, Water and Wastewater Impact Fees are received into separate accounts
- Totals as of 3/31/2011

### **CIP PROJECT STATUS (FY 2010-2011)**

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 in this fiscal year.

## SUMMARY OF PREVIOUS FISCAL YEARS

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

Service Area	Beginning LTD Balance	Fees Collected YTD	Transfers Out to Projects/ Refunds YTD	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

### 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

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

Service Area	Beginning LTD Balance	Fees Collected YTD	Transfers Out to Projects/ Refunds YTD	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>	\$6,315,770	\$2,319,200	(\$2,806,007)	\$5,887,217	(\$5,850,000)	\$37,217

**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>	\$1,974,104	\$1,449,498	(\$1,351,606)	\$11,130	\$2,083,127

### Roadway Impact Fees Fund Activity (FY 07-08)

Service Area	Beginning LTD Balance	Fees Collected YTD	Transfers Out to Projects/ Refunds YTD	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	\$33,333	\$64,400	\$0	\$100,246	\$0	\$100,246
D	\$772,107	\$49,813	(\$400,000)	\$436,223	\$0	\$436,223
E	\$621,917	\$74,106	(\$570,000)	\$134,487	(\$1,012,828)	(\$878,341)
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$875,025	\$99,636	(\$930,000)	\$58,201	\$0	\$58,201
H	\$1,072,460	\$1,490,664	(\$1,051,231)	\$1,554,656	(\$1,400,000)	\$154,656
I	\$817,067	\$509,030	(\$222,641)	\$1,128,531	\$0	\$1,128,531
J	\$1,071,226	\$337,962	(\$375,000)	\$1,061,565	(\$500,000)	\$561,565
K	\$645,440	\$66,174	(\$25,000)	\$707,591	\$0	\$707,591
L	\$43,901	\$3,886	\$0	\$49,273	\$0	\$49,273
M	\$0	\$0	\$0	\$0	\$0	\$0
Unknown	\$0	\$0	\$0	\$0	(\$900,000)	(\$900,000)
<b>TOTAL</b>	\$5,952,477	\$2,695,671	(\$3,573,872)	\$5,230,774	(\$3,812,828)	\$1,417,946

### Utility Impact Fees Fund Activity (FY 07-08)

Beginning LTD Balance	Fees Collected YTD	Transfers Out To Projects/Refunds YTD	Interest YTD	Available Funds LTD
\$1,860,234	\$1,458,638	(\$1,358,800)	\$14,033	\$1,974,105

### Roadway Impact Fees Fund Activity (FY 06-07)

Service Area	Beginning LTD Balance	Fees Collected YTD	Transfers Out to Projects/Refunds YTD	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	\$409,144	\$26,420	(\$403,800)	\$33,333	\$0	\$33,333
D	\$632,677	\$685,665	(\$568,688)	\$772,107	(\$400,000)	\$372,107
E	\$482,817	\$110,071	\$0	\$621,917	(\$570,000)	\$51,917
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$454,800	\$734,713	(\$340,048)	\$875,026	(\$265,000)	\$610,026
H	\$554,729	\$687,023	(\$211,619)	\$1,072,460	(\$242,500)	\$829,960
I	\$1,891,967	\$229,834	(\$1,362,627)	\$817,067	(\$490,000)	\$327,067
J	\$1,137,460	\$535,253	(\$658,600)	\$1,071,226	(\$365,000)	\$706,226
K	\$478,657	\$139,140	(\$4,600)	\$645,440	(\$15,000)	\$630,440
L	\$14,514	\$28,049	\$0	\$43,901	\$0	\$43,901
M	\$0	\$0	\$0	\$0	\$0	\$0
Unknown	\$0	\$0	\$0	\$0	(\$600,000)	(\$600,000)
<b>TOTAL</b>	\$6,056,765	\$3,176,170	(\$3,549,982)	\$5,952,477	(\$2,947,500)	\$3,004,977

### Utility Impact Fees Fund Activity (FY 06-07)

Beginning LTD Balance	Fees Collected YTD	Transfers Out To Projects/Refunds YTD	Interest YTD	Available Funds LTD
\$3,853,405	\$2,473,975	(\$4,535,690)	\$68,544	\$1,860,234

### Roadway Impact Fees Fund Activity (FY 05-06)

Service Area	Beginning LTD Balance	Fees Collected YTD	Transfers Out to Projects/Refunds YTD	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	\$383,394	\$5,662	\$0	\$409,144	(\$390,000)	\$19,144
D	\$329,416	\$276,553	\$0	\$632,677	(\$256,230)	\$376,447
E	\$459,030	\$195,006	(\$193,360)	\$482,817	\$0	\$482,817
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$199,409	\$412,760	(\$175,000)	\$454,800	\$0	\$454,800
H	\$247,392	\$821,002	(\$534,000)	\$554,729	\$0	\$554,729
I	\$2,740,127	\$1,732,133	(\$2,679,000)	\$1,891,967	(\$44,694)	\$1,847,273
J	\$1,367,436	\$844,813	(\$1,168,000)	\$1,137,460	(\$328,600)	\$808,860
K	\$308,996	\$144,638	\$0	\$478,657	\$0	\$478,657
L	\$9,224	\$4,684	\$0	\$14,514	\$0	\$14,514
M	\$0	\$0	\$0	\$0	\$0	\$0
Unknown	\$0	\$0	\$0	\$0	(\$1,200,000)	(\$1,200,000)
<b>Total</b>	<b>\$6,044,423</b>	<b>\$4,437,250</b>	<b>(\$4,749,360)</b>	<b>\$6,056,765</b>	<b>(\$2,219,524)</b>	<b>\$3,837,241</b>

### Utility Impact Fees Fund Activity (FY 05-06)

Beginning LTD Balance	Fees Collected YTD	Transfers Out To Projects/Refunds YTD	Interest YTD	Available Funds LTD
\$2,550,363	\$3,997,630	(\$2,790,000)	\$95,412	\$3,853,405

### Roadway Impact Fees Fund Activity (FY 04-05)

Service Area	Beginning LTD Balance	Fees Collected YTD	Transfers Out to Projects YTD	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	\$384,774	\$4,303	\$0	\$383,394	(\$256,231)	\$127,163
D	\$330,328	\$204,864	\$0	\$329,416	(\$256,232)	\$73,184
E	\$460,341	\$156,921	\$0	\$459,030	(\$149,040)	\$309,990
F	\$0	\$0	\$0	\$0	\$0	\$0
G	\$201,988	\$215,378	(\$15,285)	\$199,409	\$0	\$199,409
H	\$248,136	\$299,990	(\$70,141)	\$247,392	\$0	\$247,392
I	\$2,751,342	\$1,552,400	\$0	\$2,740,127	(\$733,794)	\$2,006,333
J	\$1,412,967	\$643,601	\$0	\$1,367,436	(\$628,600)	\$738,836
K	\$313,695	\$231,280	(\$207,870)	\$308,996	\$0	\$308,996
L	\$9,257	\$0	\$0	\$9,224	\$0	\$9,224
M	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$6,112,828</b>	<b>\$3,308,736</b>	<b>(\$293,296)</b>	<b>\$6,044,423</b>	<b>(\$2,023,896)</b>	<b>\$4,020,527</b>

### Utility Impact Fees Fund Activity (FY 04-05)

Beginning LTD Balance	Fees Collected YTD	Transfers Out To Projects/Refunds YTD	Interest YTD	Available Funds LTD
\$5,634,164	\$2,410,708	(\$5,557,689)	\$63,180	\$2,550,363

#### **ATTACHMENTS**

- [P&Z Power Point Presentation](#)
- [CIP FY 2010-2011 Roadway and Utility Projects List](#)
- [CIP FY 2010-2011 Utility Projects Map](#)