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Public Hearing: Impact Fees Fund Improvements Needed to Serve New Development while Maintaining Regulatory Compliance and Quality of Service

City of Brenham

February 1, 2024

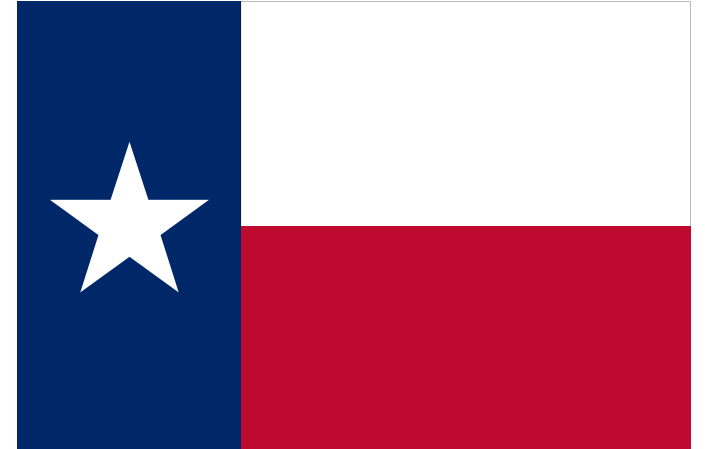


Agenda

- What is an Impact Fee?
- Impact Fee Development Process
- Approved Land Use Assumptions (LUAs) and Capital Improvement Plans (CIPs)
- Maximum Assessable Impact Fees and CIAC's Formal Recommendation
- Hypothetical Developments
- Next Steps

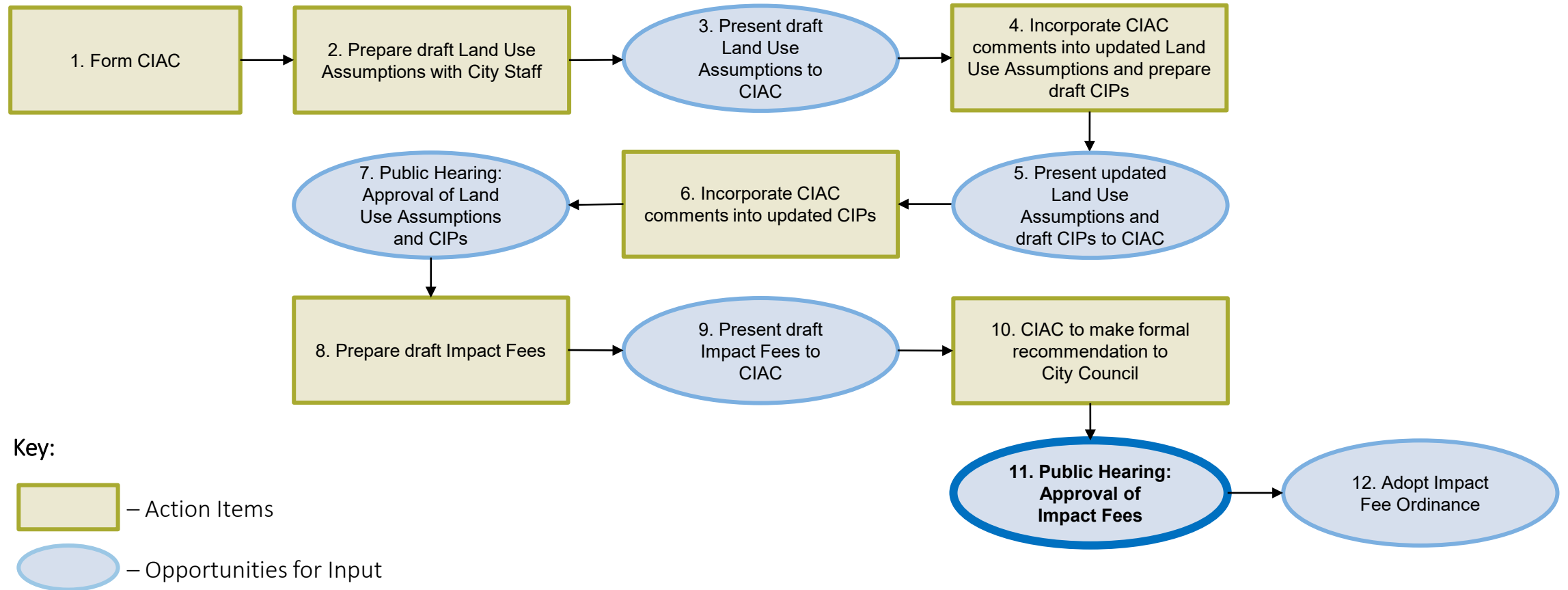
What is an Impact Fee?

- Charge or assessment imposed by a City to generate revenue to fund or recoup costs of capital improvements or facility expansions associated with new development
- Governed by Texas Local Government Code, Chapter 395
- Items payable by impact fees include construction costs, survey and engineering fees, land acquisition costs, and consulting fees to prepare and update the CIPs
- Calculations consider only the portion of the CIPs attributable to new development over a period of 10 years
- Lessens the burden of increasing utility rates and taxes on existing residents and employers that are currently paying for such infrastructure improvements



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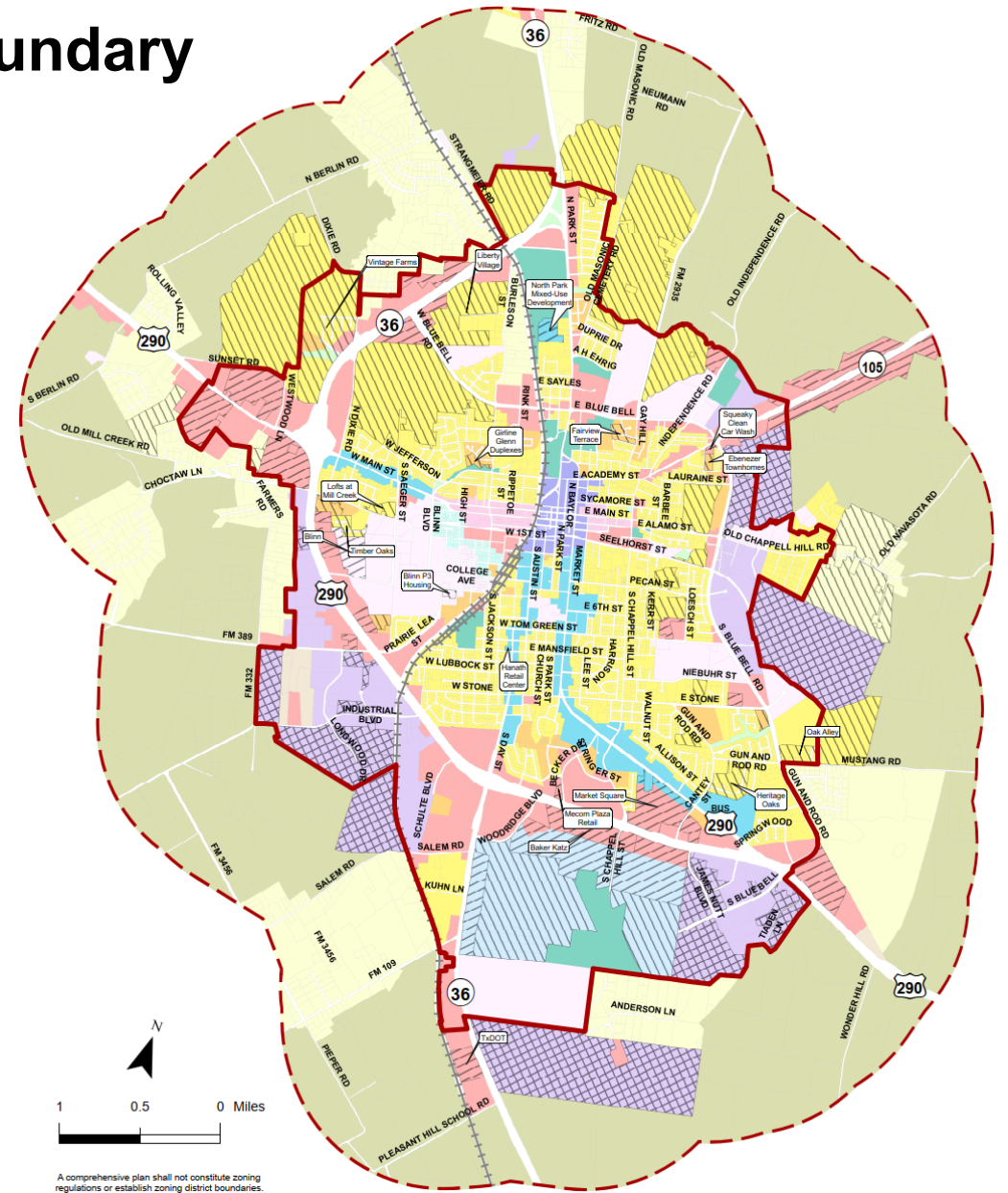
Impact Fee Development Process Provides Multiple Opportunities for Input and Comment



Approved LUAs Defines Service Area Boundary for Water and Wastewater Impact Fees

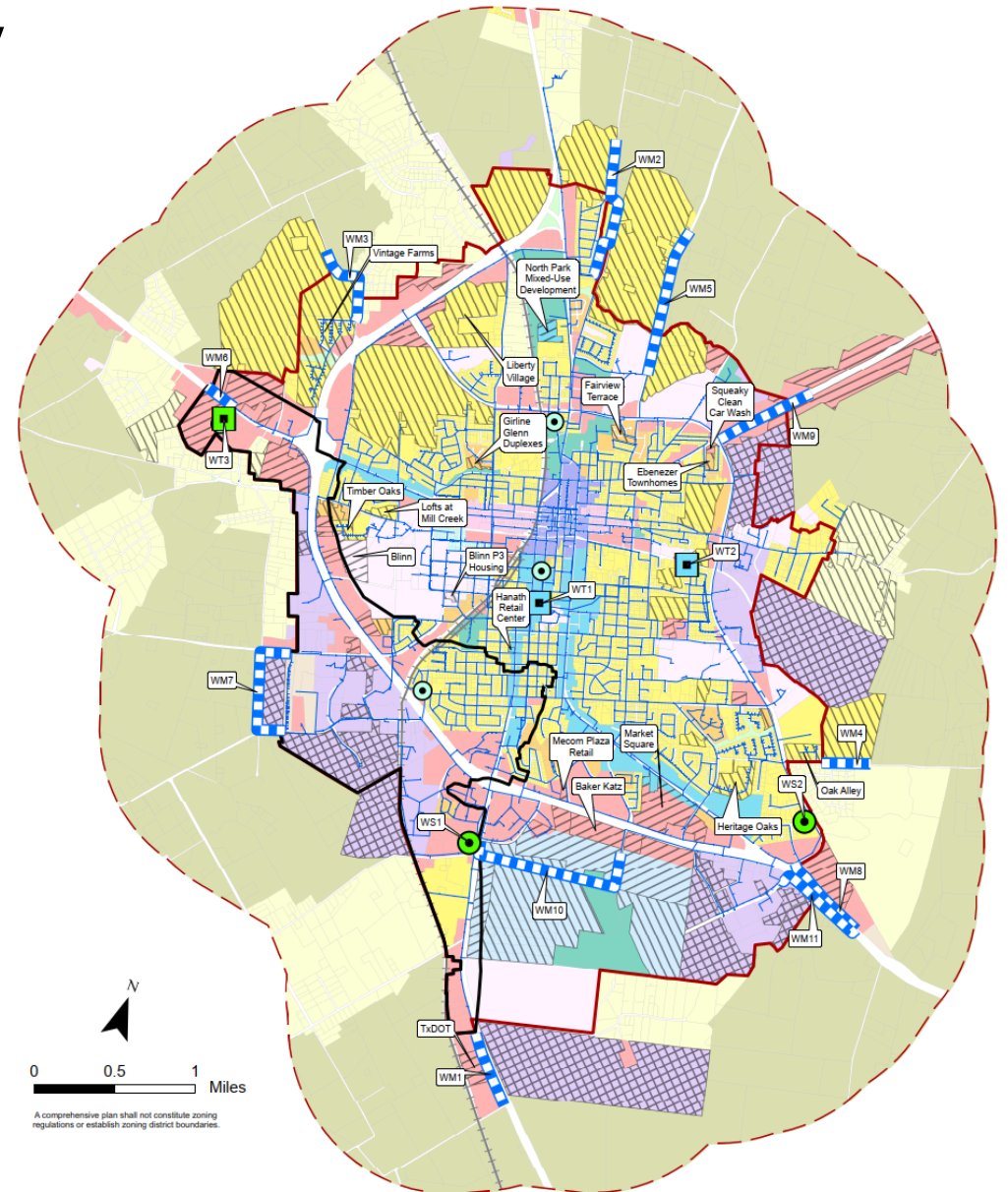
- LUAs: description of service area and projections of changes in land uses, densities, and population in the service area over a 10-year period
- Water Study Population Projections:
 - Current (2023) = 18,549 people
 - 10-Year (2033) = 27,062 people
- Service Unit = Equivalent residential water meter connection rated for 25 gpm of continuous flow

Future Land Use Plan		
 Rural	 Mixed Use Blinn Adjacent	 City Limits
 Open Space	 Mixed Use Downtown Adjacent	 ETJ
 Park	 Corridor Mixed Use	 Railroad
 Estate Residential	 Planned Development	 Future Commercial
 Single Family Residential	 Downtown	 Future Industrial
 Manufactured Homes	 Local Public Facilities	 Future Residential
 Multi-Family Residential	 Commercial	
	 Industrial	



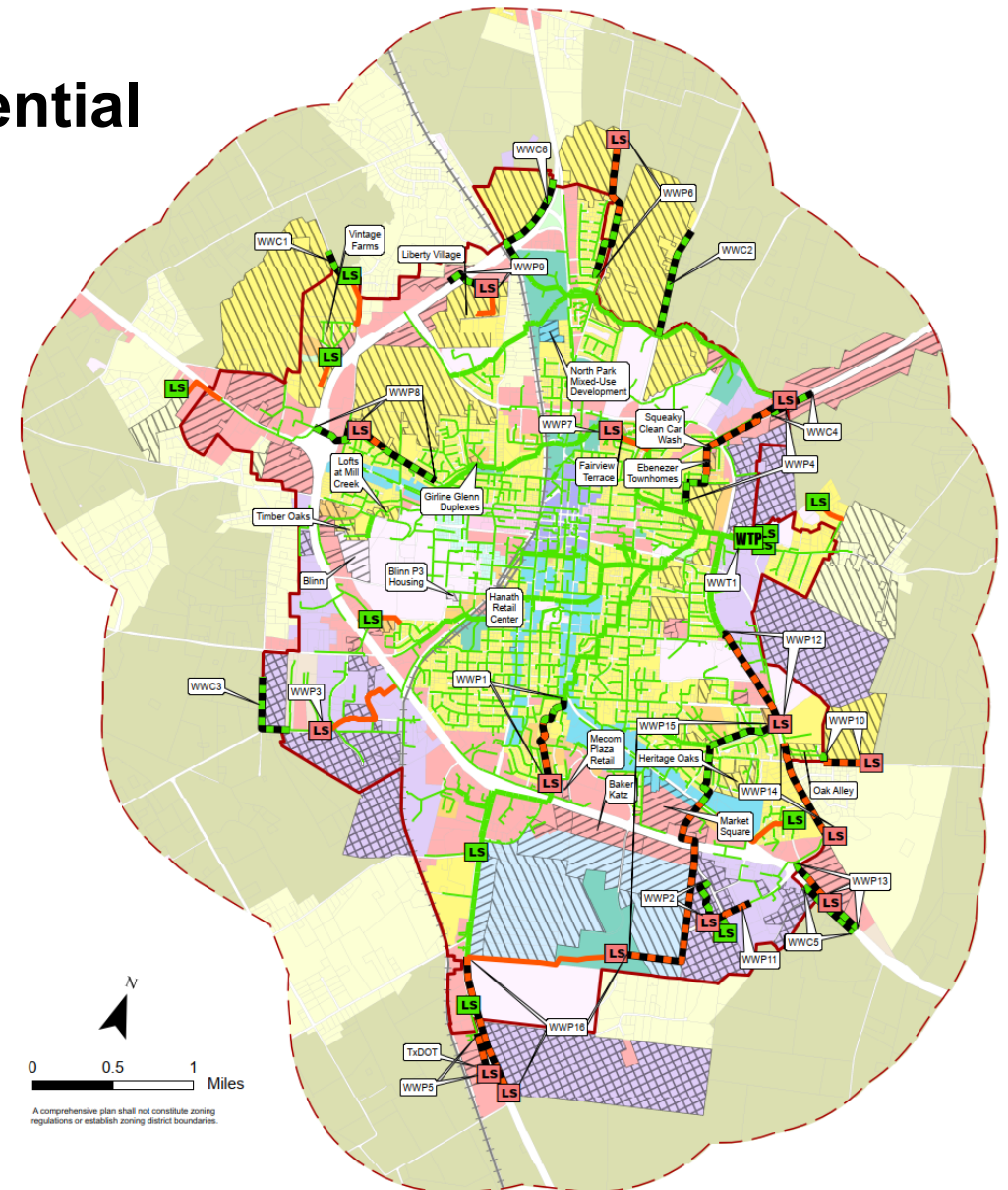
Approved Water CIP Maintains Regulatory Compliance and Quality of Service

- Water CIP Project Summary:
 - WT = Water Treatment (3 projects)
 - WS = Water Storage (2 projects)
 - WM = Water Mains (11 projects)
 - Study = Water Impact Fee Study
- Opinion of Probable Costs:
 - Total Costs (2023) = \$65,490,100
 - 10-Year Costs (2023) = \$38,022,374
 - 10-Year Costs (Escalated) = \$45,131,575



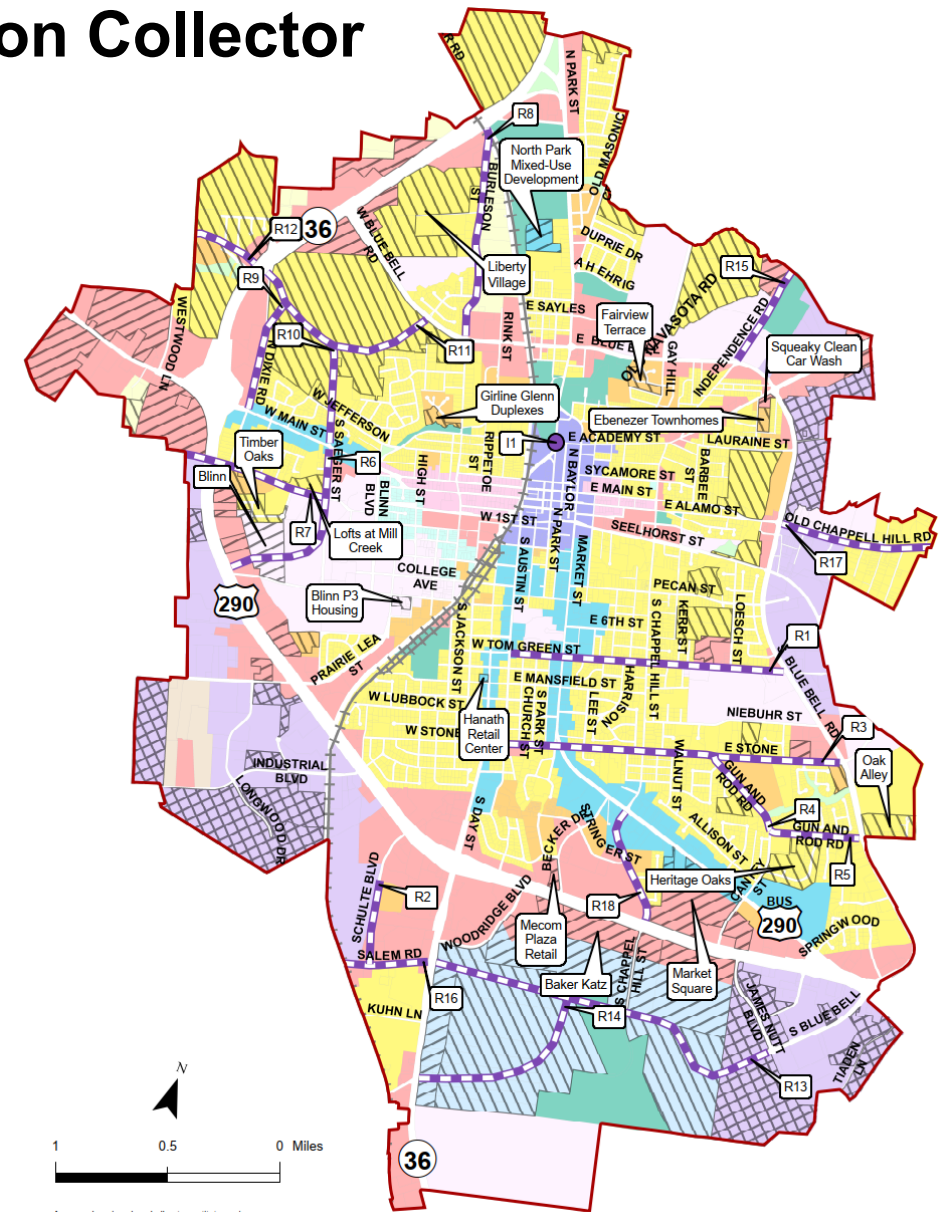
Approved Wastewater CIP Maintains Regulatory Compliance and Reduces Potential of Sewer Surcharging and Overflows

- Wastewater CIP Project Summary:
 - WWT = Wastewater Treatment (1 project)
 - WWP = Wastewater Pumping (16 projects)
 - WWC = Wastewater Collection (6 projects)
 - Study = Wastewater Impact Fee Study
- Opinion of Probable Costs:
 - Total Costs (2023) = \$34,264,000
 - 10-Year Costs (2023) = \$20,136,221
 - 10-Year Costs (Escalated) = \$24,590,935



Approved Roadway CIP Increases Capacity on Collector and Arterial Roadways within the City Limits

- Service Unit = Vehicle-Mile (capacity consumed in a single lane in the PM peak hour by a vehicle making a trip one mile in length)
- Roadway CIP Project Summary:
 - R = Roadway Capacity (18 projects)
 - I = Intersection Capacity (1 project)
 - Study = Roadway Impact Fee Study
- Opinion of Probable Costs:
 - Total Costs (2023) = \$78,099,000
 - 10-Year Costs (2023) = \$70,621,447
 - 10-Year Costs (Escalated) = \$90,380,835



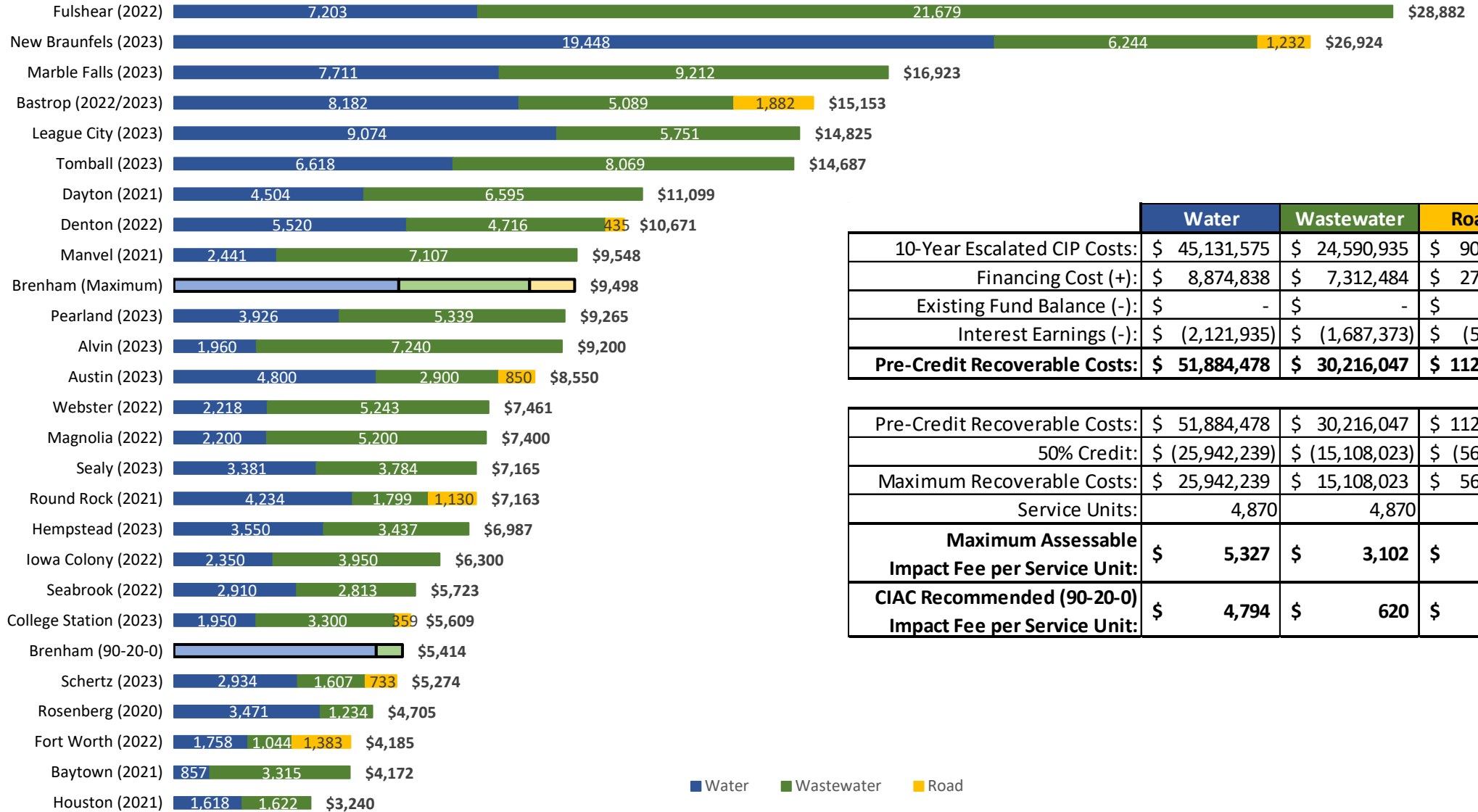
Chapter 395 Allows Credit to be Awarded to Developers Using Two Different Methods, Revenue Credit and 50 Percent Credit

- CIP costs, financing costs (5.0%), existing fund balances, and interest earnings (1.28%) are considered in calculating pre-credit recoverable costs
- Revenue credit method awards credit for portion of ad valorem taxes and utility service revenues generated by new service units
- 50 percent credit method assumes a credit equal to 50 percent of the total projected cost
- Maximum assessable impact fees are calculated by dividing maximum recoverable costs by the new service units added

	Water	Wastewater	Roadway
10-Year Escalated CIP Costs:	\$ 45,131,575	\$ 24,590,935	\$ 90,380,835
Financing Cost (+):	\$ 8,874,838	\$ 7,312,484	\$ 27,486,907
Existing Fund Balance (-):	\$ -	\$ -	\$ -
Interest Earnings (-):	\$ (2,121,935)	\$ (1,687,373)	\$ (5,761,522)
Pre-Credit Recoverable Costs:	\$ 51,884,478	\$ 30,216,047	\$ 112,106,220

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50% Credit:	\$ (25,942,239)	\$ (15,108,023)	\$ (56,053,110)
Maximum Recoverable Costs:	\$ 25,942,239	\$ 15,108,023	\$ 56,053,110
Service Units:	4,870	4,870	52,435
Maximum Assessable Impact Fee per Service Unit:	\$ 5,327	\$ 3,102	\$ 1,069

Impact Fee Marketability is Supported by Review of Impact Fees Recently Adopted by Neighboring Communities



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CIAC Recommended (90-20-0) Impact Fee per Service Unit:	\$ 4,794	\$ 620	\$ -

■ Water ■ Wastewater ■ Road

Water and Wastewater Impact Fees Determined for Varying Water Meter Types and Sizes Using AWWA Equivalency Tables

Meter Size (inch)	Meter Type	Continuous Duty Maximum Flow Rate (gpm)	Ratio to 1-Inch Meter	Impact Fees (Maximum Assessable)		Impact Fees (CIAC Recommendation)	
				Water	Wastewater	Water (90%)	Wastewater (20%)
1	Displacement Type	25	1	\$5,327	\$3,102	\$4,794	\$620
1.5	Displacement Type	50	2	\$10,654	\$6,204	\$9,589	\$1,241
2	Displacement Type	80	3.2	\$17,046	\$9,926	\$15,341	\$1,985
2	Compound	80	3.2	\$17,046	\$9,926	\$15,341	\$1,985
3	Compound	175	7	\$37,289	\$21,714	\$33,560	\$4,343
3	Turbine Vertical Shaft	220	8.8	\$46,878	\$27,298	\$42,190	\$5,460
3	Turbine High Velocity	350	14	\$74,578	\$43,428	\$67,120	\$8,686
4	Compound	300	12	\$63,924	\$37,224	\$57,532	\$7,445
4	Turbine Vertical Shaft	420	16.8	\$89,494	\$52,114	\$80,545	\$10,423
4	Turbine High Velocity	650	26	\$138,502	\$80,652	\$124,652	\$16,130
6	Compound	675	27	\$143,829	\$83,754	\$129,446	\$16,751
6	Turbine Vertical Shaft	865	34.6	\$184,314	\$107,329	\$165,883	\$21,466
6	Turbine High Velocity	1,400	56	\$298,312	\$173,712	\$268,481	\$34,742
8	Compound	900	36	\$191,772	\$111,672	\$172,595	\$22,334
8	Turbine High Velocity	2,400	96	\$511,392	\$297,792	\$460,253	\$59,558
10	Turbine High Velocity	3,500	140	\$745,780	\$434,280	\$671,202	\$86,856
12	Turbine High Velocity	4,400	176	\$937,552	\$545,952	\$843,797	\$109,190

Roadway Impact Fees Determined Using Land Use Categories and Sizes

Land Use Category	Development Unit (DU)	Vehicle Miles	Impact Fee Per DU
RESIDENTIAL			
Assisted Living	Beds	1.19	\$1,274
Mobile Home Park	Dwelling Unit	2.88	\$3,078
Multifamily (Low-Rise)	Dwelling Unit	2.53	\$2,707
Multifamily (Mid-Rise)	Dwelling Unit	1.94	\$2,070
Senior Adult Housing-Attached	Dwelling Unit	1.24	\$1,327
Senior Adult Housing-Detached	Dwelling Unit	1.49	\$1,592
Single-Family (Detached)	Dwelling Unit	4.67	\$4,989
INDUSTRIAL			
General Light Industrial-Default	1,000 SF GFA	3.88	\$4,152
Industrial Park	1,000 SF GFA	2.03	\$2,172
Manufacturing	1,000 SF GFA	4.42	\$4,727
Mini-Warehouse	1,000 SF GFA	0.90	\$958
Utility	1,000 SF GFA	12.91	\$13,797
Warehousing	1,000 SF GFA	1.08	\$1,150
LODGING			
Hotel	Room	2.93	\$3,131
Motel/Other Lodging Facilities	Room	1.79	\$1,911
OFFICE			
Corporate Headquarters Building	1,000 SF GFA	7.80	\$8,338
General Office Building-Default	1,000 SF GFA	8.63	\$9,221
Government Office Building	1,000 SF GFA	10.26	\$10,968
Medical-Dental Office Building	1,000 SF GFA	23.58	\$25,207
Single Tenant Office Building	1,000 SF GFA	10.56	\$11,289
United States Post Office	1,000 SF GFA	67.26	\$71,901
RECREATIONAL			
Multiplex Movie Theater	1,000 SF GFA	37.02	\$39,574
Recreational Community Center	1,000 SF GFA	15.00	\$16,035

Land Use Category	DU	Vehicle Miles	Impact Fee Per DU
INSTITUTIONAL			
Church	1,000 SF GFA	2.28	\$2,433
Day Care Center	1,000 SF GFA	28.93	\$30,921
Elementary School	Students	0.74	\$794
Fire and Rescue Station (Private)	1,000 SF GFA	2.88	\$3,079
High School	Students	0.65	\$695
Junior/Community College	Students	0.51	\$546
Library	1,000 SF GFA	48.96	\$52,338
Middle School/High School	Students	0.70	\$745
Private School (K-8)	Students	1.21	\$1,291
Private School (K-12)	Students	0.79	\$844
MEDICAL			
Animal-Veterinary Clinic	1,000 SF GFA	14.75	\$15,770
Clinic	1,000 SF GFA	22.03	\$23,549
Hospital	1,000 SF GFA	5.13	\$5,488
Nursing Home	Beds	0.84	\$893
DINING			
Coffee/Donut Shop with Drive-Thru	1,000 SF GFA	38.83	\$41,514
Coffee/Donut Shop w/o Drive-Thru	1,000 SF GFA	32.16	\$34,380
Drinking Place	1,000 SF GFA	28.29	\$30,238
Fast Food with Drive-Thru	1,000 SF GFA	49.35	\$52,752
Fast Food w/o Drive-Thru	1,000 SF GFA	44.10	\$47,146
Fine Dining Restaurant	1,000 SF GFA	14.50	\$15,502
High Turnover Restaurant (Sit Down)	1,000 SF GFA	17.13	\$18,308
SERVICES			
Bank (Walk-In)	1,000 SF GFA	20.20	\$21,590.01
Bank (Drive-In)	Drive-in Lanes	48.83	\$52,196.61
Hair Salon	1,000 SF GFA	2.82	\$3,010.97

Land Use Category	DU	Vehicle Miles	Impact Fee Per DU
AUTOMOBILE			
Automated Car Wash	1,000 SF GFA	23.64	\$25,274
Automobile Care Center	1,000 SF GFA	5.61	\$5,997
Automobile Parts/Service Center	1,000 SF GFA	3.72	\$3,972
Automobile Parts Sales	1,000 SF GFA	7.75	\$8,285
Automobile Sales (New)	1,000 SF GFA	5.04	\$5,384
Automobile Sales (Used)	1,000 SF GFA	7.80	\$8,343
Convenience Store/Gas Station	Fuel Positions	22.49	\$24,043
Gasoline/Service Station	Fuel Positions	16.60	\$17,743
Quick Lubrication Vehicle Shop	1,000 SF GFA	15.69	\$16,775
Self-Service Car Wash	Wash Stalls	9.22	\$9,861
Tire Store	1,000 SF GFA	7.80	\$8,343
OTHER RETAIL			
Building Materials and Lumber Store	1,000 SF GFA	3.75	\$4,005
Department Store	1,000 SF GFA	3.79	\$4,049
Discount Store	1,000 SF GFA	7.67	\$8,203
Free-Standing Discount Store	1,000 SF GFA	10.79	\$11,534
Furniture Store	1,000 SF GFA	0.68	\$725
Hardware/Paint Store	1,000 SF GFA	6.12	\$6,542
Home Improvement Superstore	1,000 SF GFA	3.69	\$3,940
Liquor Store	1,000 SF GFA	30.90	\$33,033
Nursery (Garden Center)	1,000 SF GFA	13.48	\$14,411
Drugstore w/ Drive-Thru	1,000 SF GFA	14.51	\$15,507
Drugstore w/o Drive-Thru	1,000 SF GFA	11.10	\$11,865
Shopping Center-Default	1,000 SF GFA	6.70	\$7,161
Sporting Goods Superstore	1,000 SF GFA	4.16	\$4,444
Supermarket	1,000 SF GFA	18.88	\$20,178
Tractor Supply Store	1,000 SF GFA	2.53	\$2,699

Hypothetical Developments Assist in Right-Setting Impact Fees (Residential Developments)

- Single Family Residential
 - Maximum = \$5,327 (water) + \$3,102 (wastewater) + \$4,989 (roadway) = \$13,418 total
 - CIAC (90-20-0) = \$4,794 (water) + \$620 (wastewater) + \$0 (roadway) = \$5,414 total
- Multi-Family Residential (200 units, mid-rise, 4-inch master water meter)
 - Maximum = \$63,924 (water) + \$37,224 (wastewater) + \$414,000 (roadway) = \$515,148 total
 - CIAC (90-20-0) = \$57,532 (water) + \$7,445 (wastewater) + \$0 (roadway) = \$64,977 total

Hypothetical Developments Assist in Right-Setting Impact Fees (Non-Residential Developments)

- Fast Food Restaurant with Drive-Thru (5,000 SF, 2-inch water meter)
 - Maximum = \$17,046 (water) + \$9,926 (wastewater) + \$263,760 (roadway) = \$290,732 total
 - CIAC (90-20-0) = \$15,341 (water) + \$1,985 (wastewater) + \$0 (roadway) = \$17,326 total
- Sporting Goods Superstore (60,000 SF, 1.5-inch water meter)
 - Maximum = \$10,654 (water) + \$6,204 (wastewater) + \$266,640 (roadway) = \$283,498 total
 - CIAC (90-20-0) = \$9,589 (water) + \$1,241 (wastewater) + \$0 (roadway) = \$10,830 total

Next Steps

Action	Date	Completed
CIAC Meeting No. 1 – Draft Land Use Assumptions	July 24, 2023	✓
CIAC Meeting No. 2A – Land Use Assumptions and Draft Roadway CIPs	September 12, 2023	✓
CIAC Meeting No. 2B – Draft Water and Wastewater CIPs	October 24, 2023	✓
City Council – Public Hearing for Approval of Land Use Assumptions and CIPs	December 7, 2023	✓
CIAC Meeting No. 3 – Draft Impact Fees	December 19, 2023	✓
Developer’s Workshop with City Staff and CIAC	January 11, 2024	✓
CIAC Meeting No. 4 – Formal Recommendation to City Council	January 23, 2024	✓
City Council – Public Hearing for Approval of Impact Fees	February 1, 2024	✓
City Council – Adopt Impact Fee Ordinance (First Reading)	February 15, 2024	

Questions?



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