

Notice Regarding Public Participation and Impact Fee Capital Improvements Advisory Committee/City Staff Attendance

Due to the COVID-19 (coronavirus) public health emergency, and in an effort to reduce in-person meetings that assemble large groups of people, Governor Greg Abbott has granted a temporary suspension of certain rules to allow for (1) Impact Fee Capital Improvements Advisory Committee members and city employees to participate in an Impact Fee Capital Improvements Advisory Committee meeting via videoconference call or other remote electronic means without a physical quorum of committee members being present at the site of the meeting; and (2) the use of videoconferencing and other remote means to allow the public to observe the meeting.

In an effort to reduce the spread of the virus, for the April 28, 2020 Impact Fee Capital Improvements Advisory Committee meeting, *individuals will not be allowed to physically attend the meeting.*

To participate in the telephone conference call, dial any of the following phone numbers:

1 (346) 248-7799

(877) 853-5257

(888) 475-4499

Enter Meeting ID: 966 1900 1662

Enter Meeting Password: 919050

If you encounter any problems joining or participating in the meeting, please call our help line at (469) 309-4290 for assistance.

A physical quorum of the Impact Fee Capital Improvements Advisory Committee may not be present during the meeting as some Committee Members may choose to participate in the meeting remotely as permitted by Governor Abbott's suspension of various statutes that may be interpreted to require face-to-face interaction between members of the public and public officials.

A G E N D A

The Impact Fee Capital Improvements Advisory Committee (IFCIAC) will hold a regular meeting on ***Tuesday, April 28, 2020 at 6:00 p.m.*** in the City Council Chamber at 401 S. Rogers St., Waxahachie, TX.

Committee Members:

Rick Keeler, Chairman
Melissa Ballard, Vice Chairman
Betty Square Coleman
Bonney Ramsey
Jim Phillips
David Hudgins
Erik Test
Mary Lou Shipley
Clyde Hargrove
Brett Hess
John Houston
Jimmy Poarch

1. Call to Order
2. Invocation
3. Approval of minutes of the regular Impact Fee Advisory Committee meetings of February 25, 2020.
4. ***Presentation*** on the April 2020 Mid-Year Impact Fee Report
5. Adjourn

The IFCIAC reserves the right to go into Executive Session on any posted item.

This meeting location is wheelchair-accessible. Parking for mobility-impaired persons is available. Any request for sign interpretive services must be made forty-eight hours ahead of the meeting. To make arrangements, call the City Secretary at (469) 309-4005 or (TDD) 1-800-RELAY TX.

Notice of Potential Quorum

***One or more members of the Waxahachie City Council may be present at this meeting.
No action will be taken by the City Council at this meeting.***

Impact Fee Capital Improvements Advisory Committee
February 25, 2020

(3)

The Impact Fee Capital Improvements Advisory Committee (IFCIAC) held a regular meeting on Tuesday, February 25, 2020 at 5:30 p.m. in the City Council Conference Room at 401 S. Rogers St., Waxahachie, TX

Members Present: Rick Keeler
Melissa Ballard
Betty Square Coleman
Bonney Ramsey
Jim Phillips
David Hudgins
Mary Lou Shipley
Clyde Hargrove
Brett Hess
John Houston
Jimmy Poarch

Member Absent: Erik Test

Others Present: Michael Scott, City Manager
Albert Lawrence, Assistant City Manager
Tommy Ludwig, Assistant City Manager
Lori Cartwright, City Secretary

1. Call to Order

Chairman Rick Keller called the meeting to order.

2. Invocation

Chairman Keeler gave the invocation.

3. Re-organize the Committee

Action:

Ms. Melissa Ballard nominated Mr. Rick Keeler as Chairman of the Impact Fee Capital Improvements Advisory Committee. Mr. David Hudgins seconded, All Ayes.

Mr. Clyde Hargrove nominated Ms. Melissa Ballard as Vice Chairman of the Impact Fee Capital Improvements Advisory Committee. Mr. Jim Phillips seconded, All Ayes.

4. Public Comments

None

5. Approval of minutes of the regular Impact Fee Advisory Committee meetings of March 6, 2019 and October 28, 2019

Action:

Mrs. Bonney Ramsey moved to approve the minutes of the Impact Fee Advisory Committee meetings of March 6, 2019 and October 28, 2019. Ms. Betty Square Coleman seconded, All Ayes.

- 6. Presentation on the update of the impact program, to include; general overview of impact fees, review of the capital improvements program and growth rates for the development of land use assumptions. The CIAC will provide comments to growth rates for the development of land use assumptions.**

Assistant City Manager Tommy Ludwig explained the Texas Local Government Code requires cities to update their Impact Fee program every five years.

Mr. Eddie Haas, Freese and Nichols, stated Impact Fee is a mechanism for finding infrastructure necessary to accommodate new development noting new development should pay a portion of the cost of public infrastructure required to serve it. Mr. Haas reviewed the impact fee determination process on roadways, water, and sewer. His staff reviewed the water and wastewater impact fee component and explained the basic equation required to determine the cost. Land Use Assumptions is based in 10-year growth projections by service area.

Mr. Haas stated the current Impact Fee plan has a 2.5% growth rate and is seeking to move forward with 3.5% growth rate.

After discussion, the consensus of the board was to move towards a 3.5% growth rate. Mr. Haas stated the following meetings will occur:

- June 2, 2020 - LUA, CIPs and Preliminary Cost per Service Unit Calculations
- June 23, 2020 – Impact Fee Calculations and Collection Rate
- July 20, 2020 – Recommendation Letter to City Council

7. Adjourn

There being no further business, the meeting adjourned at 6:30 p.m.

Respectfully submitted,

Lori Cartwright
City Secretary



Memorandum

To: Impact Fee Advisory Committee
 From: Shon Brooks, Senior Director Planning
 Thru: Michael Scott, City Manager
 Date: April 28, 2020
 Re: FY 2019-2020 Impact Fee Revenue and Expenditure Activity Mid-Year Report

In October 2019, city staff presented the last semiannual Impact Fee Revenue and Expenditure Activity Report to the Impact Fee Capital Improvement Advisory Committee. The activity summary detailed impact fee revenue and expenditures from October 1, 2018 to September 30, 2019. The following report entails the Impact Fee revenue and expenditure activity summary for the 2019-2020 mid fiscal year, which includes data from October 1, 2019 to March 31, 2020. Impact fees are authorized under Chapter 395 of the Texas Local Government Code, and empower municipalities to levy a charge or assessment against a new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development.

Please note that additional revenues and/or expenses may post to the period between October 1, 2019 and March 31, 2020 after the date of this report. If additional revenues and/or expenses are posted to this period they will be reflected in the next semiannual report.

Impact Fee Revenues and Expenditures

Below are tables illustrating the revenues and expenditures for water, sewer, and roadway impact fees from October 1, 2019 to March 31, 2020, with a brief explanation of the associated expenditures from each.

Water Impact Fees

Fiscal Year	FY 19-20 (Through 03/31/2020)
Beginning Balance	\$2,954,777
Revenues	\$584,348
Expenses	-\$782,022.59

Ending Balance	\$2,757,102.41
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Water Impact Fee Expenditure Mid-Year Summary FY 19-20

Below is a brief mid-year summary of the projects which have been funded, or partially funded through the use of water and sewer impact fees during the FY 19-20 budget year:

- FM 664 Water Line Project: **Note: Construction for this project was completed in February 2020.*
This project provided for the construction of approximately 6,000 linear feet of 24" diameter water transmission line, which will run from the elevated storage tank on FM 664 south to the intersection of Business 287 and FM 664. This project provides water services to the Ridge Crossing and Shepard's Place developments, and supports future developments west of IH 35 in this area. In August 2019, City Council awarded a Construction Bid to Circle H Contractors for \$1,172,803. This project was fully funded throughout both the FY 2018-19 and FY 2019-20 budget years through the use of impact fees.
- BNSF Railroad 18" Water Transmission Line Project Phase 1: This project will construct an 18" water line from the existing 24" water line on Butcher Road to Cardinal Road. The project will parallel the BNSF Railroad, and is part of a larger series of water infrastructure improvements that will help facilitate transmission of water from the Sokoll Water Treatment Plant into the Northern Service Area and reducing pumping and transmission needs from the Southern (715) Service Area. On September 3, 2019 the City Council awarded an Engineering Design Contract to Kimley-Horn for \$133,500. Design for the project is anticipated to be completed by the summer of 2020. Construction is included in the FY 19-20 5 Year Capital Improvement Plan (CIP) and is scheduled to begin in the fourth quarter of 2020 or the first quarter of 2021. The design phase of this project is being fully funded with impact fees.
- BNSF Railroad 18" Water Transmission Line Phase 2 – (Engineering Design Only) This is the second phase of the BNSF Railroad 18" Water Transmission Line Project. This would connect the 18" water line at Cardinal Road to the existing 14" water line coming from the Solon Rd Elevated Storage Tank. This project is part of a larger series of water infrastructure improvements that will help facilitate transmission of water from the Sokoll Water Treatment Plant into the Northern Service Area and reducing pumping needs from the Southern Service Area. This would fund the design phase of the project. The design phase is estimated to cost approximately \$132,000. An Engineering Design Contract was awarded to Kimley Horn on February 3, 2020 in the amount of \$105,500. Design for the project should be complete by the end of the calendar year for 2020. Construction is included in the FY 19-20 5 Year CIP Plan and is scheduled to begin in 2021. The design phase of this project is being fully funded with impact fees.

- Distribution Line: Loftland Road/Ovilla Road Phase 1 – (Engineering Design Only)
This project is the first phase to install approximately 8,900 LF of 24" diameter water transmission line. The limits will be from Cardinal Road east of the BNSF Railroad west to Ovilla Rd at the Marshall Rd intersection. This line will help sustain water pressures to the northern part of Settlers Glen Subdivision and surrounding areas, provide for additional capacity from the Sokoll Water Treatment Plant, and support development in the area west of IH-35 and north of the 287 Bypass. On October 21, 2019, City Council awarded an Engineering Design Contract to Birkhoff Hendricks and Carter in the amount of \$370,100. This cost included design as well as land rights acquisition services. Design for the project is scheduled to be complete by the summer of 2020. Construction is included in the FY 19-20 5 Year CIP Plan and is scheduled to begin in the fourth quarter of 2020 or the first quarter of 2021. The design phase of this project is being fully funded with impact fees.
- Water Impact Fee Update – State law requires that a professional engineer update and/or prepare a municipality's Capital Improvement Plan and calculate the corresponding impact fees. The City of Waxahachie budgeted \$50,000 to engage a professional engineering firm to assist in updating the City's Water Impact Fees. The City executed a contract with Birkhoff Hendricks and Carter in the amount of \$40,000 to conduct the Water and Wastewater Impact Fee Update. The cost is split 50/50 between Water and Wastewater funds. The project is also working in concert with the Roadway Impact Fee Update which is being conducted by Freese and Nichols on behalf of the Public Works Department. Freese and Nichols is also doing the required Land Use Assumption component for a total of \$24,000. This cost will be split evenly between Public Works, Water and Wastewater. The project commenced in February 2020 and should be complete by August 2020. This project is being fully funded with impact fees.

Future Anticipated Water Impact Fee Expenditures

In the FY20-21 planned Capital Budget, there are approximately \$6,521,824 worth of water impact fee eligible projects. In addition, as the City goes through the Impact Fee Capital Improvement Plan Update, staff anticipates there will be a number of new impact fee eligible projects included in the plan. Utility capacity expansion projects are complex and expensive, and as a result it is important to build a health fund balance to maximize the use of impact fees. In addition, every year during the budget process City Management works with the Finance Department to determine the best use of impact fee funds (debt service, partially fund projects, preserve funds to fully fund projects). In the semiannual report staff will provide a detailed list of the FY20-21 projects that will be funded or partially funded through impact fees.

Sewer Impact Fees

Fiscal Year	FY 19-20 (Through 03/31/2020)
Beginning Balance	\$5,038,088.37
Revenues	\$746,470.24
Expenses	-\$7,573.12
Ending Balance	\$5,784,588.61

Sewer Impact Fee Expenditure Mid-Year Summary FY 19-20

Below is a brief mid-year summary of the projects which have been funded, or partially funded through the use of water and sewer impact fees during the FY 19-20 budget year:

- Waste Water Treatment Plant Rehabilitation Project: In October 2019, City Council awarded a contract to BAR Construction in the amount of \$12,857,550 for the Wastewater Treatment Plant. \$1,694,550 of this project will be funded by impact fees, with the rest of the project being funded through Certificate of Obligation Bonds. In addition, the City also executed a materials testing contract in January 2020 with Alpha Testing for \$53,888.50. This will also be funded with impact fees. Construction began in January 2020 and is scheduled for completion in July of 2021. The Finance Department has recommended to expend the bond funds first and then utilize impact fee funds in accordance with IRS Rules governing bonds. As a result it will be in FY-20-21 before the impact fees associated with this project are fully expended.
- Sewer Impact Fee Update – State law requires that a professional engineer update and/or prepare a municipality's Capital Improvement Plan and calculate the corresponding impact fees. The City budgeted \$45,000 to engage a professional engineering firm to assist in updating the City's Sewer Impact Fees. The City executed a contract with Birkhoff Hendricks and Carter in the amount of \$40,000 to conduct the Water and Wastewater Impact Fee Update. The cost is split 50/50 between Water and Wastewater funds. The project is also working in concert with the Roadway Impact Fee Update which is being conducted by Freese and Nichols on behalf of the Public Works Department. Freese and Nichols is also doing the required Land Use Assumption component for a total of \$24,000. This cost will be split evenly between Public Works, Water and Wastewater. The project commenced in February 2020 and should be complete by August of 2020. This project is being fully funded with impact fees.

Future Anticipated Sewer Impact Fee Expenditures

In the FY20-21 planned Capital Budget, there are approximately \$4,257,807 worth of sewer impact fee eligible projects. In addition, as the City goes through the Impact Fee Capital Improvement Plan Update, staff anticipates there will be a number of new impact fee eligible projects included in the plan. Utility capacity expansion projects are complex and expensive, and as a result it is important to build a health fund balance to maximize the use of impact fees. In addition, every

year during the budget process City Management works with the Finance Department to determine the best use of impact fee funds (debt service, partially fund projects, preserve funds to fully fund projects). In the semiannual report staff will provide a detailed list of the FY20-21 projects that will be funded or partially funded through impact fees.

Current Roadway Impact Fees

Below is a table illustrating the revenues and expenditures for roadway impact fees from October 1, 2019 to March 31, 2020:

Service Area	FY 2020 Start	Revenues	Expense	FY 2020 End
Service Area 1	\$760,154.63	\$181,709.30	-\$1,357.00	\$758,797.63
Service Area 2	\$381,066.86	\$442,766.16	-\$340,178.78	\$40,888.08
Service Area 3	\$119,149.62	\$2,798.25	-\$1,357.00	\$117,792.62
Service Area 4	\$644,611.81	\$402,356.61	-\$1,357.00	\$643,254.81
Service Area 5	\$1,189,107.11	\$111,735.79	-\$1,357.00	\$1,187,750.11
Service Area 6	\$964,426.65	\$87,150.93	-\$1,357.00	\$963,069.65
Service Area 7	\$673,175.82	\$0.00	-\$1,358.00	\$671,817.82
Interest	----	\$31,149.90		
Total	\$4,731,692.50	\$1,259,666.89	\$349,678.78	\$4,382,013.72

Roadway Expenditure Summary

Below is a brief summary of the projects which have been funded, or partially funded through the use of roadway impact fees during the mid-year FY 19-20 fiscal year:

- Vista Way: Funds from Service Area 2 were utilized to assist in the construction of Vista Way (Completed in March of 2020). Vista Way is a primary north-south collector road for North Grove Boulevard and will also provide the main point of access for the new Max Simpson Elementary School. Funding for this project is through a cost sharing development agreement between the City of Waxahachie (75%) and John Houston Development Company (25%). The total City portion of the agreement shall not exceed \$750,000. In total, \$571,267 of the cost are Impact Fee eligible. \$215,558.57 was expended in FY18-19, and \$338,813.78 worth of Impact Fee eligible expenses have been charged through the end of March 2020; these charges appear in the table above. Staff anticipates the remaining \$16,894.65 Impact Fee eligible expenses associated with this project will also occur in the remaining fiscal months of FY19-20, with any remaining non-Impact Fee eligible expenses being funded through the General Fund.

- Roadway Impact Fee Update: State law requires that a professional engineer update and/or prepare a municipality's Capital Improvement Plan and calculate the corresponding impact fees. In FY19-20, the City has contracted with the engineering firm Freese and Nichols for \$62,750 to review land use assumptions, and update the City's roadway Capital Improvement Plan and to recalculate the associated impact fees based upon the update. This update will be 100% funded through Impact Fees. Each service area will remit payment for their proportionate share of the analysis, based on the amount of improvements identified within the specific service areas. As of March 31, 2020, a total of \$10,260.74 has been expensed from all seven Service Areas for associated expenses.
- Debt Service: Staff frequently utilizes bond funds to pay for both impact fee and non-impact fee eligible projects. Moving forward, staff will begin to utilize water, sewer and roadway impact fees to fund annual debt service associated with impact fee eligible bond issuances. As most bond debt carries a 20 year life, staff forecasts impact fee revenue and makes projections based on annual data and construction related trends within the City.

Anticipated Second Half of FY19-20 Impact Fee Expenditures

Below is a brief summary of the projects intended to be funded, or partially funded, with impact fees in the FY19-20 Budget Year:

- Cumberland Road / Kaufmann Street: Two Capital Improvement Projects that are budgeted for FY19-20 have a portion of Impact Fee funding associated with them. These projects are street restoration projects and will replace the street pavement, drainage, water, sewer, sidewalks, and street lights. Bond funding will be utilized first, with impact fee funding for the rest of the project. Staff anticipates utilizing \$81,440 for Cumberland Road and \$858,049 for Kaufmann Street.

Next Steps

As stated above, City staff has contracted with Freese and Nichols, a professional engineering firm, to prepare an update to the City's land use assumptions as well as the water, sewer and roadway impact fees. Staff also engaged with the IFCIAC to provide feedback to Freese and Nichols regarding the existing Capital Improvement Plan and land use assumptions in mid-February. In April of 2020, Freese and Nichols will provide a draft LUA to the City with a final report in May. The Committee will meet in June to discuss the recommended amount of each Impact Fee, and determine a recommended collection rate in late June. Once a final draft update is prepared (anticipated in August 2020), it will be submitted for review to the Advisory Committee. Ultimately staff will look to the Committee for a recommendation to City Council regarding the adoption of the update. Staff will provide its next report to the Advisory Committee in April 2020, covering revenues and expenses for half of the FY19-20 budget year.

I am available at your convenience should you need additional information.

Shon Brooks