

City of Seguin

Planning/Codes Department

Memorandum

Date: December 28, 2015
To: Mayor Keil and the Seguin City Council
From: Pamela Centeno
Director of Planning and Codes
RE: Five Year Update to the City of Seguin Water and Wastewater Impact Fees

State laws require that cities conduct an update to their Impact Fee Study every five years. Impact fees are charged to new customers for connections to the City's water and wastewater utilities. The fees are not charged to existing utility customers unless the impact to the system is being increased with the installation of a larger water meter. Impact fees collected by cities are used to pay for a portion of the costs of providing service to new development. This includes upgrades to or new installations of transmission lines, pumps, storage tanks, and treatment plants. Impact fees help reduce the burden on existing utility customers' rates as new growth and development generate the need for system wide improvements and expansions. Without impact fees, existing customers will bear the burden of the costs to serve new developments.

State laws regulate the process in which the update is conducted. City staff, in conjunction with TRC Engineers and Willdan Financial, has recently conducted the update to the City's water and wastewater impact fees and will be presenting the results of the study during the January 5th Council meeting. The updates include future population growth and land use projections within the water and wastewater service areas. These projections combined with the capital improvements plans are used to calculate the maximum impact fees the City is allowed to charge to new utility customers.

The updates to the 2010 study are in chapters 1, 5, and 6. These updated chapters are attached along with the recommendation of the Impact Fee Advisory Committee. Also attached is a copy of the presentation. During the presentation, City staff will explain the difference between maximum fees and effective fees. Maximum fees cannot be changed until the next update is conducted. Effective fees can be evaluated and changed every six months as long they do not exceed the maximum fees. Staff is recommending the adoption of separate maximum and effective fees in order to allow the Council to amend the fees as needed over the next five years before the next update is conducted. Staff has completed a fee comparison for surrounding cities and is recommending the following maximum and effective fees for a typical single-family residence on a 5/8" x 3/4" water meter:

	Water	Wastewater
<i>Current Maximum & Effective Fees</i>	\$ 613	\$ 2,374
Proposed Maximum Fees	\$ 1,568	\$ 4,592
Proposed Effective Fees	\$ 1,073	\$ 3,442

The above fees are calculated for one Living Unit Equivalency (LUE). The impact fees charged for larger water meters are based on the conversion chart in the Impact Fee Study.