

IMPACT FEE ADVISORY COMMITTEE

City of Boerne
Municipal Court Chambers
124 Old San Antonio Rd.
Boerne, Texas
Monday, August 4, 2014

Advisory Committee Members Present:

Cal Chapman (Vice-Chair), Jeff Bachmann (Secretary), Richard Sena, William Paxton and Paula Hayward.

City Staff Present:

Don Burger, Plants/ Engineering Administrator and Lisa Mack, Recording Secretary

Guests Present:

Grady Reed - HDR Engineering, Inc.

1. CALL TO ORDER.

The meeting was called to order at 5:07 p.m. with Vice-Chairman Cal Chapman presiding.

2. APPROVAL OF MINUTES OF July 7, 2014.

Vice-Chairman Chapman asked if there were any comments or corrections to the minutes of July 7, 2014.

A motion was made by Committee Member Sena to approve the minutes of July 7, 2014 meeting. Committee Member Bachmann seconded the motion. Motion passed: 5-0. Chairman Hollishead was absent. Committee Member Cohoon was absent. Committee Member Pena was late.

3. REVIEW THE LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN, AND IMPACT FEES PRESENTED IN A REPORT BY HDR ENGINEERING, INC. AND MAKE RECOMMENDATION TO CITY COUNCIL REGARDING THE UPDATE OF THE LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN, AND IMPACT FEES.

Mr. Burger began the meeting by explaining the city had hired HDR Engineering to prepare the population projections, land use assumptions and the capital improvement plan and to calculate the maximum impact fee that the city council can assess going forward. Mr. Burger briefly explained the process for reviewing the capital improvement plan and recommendation for impact fees.

Committee Member Chapman asked how often the plan is reviewed, to which Mr. Burger explained that the local government code requires that the city review a minimum of every five years. However, we can review more often if necessary.

Mr. Burger introduced Grady Reed with HDR Engineering and Mr. Reed began his presentation.

Committee Member Bachmann asked in reference to the population growth charts what the time difference between when Mr. Reed pulled the Texas Water Development Board (TWDB) population projection and the Planning and Zoning department population projection. Mr. Reed explained the numbers were pulled within a few months of each other. Committee Member Sena inquired if the population projections included the Esperanza development. Mr. Reed responded yes, these numbers include anywhere the city is planning on providing water and wastewater service within the ETJ.

Committee Member Cohoon asked if the projections from the TWDB are within the city limits and the other projections include the ETJ what is the delta between the two. Mr. Reed explained that this was difficult to measure as the city currently doesn't serve outside the city limits. Mr. Burger explained that Esperanza is the first major development outside the city limits that the city will serve. There is a development agreement that we will annex Esperanza in the next 10-15 years. There is a similar agreement in place for the Southglen development except they will be annexed as soon as they become contiguous. TWDB looks at population projections on a 50-60 year time frame while we are looking at a 10 year time frame.

Committee Member Chapman asked if impact fees go too high then developers won't pick this community and is this aspect of the projections as well. Mr. Burger explained the time frame of the previous update to impact fees and the

decision council made to phase in the maximum impact fee over a 2-3 year time frame. This was so as not to chase away new development.

Committee Member Cohoon asked what the impact fees are being charged by other cities. Mr. Reed gave examples of several cities: City of Boerne \$7,143, Round Rock \$6,000, Leander \$5,500, San Marcos \$5,700, New Braunfels \$3,100. City of Boerne is one of the highest in the state. Mr. Reed explained it is hard to compare as we don't know if these other cities are charging the full amount and making up the difference in their rates. It also could depend on where the other cities are in their infrastructure growth.

Committee Member Cohoon asked what the pricing difference on the acceleration scale between going on the lower end versus the more aggressive growth model. Mr. Reed responded they would need to adjust the CIP scale for a more accurate number however, it should be a 20% swing either way.

Committee Member Hayward asked if the impact fee would only factor growth from 5 years ago when the current impact fee was assessed or will it include arrears. Mr. Burger explained it would take into account the growth that has already occurred as if it has already paid its impact fee. We are working forward. We get to look at a 10 year window. However, we can plan our projects 20-30-40 years into the future. We can collect impact fees on any unused capacity we have already paid for at any of the cities facilities that would be used for new development until that Capacity is used up.

Committee Member Sena asked if the city collects impact fees within the ETJ. Mr. Burger explained we can only collect impact fees within the ETJ if we provide water and wastewater service to that customer. It has been the cities policy to not provide those services outside the city limits as a means to control the development within the city limits and the ETJ. This forces the developer to petition for annexation. In the case of the Esperanza and Southglen subdivisions the developers came to the city and asked not to be annexed at this time although they did want water and wastewater services. City council executed development agreements and agreed to provide water and wastewater services under specific conditions outside the city limits.

Committee Member Hollinshead asked if these developments pay the full impact fees. Mr. Burger explained the impact fees would be subject to the terms of the development agreements. Both of these particular agreements do charge the full impact fee.

Committee Member Sena asked about the cost of improvements over the next x number of years was still in the 70 million dollar area as he remembers. Mr. Burger confirmed the cost was still in that neighborhood. Committee Member Sena went over a general math equation to explain the current rate of impact fees. Current population is 12,000; we are anticipating another 5,000 homes to be built in the next 12-15 years which would be potentially an additional 13,000 people. So the population is going to double. If we meet full maturation of those developments in the next 15 years then you look at the current impact fee of roughly \$7,100 x 5,000 houses = 35 million which is half the 70 million dollar estimate. If we are going to double the population the new houses are going to cover half the improvements and the old houses are paying the other half. Mr. Burger agreed that was correct in very broad terms.

Committee Member Chapman outlined his thoughts on the two worst case scenarios. One is that 6 months from now everything falls off the table and we don't want to commit to 70 million. Additionally, we won't have the development driving it. Mr. Burger confirmed we don't have to build the improvements if this is the case. Committee Member Chapman then lined out his second worst case scenario. What if we don't double in population in 10 years but triple in that time frame? In that case do the current impact fees still make sense absent inflation? Mr. Burger explained that if we guess low on the population then we will have to accelerate the building schedule for capital improvements. We will need them sooner rather than later. The local government code says we have to look at and update capital improvements and impact fees every five years but we are allowed to do it more often.

There was discussion back and forth regarding the population growth number presented by Mr. Reed.

Committee Member Bachman asked how sensitive is the capital improvement plan to the population. Mr. Burger explained that a large change in the population projections could push a big project out of the 10 year planning window which reduces the total cost of the capital improvements. Choosing the higher population projection would bring a lot of those projects back into the planning window. Two large projects are the expansion of the Wastewater Treatment and Recycling Center (WWTRC) and the expansion/replacement of the Water Treatment Plant (WTP) at Boerne Lake. The WTP will probably end up in the 10 year planning window regardless of what population projection is picked.

Committee Member Bachman asked what the estimated cost would be for the WTP. Mr. Burger responded it would be a 10-20 million dollar project. The first phase of expansion would be in the 10 million dollar range.

Discussion was had regarding the inspections of the Wastewater Treatment Plant (WWTP) and the status of those inspections. Mr. Burger explained we are in the process of renewing the permit for the plant and hope to have that process completed by March of 2015. If the permit stays the same then we can continue to operate the current plant, however, if the permit changes and places more restrictions then we will need to look at the next phase of the new WWTRC and taking the original treatment plant offline. The replacement cost is not something we can collect with impact fees because it is not new capacity for new development; it is capacity for existing development. Anything done to an existing facility we cannot collect the cost of those improvements with impact fees. If it increases capacity then we can collect.

Committee Member Sena asked if there are any other improvements that can be included in the impact fees. Mr. Reed explained that we can assess roadway impact fees in the State of Texas; however, they are less common. If we do impose roadway impact fees we would have to split the city into grid areas based on the road network.

Committee Member Hayward made a motion to consider the maximum population projects to move to the next stage of the project. Committee Member Bachmann seconded the motion. Motion passed 6-0.

4. **DISCUSS DATE AND TIME FOR NEXT MEETING TO REVIEW THE CAPITAL IMPROVEMENTS PLAN AND IMPACT FEES TO MAKE RECOMMENDATION TO CITY COUNCIL.**

The council discussed and agreed to have the next IFAC meeting on August 4, 2014 at 5:00-6:30. This would be just prior to the Planning and Zoning Commission meeting.

5. **ADJOURN.**

Vice-Chairman Chapman adjourned the meeting at 5:58 p.m.

Chairman

Secretary