

## **MEMORANDUM**

**TO:** Donna Barron, City Manager

**FROM:** Keith Marvin, P.E., Director, Public Services

**DATE:** August 17, 2018

**SUBJECT:** **Public Hearing: Consideration of the 2018 Land Use Assumptions, Water and Wastewater Capital Improvements Plan, and Impact Fee Assessment as Recommended by Engineering Consultant Birkhoff, Hendricks & Carter; and Consideration of an Ordinance Amending Chapter 2, Article VIII, Fees Section 2-201, Exhibit "A" and Chapter 16, Article IV, Water and Sewer Extensions, Section 16-207(c) of the Lewisville City Code by Amending the Schedule of Capital Recovery Fees and the Effective Date for Said Fees; and Providing a Repealer; Severability; and an Effective Date.**

### **BACKGROUND**

Chapter 395 of the Texas Local Government Code establishes that a Political Subdivision may assess impact fees against new development to generate revenue for funding, or recouping, the costs of capital improvements or facility expansions necessitated by and attributable to the new development.

Chapter 395 requires that impact fees must include a fee schedule that discounts from the maximum fee calculation a “credit” that is the amount of utility service revenue or ad valorem taxes that are allocated to capital improvements that are included in the capital improvements plan. Alternatively, the fee schedule can be omitted, and the City can charge an impact fee that is 50% of the maximum fee or lower. Recommendation of fees in the 2018 Water and Wastewater Impact Fee Review are based on 50% of the maximum allowable, or less.

Chapter 395 also requires that the political subdivision review and update the land use assumptions, the capital improvements plan, and the impact fees every five years.

### **ANALYSIS**

The City of Lewisville hired the planning and engineering firm of Freese & Nichols, Inc. to perform an update to the land use assumptions for the City. The final report projects a build-out population of 163,162 including the areas of East Lewisville, Castle Hills, and Austin Ranch. These population projections then form the basis of updates to our water and wastewater capital improvements plan. The 2018 Land Use Assumptions report is attached.

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The engineering consultant, Birkhoff, Hendricks & Carter, completed the revisions to the capital improvements plan, and the engineering evaluation and water and sewer impact fee study based on the updated Land Use Assumptions. These reports are attached.

At the August 6, 2018 City Council Meeting, the Council approved a resolution calling for a public hearing at the September 17, 2018 City Council Meeting. In accordance with the requirements of Chapter 395 of the Texas Local Government Code, this hearing was advertised in both the Dallas Morning News, and the Denton Record Chronical on August 13th, August 20th, and on August 27th. During this time, all final reports were made available for public review through the City website, as well as through copies posted in City facilities.

Local Government Code Chapter 395 requires that an advisory committee be established to review the proposed reports and recommended changes. The City of Lewisville utilizes the City's Capital Improvements Advisory Committee (CIAC) for this purpose. All reports were provided to all members of the CIAC, and at the CIAC meeting on August 21, 2018, the Director of Public Services for the City of Lewisville, made a detailed presentation on the contents of the report. The CIAC was in concurrence with the reports, and they recommended the City Council approve the reports and implement the recommended fees. The written report of the CIAC was presented to City Council at the September 10, 2018 City Council Meeting.

Based on 50% of the maximum allowable fees, the 2018 report recommends the maximum allowable water and sewer impact fees be set at \$2,614.89 and \$3,949.72 respectively for the five-year period. This would be a decrease of \$550.11 for water and an increase of \$1,225.72 for wastewater.

City staff is concerned about the impact to development if the wastewater impact fee is set at the calculated amount and is recommending the current rate of \$2,724 per living unit equivalency (LUE) be maintained. The ordinance before you includes water impact fees of \$2,614 per LUE, and wastewater impact fees of \$2,724 per LUE. The CIAC was in concurrence with these recommendations.

### **RECOMMENDATION**

It is staff's recommendation that the City Council conduct a public hearing and approve the Ordinance as set forth in the caption above.