



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 4

**Agenda Date:** May 16, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Public Hearing and consideration of an Ordinance approving the amendment of Impact Fees, including updates to Land Use Assumption Plan, Capital Improvements Plans, and the maximum Impact Fees for the San Antonio Water System (SAWS) Service Area.

**SUMMARY:**

A public hearing, in accordance with Chapter 395 of the Local Government Code, on the updated Land Use Assumptions Plan (LUAP), Capital Improvements Plan (CIP), and the maximum proposed amended impact fees for SAWS and consideration of an Ordinance to approve and authorize updates to the LUAP, CIP, and SAWS impact fees by service category.

**BACKGROUND INFORMATION:**

An impact fee is a one-time charge imposed on new development to help recover capital costs associated with infrastructure and facility expansions necessary to provide service to that new development. Impact fees provide SAWS with a mechanism to have new development pay its equitable portion of required capital costs with these infrastructure projects. The goal of impact fees is to protect ratepayers from subsidizing new growth.

Chapter 395 of the Local Government Code establishes the requirements and the process that must

be followed if a municipality is to assess and collect impact fees. One of the requirements is that Impact Fees be updated every five years. The LUAP sets out a description of the service area and forecasts changes in land uses, densities, intensities, and population in the service area over the next 10-year period. Generally, the CIP describes the parts of the capital improvements or facility expansions and their costs necessitated by and attributed to new development in the service area based on the approved LUAP. The current LUAP, CIP, and impact fees for water delivery, water supply and wastewater were approved by City Council on May 16, 2019, to be effective June 1, 2019.

On April 3, 2024, a “B” Session briefing was provided to City Council on the impact fee update process and results.

In accordance with Chapter 395, on April 11, 2024, the City Council approved an ordinance establishing a public hearing on May 16, 2024, to receive public comments on the updated LUAP, CIP, and the revised impact fees for the SAWS service area. The required notice of the public hearing was published in the San Antonio Express News on April 10, 2024. In addition to the public hearing, on May 16th Council will consider an Ordinance to approve and authorize updates to the LUAP, CIP, and SAWS impact fees by service category.

SAWS began the current process to update all of its impact fees by engaging Carollo Engineers, a professional engineering firm, to conduct an Impact Fee Study. SAWS staff and Carollo Engineers have been providing technical support to the City Council appointed Capital Improvements Advisory Committee (CIAC) since last year. The Committee has eleven members who are appointed by the City Council. The CIAC held numerous meetings to review the updated LUAP, CIP, and impact fees which were open to the public.

On January 31, 2024, the CIAC voted to approve its report which includes comments and recommendations for City Council consideration regarding the proposed updated 2024 - 2033 LUAP; the water delivery, water supply, and wastewater CIPs; and the maximum calculated and proposed impact fees (CIAC Report shown as Exhibit C on the attached ordinance). In addition, the City’s Office of Public Utilities Staff (Staff) monitored the CIAC process and SAWS Board of Trustees (SAWS Board) meetings regarding discussions on impact fees. Throughout the process, Staff completed analysis to validate the updates to the LUAP, CIP, and impact fees. Staff has reviewed the work of SAWS staff and the SAWS' consultant. Staff concurs with the calculation of the impact fees.

On March 5, 2024, the SAWS Board approved a resolution accepting and recommending City Council approval of an updated LUAP, CIP, and impact fees as described below.

#### **Land Use Assumptions Plan (LUAP):**

Growth projections for the 2024 - 2033 are consistent with the SAWS’ 2024 Water Management Plan. The projections were based on the COSA adopted AACOG/MPO projections, which were created in conjunction with development community, city agencies, state agencies and private organizations. The plan forecasts additional demand in terms of Equivalent Dwelling Units

(EDUs) for water and wastewater services within the SAWS territory over the next ten years. For reference, one EDU is equivalent to a single-family residential housing unit.

- Water LUAP = 161,030 EDUs
- Wastewater LUAP = 148,129 EDUs

### **Capital Improvements Plan (CIP):**

For the water supply, water delivery and wastewater categories, SAWS staff identified the cost of new capital improvement projects and portions of existing infrastructure, with capacity to serve, that will be necessary to support new development during the 2024 - 2033 time periods.

- Water Supply CIP = \$466 million
- Water Delivery CIP = \$514 million
- Wastewater CIP = \$524 million
- TOTAL = \$1,504 million

### **Maximum Calculated And Proposed Impact Fees:**

From the LUAP and the water supply, water delivery and wastewater CIPs, the maximum impact fees per EDU were calculated and approved by the CIAC and accepted and recommended by the SAWS Board as shown in the table below.

Impact Fee Component	Impact Fee (\$/EDU)		Fee Change	
	<u>Current</u>	<u>Recommended</u>	\$	%
Water Supply	\$2,706	\$2,592	\$(114)	-4%
Water Flow	\$1,188	\$1,368	\$180	15%
Water System Development				
High Elevation	\$1,203	\$2,027	\$824	68%
Middle Elevation	\$1,014	\$1,744	\$730	72%
Low Elevation	\$855	\$1,510	\$655	77%
Wastewater Treatment				
Medio Creek	\$1,222	\$1,527	\$305	25%
Clouse / Leon Creek	\$651	\$1,105	\$454	70%
Wastewater Collection				
Medio Creek	\$861	\$1,836	\$976	113%
Upper Medina	\$1,422	\$1,702	\$280	20%
Lower Medina	\$520	\$768	\$248	48%
Upper Collection	\$2,800	\$4,436	\$1,636	58%
Middle Collection	\$2,013	\$2,792	\$779	39%
Lower Collection	\$902	\$1,138	\$236	26%

**ISSUE:**

The purpose of the public hearing is for the City Council to receive public comments on the updated LUAP, CIP, and proposed amended fees for SAWS water and wastewater impact fee categories and is a requirement specified by Chapter 395 of the Local Government Code.

In addition, the proposed Ordinance authorizes the following:

- Approval of the updated LUAP;
- Approval of the updated Water Delivery, Water Supply, and Wastewater CIP and the impact fee calculations; and
- Approval of the proposed impact fees for all the water and wastewater categories.

#### **ALTERNATIVES:**

City Council could approve impact fees that are different than the proposed fees, as long as they do not exceed the maximum calculated impact fees.

#### **FISCAL IMPACT:**

Impact fees are not subject to the City's payment from SAWS of 4% of gross revenues. As such, there is no fiscal impact to the City's budget resulting from the adoption of the proposed impact fees.

#### **RECOMMENDATION:**

The Supervisor of Public Utilities and City Staff recommend approval of the proposed Ordinance which allows for an update of the 2024 - 2033 Land Use Assumptions Plan (LUAP); the Water Delivery, Water Supply, and Wastewater Capital Improvements Plan (CIP); and proposed impact fees for all water and wastewater categories.