

WATER & WASTEWATER IMPACT FEES

FIVE-YEAR UPDATE

City Council Meeting
January 19, 2021



IMPACT FEES...

WHAT are they?

- Fees charged to **new connections** to water and wastewater utilities in order to generate funding for capital improvements needed for new growth and development.
- Existing customers are only charged if a larger water meter is installed, increasing the impact on the system.

HOW are they used?

- Impact fees collected are used to pay for a portion of the costs of providing service to new development.
- Includes upgrades or new installations of transmission lines, pumps, storage tanks, treatment plants, etc.

WHY do we need them?

- Impact fees help reduce the burden on existing utility customers' rates.
- As new growth and development occurs system wide improvements and expansions are needed.
- Without impact fees, existing customers would see significant rate increases to pay for these costs.

What is a Living Unit Equivalent (LUE)?

- An LUE is the typical flow that would be produced by a small single family residence. In this study, it represents 3.29 people per residence. This is the service unit used throughout the study.

What is the 5-Yr Update?

- By State law, updates are required every five years.
- The update must include:
 - Land Use Assumptions (projected population and land use over the next ten years)
 - Capital Improvements Plans (improvements needed to water and wastewater systems to meet the growth projected)
 - Impact Fee Rate Study (the calculation of the maximum impact fees allowed)
- Two firms were hired to assist the City in the update:
 - TRC Engineers- Land Use Assumptions and Capital Improvements Plans (including maps)
 - Willdan Financial- Impact Fee Rate Study

How is the maximum fee calculated?

- By dividing the costs of capital improvements by the number of service units (LUEs) derived from the land use assumptions; and applying the credits mandated by State law.

MAXIMUM FEES VS. EFFECTIVE FEES

Maximum fees are determined by the results of the study

Council can adopt maximum fees up to (but no higher than) the fees from the study

State law mandates that maximum fees for a development are based on time of platting

- *Unplatted properties and properties platted prior to the City's first adoption of Impact Fees (1990) are assessed based on current fees.*
- *Chart is available for properties platted between 1990 and now.*

Council can also adopt effective fees less than the maximum and change these fees every six months

Maximum fees can only be changed with a new study

Effective Impact Fees can be changed without a new study if they do not exceed maximum fees

Adopting maximum and effective fees allows the Council flexibility in revising fees over the next five years

Agenda Items for Five-Year Update

Presentation and Public Hearing of Five-Year Updates, Ordinance Changes, & Fees



Resolution adopting the Land Use Assumptions, Capital Improvements Plans, and Impact Fee Study

Study includes the fee calculations for maximum allowable fee



Ordinance adopting changes to the City Code of Ordinances

Adoption of both Maximum and Effective Fees



Ordinance adopting the Maximum and Effective Fees to be Charged

Maximum fees cannot be higher than the allowable fees from the study and cannot be changed without an update or new study

Effective fees can change under the current update if less than maximum fees adopted by Council

THREE PHASES OF FEE UPDATES



**Land Use
Assumptions**

**Capital
Improvements
Plans**

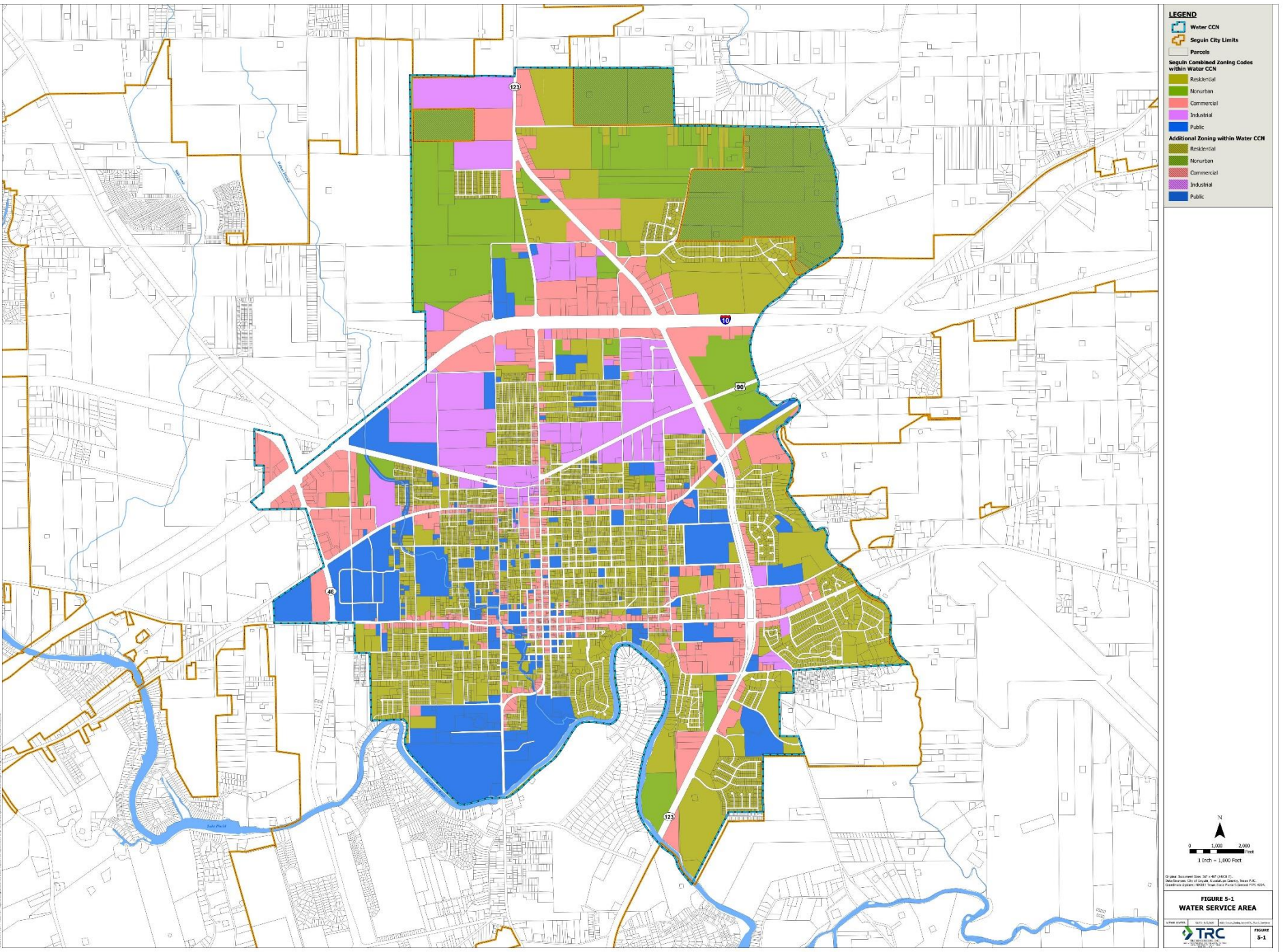
**Impact Fee
Study**

LAND USE ASSUMPTIONS

(current, 10-yr, and full buildout)

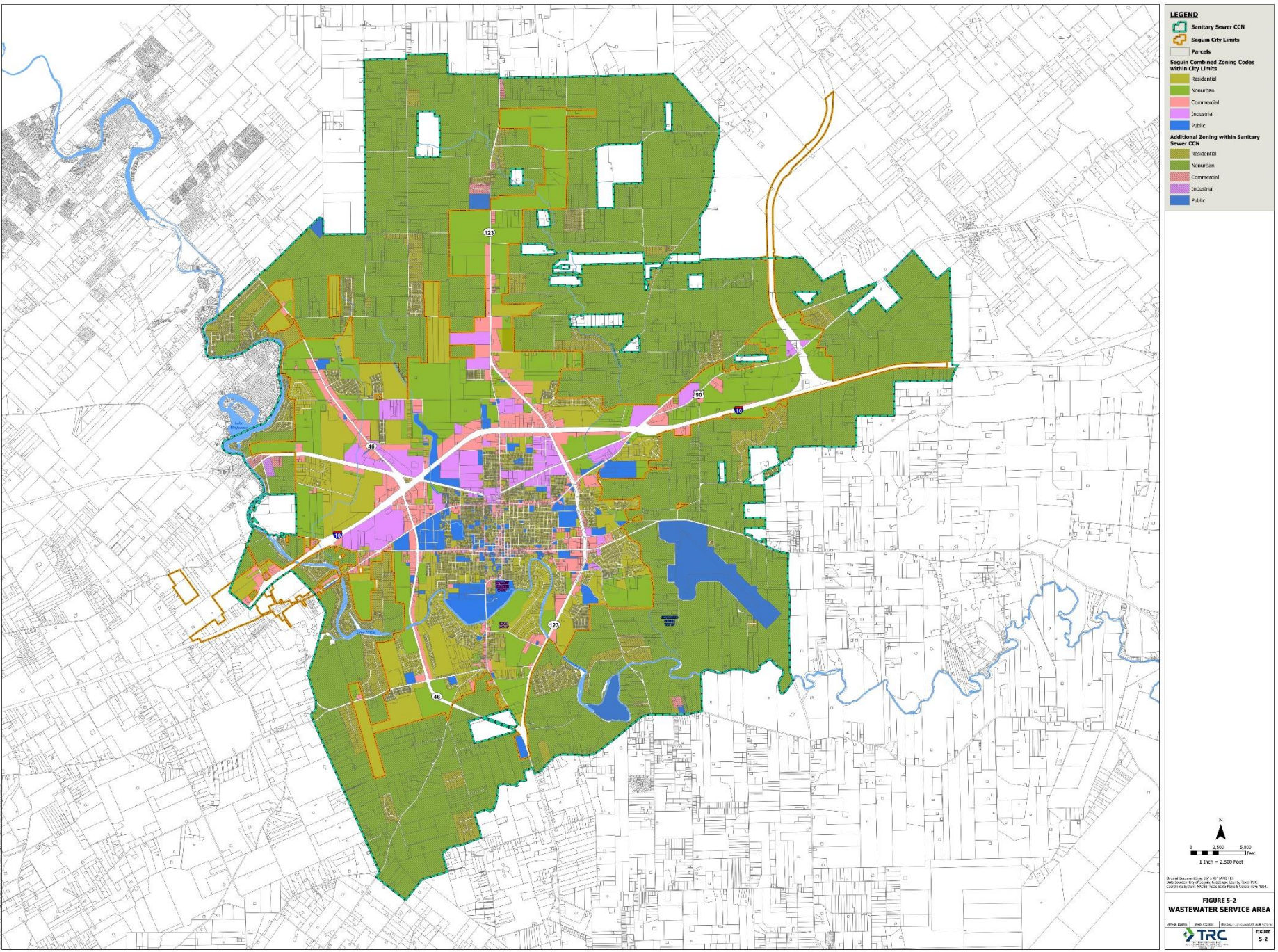


WATER SERVICE AREA



**CAPITAL PROJECTS
& ENGINEERING**

WASTEWATER SERVICE AREA



SEGUIN
TEXAS

**CAPITAL PROJECTS
& ENGINEERING**

LAND USE ASSUMPTIONS

POPULATION ESTIMATES

Water CCN: Number of Residential Meters x 3.29 (avg family size).
(1.5% Projected Growth Rate)

Wastewater CCN: Number of Residential Accounts on Sewer x 3.29 plus...
Number of Apt Units at 85% occupancy x 2.0* plus...
Number of TLU students living on-campus plus...
Number of Beds in Nursing Homes.
(2% Projected Growth Rate) *More vacant, developable land in sewer CCN*

*National Multifamily Housing Council



LAND USE ASSUMPTIONS

Table 5.1

Population & Land Use Projection for Water Utility

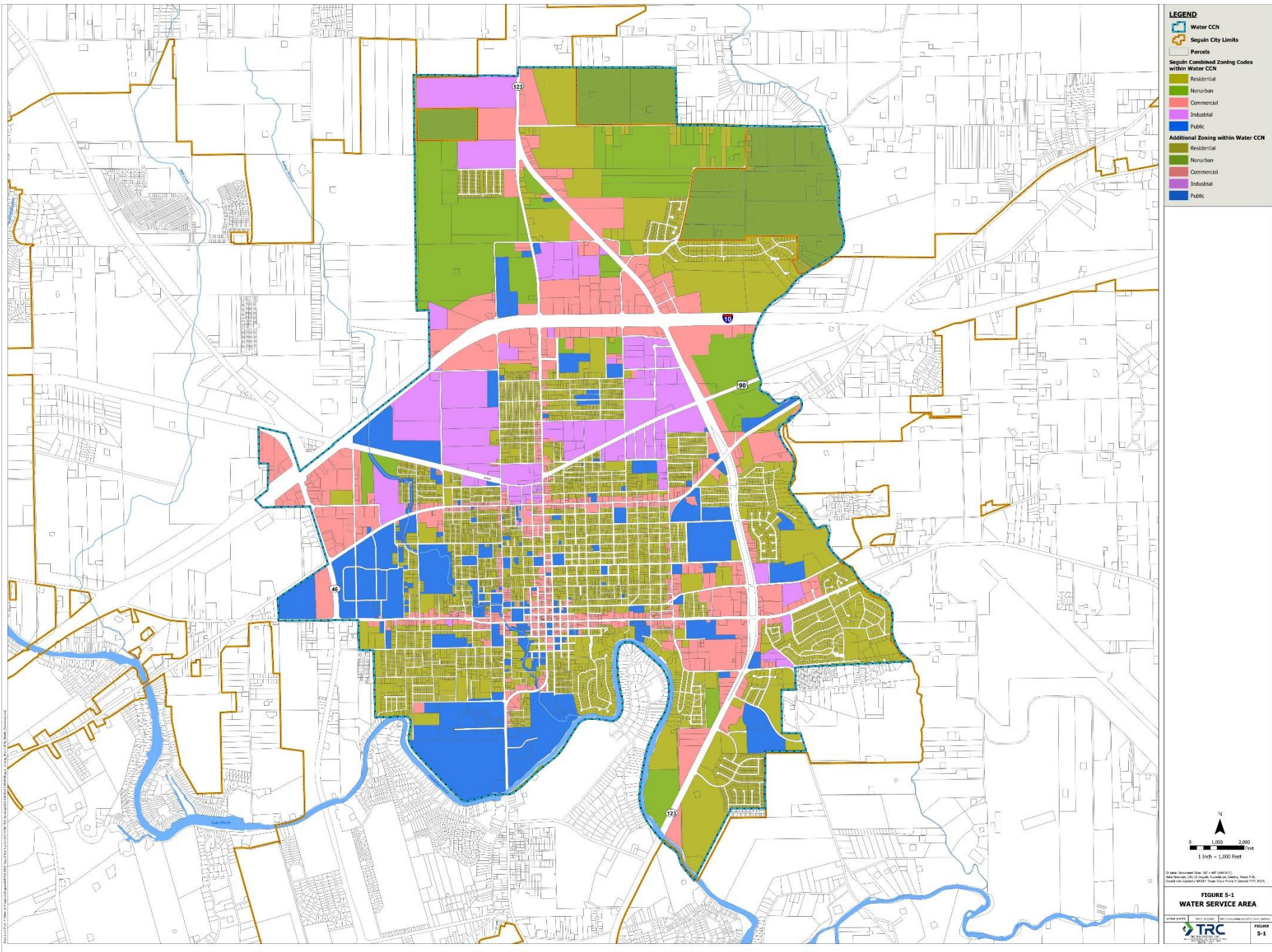
| LAND USE | 2020 | | 2030 | | Full Buildout | |
|----------------------------|--------------|----------------|--------------|----------------|---------------|----------------|
| | ACRES | % | ACRES | % | ACRES | % |
| Residential | 2,677 | 28.54% | 2,818 | 30.04% | 2,968 | 31.64% |
| Right of Way | 1,079 | 11.50% | 1,219 | 12.99% | 1,268 | 13.52% |
| Commercial | 1,629 | 17.36% | 1,769 | 18.86% | 1,969 | 20.99% |
| Industrial | 882 | 9.40% | 1,022 | 10.89% | 1,221 | 13.02% |
| Public | 1,109 | 11.82% | 1,249 | 13.31% | 1,273 | 13.57% |
| Nonurban | 2,005 | 21.37% | 1,304 | 13.90% | 682 | 7.27% |
| TOTAL ACREAGE | 9,381 | 100.00% | 9,381 | 100.00% | 9,381 | 100.00% |
| City Limit Population (a) | 31,884 | | 42,849 | | 60,009 | |
| Service Population (b) (c) | 27,250 | | 31,625 | | 36,702 | |
| Population per Urban Acre | 5.25 | | 5.64 | | 5.96 | |
| Population per Total Acre | 2.90 | | 3.37 | | 3.91 | |

LAND USE ASSUMPTIONS

Table 5.2

Population & Land Use Projection for Wastewater Utility

| LAND USE | 2020 | | 2030 | | Full Buildout | |
|----------------------------|---------------|----------------|---------------|----------------|---------------|----------------|
| | ACRES | % | ACRES | % | ACRES | % |
| Residential | 7,418 | 11.41% | 8,722 | 13.41% | 10,223 | 15.72% |
| Right of Way | 246 | 0.38% | 1,548 | 2.38% | 1,801 | 2.77% |
| Commercial | 3,122 | 4.80% | 4,423 | 6.80% | 4,676 | 7.19% |
| Industrial | 1,824 | 2.80% | 3,122 | 4.80% | 3,375 | 5.19% |
| Public | 1,430 | 2.20% | 2,732 | 4.20% | 2,777 | 4.27% |
| Nonurban | 50,998 | 78.41% | 44,491 | 68.41% | 42,186 | 64.86% |
| TOTAL ACREAGE | 65,038 | 100.00% | 65,038 | 100.00% | 65,038 | 100.00% |
| City Limit Population (a) | 31,884 | | 42,849 | | 60,009 | |
| Service Population (b) (c) | 31,097 | | 37,908 | | 54,745 | |
| Population per Urban Acre | 2.52 | | 2.33 | | 3.00 | |
| Population per Total Acre | 0.48 | | 0.58 | | 0.84 | |



Land Use Projections

- Future Land Use Plan Map
- Existing Zoning Districts
- Development Patterns

Land Use Projections

- Future Land Use Plan Map
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- Development Patterns



CAPITAL IMPROVEMENTS PLANS

Inventory of Existing and Planned Capital Facilities

Performed by Licensed Professional Engineer (TRC)

Capacity Analysis of Existing and Future Facilities

- To serve Existing Development, including upgrades
- To Serve Growth During Next 10 Years
- Excess Capacity for Growth After 10 Years

Units of Service for Residential, Commercial, Industrial

Cost per Unit for Next Ten Years' Growth



CAPITAL IMPROVEMENTS PLANS

Table 5-6
Estimation of LUEs

| METER SIZE (Excluding Residential and Wholesale Master Meters) | LUEs PER METER (b) | RETAIL, EXC. RES. MASTER METERS | |
|---|---------------------------|---------------------------------|---------------|
| | | METERS (a) | SUBTOTAL LUES |
| 5/8" | 1.0 | 7,309 | 7,309 |
| 3/4" | 1.5 | 0 | 0 |
| 1" | 2.5 | 194 | 485 |
| 1-1/4, 1-1/2 | 5.0 | 129 | 645 |
| 2" | 8.0 | 210 | 1,680 |
| 3" | 17.5 | 34 | 595 |
| 4" | 30.0 | 17 | 510 |
| 6" | 67.5 | 7 | 473 |
| 8" | 90.0 | 3 | 270 |
| 10" | 115.0 | 0 | 0 |
| 12" | 440.0 | 0 | 0 |
| Total | | 7,903 | 11,967 |
| Population per LUE | | | 2.2800 |

CAPITAL IMPROVEMENTS PLANS

Table 5-11

Summary of Total Capital Costs

| UTILITY | FACILITY TYPE | COST/LUE * |
|---|----------------------------------|--------------------|
| WATER | Supply | \$0.00 |
| | Treatment | \$0.00 |
| | Pumping | \$601.47 |
| | Ground Storage | \$155.66 |
| | Elevated Storage | \$279.40 |
| | Major Transmission | \$823.25 |
| | Study Costs | \$12.08 |
| | TOTAL WATER CAPITAL COSTS | \$1,871.86 |
| WASTEWATER | Treatment | \$12,791.07 |
| | Pumping ** | \$749.18 |
| | Major Collection | \$574.36 |
| | Study Costs | \$7.70 |
| TOTAL WASTEWATER CAPITAL COSTS | | \$14,122.32 |
| TOTAL WATER AND WASTEWATER CAPITAL COSTS | | \$15,994.17 |

IMPACT FEE CALCULATION – MAXIMUM ALLOWABLE IMPACT FEES

How is the maximum fee calculated?

- By dividing the costs of capital improvements by the number of service units (LUEs) derived from the land use assumptions; and applying the credits mandated by State law.

How are credits applied?

- *Per Chapter 395 a credit is applied to the total capital costs as follows:*
 - Detailed Credit- the amount of costs to be recovered for anticipated ad valorem tax and revenues to City from the development.
 - or
 - A Credit equal to 50% of the cost.

The Equity Residual Model

Both credits are applied to each line item and the higher of the two credit approaches is selected.



CALCULATIONS FOR WATER AND WASTEWATER MAXIMUM IMPACT FEES

| UTILITY/FACILITY TYPE | COST PER LUE* | ALTERNATIVE ADJUSTMENTS | | MAXIMUM FEE AMOUNTS | | HIGHER OF A OR B |
|-------------------------------|---------------------|-------------------------|--------------------|---------------------|--------------------|---------------------|
| | | A Rate Credit | B 50% Credit | A Rate CREDIT | B 50% CREDIT | |
| WATER | | | | | | |
| Pumping | \$601.47 | \$347.05 | \$300.73 | \$254.41 | \$300.73 | \$300.73 |
| Ground Storage | \$155.66 | \$0.00 | \$77.83 | \$155.66 | \$77.83 | \$155.66 |
| Elevated Storage | \$279.40 | \$27.18 | \$139.70 | \$252.22 | \$139.70 | \$252.22 |
| Transmission | \$823.25 | \$490.36 | \$411.62 | \$332.89 | \$411.62 | \$411.62 |
| Study Costs | \$12.08 | \$0.00 | \$6.04 | \$12.08 | \$6.04 | \$12.08 |
| Subtotal Water | \$1,871.86 | \$864.59 | \$935.93 | \$1,007.27 | \$935.93 | \$1,132.32 |
| WASTEWATER | | | | | | |
| Treatment | \$12,791.07 | \$5,911.73 | \$6,395.53 | \$6,879.33 | \$6,395.53 | \$6,879.33 |
| Lift Stations (a) | \$749.18 | \$165.64 | \$374.59 | \$583.55 | \$374.59 | \$583.55 |
| Collection | \$574.36 | \$521.55 | \$287.18 | \$52.81 | \$287.18 | \$287.18 |
| Study Costs | \$7.70 | \$0.00 | \$3.85 | \$7.70 | \$3.85 | \$7.70 |
| Subtotal Wastewater | \$14,122.32 | \$6,598.92 | \$7,061.16 | \$7,523.40 | \$7,061.16 | \$7,757.77 |
| TOTAL WATER AND WASTEWATER | \$15,994.17 | \$7,463.51 | \$7,997.09 | \$8,530.66 | \$7,997.09 | \$8,890.09 |



CAPITAL PROJECTS
& ENGINEERING

WATER AND WASTEWATER MAXIMUM IMPACT FEES

| METER TYPE | METER SIZE | MULTIPLIER | MAXIMUM IMPACT FEE | | |
|------------|------------|------------|--------------------|----------------|----------------|
| | | | WATER | WASTEWATER | BOTH |
| SIMPLE | 5/8 X 3/4" | 1.0 | \$1,132.32 | \$7,757.77 | \$8,890.09 |
| SIMPLE | 3/4" | 1.5 | \$1,698.48 | \$11,636.65 | \$13,335.13 |
| SIMPLE | 1" | 2.5 | \$2,830.80 | \$19,394.41 | \$22,225.22 |
| SIMPLE | 1 1/2" | 5.0 | \$5,661.61 | \$38,788.83 | \$44,450.43 |
| SIMPLE | 2" | 8.0 | \$9,058.57 | \$62,062.13 | \$71,120.69 |
| COMPOUND | 2" | 8.0 | \$9,058.57 | \$62,062.13 | \$71,120.69 |
| TURBINE | 2" | 16.0 | \$18,117.14 | \$124,124.25 | \$142,241.39 |
| COMPOUND | 3' | 17.5 | \$19,815.62 | \$135,760.90 | \$155,576.52 |
| TURBINE | 3" | 35.0 | \$39,631.24 | \$271,521.80 | \$311,153.03 |
| COMPOUND | 4" | 30.0 | \$33,969.63 | \$232,732.97 | \$266,702.60 |
| TURBINE | 4" | 65.0 | \$73,600.87 | \$504,254.77 | \$577,855.64 |
| COMPOUND | 6" | 67.5 | \$76,431.67 | \$523,649.19 | \$600,080.85 |
| TURBINE | 6" | 140.0 | \$158,524.94 | \$1,086,087.20 | \$1,244,612.14 |
| COMPOUND | 8" | 90.0 | \$101,908.89 | \$698,198.91 | \$800,107.80 |
| TURBINE | 8" | 240.0 | \$271,757.04 | \$1,861,863.77 | \$2,133,620.81 |
| COMPOUND | 10" | 115.0 | \$130,216.92 | \$892,143.06 | \$1,022,359.97 |
| TURBINE | 10" | 350.0 | \$396,312.35 | \$2,715,218.00 | \$3,111,530.35 |
| TURBINE | 12" | 440.0 | \$498,221.24 | \$3,413,416.91 | \$3,911,638.15 |



IMPACT FEES COMPARISON

| | Water | Other | Wastewater | Total |
|--------------------------|------------|--------------|------------|-------------|
| Seguin (current) | \$1,073.00 | \$354.54* | \$3,692.00 | \$5,119.54 |
| Seguin (2020 Maximum) | \$1,132.32 | \$354.54* | \$7,757.77 | \$9,244.63 |
| Schertz | \$2,934.00 | \$1607.27* | \$1,668.00 | \$6,209.27 |
| San Marcos | \$2,285.00 | - | \$3,506.00 | \$5,791.00 |
| New Braunfels Utilities | \$7,989.00 | - | \$3,251.00 | \$11,240.00 |
| Kyle | \$3,535.00 | - | \$2,826.00 | \$6,361.00 |
| Cibolo | \$3,595.00 | \$1,800.00** | \$1,770.00 | \$7,165.00 |
| Springs Hill WSC | \$2,325.00 | - | - | \$2,325.00 |

* SSLGC water impact fee

** CCMA wastewater impact fee



IMPACT FEES COMPARISON

| | Water | Other | Wastewater | Total |
|--|--------------------------|--------------|---------------------------|---|
| Seguin (current) | \$1,073.00 | \$354.54* | \$3,692.00 | \$5,119.54 |
| Seguin (proposed effective- \$1,500 increase) | \$1,073.00 (0% increase) | \$354.54* | \$5,192.00 (41% increase) | \$6,619.54 (32% increase + SSLGC fees) |
| Seguin (proposed effective- 50% increase) | \$1,073.00 (0% increase) | \$354.54* | \$6,074.00 (65% increase) | \$7,501.54 (50% increase + SSLGC fees) |
| Seguin (2020 Maximum) | \$1,132.32 | \$354.54* | \$7,757.77 | \$9,244.63 |
| Schertz | \$2,934.00 | \$1607.27* | \$1,668.00 | \$6,209.27 |
| San Marcos | \$2,285.00 | - | \$3,506.00 | \$5,791.00 |
| New Braunfels Utilities | \$7,989.00 | - | \$3,251.00 | \$11,240.00 |
| Kyle | \$3,535.00 | - | \$2,826.00 | \$6,361.00 |
| Cibolo | \$3,595.00 | \$1,800.00** | \$1,770.00 | \$7,165.00 |
| Springs Hill WSC | \$2,325.00 | - | - | \$2,325.00 |

* SSLGC water impact fee

** CCMA wastewater impact fee



IMPACT FEES AS A PERCENTAGE OF AVERAGE HOME SALES PRICE

| | Total Impact Fees | Avg Home Price | Percentage of Home Price for total Impact Fees | Percentage of Home Price for Impact Fees w/o SSLGC Fee |
|--------------------------------------|-------------------|----------------|--|--|
| Seguin (current) | \$ 5,119.54 | \$ 249,400.00 | 2.05% | 1.91% |
| Seguin (proposed - \$1,500 increase) | \$ 6,619.54 | \$ 249,400.00 | 2.65% | 2.51% |
| Seguin (proposed - 50% increase) | \$ 7,501.54 | \$ 249,400.00 | 3.01% | 2.87% |
| Seguin (2020 Maximum) | \$ 9,244.63 | \$ 249,400.00 | 3.71% | 3.56% |
| Schertz | \$ 6,209.27 | \$ 259,900.00 | 2.39% | 1.77% |
| San Marcos | \$ 5,791.00 | \$ 267,500.00 | 2.16% | |
| New Braunfels | \$ 11,240.00 | \$ 306,900.00 | 3.66% | |
| Kyle | \$ 6,361.00 | \$ 249,700.00 | 2.55% | |
| Cibolo | \$ 7,165.00 | \$ 270,000.00 | 2.65% | |

Questions/Comments

