

MEMORANDUM

To: City of Seguin Mayor and Council Members
Douglas Faseler, City Manager

From: John Foreman, Assistant Director of Planning & Codes

Through: Rick Cortes, Assistant City Manager and
Pamela Centeno, Director of Planning & Codes

Subject: **Roadway Impact Fee Study**

Date: April 11, 2017

Background

The City of Seguin is considering implementing roadway impact fees in order to offset the cost of development to the transportation network. Similar to water and wastewater impact fees, these fees would be paid by developers/builders when they pull permits for new construction or additions that impact the transportation system. They are one-time fees at the time of construction, not ongoing fees to existing residents.

The process for impact fees is outlined in Chapter 395 of the Texas Local Government Code. In accordance with these regulations, City Council has adopted an order setting a public hearing to discuss and review the Impact Fee Study. The public hearing is scheduled for April 18, 2017.

Impact Fee Study Contents

The Study contains the following items, which are required when a City establishes a roadway impact fee.

- Service Areas – Seguin contains four service areas as identified in Exhibit 1 of the study. Fees must be spent on projects in the same service areas in which they are collected.

- Land Use Assumptions – describe changes in land uses, densities, and population over the next ten years.
- Capital Improvement Plan – a list of roadway projects needed to accommodate projected growth within the city in the next 10 years.
- Service Unit Calculation – the vehicle-mile is the Service Unit for Roadway Impact Fees. This calculation identifies the increase in vehicle-miles driven because of growth in each service area.
- Roadway Impact Fee Calculation – using the information above, the Study calculates the maximum assessable fee per Service Unit for each Service Area. This is provided in Table 8. In order to assess the fee for development, Table 9 converts land uses to vehicle-miles. Several sample calculations are provided.

Council adopted a Resolution on December 6th accepting the Service Areas, Land Use Assumptions, and Capital Improvement Plan. The Impact Fee Calculation and maximum rates are presented here for the first time.

Maximum vs. Effective Rates

The Study calculates the maximum rate that the City can charge. Cities often adopt rates that are lower than the maximum, as Seguin did with the water and sewer impact fee update in 2016. This is known as the effective rate. The effective rate is set by Council in the impact fee ordinance. Council may adopt a single city-wide effective rate, as the Planning and Zoning Commission preferred, or different effective rates can be set in each service area. At the April 18th meeting, staff and the consultant will provide information on other cities' effective rates for comparison and potential effective rates for Council to discuss and provide direction.

Next Steps

Should Council approve the Resolution adopting the Impact Fee Study, staff will present an ordinance to formally adopt the roadway impact fee at the May 2, 2017 City Council meeting. Based on Council's direction, this ordinance will also establish the effective rate of the roadway impact fee.