

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 Ordinance**

Date: April 24, 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 conducted a public hearing on April 18, 2017 to review the Impact Fee Study, and Council adopted the Impact Fee Study by resolution. On May 2, 2017, Council will consider an ordinance adopting roadway impact fees and setting the effective rate.

Impact Fee Ordinance Contents

The draft ordinance updates Chapter 108, Article IX of the City's Code of Ordinances to incorporate the roadway impact fee along with the existing water and wastewater impact fees. Because a number of definitions and processes apply to all types of impact fees, including the new roadway impact fees in this section avoids redundancies and potential conflicts.

Definitions specific to roadway impact fees have been added. The ordinance also references Schedule 1, a list of the maximum rates for various land uses, and Schedule 2, a list of the collection rates for these same uses.

Maximum vs. Effective Rates

The Study calculates the maximum rate that the City can charge within each of the four Service Areas. 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 Schedule 2. 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 presented a recommendation that a single effective rate be adopted city-wide and that the effective rate be set at 50% of the maximum for Service Area C. The table below, presented on April 18th, shows how this fee compares to fees of nearby cities that have adopted roadway impact fees for one use, single-family residential.

City	Roadway Impact Fee	Avg Home Price	% of Home Price for Roadway Impact Fees
Seguin Service Area C (Maximum)	\$2,544	\$175,000	1.5%
Seguin proposed (50% of max for Service Area C)	\$1,272	\$175,000	0.7%
New Braunfels	\$1,875	\$279,945	0.7%
Cibolo	\$1,464	\$257,000	0.6%
Lockhart	\$819	\$179,000	0.5%

Table 1: Comparison of Roadway Impact Fees as a Percentage of Home Price

Schedule 1 is based on the maximum fee. Note that fees vary by service area. This is not the fee that would be charged to development. Schedule 2 is based on the recommended effective rate presented at the April 18th Council meeting, across all service areas and for all potential uses. Impact fees would be calculated using Schedule 2 and collected at the time a building permit is issued.

Next Steps

Should Council approve the ordinance adopting the Impact Fee Study, staff will establish procedures for assessing and collecting the fees as set in Schedule 2. Under state law, existing platted lots have a grace period of one year in which they are exempt from newly-adopted roadway impact fees.