

MEMORANDUM

To: Mayor and City Council Members
Steve Parker, City Manager

From: Melissa Reynolds, P.E., CFM – Director of Engineering & Capital Projects

Through: Rick Cortes, Deputy City Manager

Subject: Public Hearing on an Update to City of Seguin Water and Wastewater Impact Fee Study

Date: May 16, 2023

Impact fees are charged to new customers for connecting to the City's water and wastewater utilities. The fees are typically not charged to existing utility customers, unless the customer submits a request to increase the size of their existing meter, at which point the customer will be required to pay the difference between the two impact fees. Impact fees collected by cities are used to pay for a portion of the costs necessary to provide services for new development. This may include installation of new transmission lines or the upgrades of existing lines. Fees can also be utilized for the upgrade/installation of pumps, storage tanks, and treatment plants. Impact fees help reduce the burden on existing utility customers' utility rates when new growth and development generate the need for system wide improvements and/or expansions. Without impact fees, existing customers would bear the burden of the costs to serve new developments.

State laws require that cities conduct an update to their Impact Fee Study every five years. State laws also regulate the process in which the update is conducted. City staff, in conjunction with Freese & Nichols, is in the process of an update to the City's water and wastewater impact fee studies. The results of these analyses will be submitted for Council review and adoption at a future 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 can charge to tie into the City's water and wastewater systems. This information was presented to the Capital Improvements Advisory Committee (CIAC) on March 14, 2023, immediately following the Planning & Zoning Commission meeting. The final result of the study is intended be presented to the CIAC on June 13, 2023.

Freese & Nichols, Inc. as well as City staff will be present for any questions at the May 16, 2023 City Council Meeting.