



19-0010M17

TITLE: Conduct a Public Hearing to Consider/Discuss/Comment on the Updated Capital Improvements Plans and Potential Amendments to Impact Fees for the 2019 Utility Impact Fee Update

MEETING DATE: October 27, 2020

DEPARTMENT: Planning

CONTACT: Aaron Bloxham, Planning Manager
Mitchell Corona, CNU-A, Planner I

APPROVAL PROCESS:

- The Capital Improvements Advisory Committee (CIAC) is required to provide written comments to the City Council prior to Council action on the updated Capital Improvements Plans or Impact Fee amendments for the 2019 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 December 1, 2020 meeting.

Upon receiving the Committee's written comments, City Council will hold a Public Hearing to consider adoption of the updated Capital Improvements Plans and the updated Utility Impact Fee Ordinance, including any fee amendments. As required by state law, a 30-day Legal Notice for the Public Hearing has been 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 2019 Utility Impact Fee Update to the City Council.

ITEM SUMMARY:

Status of the Utility (Water and Wastewater) Impact Fee Update:

- 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.

Potential Amendments to Utility Impact Fees:

- Potential fee amendments for the 2019 Utility Impact Fee Update were presented at a Work Session of the City Council on October 6, 2020. 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 impact fees, Staff recommends that the City continue to charge the maximum assessable fee for all meter sizes and meter types.
 - For wastewater impact fees, Staff recommends that the City charge the full amount of the McKinney Capital Improvement Plan (CIP) costs and 50% of the North Texas Municipal Water District CIP costs for all meter sizes and meter types.
 - It is important to note that the maximum assessable fee has increased, resulting in an increase in the utility impact fees to be charged.
 - A table depicting Staff's recommendation can be seen in the attachment labeled "Proposed Utility Impact Fee Summary Tables."
 - 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. These comparisons are included as an attachment to this Agenda Item and titled "City Comparisons - Utility Impact Fees" and "City Comparisons - Combined Impact Fees."

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 water fees be set at the maximum assessable fee for all water meter sizes and meter types. However, Staff will be recommending the wastewater fees be set at the full amount of the McKinney CIP costs and 50% of the NTMWD CIP costs for all wastewater meter sizes and meter types.

Remaining Project Schedule

- Over the next few weeks/month, Staff will adjust fee recommendations based on the feedback received from the Capital Improvements Advisory Committee 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).
- The Public Hearing process for the approval of the capital improvements plans for impact fees and updated ordinances (including fee amendments) is scheduled to occur on December 1, 2020.

BACKGROUND INFORMATION:

- Chapter 395 of the Texas Local Government Code mandates that impact fees be reviewed and updated at least every 5 years.
- Updating Impact Fees involves 3 parts (as required by state law):

- Land Use Assumptions

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 Capital Improvements Advisory Committee on August 27, 2019 and were approved by the City Council at the September 17, 2019 meeting.

- Capital Improvements Planning

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.

Staff has posted the draft Capital Improvements Plans on the City of McKinney's website.

- Fee Setting / Adopting the Amended Ordinance

The final phase of the process includes 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.

SUPPORTING MATERIALS:

[Impact Fee FAQs](#)

[DRAFT Utility Impact Fee Report](#)

[DRAFT Utility Improvements Plan Maps](#)

[Proposed Utility Impact Fees Summary Tables](#)

[City Comparisons - Utility Impact Fees](#)

[City Comparisons - Combined Impact Fees](#)

[Presentation](#)