



19-0010M4

TITLE: 2019 Impact Fee Update - Information Series Presentation #1

COUNCIL GOAL: Operational Excellence
(2B: Balance Available Resources to Accommodate the Growth and Maintenance Needs of the City)

MEETING DATE: August 4, 2020

DEPARTMENT: Planning Department

CONTACT: Jennifer Arnold, AICP, Director of Planning
Aaron Bloxham, Planning Manager
Mitchell Corona, Planner I

STAFF RECOMMENDATION:

- Receive an informational presentation on the impact fee process elements, policy considerations, and potential options as part of the 2019 Impact Fee Update process.

ITEM SUMMARY:

- Staff is presenting part 1 of a 3-part information series on the 2019 Impact Fee Update process. This presentation includes a summary of the impact fee update process, capital improvement project funding, neighboring city fee comparisons, and the anticipated remaining schedule for the update process.

Status of the Roadway Impact Fees:

- 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.

Status of the Utility (Water and Wastewater) Impact Fees:

- 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.

Next Steps:

- At the July 28, 2020 CIAC meeting, staff presented the Information Series Presentation #1.
- At a separate CIAC meeting and Council Work Session in August, Staff will give a second presentation discussing in greater detail the options available for fee setting, and the methodologies behind them.
- At a third set of meetings, Staff will give the final Information Series presentation to discuss the options available for fee setting and make a formal

recommendation.

- In September, a public hearing will be scheduled to consider and discuss the Amendments to the Capital Improvement Plans and the proposed amendments to the Impact Fee ordinance as part of the 2019 Impact Fee Update.

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:

[2018-2019 Land Use Assumptions Report](#)
[McKinney RIF - DRAFT Report](#)
[McKinney UIF - DRAFT Report](#)
[Presentation](#)