

THIS IS A DRAFT AND WILL BE REPLACED BY THE FINAL, SIGNED ORDINANCE OR RESOLUTION ADOPTED BY THE CITY COUNCIL.

ORDINANCE

APPROVING AMENDMENTS TO THE LAND USE ASSUMPTION PLAN, CAPITAL IMPROVEMENTS PLAN, AND SAN ANTONIO WATER SYSTEM (SAWS) IMPACT FEES BY SERVICE CATEGORY.

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WHEREAS, the San Antonio Water System (“SAWS”) operates a combined water and wastewater utility system on behalf of the City of San Antonio, which serves approximately 511,300 water and 457,600 wastewater customers in the San Antonio metropolitan area; and

WHEREAS, Chapter 395 of the Local Government Code (“Chapter 395”) establishes the requirements and the process that the City of San Antonio must follow in order to assess and collect impact fees; and

WHEREAS, under Chapter 395, impact fees are defined as assessments imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development; and

WHEREAS, the calculation of impact fees is based on the Land Use Assumptions Plan (“LUAP”) and Capital Improvements Plan (“CIP”) for the SAWS service area; and

WHEREAS, the purpose of the LUAP is to describe the service area subject to impact fees and establish a ten-year forecast of expected changes in land uses, densities, intensities, and population in the service area;

WHEREAS, the purpose of the CIP provides an overview of the parts and costs of the capital improvements and facility expansions necessary to support new development in the service area based on the land use assumptions; and

WHEREAS, Chapter 395 requires impact fees to be updated every five years; and

WHEREAS, the current plan for impact fees for water delivery, water supply, and wastewater was approved by the San Antonio City Council on May 16, 2019 in Ordinance No. 2019-05-16-0390 and made effective June 1, 2019; and

WHEREAS, with the assistance of Carollo Engineers, a professional engineering firm, SAWS developed the updated 2024-2033 LUAP and CIP (collectively the “Plans”), and maximum impact fee calculations related to the following five service categories: (i) water supply; (ii) water flow; (iii) water system development; (iv) wastewater collection; and (v) wastewater treatment (a copy of the SAWS 2024 Impact Fee Study is attached as Exhibit A); and

WHEREAS, the formula for calculating the maximum impact fees is prescribed by Chapter 395 as Maximum Impact Fee = [(Cost of Growth ÷ EDUs) – Rate Credit], where:

- “Cost of Growth” is the CIP capital cost attributed to additional infrastructure needed to serve new development (i.e., new customers) during the ten-year forecast period;
- “EDU” stands for “equivalent dwelling unit” and represents a new customer as measured by the demand of water flow needed by an average household;
- “Rate Credit” is calculated as (i) the projected rate revenue that is used to pay for impact fee eligible infrastructure or debt and attributed to the EDUs added during the ten-year forecast period and deducted from CIP capital costs, and (ii) a portion of the ad valorem tax generated by that growth which is a zero sum since SAWS does not collect or use tax revenue to fund any infrastructure or services.

WHEREAS, the LUAP forecasts the following demand attributed to new development for the period 2024-2033:

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

WHEREAS, the CIP identifies existing and future capital improvement projects necessary to serve new development during the period 2024-2033 totaling \$1,503.5 million and allocated as follows:

- Water Supply CIP \$ 465.4 million
- Water Delivery CIP
 - Flow \$ 238.2 million
 - System Development \$ 275.8 million
- Wastewater CIP
 - Treatment \$ 187.3 million
 - Collection \$ 336.8 million

WHEREAS, the maximum impact fees per EDU for the SAWS service areas, taking into account the calculated rate credit, are summarized as follows:

- Water Supply - \$ 2,592
- Water Flow - \$ 1,368
- Water System Development
 - High Elevation Service Area - \$ 2,027
 - Middle Elevation Service Area - \$ 1,744
 - Low Elevation Service Area - \$ 1,510
- Wastewater Treatment
 - Medio Creek Service Area - \$ 1,527
 - Leon Creek/Dos Rios Service Area - \$ 1,105
- Wastewater Collection
 - Medio Creek Collection Service Area - \$ 1,836
 - Upper Medina Collection Service Area - \$ 1,702
 - Lower Medina Collection Service Area - \$ 768

- Leon Creek/Dos Rios Upper Collection Service Area - \$ 4,436
- Leon Creek/Dos Rios Middle Collection Service Area - \$ 2,792
- Leon Creek/Dos Rios Lower Collection Service Area - \$ 1,138

(a copy of the recommended SAWS impact fee schedule is attached as Exhibit B); and

WHEREAS, City Council established a Capital Improvements Advisory Committee (“CIAC”) and charged it with performing the duties and responsibilities provided in Chapter 395 of the Local Government Code; and

WHEREAS, the CIAC considered the impact fee update in meetings that were open to the public; and

WHEREAS, on January 31, 2024, the CIAC reviewed and evaluated the Plans and maximum impact fee calculations produced by SAWS and issued its own recommendations which have been filed with the City Clerk’s Office (a copy of the CIAC report is attached as Exhibit C); and

WHEREAS, on March 5, 2024, the SAWS Board of Trustees adopted the updated 2024-2033 LUAP, CIP, maximum impact fee calculations and proposed impact fees for all five impact fee categories, and by resolution forwarded the Plans and recommendations to the City Council in order for the City Council to proceed with notice of public hearing, receive public comment, and consider the Plans, maximum impact fees and proposed impact fees in accordance with Chapter 395 (a copy of the SAWS Board Resolution is attached as Exhibit D); and

WHEREAS, on April 4, 2024, the City Clerk received the SAWS 2024 *Water and Wastewater Facilities Land Use Assumptions Plan, Capital Improvements Plan, and Maximum Impact Fees Study* and the Findings Report of the CIAC which has been publicly available at the City Clerk’s Office and on the SAWS website at www.saws.org/CIAC since that date (a copy of the transmittal letter, without the referenced exhibits, is attached as Exhibit E); and

WHEREAS, on April 3, 2024, SAWS briefed the City Council in “B” Session on the updates to the LUAP, CIP, and maximum and recommended impact fees (a copy of the agenda memorandum and presentation is attached as Exhibit F); and

WHEREAS, on April 11, 2024, the City Council passed an ordinance setting a public hearing on the updates and amended impact fees for May 16, 2024 (a copy of the ordinance is attached as Exhibit G); and

WHEREAS, more than 30 days before the public hearing, a notice of the public hearing was published in the San Antonio Express News (a copy of the notice is attached as Exhibit H); and

WHEREAS, within 30 days following the public hearing, the City Council must approve or disapprove the proposed updates to the LUAP and CIP, and modification of the impact fees by service category; and

WHEREAS, on May 16, 2024, the City Council held a public hearing where it received public comments and the recommendations from SAWS and CIAC on the proposed updates to the LUAP, CIP, and maximum impact fees; and

WHEREAS, on May 16, 2024, after holding a public hearing, the City Council re-convened in “A” Session to consider adoption of the amendments to the LUAP, CIP, and maximum impact fees; and heard public comments and the recommendations from SAWS, the Supervisor of Public Utilities, and the CIAC; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The SAWS 2024 *Water and Wastewater Facilities Land Use Assumptions Plan, Capital Improvements Plan, and Maximum Impact Fees Report* is hereby adopted as attached in Exhibit A and is incorporated into this Ordinance for all purposes.

SECTION 2. The updates and amendments to the 2024-2033 LUAP are hereby authorized and approved.

SECTION 3. The updates and amendments to the 2024-2033 CIP are hereby authorized and approved.

SECTION 4. The maximum legal calculation for the water supply, water flow, water system development, wastewater treatment, and wastewater collection impact fees related to the updated and amended 2024-2033 LUAP and CIP are hereby authorized and approved.

SECTION 5. The impact fees recommended by SAWS and CIAC will be effective June 1, 2024. All water and wastewater impact fees will be set at the maximum calculated fee per EDU. The revised schedule of impact fees approved by this Ordinance is summarized below:

Table I – Approved SAWS Impact Fees (Effective on June 1, 2024)

Impact Fee Component	2024 Impact Fee (\$/EDU)
Water Supply	\$2,592
Water Flow	\$1,368
Water System Development	
High Elevation	\$2,027
Middle Elevation	\$1,744
Low Elevation	\$1,510
Wastewater Treatment	\$1,175
Medio Creek	\$1,527
Clouse / Leon Creek	\$1,105
Wastewater Collection	\$2,150
Medio Creek	\$1,836
Upper Medina	\$1,702
Lower Medina	\$768
Upper Collection	\$4,436
Middle Collection	\$2,792
Lower Collection	\$1,138

SECTION 6. All funds collected through the adoption of the updated and amended impact fees shall be deposited in interest-bearing accounts clearly identifying the category of capital improvements or facility expansions within the service area for which the fee was adopted. If impact fees are pledged as security for the payment of debt service on a bond, note, or other obligation issued to finance a capital improvement or public facility expansion, the City of San Antonio certifies that none of the impact fees will be used or expended for an improvement or expansion not generally identified in the plan.

SECTION 7. The recitals set out above and all exhibits attached hereto are fully incorporated into this Ordinance.

SECTION 8. If any part, section, paragraph, sentence, phrase or word of this Ordinance is for any reason held to be unconstitutional, illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid, or ineffective, the remainder of this Ordinance shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

SECTION 9. This Ordinance shall become effective immediately upon the passage by eight (8) votes of the City Council and if passed upon fewer than eight (8) votes after the tenth (10th) day after passage.

PASSED AND APPROVED this 16th of May, 2024.

SZ
05/16/2024
Item No. __

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Debbie Racca-Sittre, City Clerk

Andrew Segovia, City Attorney