

AGENDA ITEM NO. 6

**CITY OF SAN ANTONIO
PUBLIC UTILITIES DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council

FROM: Ben Gorzell Jr., Director of Public Utilities

SUBJECT: Ordinance to Establish a Date of a Public Hearing to Consider an Update to the Land Use Assumptions Plan, Water Supply Capital Improvements Plan and Water Supply Impact Fee

DATE: August 11, 2005

SUMMARY AND RECOMMENDATIONS

This Ordinance establishes the date for a public hearing on September 15, 2005 to consider approval of an update to the Land Use Assumptions Plan, Water Supply Capital Improvements Plan and San Antonio Water System (SAWS) water supply impact fee.

Staff recommends approval of this Ordinance to establish a public hearing on September 15, 2005.

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 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.

Chapter 395 does not allow impact fees to be adopted or used for capital improvements or facility expansions that are not identified in the Capital Improvements Plan (CIP). The current water supply impact fee of \$352 was established and adopted on May 3, 2001, and was calculated to recover the costs for capital improvements identified in the current CIP. These improvement projects include the Oliver Ranch and BSR water supply capital improvements projects with a current projected cost of \$11,680,208. To date, SAWS has collected approximately \$11,372,294 in water supply impact fees. It is anticipated that SAWS will collect the total projected capital improvement costs in the current CIP by October 2005. Without updating the plans and identifying additional water supply capital improvements projects in the CIP, SAWS would not be able to continue to collect the water supply impact fee once the total projected capital improvements costs in the current CIP have been recovered.

SAWS, in conjunction with the development community, city agencies and state agencies has now developed the 2005 - 2015 Land Use Assumptions Plan (LUAP) and Water Supply CIP to project future water supply demand and identify capital improvements needed to meet the projected demand. The LUAP is utilized to forecast by census tract the increased water demand for the ten year period and the projections are used to determine sizing and phasing of water supply projects.

SAWS has identified the Western Canyon Project in the 2005-2015 Water Supply CIP as a necessary project to serve new growth. Based on the CIP, an impact fee was calculated that is intended to fund the capital costs for the Western Canyon water supply project. The LUAP was utilized to project that approximately 3,992 acre-feet per year (Af/yr) of new water supply will be required to meet the demand of new growth for a one-year period. The Western Canyon Project will provide water for approximately one year of growth.

The Western Canyon project involves the purchase of surface water through an agreement with the Guadalupe-Blanco River Authority (GBRA) from their Canyon Lake Water Supply. The project will involve participants in portions of Comal, Kendall, and Bexar Counties. The project will yield approximately 4,000 Af/yr from the Canyon Reservoir. GBRA will be responsible for the design and construction of the project to an agreed delivery point with each participant. SAWS' point of delivery is the Winwood Water Tank to be constructed adjacent to IH10 near Fair Oaks Parkway and the Oliver Ranch tank located on Hwy 281N. The estimated delivery date of the Western Canyon Water Supply is late 2005.

The updated LUAP, the Water Supply CIP and the water supply impact fee of \$852 per EDU, have been approved and recommended for adoption by the San Antonio Water System Board of Trustees, the Council appointed Capital Improvements Advisory Committee and the Planning Commission. Chapter 395 requires that as a part of the update process, City Council must, within 60 days after the date it receives the update of the LUAP and CIP, adopt an Ordinance setting a public hearing to discuss and review the update and whether to amend the plan. Notice of the public hearing shall be published at least 30 days in advance of the hearing in one or more

Mayor and City Council

August 11, 2005

Page 3 of 4

newspapers of general circulation in Bexar County. The date requested for the public hearing is September 15, 2005. Within 30 days following the public hearing, the City Council must approve or disapprove the amendments of the LUAP, CIP, and modification of the impact fee. In this case, this proposed action will occur immediately following the public hearing on September 15, 2005.

The initial recommendation by the SAWS' staff and the Board of Trustees was an impact fee of \$1,352 while the Capital Improvements Advisory Committee and Planning Commission initially recommended an impact fee of \$676. City staff requested SAWS' staff find a compromise with the parties as this impact fee will only be in effect for an interim period until such time the update to all impact fees is completed by April 2006. Some of the stakeholders have expressed concern primarily over the policy issue related to how much of the capital costs associated with all water supply capital improvement projects should be funded by impact fees. Subsequently, the Capital Improvements Advisory Committee, the Planning Commission, and the SAWS Board of Trustees have all approved recommendations supporting a water supply impact fee of \$852.

SAWS recently hired a consultant, Post, Buckley, Schuh, & Jernigan, Inc., to conduct a comprehensive impact fee study which will update the water, wastewater, and water supply impact fees collected by SAWS. Chapter 395 requires that the LUAP and CIP be updated at least every five years. In compliance with the required timeline, SAWS anticipates bringing forward the amended LUAP and Water Supply CIP with the corresponding impact fees by no later than April of 2006. This comprehensive impact fee study will provide an opportunity to address policy issues such as the aforementioned issue related to water supply capital improvements. Additionally, the proposed water supply impact fee of \$852 will only be in effect during this interim period. As such, City staff supports the recommended water supply impact fee of \$852.

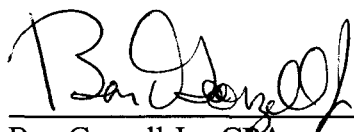
FISCAL IMPACT

The proposed ordinance establishes a date for a public hearing to consider the Land Use Assumptions Plan, Water Supply Capital Improvements Plan and water supply impact fee. As this Ordinance establishes a date for a public hearing, there is no financial impact.

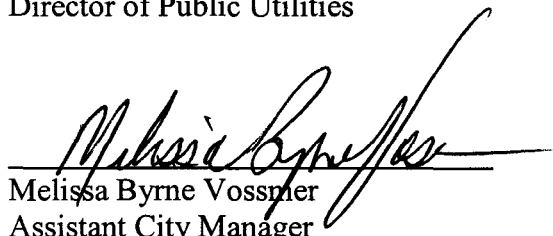
Mayor and City Council
August 11, 2005
Page 4 of 4

COORDINATION

The development of the Land Use Assumptions Plan (copy attached), Water Supply Capital Improvements Plan (copy attached), and the proposed water supply impact fee was coordinated with the City Council appointed SAWS' Capital Improvements Advisory Committee and the City Attorney's Office. The San Antonio Water System Board of Trustees approved the Land Use Assumptions Plan, Water Supply Capital Improvements Plan, and proposed water supply impact fee on July 19, 2005.



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