

**CAPITAL IMPROVEMENTS ADVISORY COMMITTEE
REPORT TO THE SAN ANTONIO CITY COUNCIL ON THE UPDATE OF THE 2024 –
2033 LAND USE ASSUMPTION PLAN, CAPITAL IMPROVEMENTS PLAN AND
MAXIMUM IMPACT**

Chapter 395 of the Texas Local Government Code establishes both the procedural and substantive requirements for the City Council of the City of San Antonio (City) to adopt impact fees related to the San Antonio Water System's (SAWS) water and wastewater capital costs associated with new development. As part of those requirements, Section 395.058 of the Code requires the City Council to appoint an impact fee advisory committee but gives the Council the option to either: designate the Planning or Zoning Commission as the advisory committee; or create a separate and independent advisory committee. In August of 1987, pursuant to Resolution No. 87-41-64, the City Council created the Capital Improvements Advisory Committee (CIAC) as an independent impact fee advisory committee. Pursuant to Section 395.058, the CIAC is charged with the following responsibilities: advise and assist the City/SAWS in adopting a Land Use Assumptions Plan (LUAP); review the Capital Improvements Plan (CIP) and file written comments; monitor and evaluate the implementation of the CIP; file semiannual reports on the progress of the CIP and report any perceived inequities to the City/SAWS; and advise the City/SAWS of the need to update the CIP, LUAP and/or Impact Fees (see § 395.058). For the purposes of the proposed comprehensive five (5) year update, the CIAC's main purpose is to timely file its written comments consistent with those relevant responsibilities delineated above. The SAWS Board has the authority to make an independent recommendation to City Council and the Council has the final authority to adopt the updated CIP, LUAP and Impact Fees up to the maximum calculations. The CIAC shall meet at least semi-annually to review the status of the impact fee program and to meet the current legislative requirements.

District	Name	Real Estate/ Community	District	Name	Real Estate/ Community
1	Ms. Danielle Dawn Garcia	Community	7	Mr. Aaron R. Elizondo	Community
2	Ms. Susan M. Wright - Chair	Real Estate	8	Mr. Shad R. Schmid	Real Estate
3	Mr. Thad Rutherford	Real Estate	9	Mr. Michael D. Moore	Real Estate
4	Ms. Kacy D. Cigarroa – Vice Chair	Real Estate	10	Mr. Louis Ortiz	Community
5	Vacant		ETJ	Ms. Anita Ledbetter	Community
6	Mr. Michael Hogan	Real Estate			

BACKGROUND

1. Legal Basis

- a. Impact fees may be adopted and collected under Chapter 395 of the Texas Local Government Code.
- b. Impact fees are a framework for financing the capital improvements related to growth for water and sewer infrastructure.
- c. Impact fees are a one-time charge to fund the cost of building new infrastructure to serve new development. They may be collected only for capital costs. Costs for operations and maintenance are not eligible.
- d. Chapter 395 requires that impact fees must be updated every five years, for a ten-year period.
- e. Chapter 395 of the L.G.C. requires utilities to calculate a rate credit for growth related capital improvements to be subtracted from the calculated impact fee.
- f. The rate credit is based on the amount of projected future rate revenues or taxes expected to be generated by the new development and used to pay for capital improvements identified in the CIP.
- g. Utilities can calculate the rate credit and apply it to the impact fee or apply a credit equal to 50% of the calculated impact fee.
- h. SAWS has historically opted to calculate the rate credit which results in the calculation of the maximum impact fee.
- i. Chapter 395 requires the calculation of the maximum impact fee. It does not require that the maximum impact fee be charged.
- j. A copy of all agendas, minutes, recordings, and presentations to the CIAC will be maintained by SAWS. A copy of the draft 2024-2033 impact fee report is attached for reference.
- k. The CIAC, in its advisory capacity to City Council, is required to file its written comments on the proposed updates and amendments to the CIP, LUAP and maximum impact fees no later than six (6) business days prior to the public hearing on the updates and amendments (see § 395.056).

2. Factual Basis

- a. The San Antonio Water System updated impact fees in June 2019. The SAWS impact fees must be updated before June 2024.
- b. Chapter 395 of the L.G.C. allows for financing costs to be included in the calculation of impact fees.
- c. Financing costs for existing projects were included in the impact fee calculation.
- d. Financing costs for future projects were not included since SAWS reserves the option to fund growth projects with cash.
- e. Historically, the City of San Antonio has approved charging the maximum impact fee.
- f. Many other cities charge an impact fee that is less than the maximum impact fee. A comparison of other U.S. and Texas cities' impact fees is in Appendix B.
- g. If less than the maximum impact fee is charged the difference would be made up from other sources in order to fund future CIP.

- h. Using a timeline of 1993 through July 2023, SAWS staff found that without the inclusion of an impact fee the average SAWS water bill would increase by approximately \$11.00, equating to an overall rate increase of approximately 19%.

LAND USE ASSUMPTIONS PLAN (LUAP)

3. The Land Use Assumptions Plan is accepted and recommended for City Council approval.

- a. 10-year water Land Use Assumptions Plan = 161,030 equivalent dwelling units (EDUs).
- b. 10-year wastewater Land Use Assumptions Plan = 148,129 EDUs.
- c. A summary of the change in EDUs, CIP, and maximum calculated impact fees is in Appendix A.
- d. The committee recommended approval of the Land Use Assumptions Plan by a vote of 7-0.
- e. The SAWS Water Management Plan was updated in 2024, and the population projections that were used by SAWS staff were developed using Alamo Area Municipal Planning Organization and Texas Water Development Board projected growth rates.

EQUIVALENT DWELLING UNIT (EDU) DEFINITIONS

4. EDU Definitions

The EDU definitions are accepted and recommended for City Council approval.

- a. A water EDU = 290 gallons per day.
- b. A wastewater EDU = 200 gallons per day with an I/I factor (inflow and infiltration) of 600 gallons per acre per day.
- c. The committee recommended approval of the EDU definitions by a vote of 8-0.

CAPITAL IMPROVEMENTS PLAN (CIP)

5. The Water Supply Capital Improvements Plan is based on the SAWS 50 Year Water Management Plan.

- a. San Antonio Water System's long-standing commitment and investment in water conservation and infrastructure improvements has yielded its most diverse water supply. SAWS, in partnership with the community, has successfully cultivated an ethic of conservation and invested in infrastructure over the past 25 years and effectively reduced the gallons per capita per day (GPCD) by approximately 50 percent, all while SAWS' service area population has grown by approximately 150 percent.

- b. The 50-Year Water Management Plan applies the hybrid drought of record conditions to all water supplies in its current inventory to calculate the firm yield. When demand exceeds available supply during nine-year drought planning, a supply gap occurs. This determines when additional supplies are needed to meet demand.
- c. The existing water supply projects used in the calculation are Edwards Aquifer, Aquifer Storage & Recovery, Vista Ridge Projects, Local Carrizo, Regional Carrizo, Trinity Aquifer, Canyon Lake (Guadalupe Blanco River Authority), Brackish Groundwater Desalination, and Canyon Regional Water Authority.
- d. SAWS staff determined the 2024 water supply capacity to be 321,076 (acre feet) and the 2033 water supply capacity to be 358,076 AF.
- e. SAWS staff determined the 2024 AD (annual demand) to be 282,732 AF and the 2033 (AD) to be 335,034 AF.
- f. SAWS staff changed the assumption for debt financing the existing Water Supply infrastructure from 60% to 85% debt financing, matching SAWS multi-year financial plan for existing Supply projects. Increasing the debt financing assumption increases the rate credit.
- g. The CIAC recommends assessing the maximum calculated impact fee.
- h. A reconciled CIP list will be provided to the CIAC biannually for review.
- i. A summary of the change in EDUs, CIP, and maximum calculated impact fees is in Appendix A.

6. The Water Delivery System Development and Flow Capital improvements Plan

- a. The gallons per day used to define an EDU has remained 290 GPD based on data provided by SAWS staff.
- b. The CIAC recommends assessing the maximum Water Delivery System and Flow Impact Fees.
- c. A reconciled CIP list will be provided to the CIAC at the biannual meetings for review.
- d. A summary of the change in EDUs, CIP, and maximum calculated impact fees is in Appendix A.

7. The Wastewater Treatment and Collection Capital Improvements Plan

- a. The gallons per day used to define an EDU will remain at 200 GPD. Data collected by SAWS staff did not warrant a change in the calculation of gallons per day.
- b. Due to prolonged drought conditions, data collected over the previous five years did not provide conclusive evidence of a reduction in inflow and infiltration. Inflow and infiltration will continue to be calculated at 600 gallons per acre. With the completion of condition and capacity projects, inflow and infiltration is expected to be reduced.
- c. The CIAC recommends assessing the maximum Wastewater Treatment and Collection fees.

- d. A reconciled CIP list will be provided to the CIAC at the biannual meetings for review.
- e. A summary of the change in EDUs, CIP, and maximum calculated impact fees is in Appendix A.

8. The Capital Improvements Plan is accepted and recommended for City Council approval.

- a. 10-year value of eligible water supply capacity = \$465.4 M
 - b. 10-year value of eligible water flow capacity = \$238.2 M
 - c. 10-year value of eligible water system development capacity = \$275.8 M
 - d. 10-year value of eligible wastewater treatment capacity = \$187.3 M
 - e. 10-year value of eligible wastewater collection capacity = \$336.8 M
- Total 10-year value of all impact fee eligible capacity = \$1,503.5 M

MAXIMUM IMPACT FEES

9. The maximum calculated impact fees are shown below:

- a. Water Supply Impact Fee.....\$2,592
- b. Water Flow Impact Fee.....\$1,368
- c. Water System Development Impact Fee
 - i. High.....\$2,027
 - ii. Middle.....\$1,744
 - iii. Low.....\$1,510
- d. Wastewater Treatment
 - i. Medio Creek.....\$1,527
 - ii. Clouse / Leon Creek.....\$1,105
- e. Wastewater Collection
 - i. Medio Creek.....\$1,836
 - ii. Upper Medina.....\$1,702
 - iii. Lower Medina.....\$768
 - iv. Upper Collection.....\$4,436
 - v. Middle Collection.....\$2,792
 - vi. Lower Collection.....\$1,138

The Committee recommended approval of the Maximum Impact Fees by a vote of 9-0.

A graphic of the percentage change and dollar amount of the maximum impact fees by service areas are shown in Appendix C.

10. Impact Fee Waiver Program

- a. The City of San Antonio Fee Wavier Program was updated by City Council with an effective date of December 16, 2021.
- b. The program is available citywide for eligible projects.

CAPITAL IMPROVEMENTS ADVISORY COMMITTEE RECOMMENDATIONS**11. The CIAC accepts and recommends for City Council the calculated impact fees as shown below:**

- a. Water Supply Impact Fee.....\$2,592
- b. Water Flow Impact Fee.....\$1,368
- c. Water System Development Impact Fee
 - i. High.....\$2,027
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APPENDIX A: SUMMARY OF CHANGE IN EDUS, CIP, AND MAXIMUM CALCULATED IMPACT FEE

Proposed 2024-2033 Impact Fee Program Compared to Current Program
As of January 31, 2024

Impact Fee Component	EDU Definition (gpd)		LUAP (EDUs)		Eligible Equity, CIP and Finance (\$)		Calculated Fee (\$/EDU)		Rate Credit (\$/EDU)		Impact Fee (\$/EDU)		Fee Change	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	\$	%
Water Supply	290	290	141,770	161,030	\$ 519,048,777	\$ 465,504,645	\$ 3,661	\$ 2,891	\$ 339	\$ 299	\$ 2,706	\$ 2,592	\$ (114)	-4%
Water Flow	290	290	141,770	161,030	\$ 182,232,572	\$ 238,263,060	\$ 1,285	\$ 1,480	\$ 97	\$ 112	\$ 1,188	\$ 1,368	\$ 180	15%
Water System Development (total)	290	290	141,770	161,030	\$ 139,999,299	\$ 275,767,530	\$ 988	\$ 1,713	\$ 52	\$ 79	\$ 935	\$ 1,633	\$ 698	75%
High Elevation			6,845	11,964	\$ 8,467,874	\$ 24,905,812	\$ 1,237	\$ 2,082	\$ 34	\$ 55	\$ 1,203	\$ 2,027	\$ 824	68%
Middle Elevation			56,478	58,592	\$ 60,338,483	\$ 106,691,530	\$ 1,068	\$ 1,821	\$ 54	\$ 77	\$ 1,014	\$ 1,744	\$ 730	72%
Low Elevation			78,447	90,474	\$ 71,192,942	\$ 144,170,188	\$ 908	\$ 1,593	\$ 53	\$ 84	\$ 855	\$ 1,510	\$ 655	77%
Wastewater Treatment (total)	200	200	131,840	148,129	\$ 102,044,699	\$ 187,267,176	\$ 774	\$ 1,264	\$ 58	\$ 89	\$ 716	\$ 1,175	\$ 459	64%
Medio Creek			15,167	24,730	\$ 19,820,413	\$ 40,310,424	\$ 1,307	\$ 1,630	\$ 85	\$ 103	\$ 1,222	\$ 1,527	\$ 305	25%
Leon/Dos Rios Creeks			116,673	123,399	\$ 82,224,287	\$ 146,956,752	\$ 705	\$ 1,191	\$ 54	\$ 86	\$ 651	\$ 1,105	\$ 454	70%
Wastewater Collection (total)	200 & 600	200 & 600	131,840	148,129	\$ 235,191,944	\$ 336,842,521	\$ 1,784	\$ 2,274	\$ 103	\$ 123	\$ 1,681	\$ 2,150	\$ 470	28%
Medio Creek			15,167	24,730	\$ 13,693,357	\$ 47,219,999	\$ 903	\$ 1,909	\$ 42	\$ 73	\$ 861	\$ 1,836	\$ 976	113%
Upper Medina			11,667	25,995	\$ 11,011,473	\$ 25,932,175	\$ 1,504	\$ 1,826	\$ 82	\$ 124	\$ 1,422	\$ 1,702	\$ 280	20%
Lower Medina			4,410	8,008	\$ 9,011,045	\$ 28,177,450	\$ 560	\$ 829	\$ 40	\$ 61	\$ 520	\$ 768	\$ 248	48%
Upper Collection			39,389	33,547	\$ 32,831,501	\$ 57,663,063	\$ 2,969	\$ 4,669	\$ 169	\$ 233	\$ 2,800	\$ 4,436	\$ 1,636	58%
Middle Collection			21,769	6,281	\$ 71,615,338	\$ 68,978,940	\$ 2,136	\$ 2,950	\$ 123	\$ 158	\$ 2,013	\$ 2,792	\$ 779	39%
Lower Collection			39,438	49,568	\$ 97,029,230	\$ 108,870,894	\$ 965	\$ 1,218	\$ 63	\$ 80	\$ 902	\$ 1,138	\$ 236	26%
Totals					\$ 1,178,517,291	\$ 1,503,644,932	\$ 8,492	\$ 9,621	\$ 649	\$ 702	\$ 7,227	\$ 8,919	\$ 1,692	23%

Notes:

1. Current = Final Approved 2019 to 2028 impact fee program

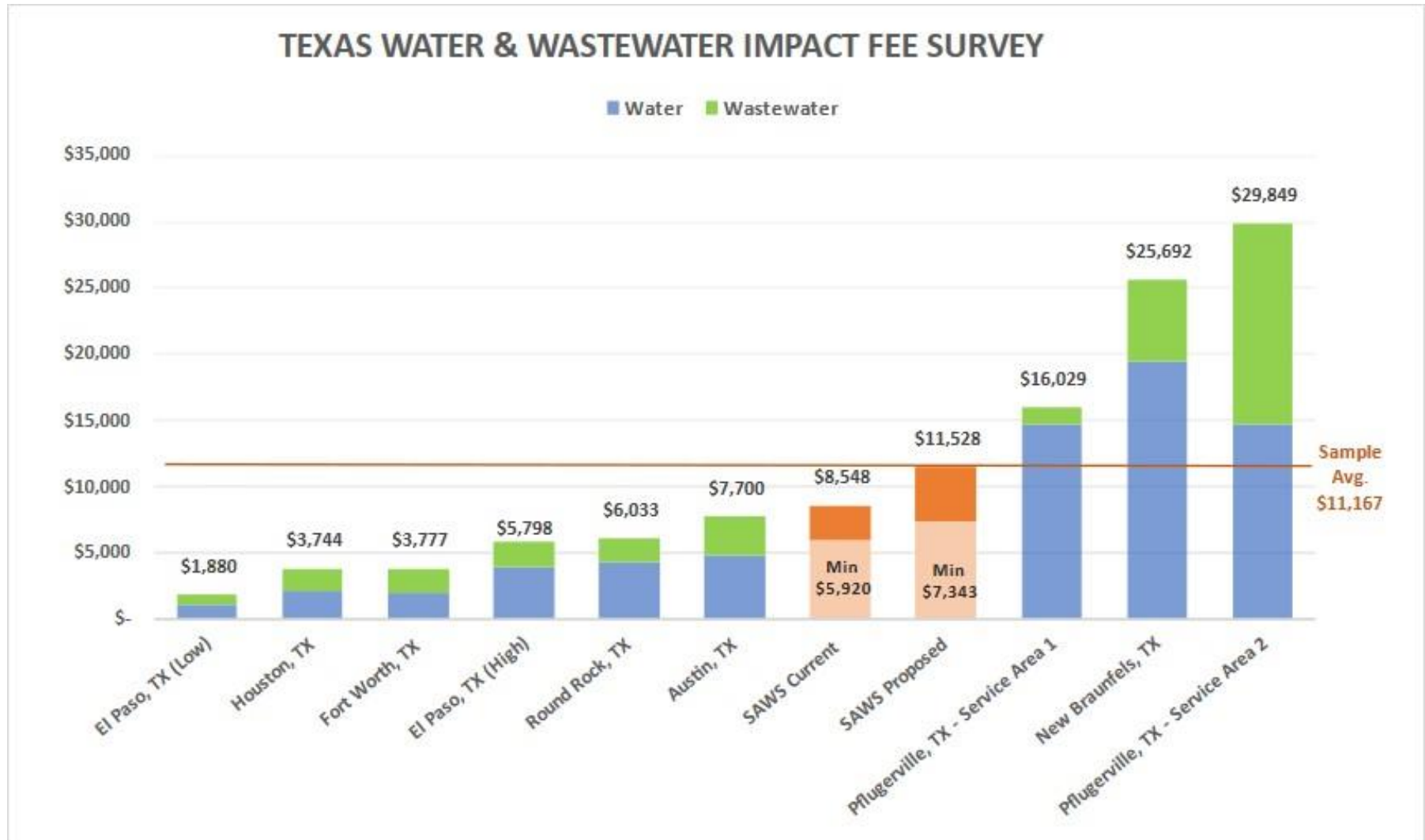
2. Proposed = Draft 2024 to 2033 impact fee program presented to the CIAC

3. Total Impact Fees (\$/EDU) are weighted averages for water system development, wastewater treatment, wastewater collection, and total.

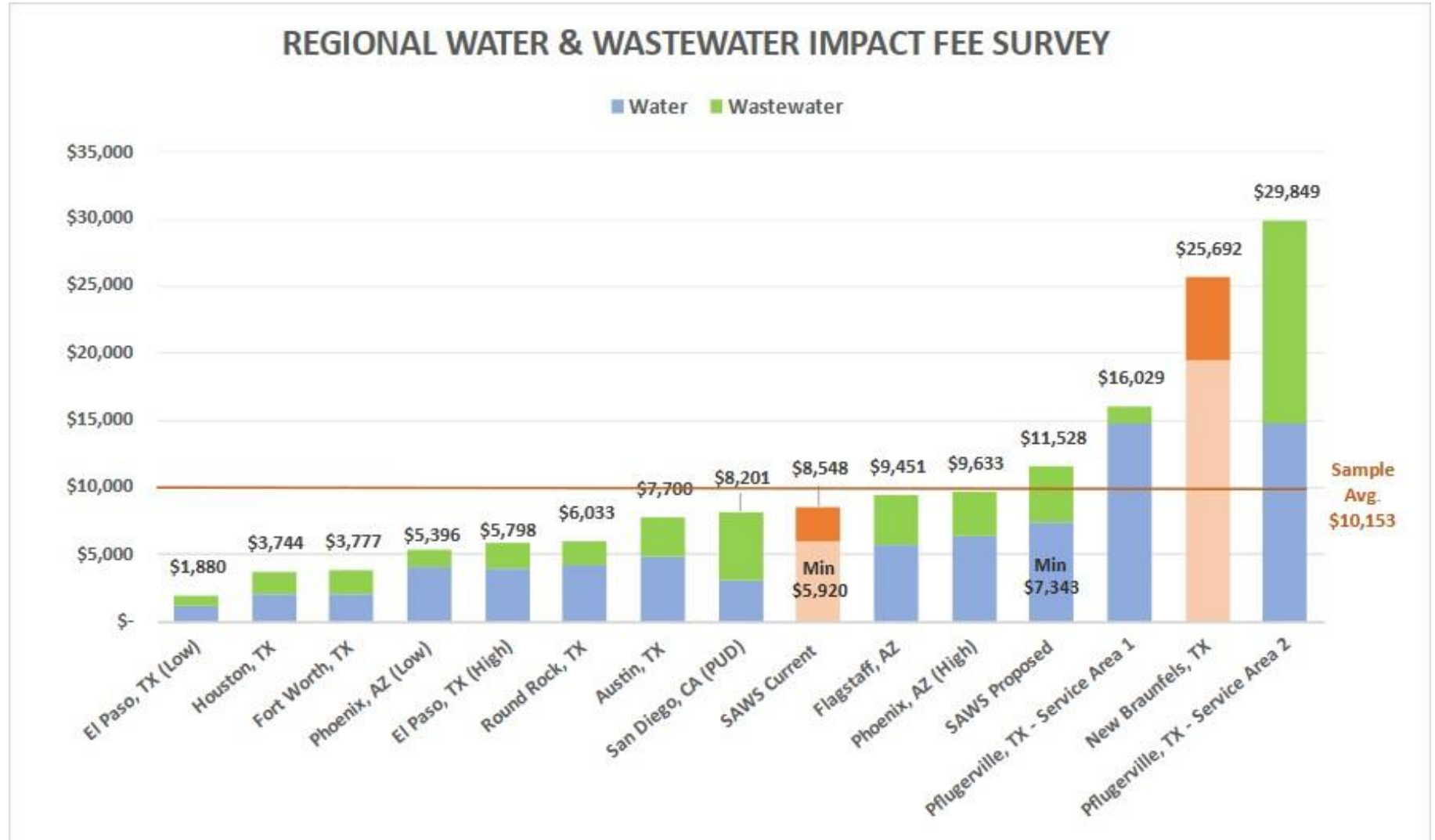
4. *Eligible Equity, CIP and Finance* is the prorated amount of existing and proposed infrastructure to serve the LUAP.

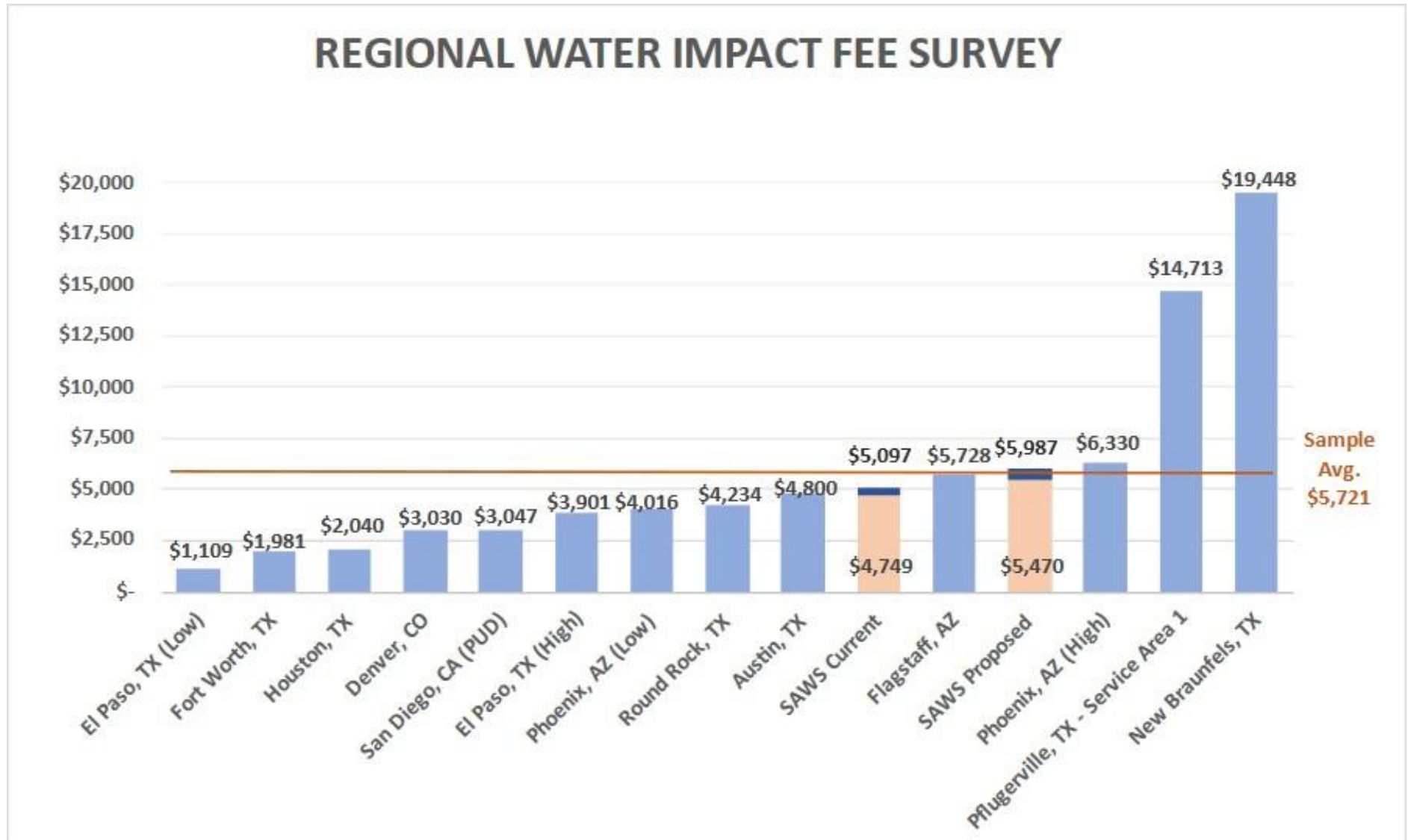
5. EDU definition applies based on average daily flow in gallons per day (gpd) except collection which shows 200 gpd average dry weather flow & 600 gpd per acre for Inflow & Infiltration (I/I).

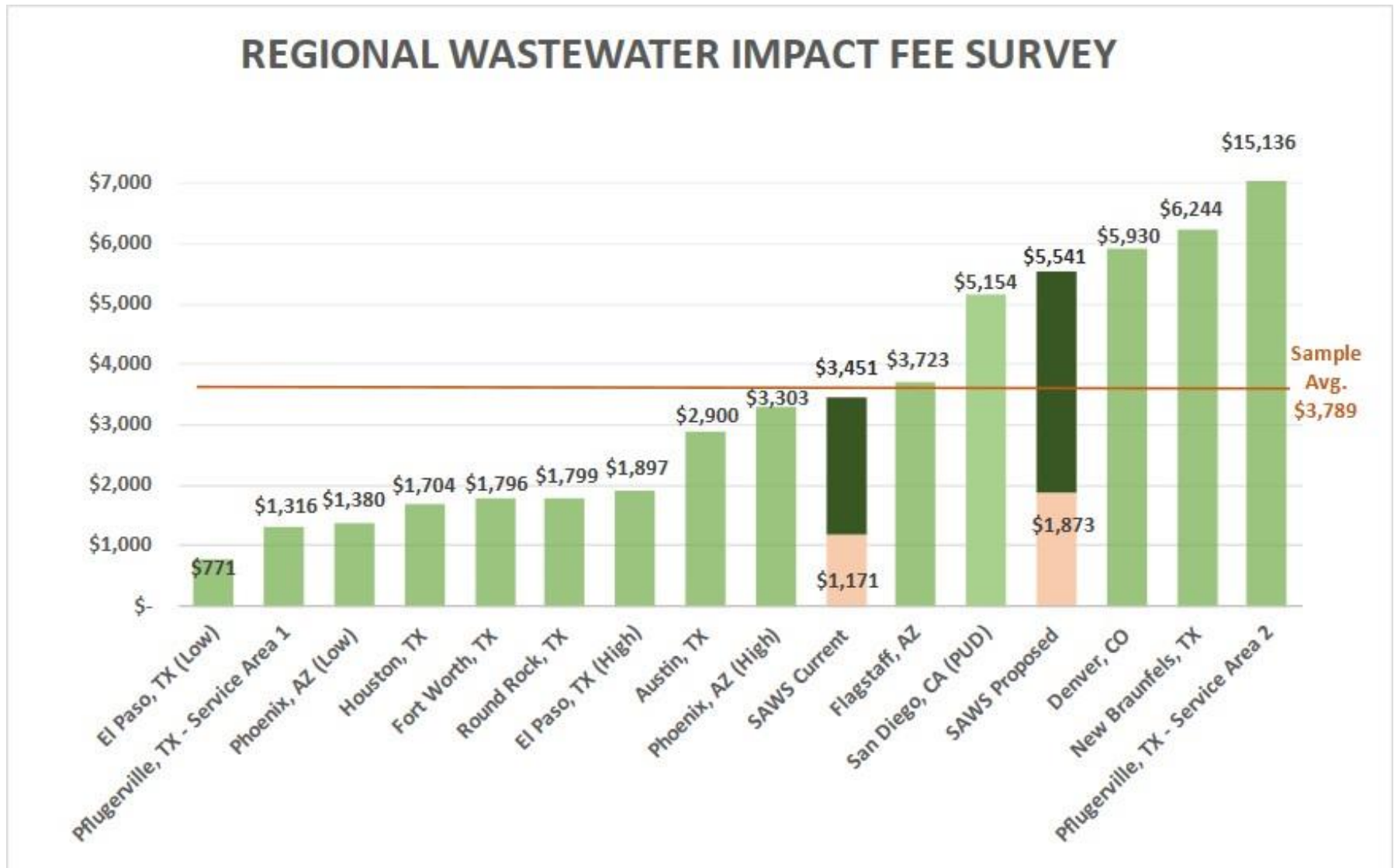
January 31, 2024

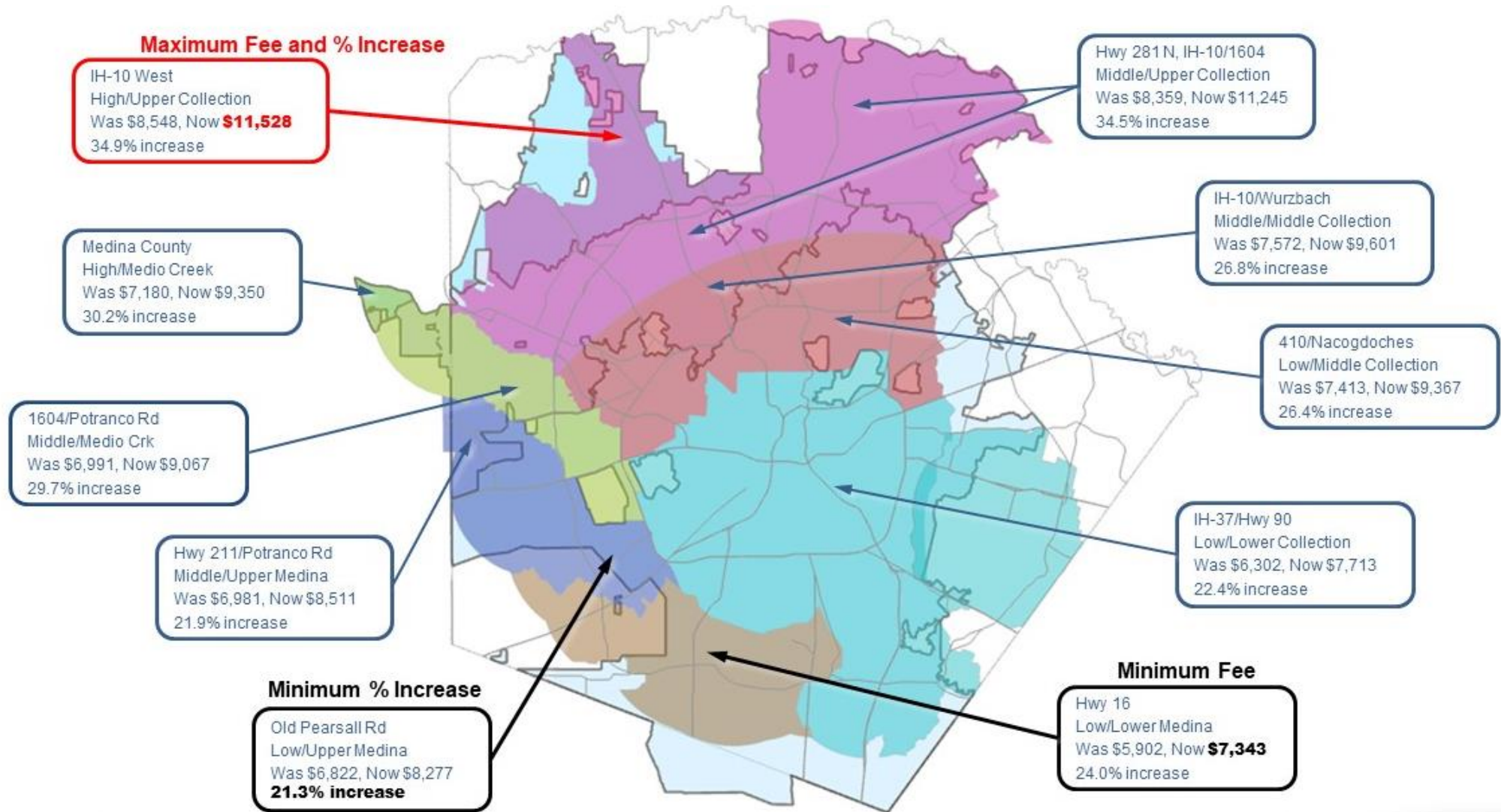
APPENDIX B: Impact Fee Survey of Texas Cities

APPENDIX B: Impact Fee Survey of Regional Cities



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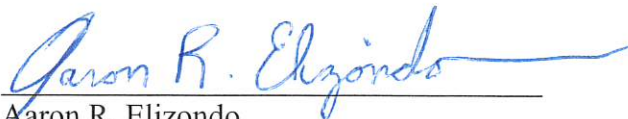
APPENDIX B: Impact Fee Survey of Regional Cities

APPENDIX C: Maximum Calculated Impact Fees by Service Level

Capital Improvements Advisory Committee



Danielle D. Garcia
District 1



Aaron R. Elizondo
District 7



Susan M. Wright
District 2
Chairwoman




Shad R. Schmid
District 8



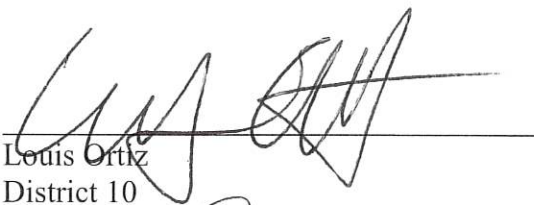
Thad Rutherford
District 3



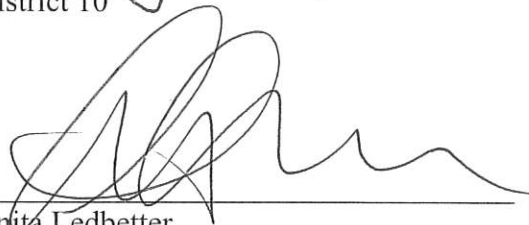
Michael D. Moore
District 9



Kacy D. Cigarroa
District 4
Vice Chairwoman



Louis Ortiz
District 10



Anita Ledbetter
ETJ

Vacant
District 5



Michael Hogan
District 6