AGENDA

- Introductions
- Impact Fee Basics
- Technical Process
- Next Steps
IMPACT FEE BASICS
Implementing the Plans

Water

Roadways

Wastewater
The Basic Question

**WHO PAYS FOR GROWTH?**

**IMPACT FEES**
New development/re-development shares in part of this responsibility

**NO IMPACT FEES**
Existing and future rate/tax payers build all capital facilities

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What is an Impact Fee?

- **One time fee** for funding the infrastructure necessary to specifically accommodate new development or re-development.
- *Philosophical Approach*: Growth in the form of new development should help pay its own way. “Growth Pays for Growth”
- Systematic and structured approach to assessment of fees over negotiate ad-hoc agreements
- Program rooted in Ch. 395 Texas Local Govt. Codes
- Fee proportional to development impact on infrastructure system (Chapter 212.904 TLGC)
Impact Fee Program

- Allowable by state law; alleviates burden on existing rate/tax payers for new facilities, or new infrastructure, to be used for serving new growth.
- Allows recoupment of project costs already constructed which contains oversized or excess capacity.
- Allows for implementation of key system improvements over piece-meal approach.
- Provides up front knowledge of the exact fee to be imposed.
- Fairly charges based on system impacts.
- Establishes rough proportionality.
- Allows for pooling of funds.
- Allows for developer credits.

Capital Costs paid for by Impact Fees:

- construction
- surveying
- engineering
- ROW
- debt service
What do Impact Fees NOT Pay for?

- Upgrading, updating, expanding, or replacing existing capital improvements **that serve existing development (where there is no new development)**
- Repair, operation, or maintenance of existing or new facilities
- Cost of projects that are not included in the Impact Fee Capital Improvement Plan
- Administrative and operating costs of the impact fee program
- Debt service for projects that are not included in the Impact Fee Capital Improvement Plan
Impact Fee Program Issues

Technical

- Land Use Assumptions
- Existing Conditions Analysis
- Service Area Structure
- Service Unit Equivalency
- 10-Year Projections
- 10-Year CIP Development
- Max. Calc Impact Fees

Policy

- Infrastructure Types to Apply
- Implementation
- Benchmarking
- Ordinance Considerations
- Future Updates

Administrative

- Administrative Tools
- Phase In Period
CIAC Role

• Provide insight and feedback
  – Land use assumptions
  – Capital Improvements Plans (CIP) for Water, Wastewater, Roadway and Drainage

• Written recommendation to City Council

• CIAC Meetings
  – 4 Scheduled Meetings

• Administrative
  – Review semi-annual reports
  – Report any inequities/perceived inequities with the system
Impact Fee Program
Development Schedule

Legend
LUA = Land Use Assumption
CIP = Capital Improvement Plan
CIAC = Capital Improvements Advisory Committee
## Program Development Process

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<td>Prepare Land Use Assumptions (LUA)</td>
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<td>Step 10</td>
<td>Adopt Impact Fee Ordinance</td>
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Conduct Impact Fee Analysis

- Impact Fee CIP Projects:
  - Recently constructed projects with excess capacity.
  - Projects under construction.
  - Future projects needed to serve growth

- Calculate “Impact Fee” eligible CIP costs

- Use land use assumptions to forecast growth in service units

- If applicable, Credit will be issued to keep new customers from “double paying” between user rates and impact fees

\[ \text{Impact Fee (Cost/Service Unit)} = \frac{\text{Eligible CIP Cost} - \text{Credit}}{\text{Service Unit Growth}} \]
ROADWAYS - A Two Step Process:

**Step 1:** Determine number of service units (vehicle-miles) generated by the development using the equivalency table.

No. of Development Units x Vehicle-miles = Development's Vehicle-miles per development unit

**Step 2:** Calculate the impact fee based on the fee per service unit for the roadway service area where the development is located.

Development's Vehicle-miles x Cost per Vehicle-mile = Impact Fee due from Developer

**WATER/WASTEWATER:**

Determine the service unit equivalency based on the development's meter connection size. Calculate the impact fee based on the fee per service unit.

Service Unit x Cost per Service Unit = Impact Fee due from Developer

**DRAINAGE:**

Determine the service unit equivalency based on the development's total impervious cover (percentage of the total land area that varies by land use). Calculate the impact fee based on the fee per service unit.

Service Unit x Cost per Service Unit = Impact Fee due from Developer
Example: New Development located within City Limits with collection rates of Roadway at $250 per vehicle-mile; Water at $480 per service unit; and Wastewater at $380 per service unit.

**Single-Family Dwelling**

Roads: 
1 dwelling unit x 2.49 veh-miles/dwelling unit = 2.49 veh-miles
2.49 veh-miles x $250/veh-mile = $622.50

Water (5/8” Meter): 
1.00 service units x $480/service unit = $480.00

Wastewater (5/8” Meter): 
1.00 service units x $380/service unit = $380.00

**Total Impact Fee:** 
Roads + Water + Wastewater = $622.50 + $480 + $380 = **$1,482.50**

**10,000 square foot (s.f.) Office Building**

Roads: 
10 (1,000 s.f. units) x 2.53 veh-miles/1,000 s.f. units = 25.30 veh-miles
25.30 veh-miles x $250/veh-mile = **$6,325.00**

Water (1” Meter): 
2.50 service units x $480/service unit = **$1,200.00**

Wastewater (1” Meter): 
2.50 service units x $380/service unit = **$950.00**

**Total Impact Fee:** 
Roads + Water + Wastewater = $6,325 + $1,200 + $950 = **$8,475.00**
Policy Issues

- What infrastructure systems to apply impact fees to?
- Determine the best methodology for applying the credit analysis
- Growth related components of CIP
- Zoned or uniform City impact fees
- What rate to charge, if less than the maximum to offset other City objectives

Application of Fee
  - Percent of maximum (i.e., 25% of max)
  - Across the Board fee ($1,500 SF everywhere)
  - Residential vs. Non-Residential Uses
  - Incremental Increase over Time

Targeted Off-sets or Exemptions
  - As defined by policy
Benchmarking with Other Cities: Single Family

Impact Fee per Service Unit Comparison – Single Family

Roadway Impact Fee Average = $2,655
Water Impact Fee Average = $2,597
Wastewater Impact Fee Average = $1,539
• The Ordinance should:
  – Explicitly state how impact fees will be administered and when the fees will be collected
  – Define impact fee service areas
  – Define provisions for credits and offsets in fees
  – Establish how the funds will be accounted for
  – Provide schedules for maximum fees that can be charged
  – State the actual fees that will be charged per service unit
  – Define how proportionality will be addressed and submittal requirements from development
Applying the Impact Fee Ordinance

At Time of Impact Fee Ordinance Adoption

• For development already in platting process
  — Exempt from impact fees for up to one year after the adoption of an impact fee program.
  — If a building permit is not pulled within one year, they are subject to the new fee.

• New development, after the approval of the impact fee ordinance
  — Subject to the new impact fee immediately.
Important Program for Irving

- New funding mechanism for implementing key system projects
- Upfront knowledge of fee to be imposed
- Demand driven systematic approach
- Specific impact fee CIP for infrastructure systems
- Credit for developer driven improvements
- Periodic system updates
- Tool for establishing Proportionality (Ch. 212 TLGC)
Impact Fee Program Deliverables

- Program delivery and implementation
  - Consistent with law (Ch. 395 TLGC)
- Road, Water and Wastewater CIPs aligned with City Master Plans
- A methodology for dealing with proportionality challenges
- Collection rates rooted in policy; ordinance and code integration
- Benchmarked collection rates to other Texas city programs
- Education (Impact Fee 101), public engagement, Council Workshops
- Impact Fee Calculator for Staff and general use on city web-site
Important Dates

- **Thursday November 17**  Meeting #1  
  topics: Impact Fee 101 and land use assumptions intro

- **Tuesday January 10, 2023**  Meeting #2  
  topic: land use assumptions

- **Tuesday April 18**  Meeting #3  
  topic: capital improvement programs for water/wastewater, traffic, drainage

- **Tuesday September 12**  Meeting #4  
  topic: maximum allowable impact fees

All meetings to be held in the 1st Floor Council Conference room at 6 pm unless otherwise stated on the posted agenda for the meeting.

(Additional meetings are not expected but may be scheduled by the committee or requested by the consultant as needed.)

- **Thursday June 8**  
  Public Hearing #1  
  at City Council meeting

- **Thursday October 12**  
  Public Hearing #2  
  at City Council meeting

- **Thursday October 26**  
  Adoption of Ordinance by City Council (if fees are preferred)
Questions?