

AN ORDINANCE 2006-06-15-0704

**AUTHORIZING UPDATES AND AMENDMENTS TO THE  
SAN ANTONIO WATER SYSTEM'S LAND USE  
ASSUMPTIONS PLAN; CAPITAL IMPROVEMENTS PLAN;  
AND WATER, WATER SUPPLY AND WASTEWATER IMPACT  
FEES FOR 2006-2015 IN ACCORDANCE WITH CHAPTER 395  
OF THE TEXAS LOCAL GOVERNMENT CODE**

\* \* \* \* \*

**WHEREAS**, Chapter 395 of the Texas Local Government Code establishes the requirements and the process that must be followed if a municipality is to assess and collect impact fees; and

**WHEREAS**, the Texas Legislature has defined "impact fees" as a charge or assessment imposed by a political subdivision against 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; and

**WHEREAS**, Chapter 395 requires that impact fees be updated every five (5) years and the last comprehensive update to the San Antonio Water System ("SAWS") impact fee program as to all service areas was approved by the City Council in 2001; and

**WHEREAS**, with the assistance of PBS&J, in association with Rimrock Consulting Company, as a professional consultant ("PBS&J"), SAWS developed the updated 2006-2015 Land Use Assumption Plan ("LUAP") and Capital Improvements Plan ("CIP") (collectively "Plans") related to the following five (5) major categories of impact fees: (1) water supply, (2) water flow, (3) water system development, (4) wastewater collection, and (5) wastewater treatment; and

**WHEREAS**, the LUAP and CIP must be updated to include the consolidation of certain service areas and project the capital improvements that will be necessary to serve growth in the service areas for the next ten (10) years, however, the updated Plans include the same major impact fee categories as the original Plans; and

**WHEREAS**, professional staff from PBS&J and SAWS calculated a maximum impact fee amount for each of the five (5) major impact fee categories, incorporating a rate credit deduction in the methodology, as required under Chapter 395; and

**WHEREAS**, the LUAP estimates an additional 102,821 equivalent dwelling units ("EDUs") associated with water service and 115,995 EDUs associated with wastewater service in new development for the 2006-2015 time period, while the prorated cost of existing and future capital improvements projects needed to serve new development in the various impact fee service areas for 2006-2015 is estimated to be \$504,000,000; and

**WHEREAS**, on May 2, 2006, the SAWS Board approved the updated 2006-2015 LUAP and CIP, and maximum impact fee calculations for all five (5) major impact fee categories, and by resolution forwarded them to City Council in order to proceed with notice of public hearing, receiving public comment, and consideration of the Plans and maximum impact fees in accordance with Chapter 395; and

**WHEREAS**, as part of the Plans, the SAWS Board recommends establishing upper and lower wastewater collection service areas based on the actual cost to serve those areas; and

**WHEREAS**, the SAWS Board further recommends increasing the waiver of impact fees program cap from \$1 million to \$2 million per year in support of affordable housing; and

**WHEREAS**, pursuant to Chapter 395 of the Local Government Code, a Capital Improvements Advisory Committee ("CIAC") was created to advise City Council on the development and implementation of impact fees; and

**WHEREAS**, the CIAC adopted the updated 2006-2015 LUAP and CIP, and maximum impact fee calculations for the five (5) major categories of impact fees approved by the SAWS Board, but deferred to the SAWS Board on the recommendation to establish lower and upper service areas for the wastewater collection impact fee, and the CIAC timely submitted its final report to the City; and

**WHEREAS**, on May 10, 2006 the City received the SAWS Report on the 2006-2015 LUAP, CIP and Maximum Impact Fees; on May 11, 2006, the City set a hearing on impact fees for June 15, 2006; on May 14, 2006, notice of the hearing was published in the San Antonio Express News; and on May 31, 2006, the City received the CIAC Report on the 2006-2015 LUAP, CIP and Maximum Impact Fees; and

**WHEREAS**, within 30 days following public hearing, the City Council must approve or disapprove the proposed amendments of the LUAP and CIP, and modification of the impact fees by category; and

**WHEREAS**, on June 15, 2006, the City Council held a public hearing, as required by Chapter 395 of the Texas Local Government Code, to receive public comment and consider the 2006-2015 LUAP, CIP and maximum impact fee calculations for all five (5) major impact fee categories; and

**WHEREAS**, copies of the updated LUAP, CIP and impact fees have been made available at the City Clerk's Office and at SAWS' website at [www.saws.org](http://www.saws.org);  
**NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The updates and amendments to the 2006-2015 LUAP are hereby authorized and approved.

**SECTION 2.** The updates and amendments to the 2006-2015 CIP are hereby authorized and approved.

**SECTION 3.** The maximum legal calculations for the water flow, water system development, water supply, wastewater collection, and wastewater treatment impact fees related to the updated and amended 2006-2015 LUAP and CIP, which were approved and recommended by the SAWS Board of Trustees and the CIAC, are hereby authorized and approved.

**SECTION 4.** The Local Benefit Impact Fee is hereby eliminated.

**SECTION 5.** A copy of the SAWS Report on the 2006-2015 LUAP, CIP and Maximum Impact Fees, which was delivered to the City Clerk and City Council on May 10, 2006 is attached hereto and incorporated herein for all purposes as

Attachment I. A copy of the CIAC Report to City Council on the 2006-2015 LUAP, CIP and Maximum Impact Fees, which was delivered to the City Clerk and City Council on May 31, 2006 is attached hereto and incorporated herein for all purposes as Attachment II.

**SECTION 6.** All funds collected through the adoption of an impact fee shall be deposited in interest-bearing accounts clearly identifying the category of capital improvements or facility expansions within the service area for which the fee was adopted.

**SECTION 7.** Three (3) copies of the updated and amended 2006-2015 LUAP, CIP, Maximum Impact Fee calculations and this Ordinance are on file with the City Clerk of the City of San Antonio.

**SECTION 8.** The City is authorized to impose and enforce impact fees through SAWS, its municipally-owned water and wastewater utility company, which are necessary to provide and make available services and facilities associated with new development. This action is reasonably taken to fulfill an obligation mandated by Chapter 395 of the Texas Local Government Code.

**SECTION 9.** Chapter 34 of the San Antonio City Code is hereby amended by adding Article X, Sections 34-1360 to 34-1362 relating to 2006-2015 water flow, water system development, water supply, wastewater collection, and wastewater treatment impact fees. The revisions shall appear as set out in Attachment III, which is attached hereto and incorporated herein for all purposes.

**SECTION 10.** A new schedule entitled "Water Supply, Water and Wastewater Impact Fees Schedule" is hereby added to Chapter 34 of the San Antonio City Code as set out in Attachment IV, which is attached hereto and incorporated herein for all purposes. The impact fees summarized in the new "Water Supply, Water and Wastewater Impact Fees Schedule" shall become effective on or about June 25, 2006 and shall apply to all new development as established in the 2006-2015 LUAP and CIP.

**SECTION 11.** Should any provision, section, part, paragraph, sentence, phrase, clause, or word of this Ordinance, or any attachment thereof, for any reason, be held illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained be held to be unconstitutional or invalid or ineffective, the remainder shall, nevertheless, stand effective and valid as if it had been enacted and ordained without the portion held to be unconstitutional or

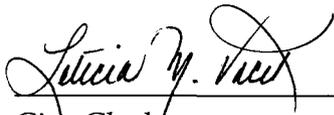
invalid or ineffective, it being the intent of the City Council in adopting this Ordinance that all provisions of the Ordinance are declared to be severable.

**SECTION 12.** No financial impact.

**SECTION 13.** This Ordinance shall become effective on June 29, 2006.

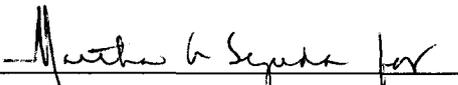
**PASSED AND APPROVED**, this 15<sup>th</sup> day of June, 2006.

**ATTEST:**

  
\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
for MAYOR

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
City Attorney

# Agenda Voting Results

**Name:** 5. Amendment 1 to delay the vote to June 29, 2006

**Date:** 06/15/06

**Time:** 02:18:08 PM

**Vote Type:** Multiple selection

**Description:**

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
SHEILA D. MCNEIL	DISTRICT 2		x		
ROLAND GUTIERREZ	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4			x	
PATTI RADLE	DISTRICT 5			x	
DELICIA HERRERA	DISTRICT 6		x		
ELENA K. GUAJARDO	DISTRICT 7			x	
ART A. HALL	DISTRICT 8			x	
KEVIN A. WOLFF	DISTRICT 9	Not present			
CHIP HAASS	DISTRICT_10			x	
MAYOR PHIL HARDBERGER	MAYOR			x	

# Agenda Voting Results

**Name:** 5.

**Date:** 06/15/06

**Time:** 02:18:49 PM

**Vote Type:** Multiple selection

**Description:** Public Hearing and consideration of an Ordinance authorizing updates and amendments to the San Antonio Water System's Land Use Assumptions Plan; Capital Improvements Plan; and Water, Water Supply and Wastewater Impact Fees for 2006-2015, in accordance with Chapter 395 of the Texas Local Government Code. [Presented by Ben Gorzell, Acting Director, Finance; Sheryl Sculley, City Manager]

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
SHEILA D. MCNEIL	DISTRICT 2		x		
ROLAND GUTIERREZ	DISTRICT 3			x	
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5		x		
DELICIA HERRERA	DISTRICT 6		x		
ELENA K. GUAJARDO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8		x		
KEVIN A. WOLFF	DISTRICT 9	Not present			
CHIP HAASS	DISTRICT_10		x		
MAYOR PHIL HARDBERGER	MAYOR		x		

## ATTACHMENT III

### AMENDMENTS TO CHAPTER 34 OF THE SAN ANTONIO CITY CODE

The City Code of the City of San Antonio Chapter 34, Water and Sewers, is hereby amended by adding Article X, New Development Impact Fees by adding the language that is underlined as set forth herein.

#### **ARTICLE X. NEW DEVELOPMENT IMPACT FEES**

##### **Section. 34-1360. General.**

The City of San Antonio has established impact fees for new development for the time period 2006-2015 pursuant to the requirements and process set out in Chapter 395 of the Texas Local Government Code. On June 15, 2006, the City Council adopted the 2006-2015 Land Use Assumption Plan (LUAP) and Capital Improvement Plan (CIP), which were prepared by the San Antonio Water System (system), in support of impact fees for water flow, water system development, water supply, wastewater collection, and wastewater treatment.

##### **Section. 34-1361. Assessment of Impact Fees.**

The assessment of impact fees to new development as established in the 2006-2015 LUAP and CIP is hereby authorized. Such impact fees shall become effective June 29, 2006, and supercede impact fees previously approved by City Council.

##### **Section 34.1362. Impact Fees Schedule.**

The impact fees applicable to new development are set out by category in the Water Supply, Water and Wastewater Impact Fee Schedule to this chapter. The impact fees listed in the Water Supply, Water and Wastewater Impact Fee Schedule shall be applied based on the analysis adopted in the 2006-2015 LUAP and CIP.

**WATER SUPPLY, WATER AND WASTEWATER IMPACT FEE SCHEDULE**  
**SAN ANTONIO WATER SYSTEM**  
 San Antonio, Texas  
 Effective June 29, 2006  
 Ordinance No. \_\_\_\_\_ dated \_\_\_\_\_, 2006

The City is authorized to impose and enforce impact fees, through its municipally-owned water utility company, which are necessary to provide and make available services and facilities. This action fulfills an obligation mandated under Chapter 395 of the Texas Local Government Code. The San Antonio Water System shall assess and collect **WATER SUPPLY** impact fees as set forth below:

<u><b>WATER SUPPLY IMPACT FEE</b></u>	<b>IMPACT FEE PER EQUIVALENT DWELLING UNIT (EDU)</b>
<b>Water Supply - All Areas</b>	<b>\$1,242</b>

The City is authorized to impose and enforce impact fees, through its municipally-owned water utility company, which are necessary to provide and make available services and facilities. This action fulfills an obligation mandated under Chapter 395 of the Texas Local Government Code. The San Antonio Water System shall assess and collect **WATER** impact fees as set forth below:

<u><b>WATER DELIVERY IMPACT FEES</b></u>	<b>IMPACT FEE PER EQUIVALENT DWELLING UNIT (EDU)</b>
<b>Flow - All Areas</b>	<b>\$1,098</b>
<b>System Development</b>	
Low Elevation Service Area	\$668
Middle Elevation Service Area	\$591
High Elevation Service Area	\$1,356

The City is authorized to impose and enforce impact fees, through its municipally-owned water utility company, which are necessary to provide and make available services and facilities. This action fulfills an obligation mandated under Chapter 395 of the Texas Local Government Code. The San Antonio Water System shall assess and collect **WASTEWATER** impact fees as set forth below:

<u><b>WASTEWATER IMPACT FEES</b></u>	<b>IMPACT FEE PER EQUIVALENT DWELLING UNIT (EDU)</b>
<b>Treatment</b>	
Upper and Lower Service Areas	\$453
Far West-Medio Service Area	\$901
<b>Collection</b>	
Lower Service Area	\$413
Upper Service Area	\$691
Far West-Medio Service Area	\$394
Far West-Potranca, Big Sous, Lucas Service Area	\$772

WATER SUPPLY, WATER AND WASTEWATER IMPACT FEE SCHEDULE  
SAN ANTONIO WATER SYSTEM  
San Antonio, Texas  
Effective June 29, 2006

Ordinance No. \_\_\_\_\_ dated \_\_\_\_\_, 2006

<b>EDU EQUIVALENCIES FOR VARIOUS TYPES AND SIZES OF WATER METERS</b>	
<b>METER SIZE</b>	<b>SERVICE UNITS</b>
5/8"	1
3/4"	1.5
1"	2
1-1/2"	5
2"	14
3"	30
4"	50
6"	105
8"	135
10"	190
12"	360

# **ATTACHMENT I**

**CITY OF SAN ANTONIO  
FINANCE DEPARTMENT  
CITY COUNCIL AGENDA MEMORANDUM**

*Agenda Item #5*

**TO:** Sheryl Sculley, City Manager

**FROM:** Ben Gorzell Jr., CPA, Acting Director of Finance

**SUBJECT:** A Public Hearing on and An Ordinance Authorizing Updates and Amendments to the Land Use Assumptions Plan, Capital Improvements Plan and Water, Water Supply and Wastewater Impact Fees for 2006 – 2015

**DATE:** June 15, 2006

**SUMMARY AND RECOMMENDATION**

This item allows for a public hearing pursuant to Chapter 395 of the Texas Local Government Code for the City Council consideration and approval of the 2006-2015 updates to the Water, Water Supply and Wastewater Land Use Assumptions Plan (LUAP), the Capital Improvements Plan (CIP) and the Maximum Impact Fees Calculations.

Staff recommends approval of this Ordinance.

**BACKGROUND INFORMATION**

Chapter 395 of the Texas Local Government Code (Chapter 395) establishes the requirements and the process that must be followed if a municipality is to assess and collect impact fees. Chapter 395 requires that a local government must:

- Establish a Capital Improvements Advisory Committee (CIAC) to advise City Council on the development and implementation of impact fees;
- Develop a Land Use Assumptions Plan (LUAP) that forecasts demand within the service area for a maximum ten-year planning period;
- Analyze existing capacity of water and wastewater systems; and
- Prepare a capital improvements plan (CIP) that determines the infrastructure necessary to serve the projected demand.

An impact fee is a one-time charge imposed on new development to help recover capital costs associated with providing the infrastructure and other required improvements to provide service to that new development. Impact fees are important as these fees minimize the ratepayers' participation in funding SAWS' capital costs associated with providing service to new development. As such, impact fees establish a mechanism to have new development pay its equitable portion of required capital costs to include infrastructure and facilities. SAWS currently assesses three categories of impact fees: water flow and development (wells, pumps, tanks and pipelines); water supply (new water supply source capital requirements); and, wastewater collection and treatment (mains and plants).

In addition, Chapter 395 requires that the LUAP and CIP be updated at least every five years. On September 22, 2005, City Council approved an updated LUAP, CIP and interim impact fee for water supply. On July 22, 2004, City Council approved a LUAP, CIP and wastewater impact fee for the Far West Area. The last comprehensive update to the LUAP, CIP and impact fees for water and wastewater occurred in 2001. SAWS began the current process to update all of its impact fees with the hiring of the consulting firm of PBS&J in July of 2005 to conduct a

Comprehensive Cost of Service and Rate Study. SAWS staff, PBS&J and the City Council appointed CIAC have been working to update the LUAP and CIP in order to establish new comprehensive impact fees. A summary of significant policy issues included in the update are as follows:

- Creation of a twenty-three (23) mile radius creating an upper and lower wastewater collection service area;
- Consolidation of the water flow and development service areas from 17 to 3 and,
- Revising the demand for one apartment unit to equal ½ of an Equivalent Dwelling Unit.

The CIAC finalized their findings and recommendations on the total CIP, LUAP and Maximum Impact Fee calculations, and forwarded them to City Council. On May 2, 2006, the SAWS' Board of Trustees approved a Resolution forwarding its recommendations on the updates to the impact fees to the City for consideration. The SAWS' Board of Trustees and the CIAC both approved the LUAP, CIP and Maximum Impact Fee calculations as proposed with one notable exception. The CIAC deferred to the SAWS' Board regarding separating the wastewater delivery impact fee into two service areas. The CIAC filed its report with the Clerk on May 31, 2006, and copies of that report were delivered to the City Council. Attachment A includes a schedule of the proposed impact fees.

On May 11, 2006, City Council approved an ordinance acknowledging receipt of the updates to the LUAP, CIP and Maximum Impact Fee calculations and adopted a notice of public hearing on the updates to the LUAP, CIP and Maximum Impact Fee calculations to be held on June 15, 2006. Following the public hearing, City Council may take action on the requested ordinance. Additionally, the total amount designated for impact fee waivers will increase from the current \$1 million allocation to \$2 million annually.

#### **FISCAL IMPACT**

There is no financial impact to the City's budget resulting from the adoption of the proposed impact fees.

#### **COORDINATION**

The development of the LUAP, CIP, and the maximum calculated water, wastewater and water supply impact fees were coordinated with the City Council appointed CIAC, SAWS staff and the City Attorney's Office. The SAWS' Board of Trustees approved the LUAP, CIP, and proposed impact fees on May 2, 2006.

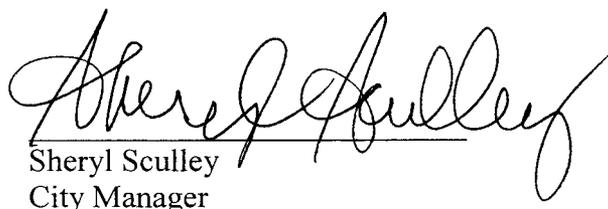
#### **SUPPLEMENTAL COMMENTS**

The disclosure requirements of the City's Ethics Ordinance are not applicable.



Ben Gorzell Jr., CPA  
Acting Director of Finance

Approved for Council Consideration:



Sheryl Sculley  
City Manager

## Attachment A

Impact Fee Type	Proposed Impact Fee 2006	Current Adopted Impact Fee	Difference
Water Supply - All Areas	\$1,242	\$852	\$390
Water System Development			
Low Elevation	\$668	\$100 - \$172	\$558 - \$496
Middle Elevation	\$591	\$249 - \$490	\$342 - \$101
High Elevation	\$1,356	\$569 - \$1,163	\$787 - \$193
Water Flow - All Areas	\$1,098	\$362	\$736
Total Water Minimum Fee	\$2,931	\$1,314	\$1,617
Total Water Maximum Fee	\$3,696	\$2,377	\$1,319
Water Treatment			
Upper & Lower Areas	\$453	\$142 - \$750	\$311 - (\$297)
Far West - Medio	\$901	\$1,200	(\$299)
Wastewater Collection			
Upper Service Area	\$691	\$366	\$325
Lower Service Area	\$413	\$366	\$47
Far West - Medio	\$394	\$538	(\$144)
Far West - Potranco/Big Sous/Lucas	\$772	\$729 - \$772	\$43 - \$0
Total Wastewater Minimum Fee	\$847	\$508	\$339
Total Wastewater Maximum Fee	\$1,673	\$1,972	(\$299)
Water and Wastewater			
Total Minimum Fee	\$3,788	\$1,822	\$1,956
Total Maximum Fee	\$5,369	\$4,349	\$1,020

Infrastructure Planning Department

## Five-Year Update to Impact Fees Program

Sam Mills, P.E.

Director, Infrastructure Planning Department



City Council  
June 15, 2006



Our water. Our future.

### What are Impact Fees?

- Impact fees support growth
- One-time charges imposed on new development that are designed to recover capital costs (land, pipelines, facilities, etc.) associated with providing water and wastewater service.
- Mechanism that enables new development to pay its equitable portion of required capital costs for infrastructure and facilities.
- Existing property owners/rate payers do not pay any further impact fees unless service demand increases.



## Types of Impact Fees

### Types:

#### Water Supply



#### Water Flow



#### Water System Development



#### Wastewater Collection



#### Wastewater Treatment



### Eligible Costs:

- Wells / Wellfields
- Pipelines
- Pumps
- Transmission mains
- Distribution mains
- Collection mains
- Tanks
- Treatment Plants
- Easements



## Impact Fee Review Process

### Review Process

- Capital Improvements Advisory Committee (CIAC) appointed
- CIAC reviewed legal documents, land use assumptions, and CIP
- Maximum Impact Fee must be calculated
- Public hearing held prior to City Council approval
- Reviewed every five years

### Objectives of Review Process

- Existing customers do not subsidize new customers
- New customers do not subsidize existing customers
- Fees must be applied fairly and are equitable to all



## Consultant Team

- **PBSJ**

- National A&E firm
- Over 3,800 employees
- Texas offices in San Antonio, Austin, Houston, Dallas, Pflugerville, Tyler
- Over 200 separate impact fee / rate studies

- Rimrock Consulting Company (based in Austin)
  - Specializes in rate studies and impact fee analyses
  - Over 200 separate impact fee / rate studies

## How is the Maximum Impact Fee Calculated?

$$\text{Maximum Impact Fee} = \left[ \frac{\text{Value of Existing \& New Infrastructure from CIP needed for growth}}{\text{Projected New EDU's from LUAP}} \right] - \text{Less Credit for Future Debt Payments by Ratepayers for Existing Capacity}$$

### EDU = Equivalent Dwelling Unit

- Unit of measurement allowing comparison of demand among range of all users
- For water, a single-family unit with a 5/8-inch meter is 1 equivalent dwelling unit (313 gal. /day) – average water usage for a single family residence
- For wastewater, the average wastewater discharge from a single-family residence (240 gal. /day) is 1 equivalent dwelling unit

## Land Use Assumptions Plan

### Projected Growth: 2006 - 2015

- New Water EDU's – 102,821
- New Wastewater EDU's – 115,995



## Pro Rata Cost of Existing & New CIP for 10-Year Growth

- Water Supply      \$179 million
- Water Delivery      \$192 million
- Wastewater      \$134 million
- Total CIP      **\$504 million**



## Significant Changes PROPOSED FOR WATER & WASTEWATER

- Apartments should be assessed ½ EDU per apartment for all impact fees
- ¾" water meter assessed 1.5 EDUs
  - 5/8" meter with ¾" service line still counts as 1 EDU
- Local Benefit Impact Fee Program to be handled through SAWS Utility Service Regulations instead of the Impact Fee Process
- ISA/OSA Wastewater Treatment service area distinction eliminated because no longer relevant
- Upper & Lower Wastewater Collection service areas established

15 June 2006  
Page 8

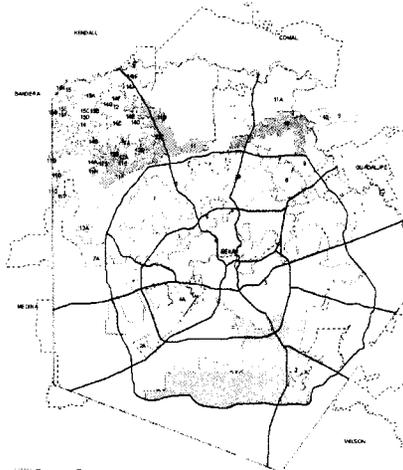


Five-Year Update to Impact Fees Program  
San Antonio Water System

## Water Service Areas

### Current

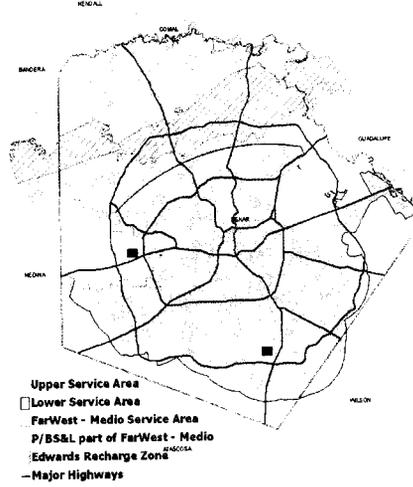
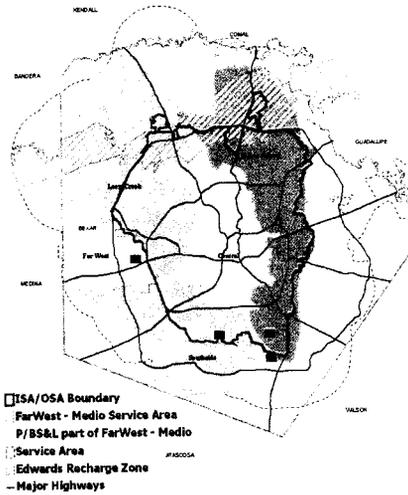
### Proposed



# Wastewater Service Areas

## Current

## Proposed



# Water Supply & Flow Impact Fee Service Area

