

*Agenda item # 4*

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

**TO:** Sheryl Sculley, City Manager

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

**SUBJECT:** Ordinance to Acknowledge Receipt of Updates to the Land Use Assumptions Plan, Capital Improvements Plan and Water, Water Supply and Wastewater Impact Fees for 2006 – 2015 and Establishes a Date of a Public Hearing to Consider the Updates

**DATE:** May 11, 2006

**SUMMARY AND RECOMMENDATION**

This Ordinance acknowledges receipt on May 10, 2006 of the San Antonio Water System's (SAWS') 2006-2015 updates to the Water, Water Supply and Wastewater Land Use Assumptions Plan (LUAP), the Capital Improvements Plan (CIP) and the Maximum Impact Fee calculations and adopts a notice of public hearing on the updates to the LUAP, CIP and Maximum Impact Fee calculations to be held on June 15, 2006.

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 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. The LUAP, CIP and impact fees for water and wastewater were last updated in 2001. SAWS began the update process 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.

The CIAC has made numerous findings and recommendations on the total CIP, LUAP and Maximum Impact Fee calculations, but will reconvene on Friday, May 5, 2006, to further deliberate and consider the Water Supply Impact Fee and its final recommendations on the amount of the impact fees. The SAWS' Board of Trustees conducted a special meeting on April 27, 2006 solely for the purpose of deliberating the total CIP, LUAP and Maximum Impact Fee calculations. 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 proposed ordinance will formally acknowledge receipt of update to the LUAP, CIP, and maximum impact fee calculations. Additionally, the proposed ordinance establishes a date for a public hearing on June 15<sup>th</sup>. The CIAC's final written comments will be due on or before June 7, 2006.

#### **FISCAL IMPACT**

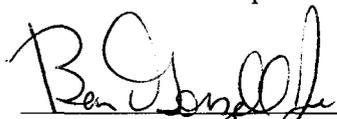
The proposed ordinance establishes a date for a public hearing and acknowledges receipt of the updates, as such, there is no financial impact.

#### **COORDINATION**

The development of the LUAP, CIP, and the maximum calculated water, wastewater and water supply impact fees (distributed to City Council on May 10, 2006) 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.

  
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Ben Gorzell Jr., CPA  
Acting Director of Finance

Approved for Council Consideration:

  
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Sheryl Sculley  
City Manager