



16-358M2

TITLE: Conduct a Public Hearing to Consider/Discuss/Act on an Amendment to the Capital Improvements Plan for Utility Impact Fees and the Imposition of Updated Utility Impact Fees; and Accompanying Ordinance

COUNCIL GOAL: Operational Excellence

MEETING DATE: February 7, 2017

DEPARTMENT: Development Services - Planning Department

CONTACT: Jennifer Arnold, Planning Manager
Gary Graham, PE, PTOE, CIP and Traffic Engineering Manager

RECOMMENDED CITY COUNCIL ACTION:

- Approval of the Ordinance.

ITEM SUMMARY:

- The proposed amendment to the Utility Impact Fee Ordinance is to update the Capital Improvements Plan for Utility Impact Fees (Exhibit B of the Ordinance), the maximum accessible utility impact fee (Schedule 1 of the Ordinance), and the actual water and wastewater impact fees charged (Schedule 2 of the Ordinance) to account for recent changes in city practice.
- As of mid-2016, the City no longer issues 1½" water meters. As well, the city no longer issues compound meters or turbine meters and now only issues multi-jet (simple) meters and ultrasonic meters. These changes have a direct impact on the assessment of utility impact fees.
- In general, the decision 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 Similarly, compound and turbine meters have been replaced by ultrasonic meters, which have higher efficiencies in flow and design and are less costly to the city.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 and meter type, this change in city practice necessitates a modification to

the Utility Impact Fee Ordinance to incorporate the new and discontinued meters.

- As such, Staff recommends an update to the Capital Improvements Plan for Utility Impact Fees (Exhibit B of the Ordinance) to include ultrasonic meters in the calculation of maximum accessible impact fees. More information related to the methodology used in calculating maximum accessible impact fees can be found in the Background Information section of this agenda item.
- Staff also recommends an amendment to Schedule 1 (maximum accessible utility impact fee) and Schedule 2 (actual water and wastewater impact fees charged), based on the updated calculation found in the Capital Improvements Plan for Utility Impact Fees.
- A summary table of the resulting fee changes is below. The proposed fee changes will only be applicable to Table D of Schedules 1 and 2, which corresponds to projects platted on or after November 2013 (per the 2013 Utility Impact Fee Ordinance).

Meter Size (inches)	Meter Type	Combined Utility Impact Fee Charged (current - 2013)	Combined Utility Impact Fee Charged (2017 update)
$\frac{3}{4}$	Simple	\$1,592.20	\$1,456.84
1	Simple	\$2,653.65	\$2,476.63
$1\frac{1}{2}$	Simple	\$5,307.31	
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	

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 times 50 percent. Section F of the Capital Improvements Plan for Utility Impact Fees outlines this calculation and resulting fees.
- The maximum assessable impact fee is then applied to a ratio (service unit equivalent) based on meter size and meter type, in order to determine the actual impact fee that can be charged for different water and wastewater infrastructure. Section F of the Capital Improvements Plan for Utility Impact Fees outlines this calculation and resulting fees.
- 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, growth projections, or infrastructure projects included in the 2012-2013 Utility Impact Fee Update have changed due to this minor modification to the calculation.
- 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.
- With the anticipated completion of the ONE McKinney 2040 Comprehensive Plan Update, Staff expects to launch a major update to the Roadway and Utility Impact Fee Ordinances in late 2017.

BOARD OR COMMISSION RECOMMENDATION:

- The Planning and Zoning Commission, serving as the Capital Improvements Advisory Committee (CIAC), 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 the January 10, 2017 Planning and Zoning Commission meeting are attached to this item and serve as the written comments for consideration of the proposed amendment.

SUPPORTING MATERIALS:

[Ch. 130 McKinney Code of Ordinances](#)
[PZ Approved Minutes](#)

[Ordinance](#)

[Exhibit A - Updated CIP Report](#)

[Exhibit B - Schedule 1-2](#)

[Presentation](#)