

2012-2013 Impact Fee Update

City of McKinney
Development Services - Planning



THE FUNDAMENTALS

WHAT ARE IMPACT FEES?

“A charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the cost of capital improvements or facility expansions necessitated by, and attributable to, the new development.”

THE 5-YEAR UPDATE PROCESS

In accordance with state law, impact fees must be updated at least once every five years and shall involve 3 components:

1. Land Use Assumptions (completed)
2. **Capital Improvements Planning (nearing completion)**
3. **Fee Setting/Adopting the Ordinance (now underway)**



FEE-SETTING FRAMEWORK

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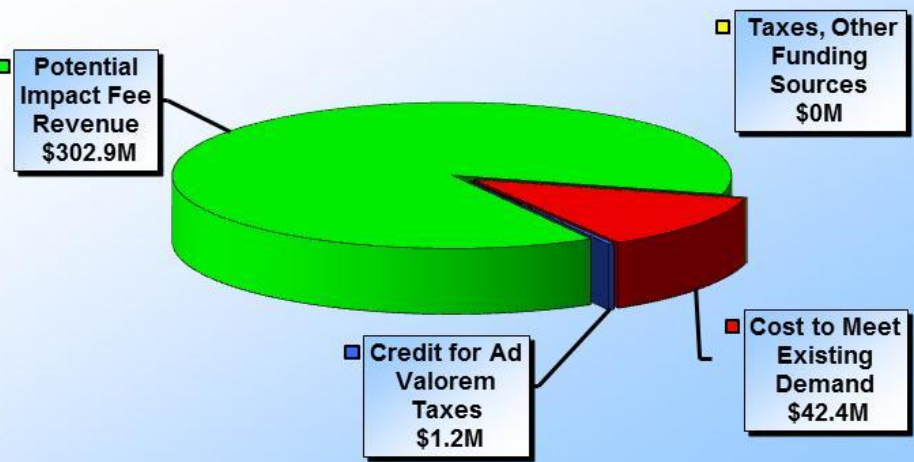
Some things to Consider...

- Impact fees are usually implemented to help reduce the economic burden on local jurisdictions for providing public infrastructure necessitated by, and attributable to, new development.
- With this in mind, there is an direct relationship between impact fee revenues generated and the construction cost burden to the city for providing public infrastructure.
- Regardless of impact fee structure, the City will continue to be responsible for providing public infrastructure. The higher the fees, the smaller the financial burden to the city. Conversely, the lower the fees, the bigger the financial burden to the City.

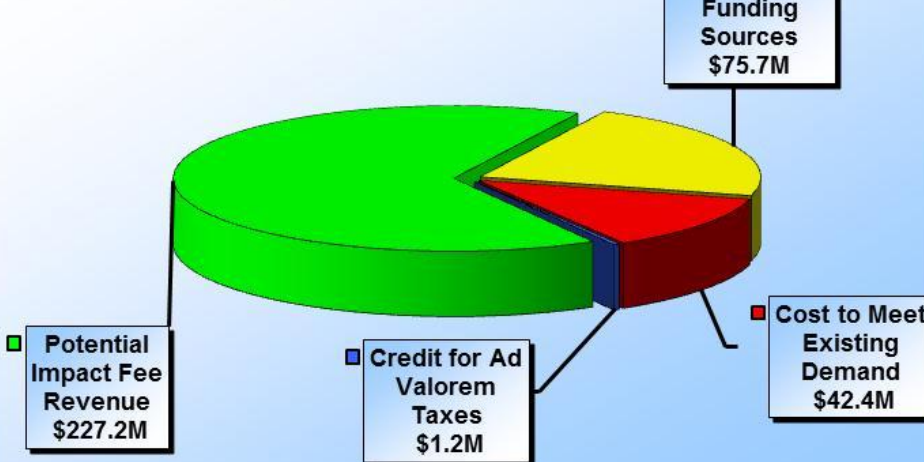
FEE-SETTING FRAMEWORK

Some things to Consider...

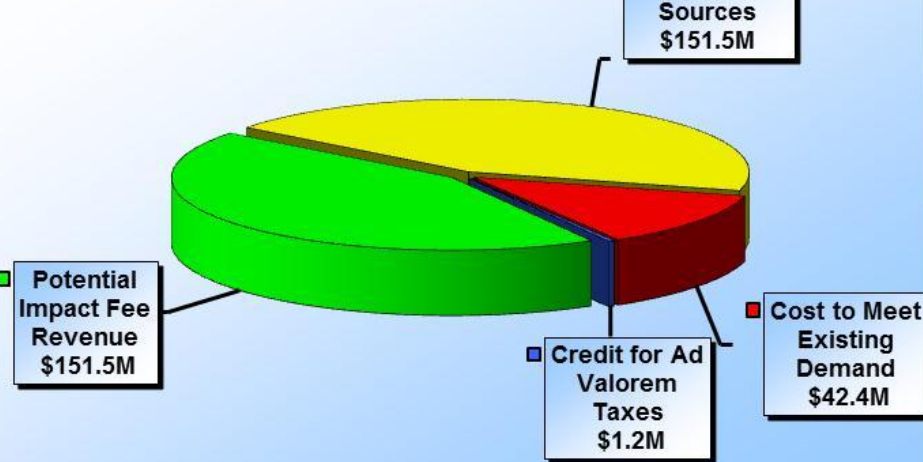
Roadway Impact Fees in All Service Areas @ 100%



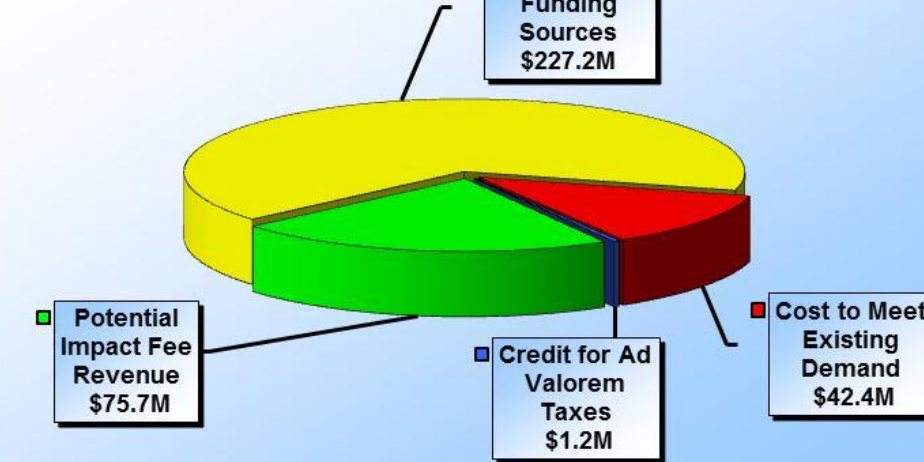
Roadway Impact Fees in All Service Areas @ 75%



Roadway Impact Fees in All Service Areas @ 50%



Roadway Impact Fees in All Service Areas @ 25%



FEE-SETTING FRAMEWORK

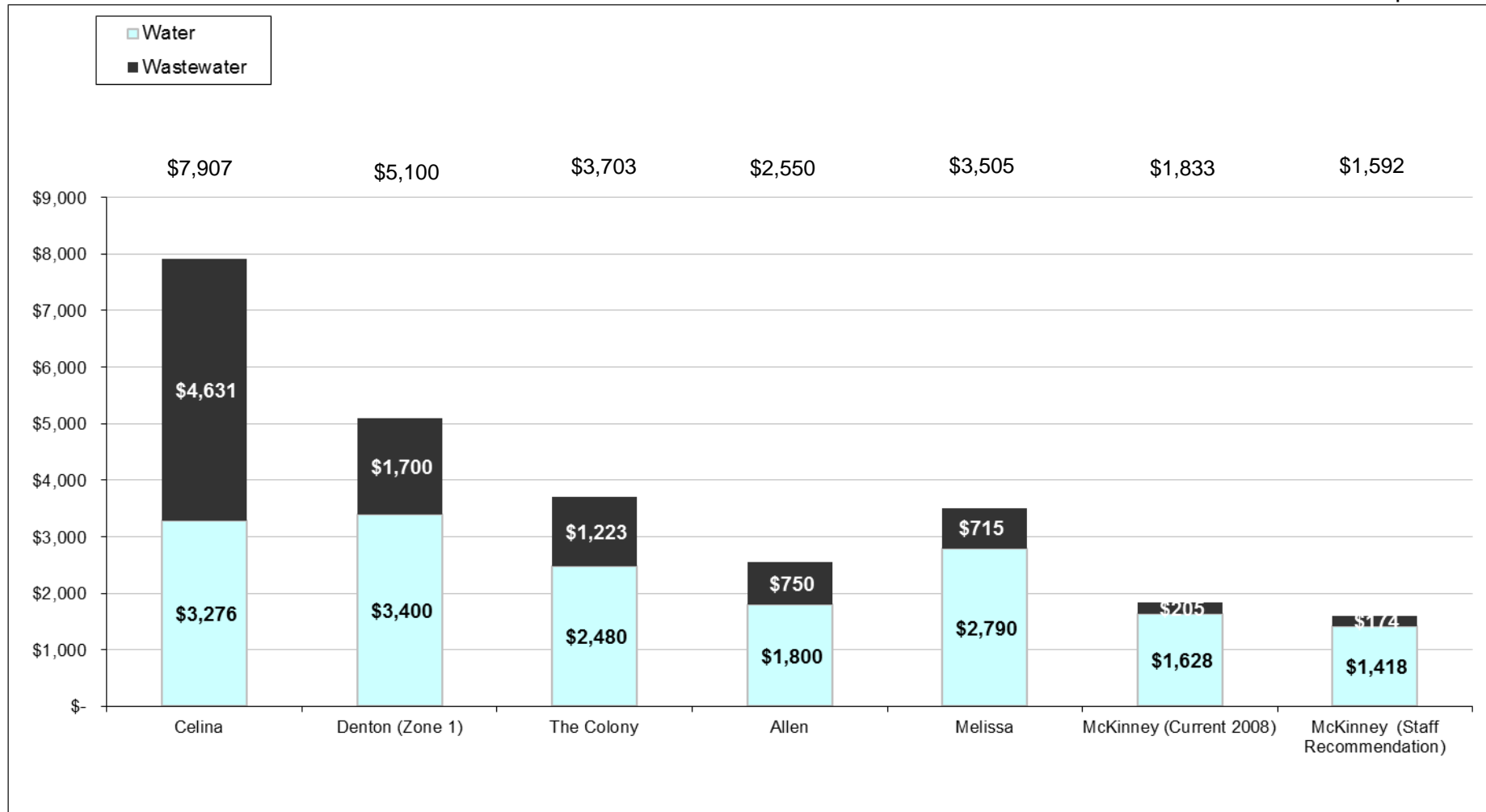
- During the July 29th Joint Work Session, Council was generally supportive of the following fee-setting considerations:
 - Reasonable fees that enable the City to continue providing necessary roadway infrastructure through construction or the negotiation of development agreements.
 - Targeted adjustments by service area AND/OR land use type in order to support and reflect the City's growth and development goals
- As such, Staff is now presenting recommendations on the framework for the actual impact fee amounts to charge, improvements to the administration of the ordinances, and targeted incentives to promote the City's development and redevelopment goals.

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

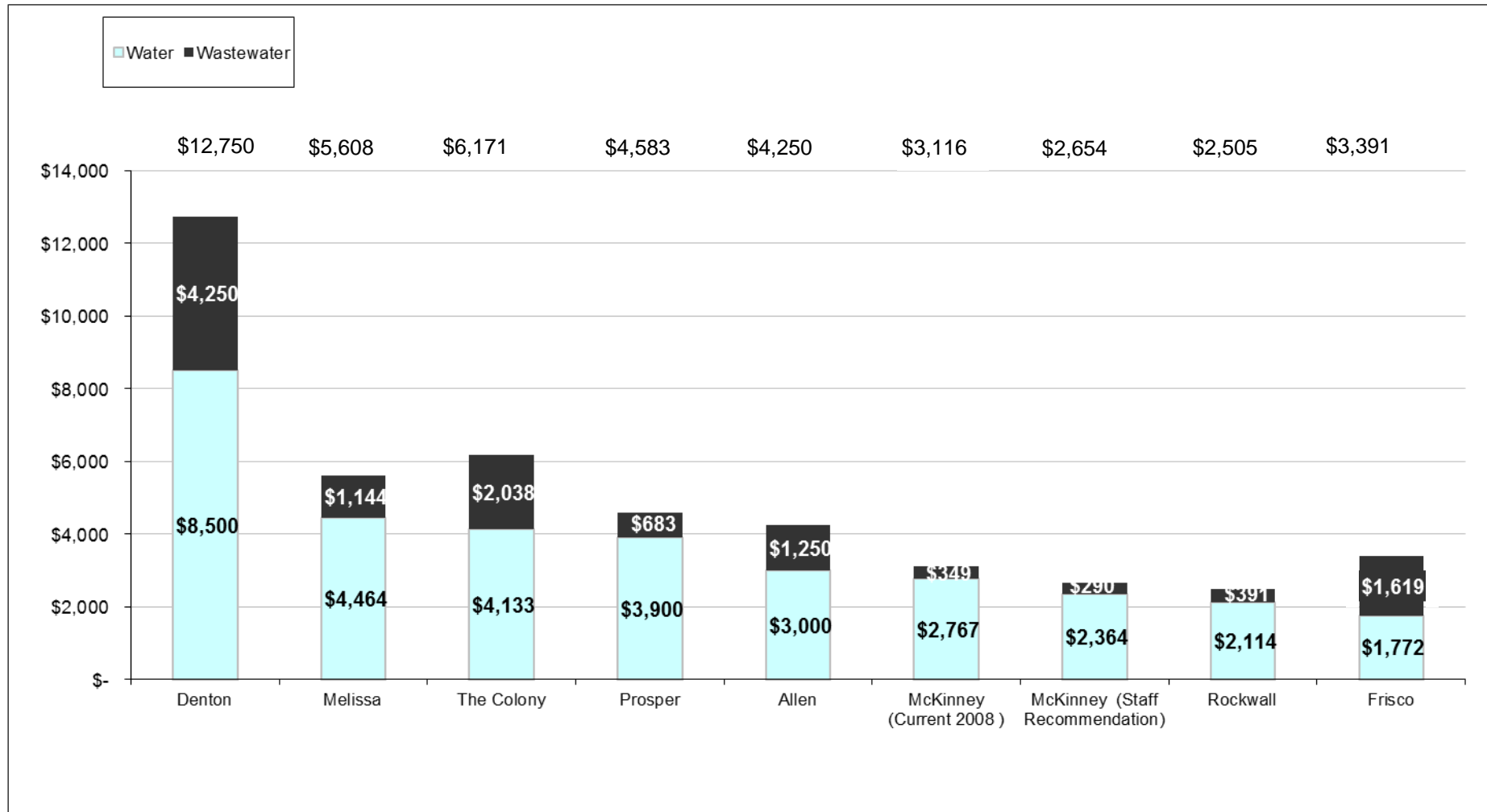
UTILITY IMPACT FEE CITY COMPARISON

Actual Fee: ¾" Simple



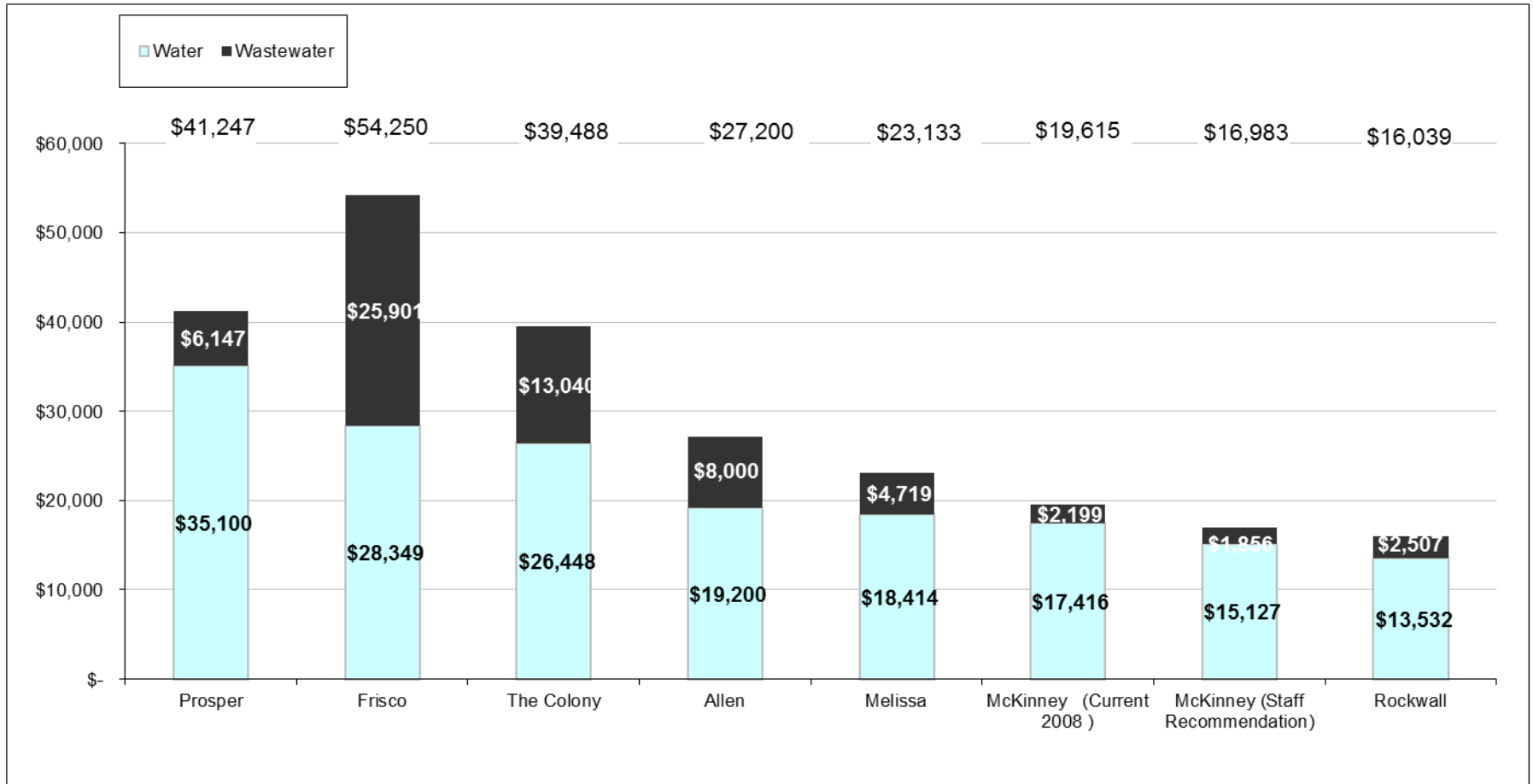
UTILITY IMPACT FEE CITY COMPARISON

Actual Fee: 1" Simple



UTILITY IMPACT FEE CITY COMPARISON

Actual Fee: 3" Compound

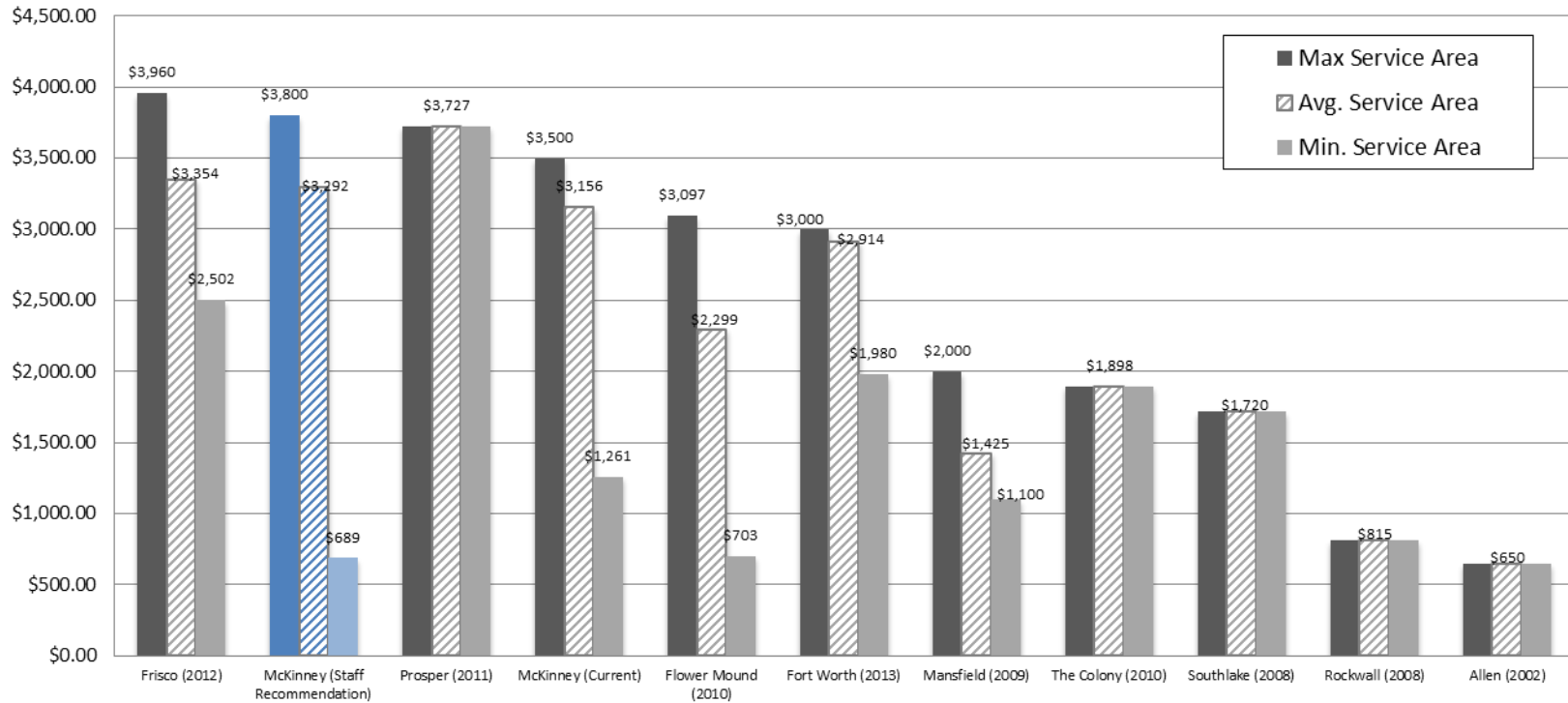


Single Family Residential Uses

Service Area	Current Fee Charged Per House	Maximum Assessable Fee Per House (2012-2013 Update)	Staff Recommendation (2012-2013 Update)
A	\$0	\$0	\$0
B	\$1,261	\$688	\$688
C	\$3,500	\$4,650	\$3,800
D	\$3,500	\$9,923	\$3,800
E	\$3,500	\$9,993	\$3,800
F	\$0	\$0	\$0
G	\$3,500	\$3,810	\$3,800
H	\$2,298	\$1,827	\$1,827
I	\$3,500	\$4,530	\$3,800
J	\$3,500	\$4,944	\$3,800
K	\$3,500	\$6,264	\$3,800
L	\$3,500	\$4,620	\$3,800
M	\$0	\$0	\$0

ROADWAY IMPACT FEE CITY COMPARISON

Actual Fee: One (1) Single-Family Dwelling Unit



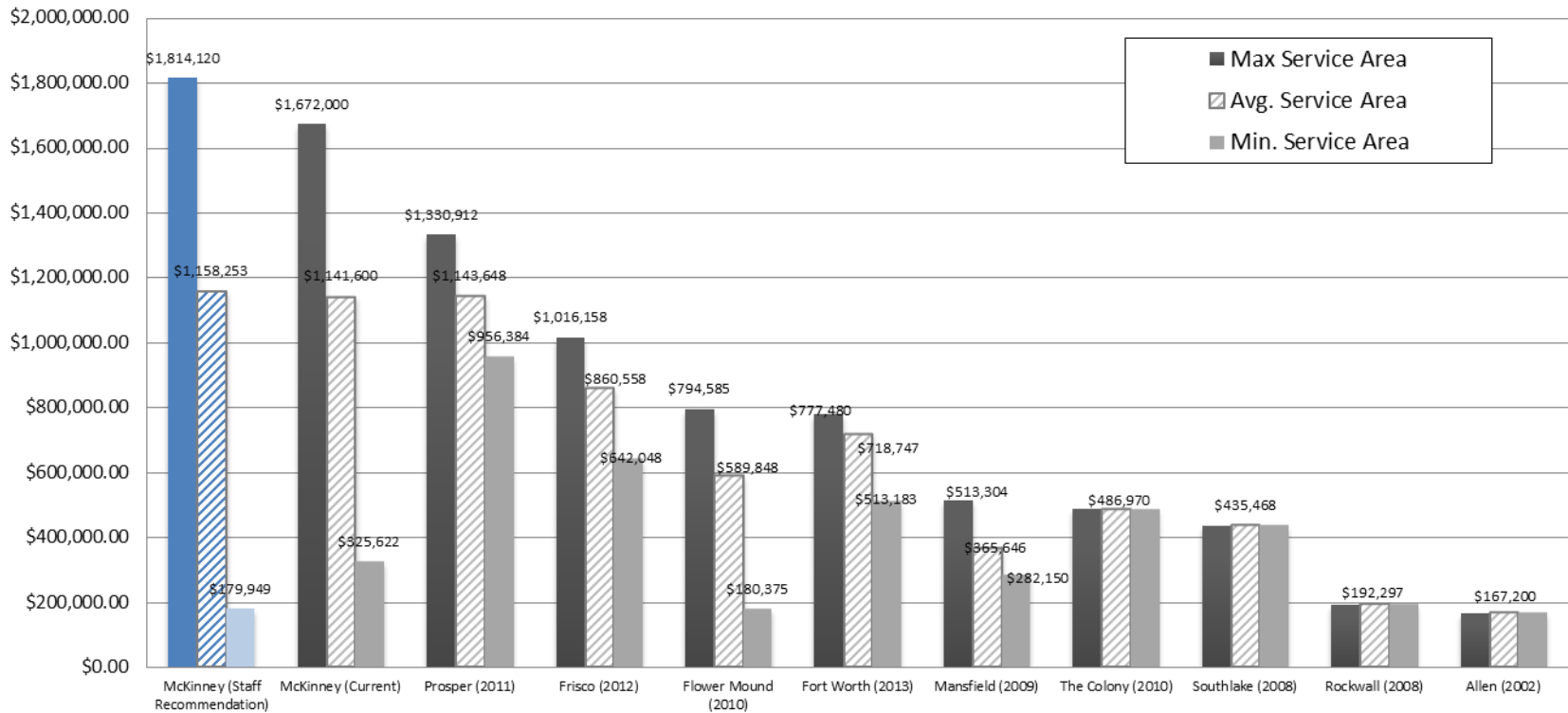
Note: "Max. Service Area" refers to the Service Area with the highest actual fee. "Min. Service Area" refers to the Service Area with the lowest actual fee. "Avg. Service Area" refers to the average fee of all Service Areas for sample development.

Multi-Family Residential Uses

Service Area	Current Fee Charged Per Dwelling Unit	Maximum Assessable Fee Per Dwelling Unit (2012-2013 Update)	Staff Recommendation (2012-2013 Update)
A	\$0	\$0	\$0
B	\$779	\$430.50	\$430
C	\$2,944	\$2,880	\$2,880
D	\$4,000	\$6,159	\$4,340
E	\$3,985	\$6,204	\$4,323
F	\$0	\$0	\$0
G	\$2,544	\$2,362	\$2,362
H	\$1,408	\$1,131	\$1,131
I	\$2,384	\$2,808	\$2,586
J	\$2,674	\$3,065	\$2,901
K	\$3,793	\$3,888	\$3,888
L	\$2,799	\$2,864	\$2,864
M	\$0	\$0	\$0

ROADWAY IMPACT FEE CITY COMPARISON

Actual Fee: 418 Multi-Family Dwelling Units



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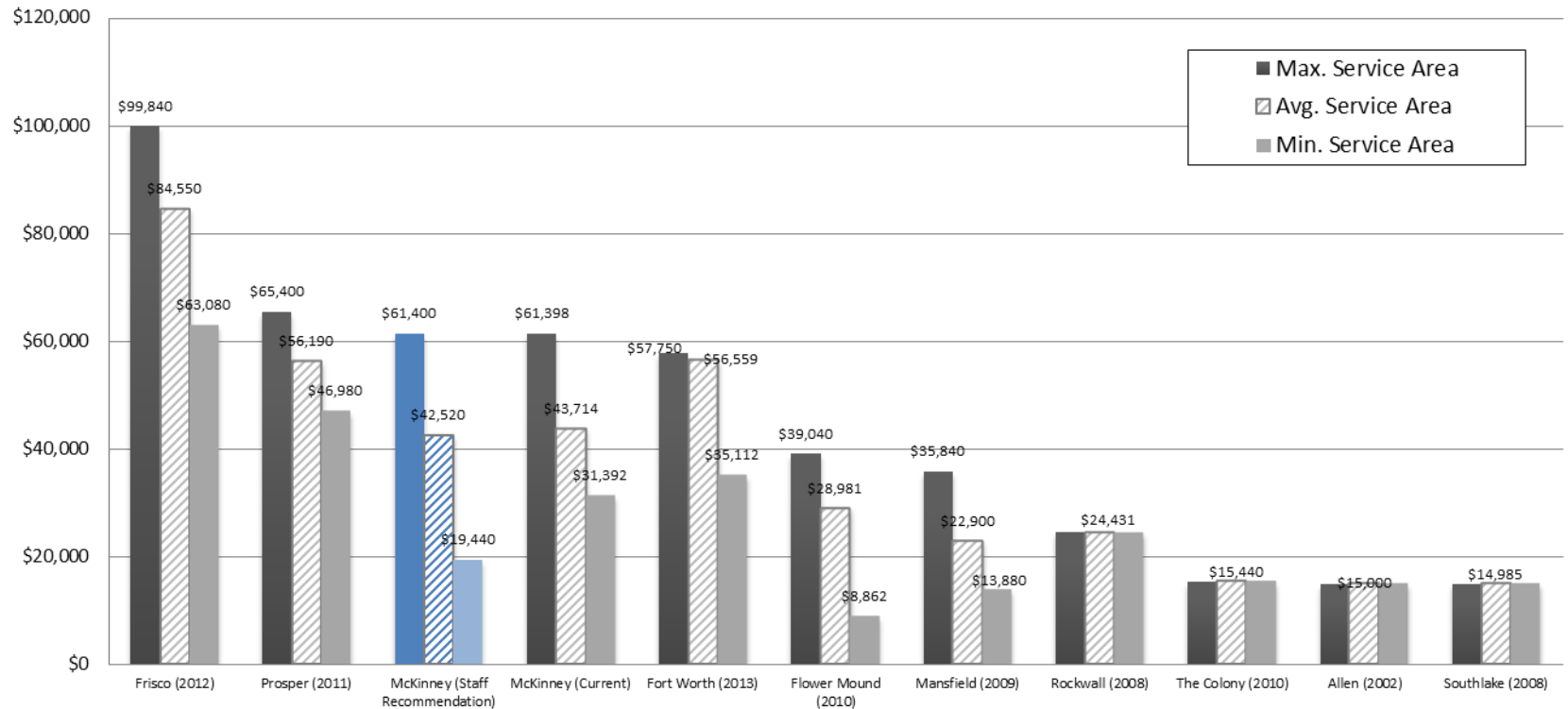


Non-Residential Fee Recommendations

- Strike a balance between the current rate of inflation and the City's goals for attracting and growing a diverse tax base.
- The rate of inflation from 2008 to 2013 is approximately 8.5%.
- With this in mind, Staff recommends a flat 5% increase for most non-residential land use types throughout the City.
- For some select non-residential land use types, Staff is recommending no increase in roadway impact fees.

ROADWAY IMPACT FEE CITY COMPARISON

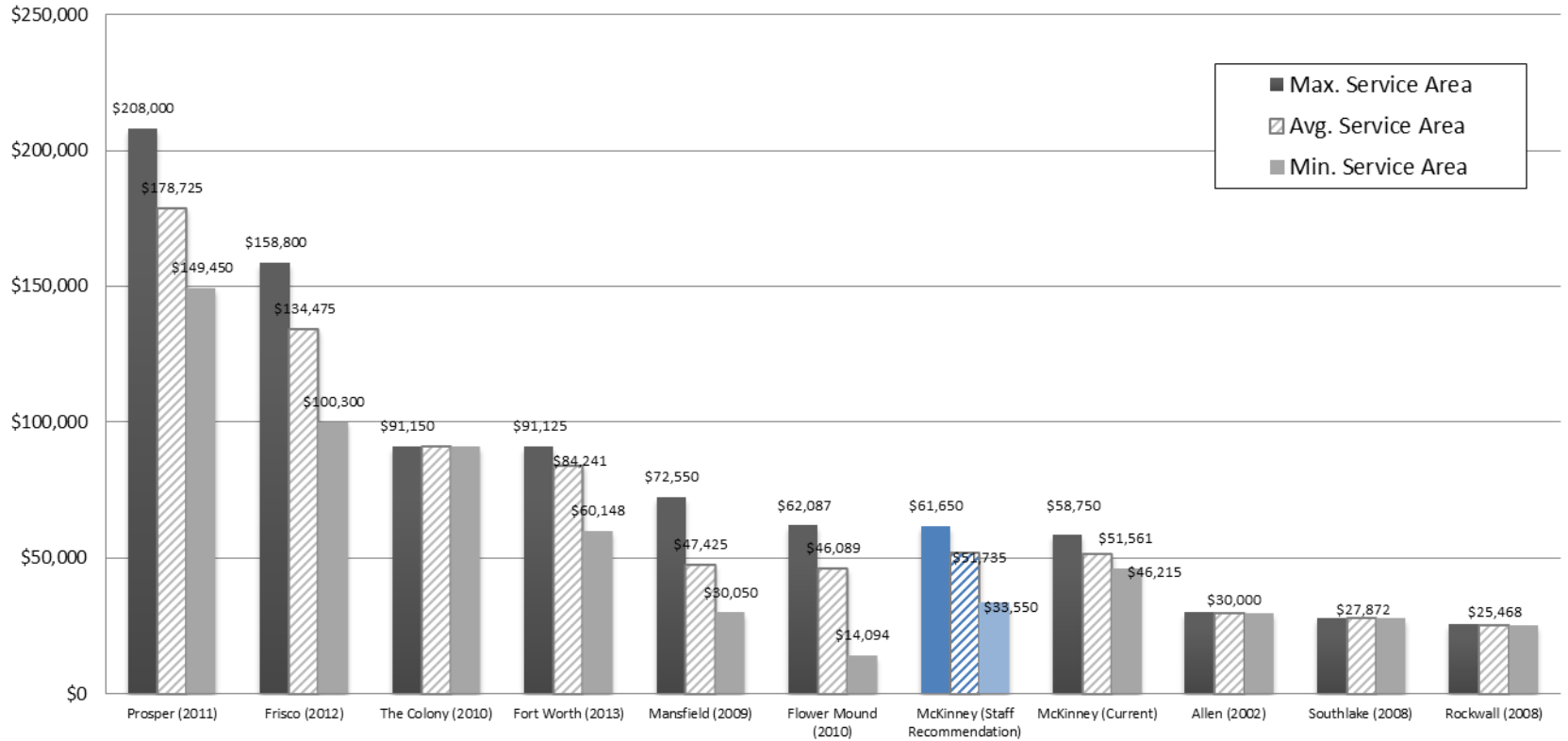
Actual Fee: 20,000 Square Foot Corporate Headquarters



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ROADWAY IMPACT FEE CITY COMPARISON

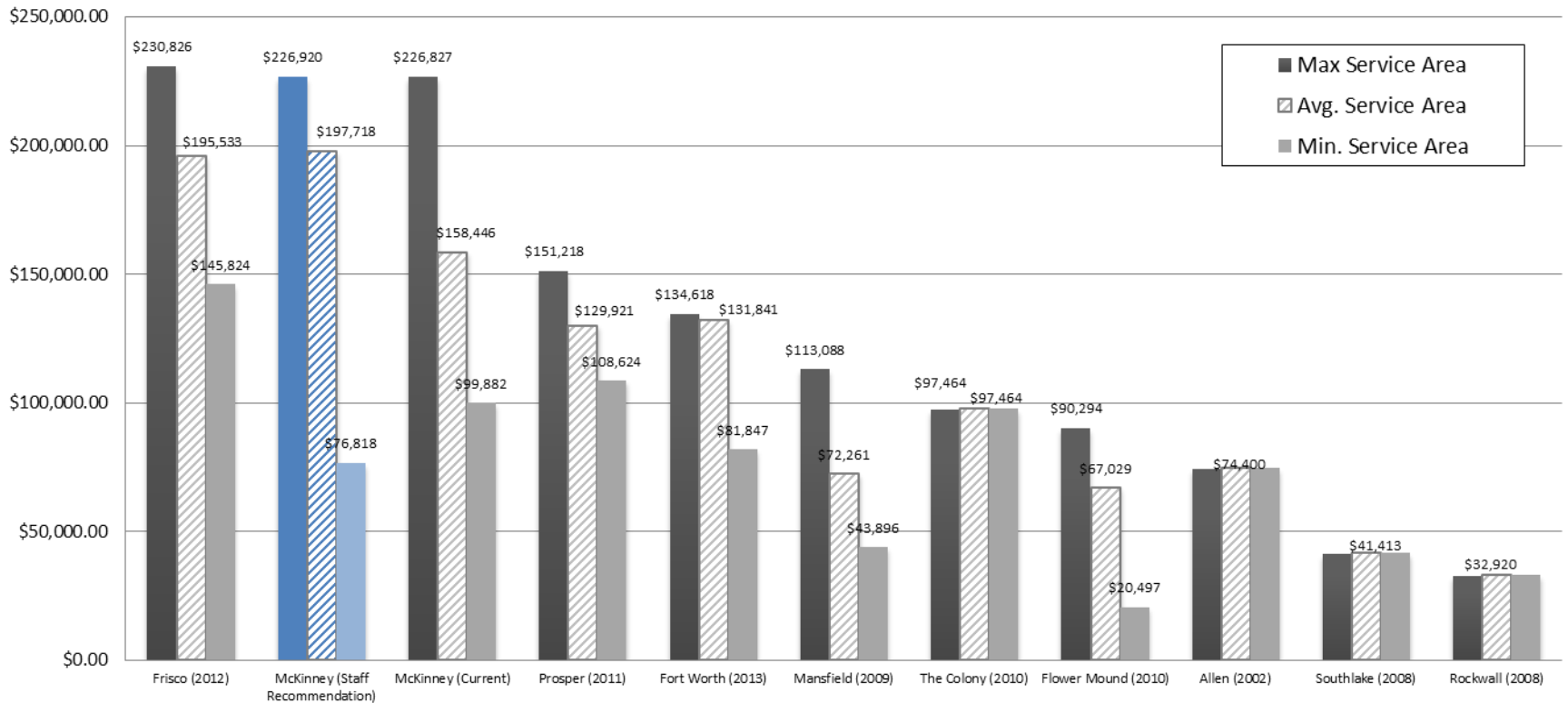
Actual Fee: 50,000 Square Foot Light Industrial Development



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ROADWAY IMPACT FEE CITY COMPARISON

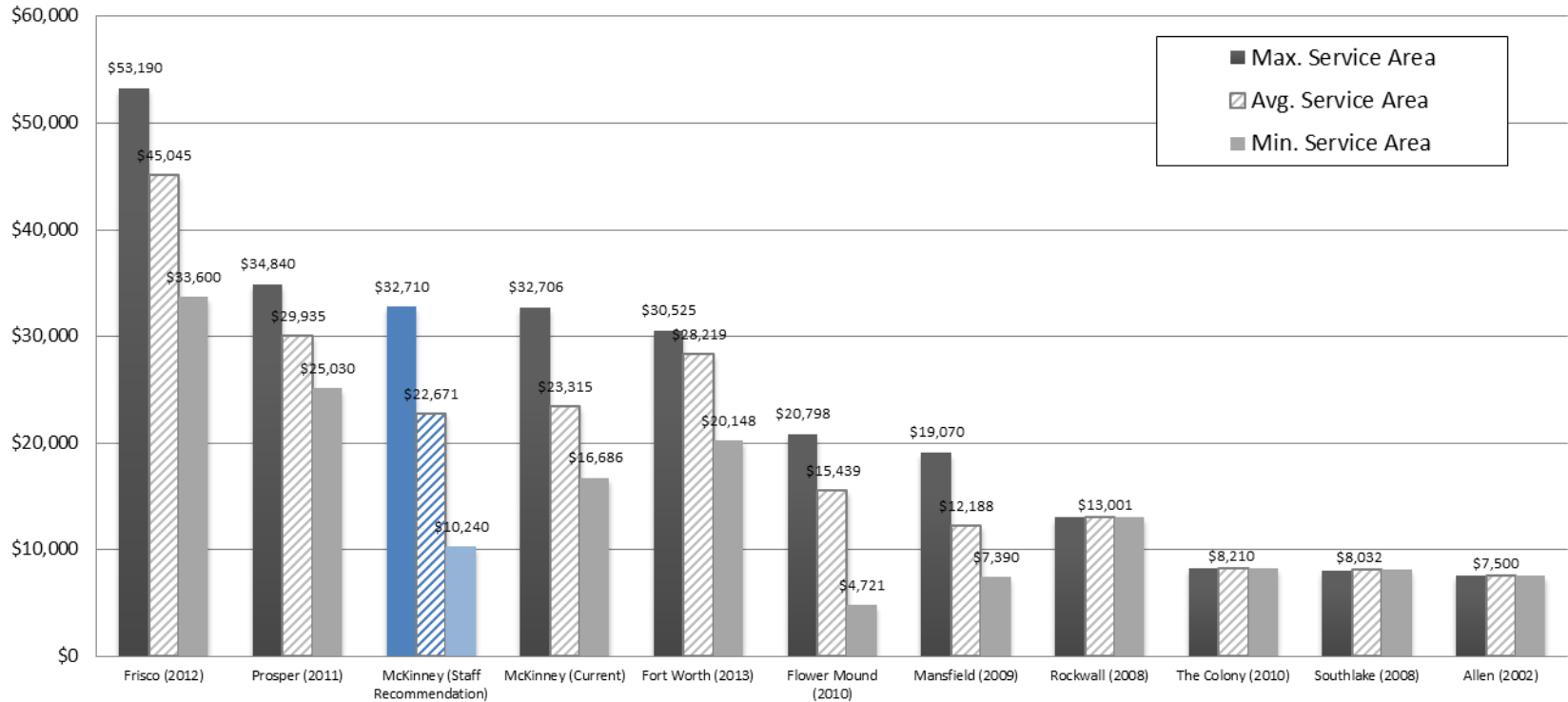
Actual Fee: Hotel (186 Rooms)



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ROADWAY IMPACT FEE CITY COMPARISON

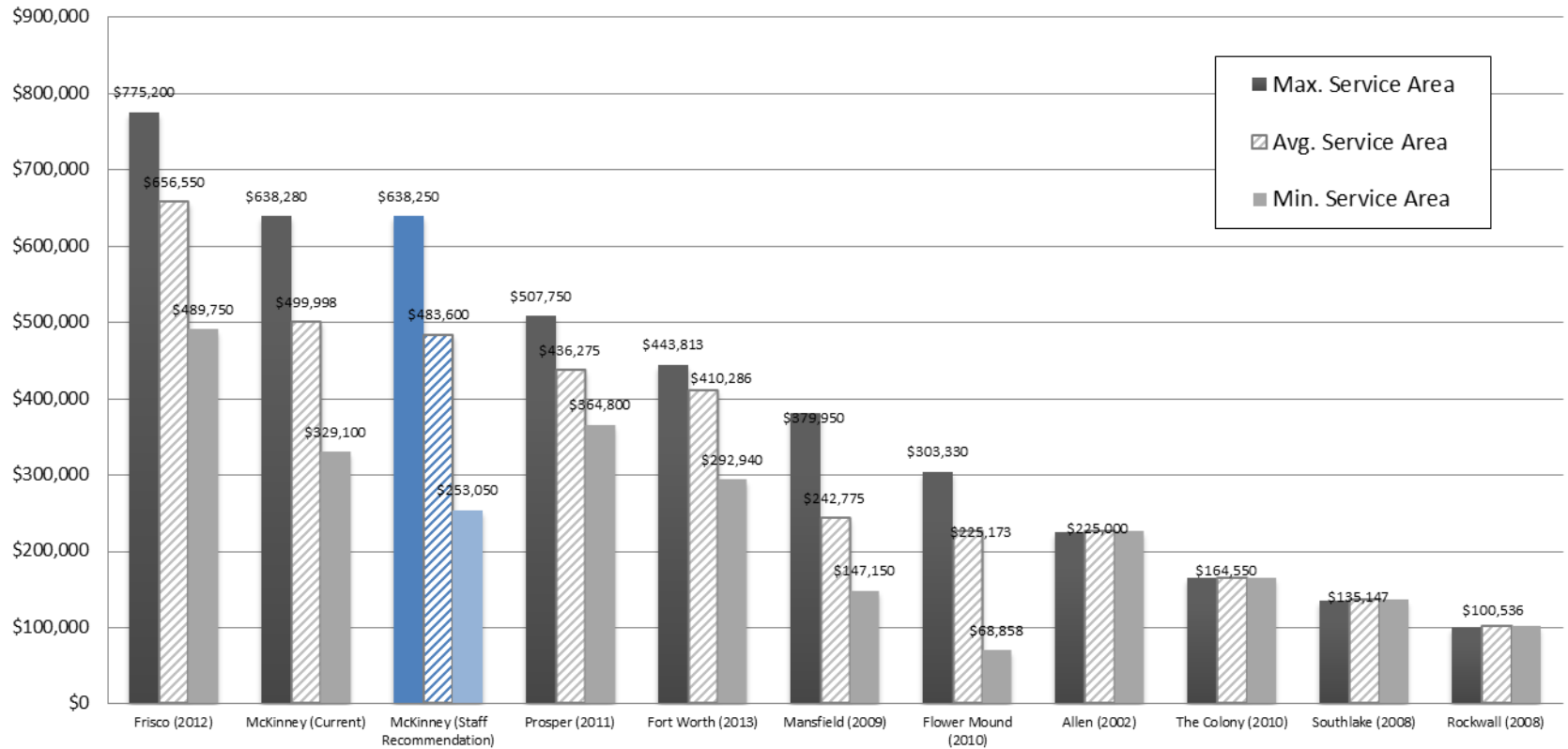
Actual Fee: 10,000 Square Foot Office Development



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ROADWAY IMPACT FEE CITY COMPARISON

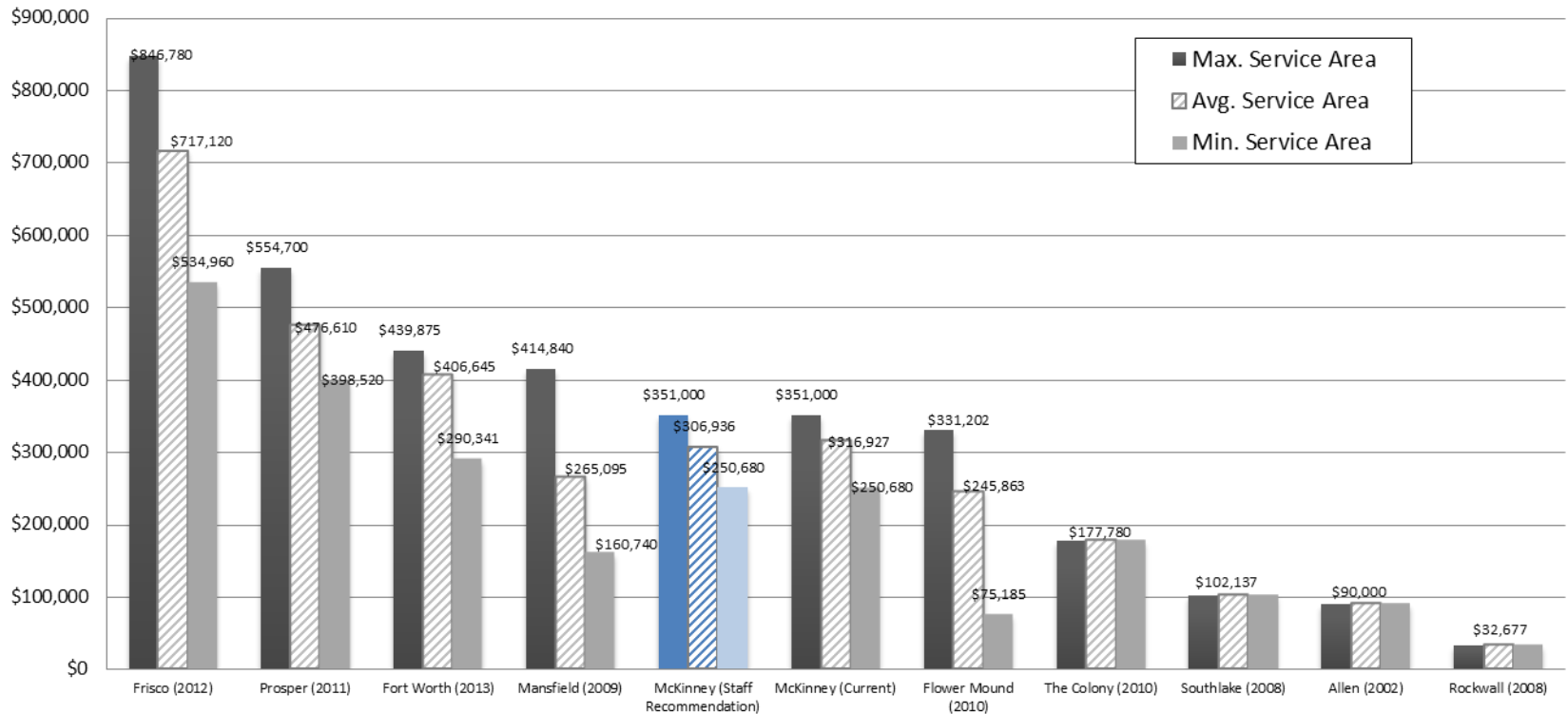
Actual Fee: 150,000 Square Foot Shopping Center



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ROADWAY IMPACT FEE CITY COMPARISON

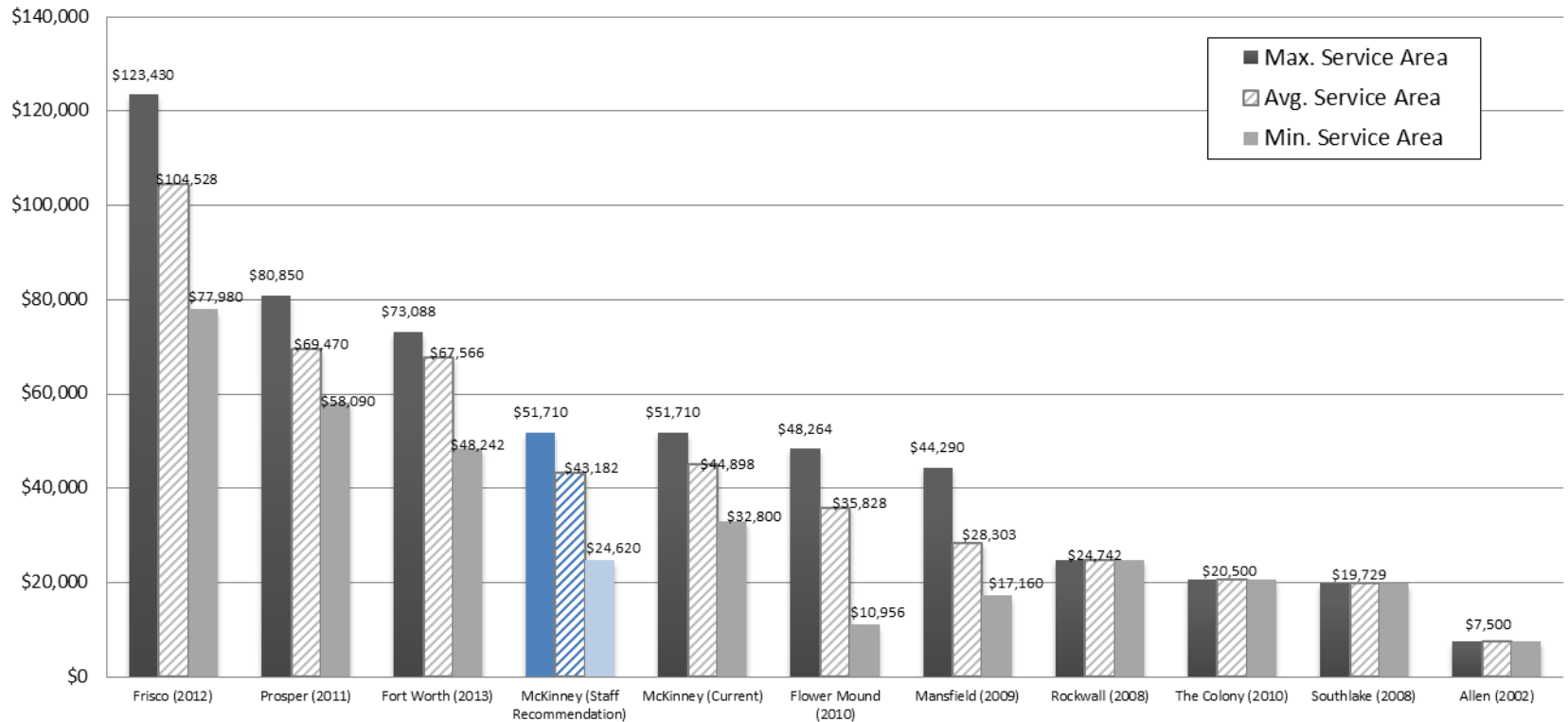
Actual Fee: 60,000 Square Foot Supermarket



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ROADWAY IMPACT FEE CITY COMPARISON

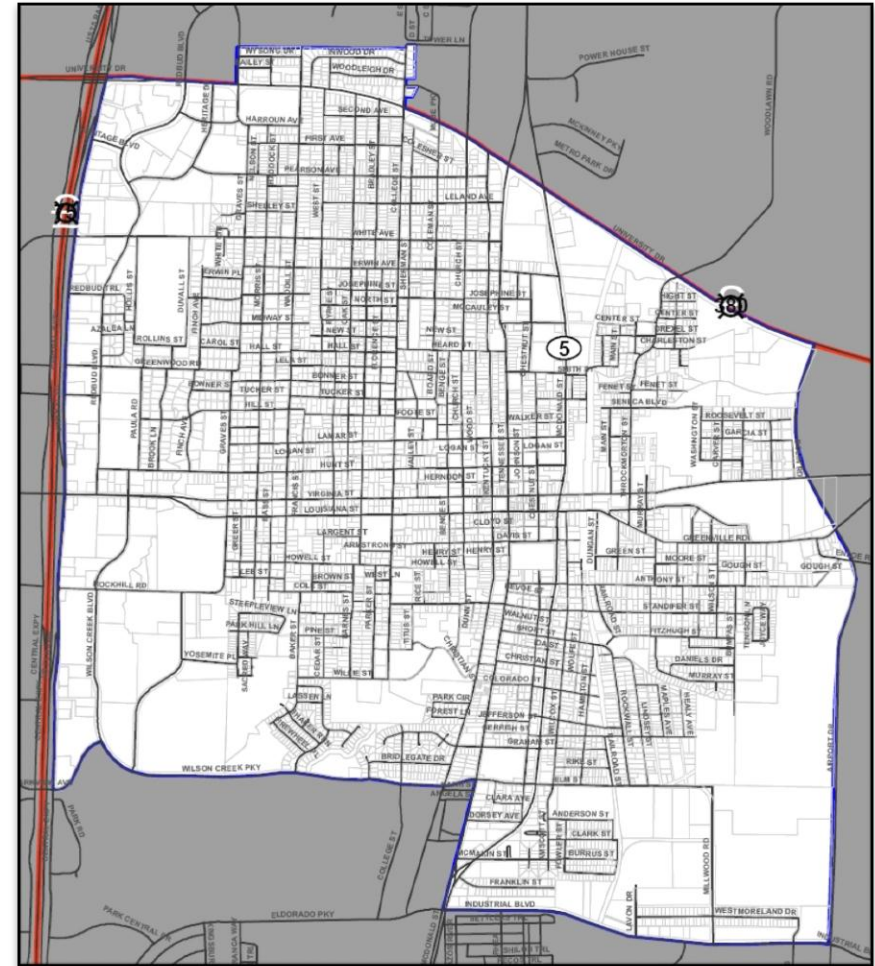
Actual Fee: 10,000 Square Foot Medical/Dental Office Development



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Non-Residential Fee Recommendations, continued

- Expansion of Neighborhood Empowerment Zone (NEZ) program as complementary tool specifically to address small-scale infill projects within the Town Center as follows:
 - Maintain current NEZ boundary
 - Offer a 100% waiver of roadway impact fees for single family residential, commercial, industrial, community facility, multi-family, and mixed-use developments (up to \$49,999 per project).
 - Require City Council approval for waiver requests in the amount of \$50,000 and above.



LOOKING AHEAD ...

SEPTEMBER

Staff will formally present the updated Capital Improvements Plans and impact fee recommendations to the Planning and Zoning Commission for comment at the September 24th Regular Meeting.

OCTOBER / NOVEMBER

Over the next few weeks, Staff will continue to refine the fee recommendations based on the feedback received from City Council and the Planning and Zoning Commission.

Staff anticipates starting the Public Hearing process for the approval of the CIP and Updated Ordinances in October/November.

(This includes any fee amendments and administrative improvements to the Ordinance).