

CITY OF SAN ANTONIO
Finance Department
Interdepartmental Correspondence

TIME CERTAIN
ITEM NO. 6
3:00PM

TO: Mayor and City Council

FROM: Ben Gorzell Jr., Public Utilities Supervisor/Assistant Director, Finance Department and Leonard D. Young P.E., Interim President/ Chief Executive Office, San Antonio Water System

THROUGH: Terry M. Brechtel, City Manager

COPIES: Melissa Byrne Vossmer, Assistant City Manager; Milo Nitschke, Director, Finance Department; Andrew Martin, City Attorney; File

SUBJECT: An Ordinance to Consider the Land Use Assumptions Plan and Capital Improvements Plan Related to Possible Adoption of Maximum Wastewater Impact Fees for the Far West Area and An Ordinance to Establish the date for a Public Hearing to Consider Adoption of Maximum Wastewater Impact Fees for the Far West Area

DATE: June 3, 2004

SUMMARY AND RECOMMENDATION

The proposed Ordinances seek approval of the following:

- The Land Use Assumptions Plan and Capital Improvements Plan related to the possible adoption of maximum San Antonio Water System (SAWS) wastewater impact fees for an area known as the Far West; and,
- The establishment of a date for a public hearing on July 22, 2004 to consider the adoption of SAWS maximum wastewater impact fees for an area known as the Far West.

The Land Use Assumptions Plan and Capital Improvements Plan have been developed and calculated in accordance with Chapter 395 of the Local Government Code and have been approved by the Capital Improvements Advisory Committee, the San Antonio Water System Board of Trustees, and the Planning Commission.

Chapter 395 of the Local Government Code also requires that as a part of the approval process, City Council must conduct a public hearing on the possible adoption of impact fees and the date of the public hearing must be set by ordinance. The date of the public hearing must be at least 30 days after the date of this ordinance. The date requested for the public hearing is July 22, 2004. It is recommended that City Council approve these Ordinances.

BACKGROUND INFORMATION

Chapter 395 of the Local Government Code 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 to advise City Council on the development and implementation of impact fees;
- Develop a Land Use Assumptions Plan that forecasts demand within the service area for a ten-year planning period;
- Analyze existing capacity of water and wastewater systems; and
- Prepare a capital improvements plan 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 assist in preventing existing ratepayers of SAWS from substantially funding 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.

A group of developers considering developing an area known as the "Far West" approached SAWS regarding the inadequacy of the wastewater infrastructure to accommodate growth in the area. The Far West area is generally located west of Loop 410 to the county line, and south of Highway 151 to the area around Highway 90 and is depicted on the map included as Attachment A. The developers and SAWS staff together developed a plan for the area that would best serve SAWS, the property owners and future development. The plan involved creating special impact fees for the Far West area whereby developers or customers could either pay the impact fees that would fund construction of the required infrastructure, or conversely build the infrastructure and earn credits against the payment of impact fees.

SAWS staff worked with the development community, school districts, City of San Antonio, engineers, and other organizations to develop the Land Use Assumptions Plan. This plan projected wastewater demand growth for the entire county, however, it more specifically focused on the Far West area. Research indicates that growth throughout the SAWS service area will occur at the historical rate of about 2% per year while in the Far West area, growth is anticipated to be greater at about 6% per year.

Water service to the area is primarily provided by Bexar Metropolitan Water District. Wastewater service from SAWS is available in some portions of the area but the majority of the area is not currently served. Using the growth projected in the Land Use Assumptions Plan, SAWS staff, with assistance from developers and engineers, developed a capital improvements plan that determined the necessary infrastructure required to serve the new demand. The plan includes a series of trunk lines, lift stations, force mains, and improvements to the Medio Creek Water Recycling Center. Estimated costs for the required improvements total \$47.9 million.

The Land Use Assumptions Plan and Capital Improvements Plan related to the possible adoption of maximum SAWS wastewater impact fees have been approved and recommended for adoption by the City Council by the Capital Improvements Advisory Committee, San Antonio Water System Board of Trustees, and the Planning Commission. Chapter 395 of the Local Government Code requires that as a part of the approval process, City Council must first conduct a public hearing to consider the approval of the Land Use Assumptions Plan and the Capital Improvements Plan.

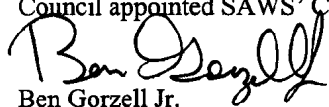
In addition, the Local Government Code establishes that a public hearing date for the adoption of impact fees may be set after the adoption of the Land Use Assumptions Plan and Capital Improvements Plan. The date of the public hearing must be set by ordinance and be at least 30 days from the date of the ordinance. Therefore, upon approval of the Land Use Assumptions Plan and Capital Improvements Plan, SAWS seeks approval of an ordinance setting the date for a public hearing on July 22, 2004 to consider the approval of the maximum wastewater impact fees for the Far West Area.


FISCAL IMPACT

The proposed ordinances approve the Land Use Assumptions Plan and Capital Improvement Plan related to the possible adoption of maximum wastewater impact fees for the Far West area and set the date for the public hearing to consider the adoption of the maximum wastewater impact fees for the Far West area. As these ordinances consider adoption of the plans and set the date for a public hearing, there is no financial impact.

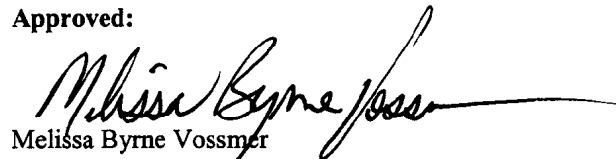
COORDINATION


The development of the Land Use Assumptions Plan and Capital Improvements Plan was coordinated with the City Council appointed SAWS' Capital Improvements Advisory Committee.


Ben Gorzell Jr.
Supervisor of Public Utilities/
Assistant Director
Finance Department
City of San Antonio


Leonard D. Young, P.E.
Interim President/
Chief Executive Officer
San Antonio Water System

Approved:


Melissa Byrne Vossmer
Assistant City Manager


Terry M. Brechtel
City Manager

Location of FarWest Sewer Service Area

