



13-727

**TITLE:** Status of the 2012-2013 Roadway and Utility Impact Fee Updates

**MEETING DATE:** July 29, 2013 - Joint Work Session

**DEPARTMENT:** Development Services - Planning

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**ITEM SUMMARY:**

- Staff and the consultant team are presenting information on the status of the 2012-2013 Roadway and Utility Impact Fee Updates. The presentation will include brief summaries of the draft capital improvements plans, the draft calculations for maximum assessable impact fees, neighboring city fee comparisons, and the anticipated remaining schedule for the update process.

**STATUS OF THE ROADWAY IMPACT FEE UPDATE:**

- Kimley-Horn and Associates, serving as consulting transportation engineers on this project, has completed a preliminary draft of the Capital Improvements Plan for Roadway Impact Fees (more commonly referred to as the Roadway Improvements Plan or RIP). The draft RIP identifies the transportation infrastructure needed to accommodate projected growth over the next ten years and the probable costs associated with each infrastructure project. Only projects listed in the RIP are eligible for the assessment of impact fees.
- Kimley-Horn has also completed a draft Roadway Impact Fee Update Report, which includes the draft RIP as well as considerable technical analyses, a detailed discussion of the computation of the maximum calculated impact fees, and a presentation of the data that establishes the maximum assessable roadway fee. Once finalized, this report will become a supporting document for the updated Roadway Impact Fee Ordinance.

- The maximum assessable fees included in the Roadway Impact Fee Update Report establish the maximum roadway impact fees per service unit and service area allowed by state law. This serves as a useful tool when City Council begins to consider the actual fee amounts to charge and who should bear the burden of paying for necessary roadway infrastructure.
- In anticipation of upcoming fee-setting discussions, Staff has included a comparison of roadway impact fees for neighboring cities as well as some overall fee-setting considerations.

#### STATUS OF THE UTILITY (WATER and WASTEWATER) IMPACT FEE UPDATE:

- On a parallel track, the consulting utility engineers (Birkhoff, Hendricks & Carter, LLP) have completed preliminary drafts of the Capital Improvements Plans for Water and Wastewater (more commonly referred to as the Water Improvements Plan and Wastewater Improvements Plan). The draft 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.
- The utility consultant team has also completed a draft Water and Wastewater Impact Fee Update Report, which includes the draft Utility Improvements Plans as well as considerable technical analyses, a detailed discussion of the computation of the maximum calculated impact fees, and a presentation of the data that establishes the maximum assessable water and wastewater fees. Once finalized, this report will become a supporting document for the updated Utility Impact Fee Ordinance.
- The maximum assessable fees included in the Utility Impact Fee Report establish the maximum utility impacts fees allowed by state law. This serves as a useful tool when City Council begins to consider the actual fee amounts to charge and who should bear the burden of paying for necessary utility infrastructure.
- In anticipation of upcoming fee-setting discussions, Staff has included a comparison of utility impact fees for neighboring cities as well as some overall fee-setting considerations.

#### Next Steps:

- Staff will host an Impact Fee Workshop for the development community on August 7<sup>th</sup> to provide builders, developers, etc. an opportunity to learn more about the process, ask questions of Staff and the consultants, and offer input.
- Staff anticipates presenting a final draft of the Capital Improvement Plans for Impact Fees as well as impact fee recommendations, ordinance language and recommended administrative changes (if any) to City Council and the Planning

and Zoning Commission in late August / early September.

- During this last part of the process, the majority of the policy discussion will occur as 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.
- Specifically, in order to improve the administration of the impact fee program, Staff will be proposing refinements to the Ordinances that address:
  - the current methodology for calculating the value of a developer's credits; and
  - the utilization of impact fees as a monetary incentive to the City's redevelopment goals.
- The formal approval process for the Capital Improvement Plans for Impact Fees and amendments to the Impact Fee Ordinances is anticipated to occur in October.

#### **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 (underway)

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 are currently

underway. Staff has posted the draft Capital Improvements Plans on the City of McKinney's website and will host a Developer Workshop in early August.

- Fee Setting / Adopting the Amended Ordinance  
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.
- For reference, Staff has created a handout answering "Frequently Asked Questions" regarding impact fees.
- Staff has also created an Impact Fee webpage that provides information about the existing impact fees charged and the update process that is currently underway. The webpage can be found at [www.mckinneytexas.org/impactfees](http://www.mckinneytexas.org/impactfees) <<http://www.mckinneytexas.org/impactfees>> .

#### **SUPPORTING MATERIALS:**

[Agenda Item Summary](#)

[Presentation](#)

[Draft Roadway Impact Fee Report](#)

[Draft RIP Map](#)

[Roadway Impact Fee Comparisons](#)

[Draft W-WW Impact Fee Report](#)

[Draft W-WW CIP Maps](#)

[W-WW Impact Fee Comparisons](#)

[Impact Fees-FAQs](#)