

2012 Water and Wastewater Impact Fees Update



Impact Fee Advisory Committee
October 8, 2012





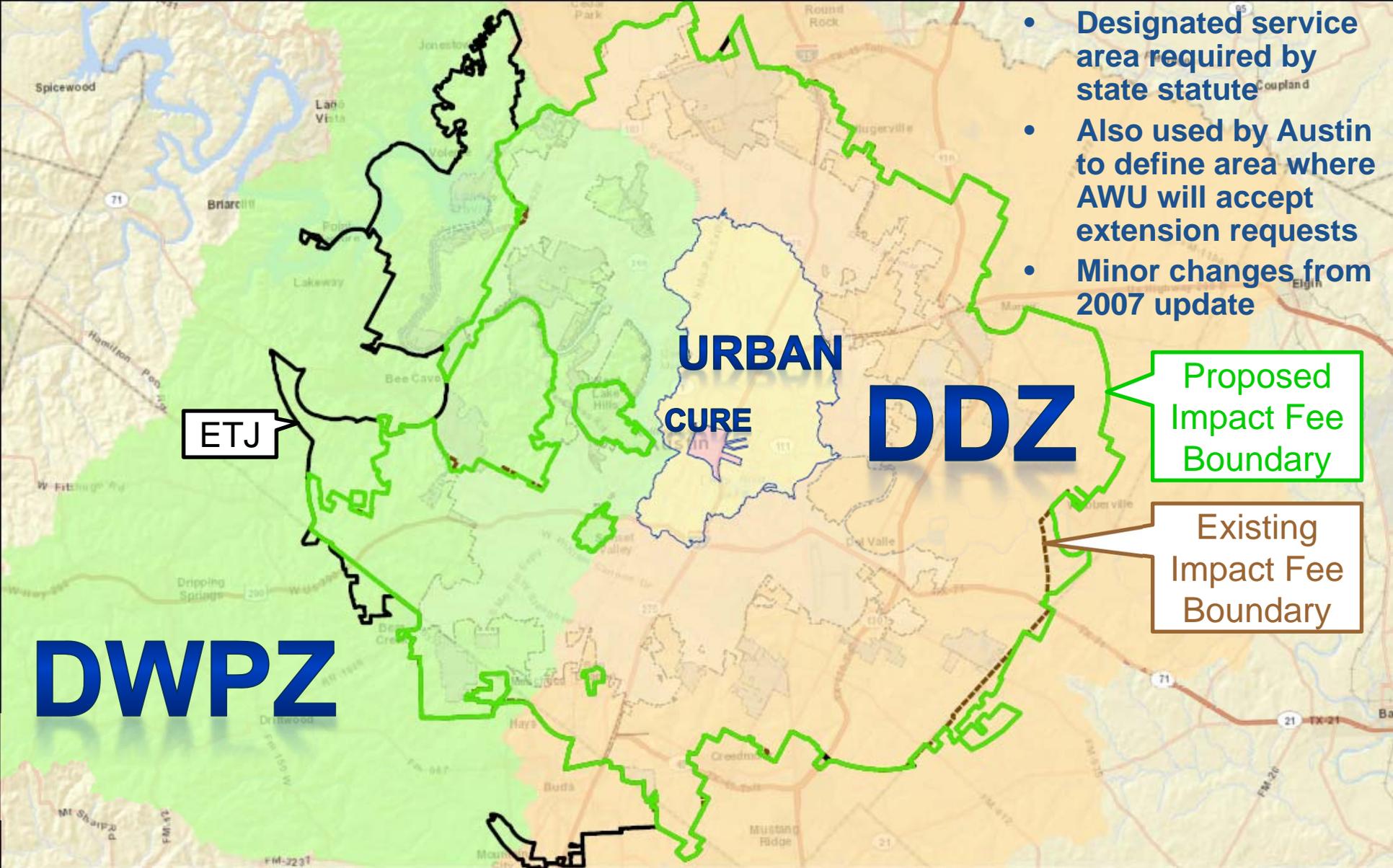
Impact Fees Background & 2012 Impact Fee Update Highlights

- Austin impact fees apply only to water and wastewater infrastructure
- Collections average approximately \$6.0 million annually
- State law requires the impact fees to be updated every five years.
 - Updates are proposed for land use assumptions (LUA), impact fee capital improvement plan (IF CIP), and the assessed & collected fees
 - As a policy, Austin's collected fees have been less than the calculated maximum allowable
- The most recent update was adopted by Council in 2007
- Impact fee service area boundary has only minor changes from 2007
- Joint Committee recommended to maximize fees and eliminate zones
- Upward pressure on fees due to new rate revenue reduction calculations



Impact Fee Capital Improvements Plan & Fee Calculation Method

- Identify new growth projects
- Determine capacity to be used in 10-yr planning horizon and its cost
- Account for contribution of revenues from new users toward paying for growth facilities through rates
 - This 5-year update includes an Austin-specific rate revenue credit
 - ~36% for Water
 - ~35% for Wastewater
 - Previous updates have used a 50% across the board credit
- Divide adjusted cost by the number of 10-year growth service units = maximum allowable impact fee (MAIF)
 - Water MAIF (preliminary draft subject to change):
 - increases from \$3,307 per Service Unit (SU) to \$5,415 per SU (64% increase)
 - Wastewater MAIF (preliminary draft subject to change):
 - increases from \$1,852 per SU to \$2,284 per SU (23% increase)



- Designated service area required by state statute
- Also used by Austin to define area where AWU will accept extension requests
- Minor changes from 2007 update

ETJ

URBAN
CURE

DDZ

Proposed
Impact Fee
Boundary

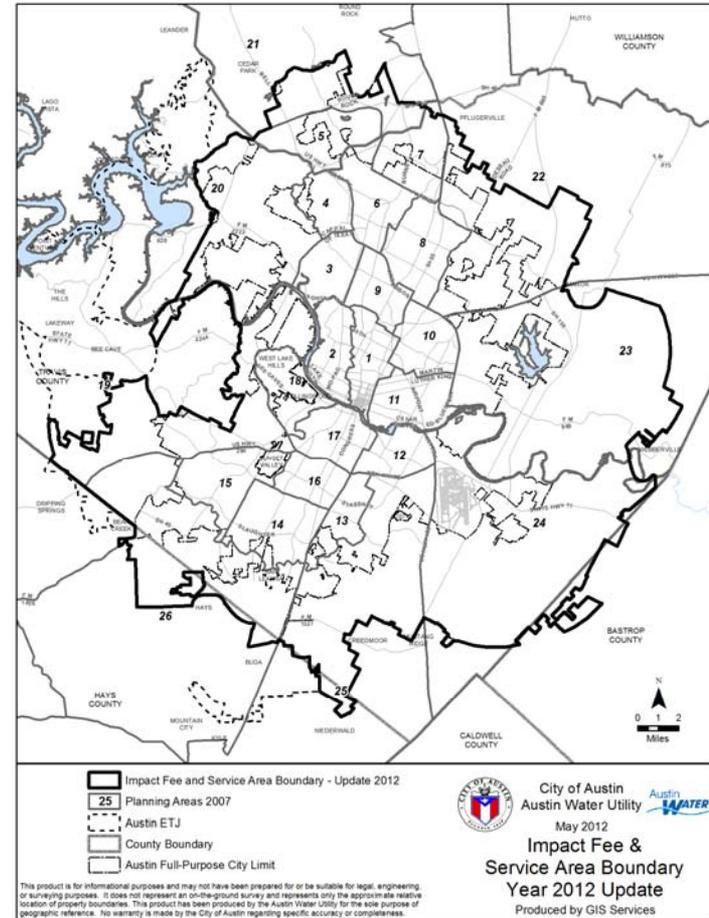
Existing
Impact Fee
Boundary

DWPZ



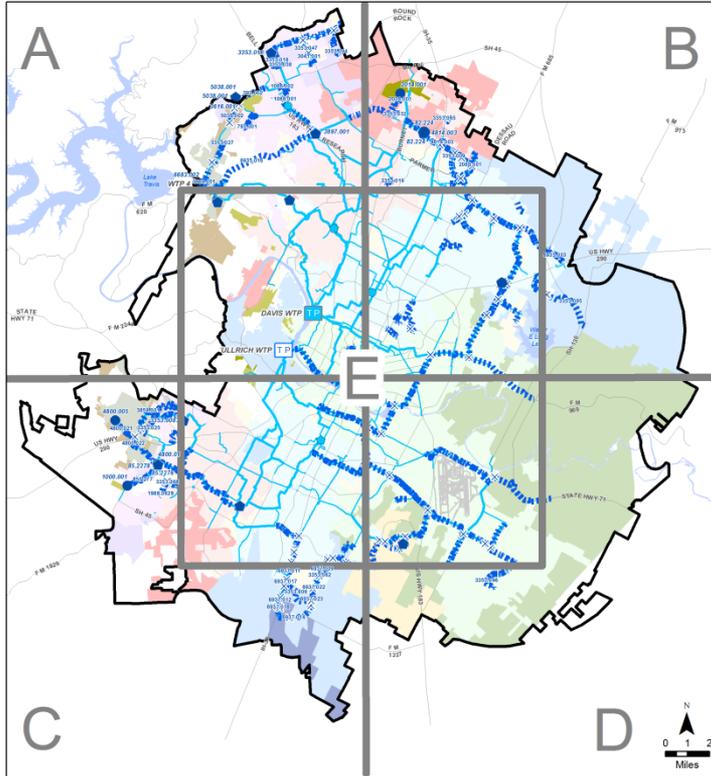
Land Use Assumptions

- Population and employment served in 2010 and 2020 allocated to Planning Areas, Water Pressure Zones and Wastewater Basins
- Convert water meters to Service Units (flow) based on weather normalized 2011 total water usage
- Population and employment growth converted to service units for determining facility usage





Impact Fee CIP



- 2012 Impact Fee Boundary Update
- CIP Pump Station
- CIP Reservoir
- CIP WTP
- CIP Water Pipes
- Project Separator
- Existing Treatment Plant
- Existing Reservoir
- Existing Pump Station
- Existing Water Pipes 24" - 30"
- Existing Water Pipes 36" - 72"

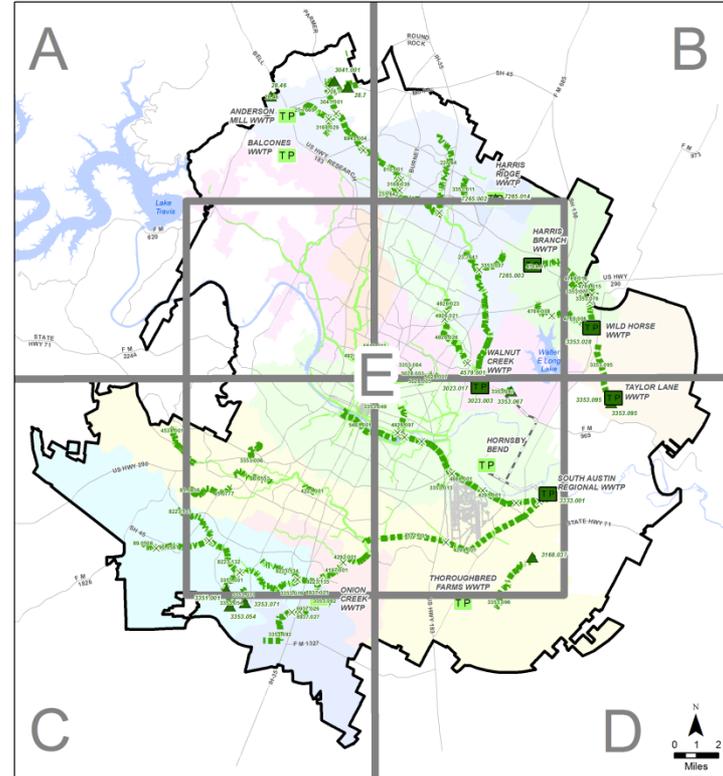


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Austin Water Utility
July 2012

Impact Fee CIP Major Water Facilities

Produced by GIS Services

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- CIP Lift Station or Pump
- CIP Tunnel Shaft
- CIP WW Treatment Plant
- CIP Wastewater Pipes
- Project Separator
- Existing City WWTP
- Existing Wastewater Pipes 24" - 36"
- Existing Wastewater Pipes 42" - 60"
- Existing Wastewater Sludge Line



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Impact Fee CIP Major Wastewater Facilities

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Current Impact Fees and Options/Structures Under Review

15% Risk Management Reduction

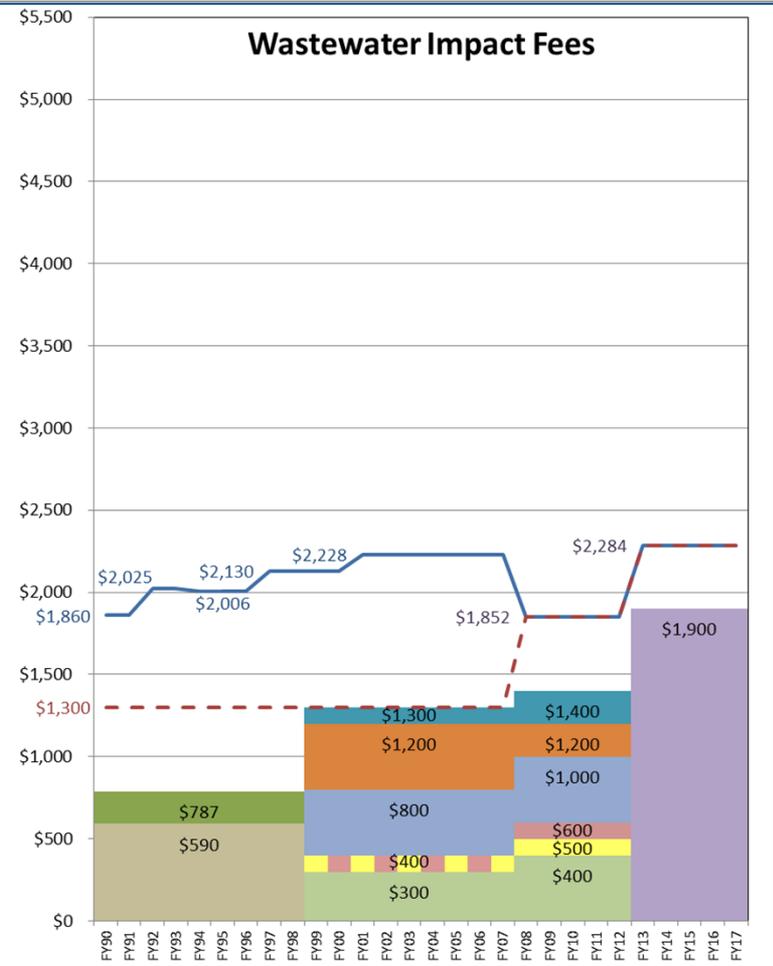
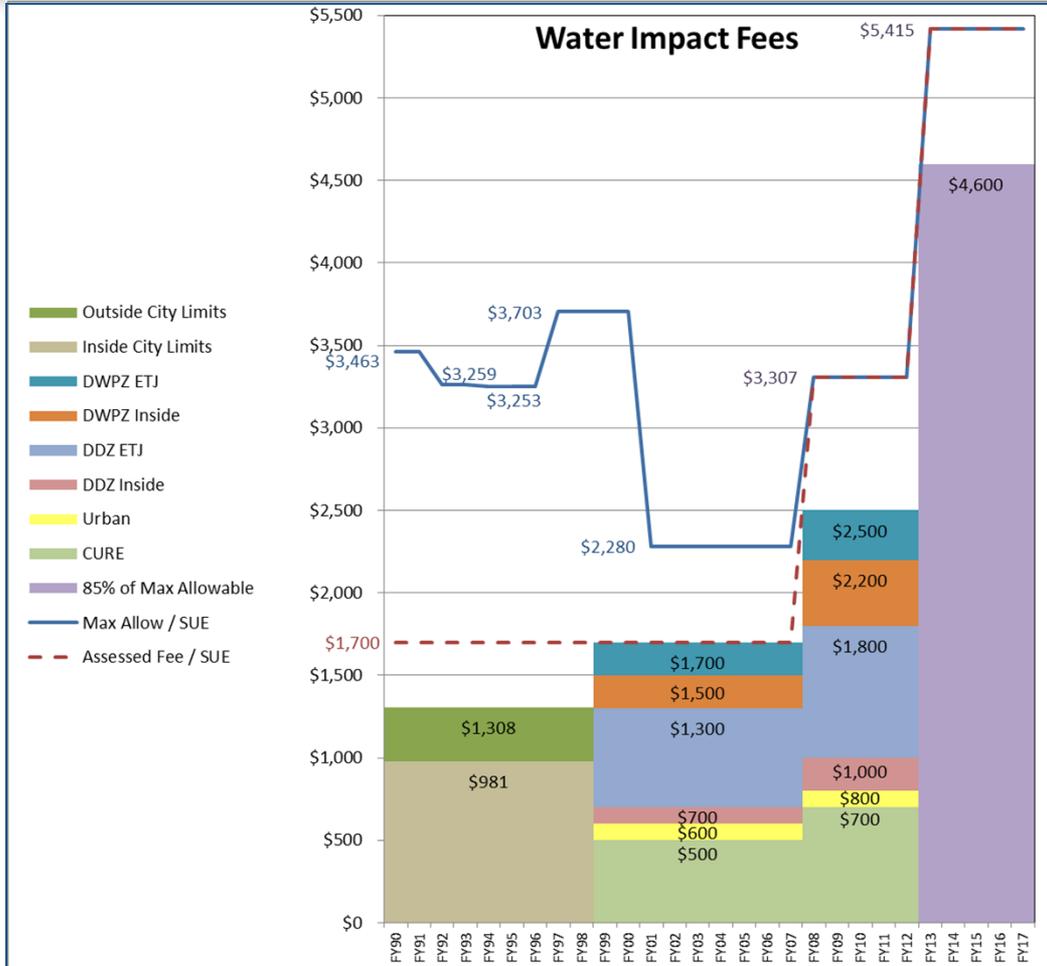
Current Impact Fees			OPTION 1: Water:				OPTION 2: Water:				OPTION 3C: Uniform 85% Water:			
	\$ per Service Unit	% of Maximum Allowable Fee	Max Allow. Calc. Method: 50% Rate Rev. Credit		Compared to Current Fees:		Max Allow. Calc. Method: Austin-Specific Rate Rev. Credit		Compared to Current Fees:		Max Allow. Calc. Method: Austin-Specific Rate Rev. Credit		Compared to Current Fees:	
			Collected Fee: current zone structure	% of Maximum Allowable Fee	\$ Increase/(\$ Decrease)	% Change	Collected Fee: current zone structure	% of Maximum Allowable Fee	\$ Increase/(\$ Decrease)	% Change	Collected Fees: uniform 85% of max allow., no zone reductions	% of Maximum Allowable Fee	\$ Increase/(\$ Decrease)	% Change
Maximum Allowable Fee Amount	\$3,307	100%	\$4,205	100%	\$898	27%	\$5,415	100%	\$2,108	64%	\$5,415	100%	\$2,108	64%
	Collected fee:		Collected fee:				Collected fee:				Collected fee:			
DWPZ - Outside ETJ Fee	\$2,500	75%	\$3,200	75%	\$700	28%	\$4,100	75%	\$1,600	64%	All Areas: \$4,600	All Areas: 85%	\$2,100	84%
DWPZ - ETJ Fee	\$2,500	75%	\$3,200	75%	\$700	28%	\$4,100	75%	\$1,600	64%			\$2,100	84%
DWPZ - Inside City Fee	\$2,200	65%	\$2,700	65%	\$500	23%	\$3,500	65%	\$1,300	59%			\$2,400	109%
DDZ - ETJ Fee	\$1,800	55%	\$2,300	55%	\$500	28%	\$3,000	55%	\$1,200	67%			\$2,800	156%
DDZ - Inside City Fee	\$1,000	30%	\$1,300	30%	\$300	30%	\$1,600	30%	\$600	60%			\$3,600	360%
DDZ - Urban Watersheds Fee	\$800	25%	\$1,100	25%	\$300	38%	\$1,400	25%	\$600	75%			\$3,800	475%
DDZ - CURE	\$700	20%	\$800	20%	\$100	14%	\$1,100	20%	\$400				\$3,900	557%

Elimination of Zone Incentives: Joint Committee Recommendation & a Major Policy Change

Current Impact Fees			OPTION 1: Wastewater:				OPTION 2: Wastewater:				OPTION 3C: Uniform 85% Wastewater:			
	\$ per Service Unit	% of Maximum Allowable Fee	Max Allow. Calc. Method: 50% Rate Rev. Credit		Compared to Current Fees:		Max Allow. Calc. Method: Austin-Specific Rate Rev. Credit		Compared to Current Fees:		Max Allow. Calc. Method: Austin-Specific Rate Rev. Credit		Compared to Current Fees:	
			Collected Fees: current zone structure	% of Maximum Allowable Fee	\$ Increase/(\$ Decrease)	% Change	Collected Fees: current zone structure	% of Maximum Allowable Fee	\$ Increase/(\$ Decrease)	% Change	Collected Fees: uniform 85% of max allow., no zone reductions	% of Maximum Allowable Fee	\$ Increase/(\$ Decrease)	% Change
Maximum Allowable Fee Amount	\$1,852	100%	\$1,767	100%	-\$85	-5%	\$2,284	100%	\$432	23%	\$2,284	100%	\$432	23%
	Collected fee:		Collected fee:				Collected fee:				Collected fee:			
DWPZ - Outside ETJ Fee	\$1,400	75%	\$1,300	75%	-\$100	-7%	\$1,700	75%	\$300	21%	All Areas: \$1,900	All Areas: 85%	\$500	36%
DWPZ - ETJ Fee	\$1,400	75%	\$1,300	75%	-\$100	-7%	\$1,700	75%	\$300	21%			\$500	36%
DWPZ - Inside City Fee	\$1,200	65%	\$1,100	65%	-\$100	-8%	\$1,500	65%	\$300	25%			\$700	58%
DDZ - ETJ Fee	\$1,000	55%	\$1,000	55%	\$0	0%	\$1,300	55%	\$300	30%			\$900	90%
DDZ - Inside City Fee	\$600	30%	\$500	30%	-\$100	-17%	\$700	30%	\$100	17%			\$1,300	217%
DDZ - Urban Watersheds Fee	\$500	25%	\$400	25%	-\$100	-20%	\$600	25%	\$100	20%			\$1,400	280%
DDZ - CURE	\$400	20%	\$400	20%	\$0	0%	\$500	20%	\$100	25%			\$1,500	375%

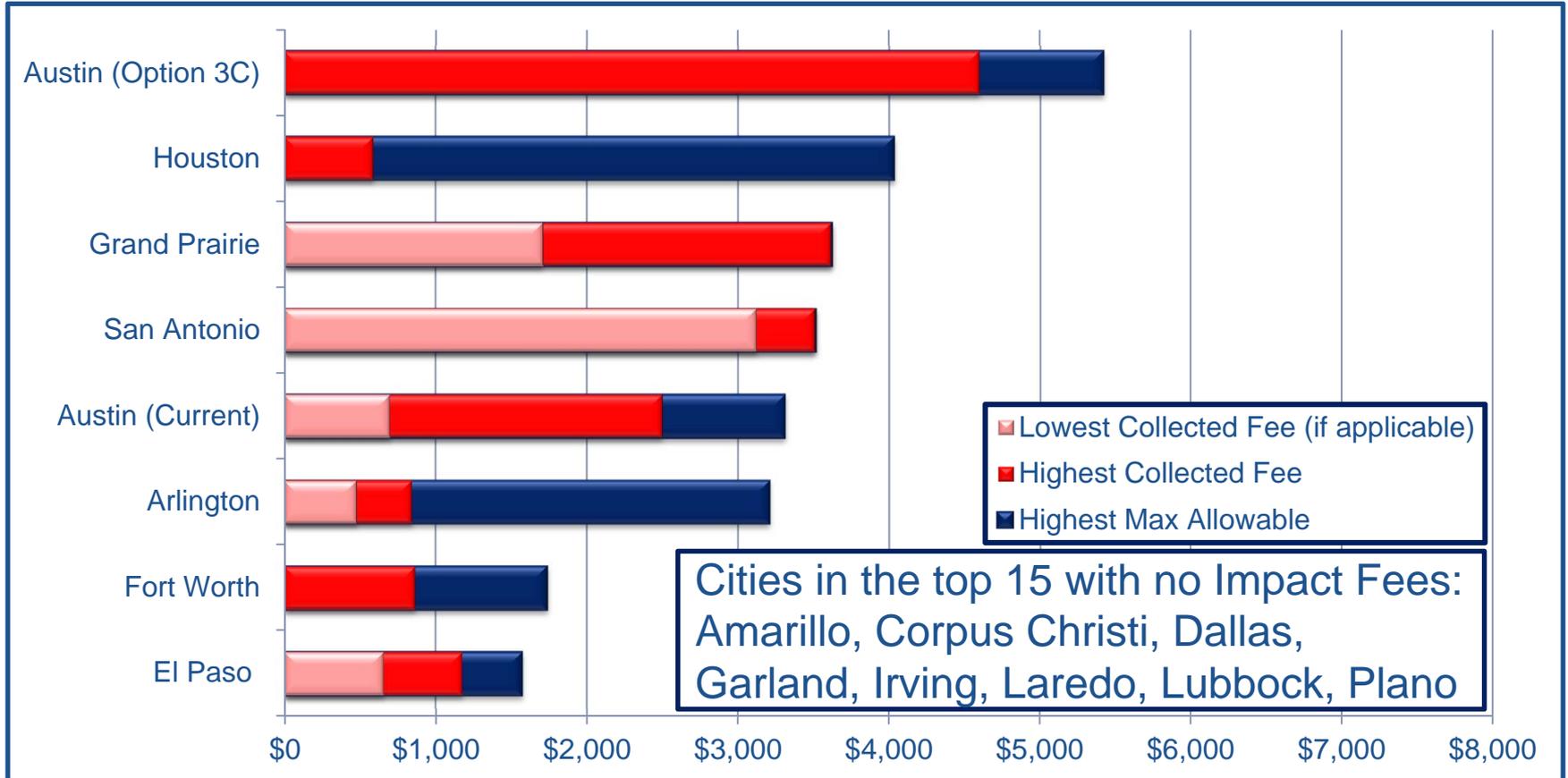


Austin Impact Fee Analysis



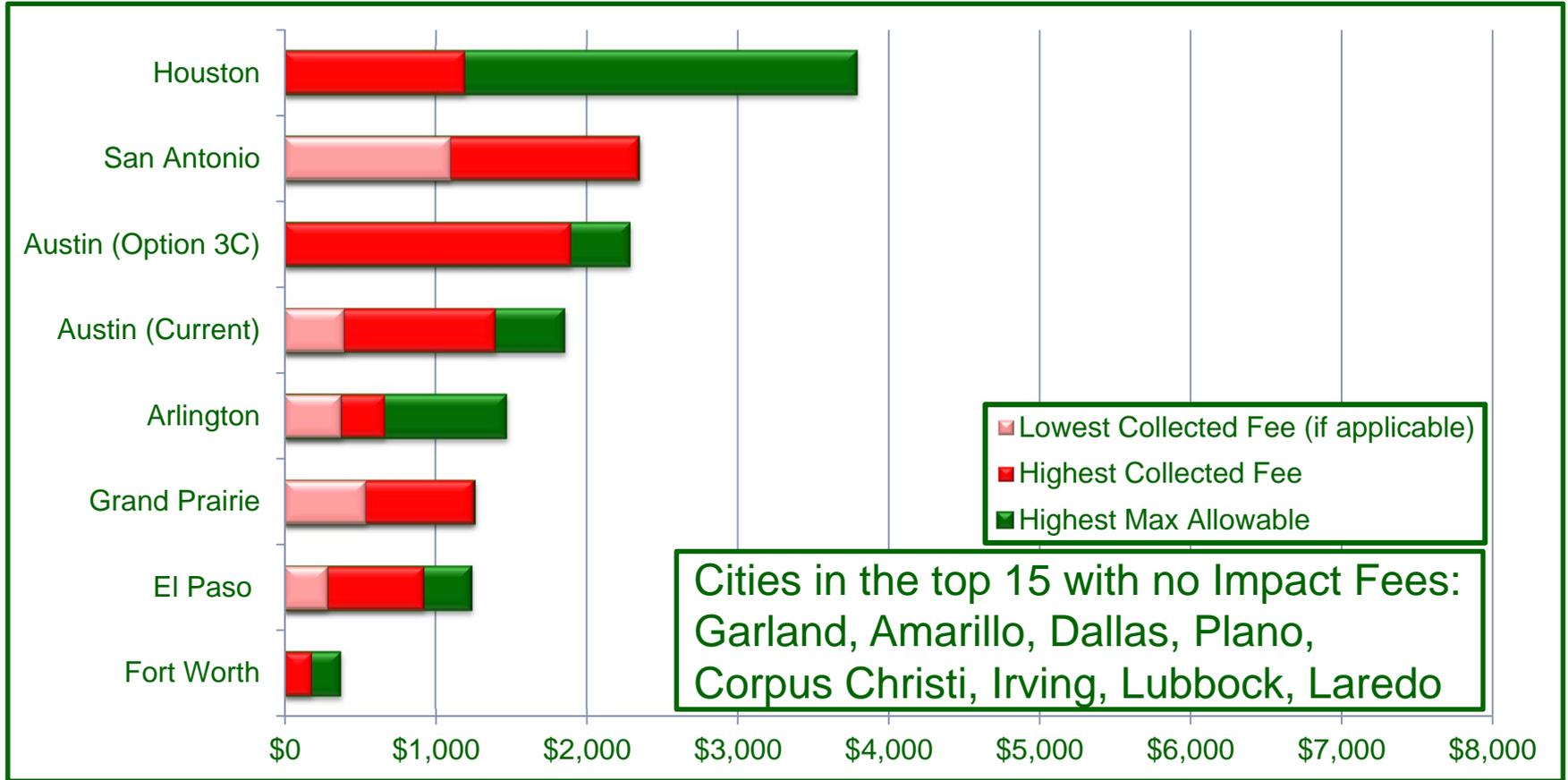


Water Impact Fees Comparison Top 15 Largest Texas Cities



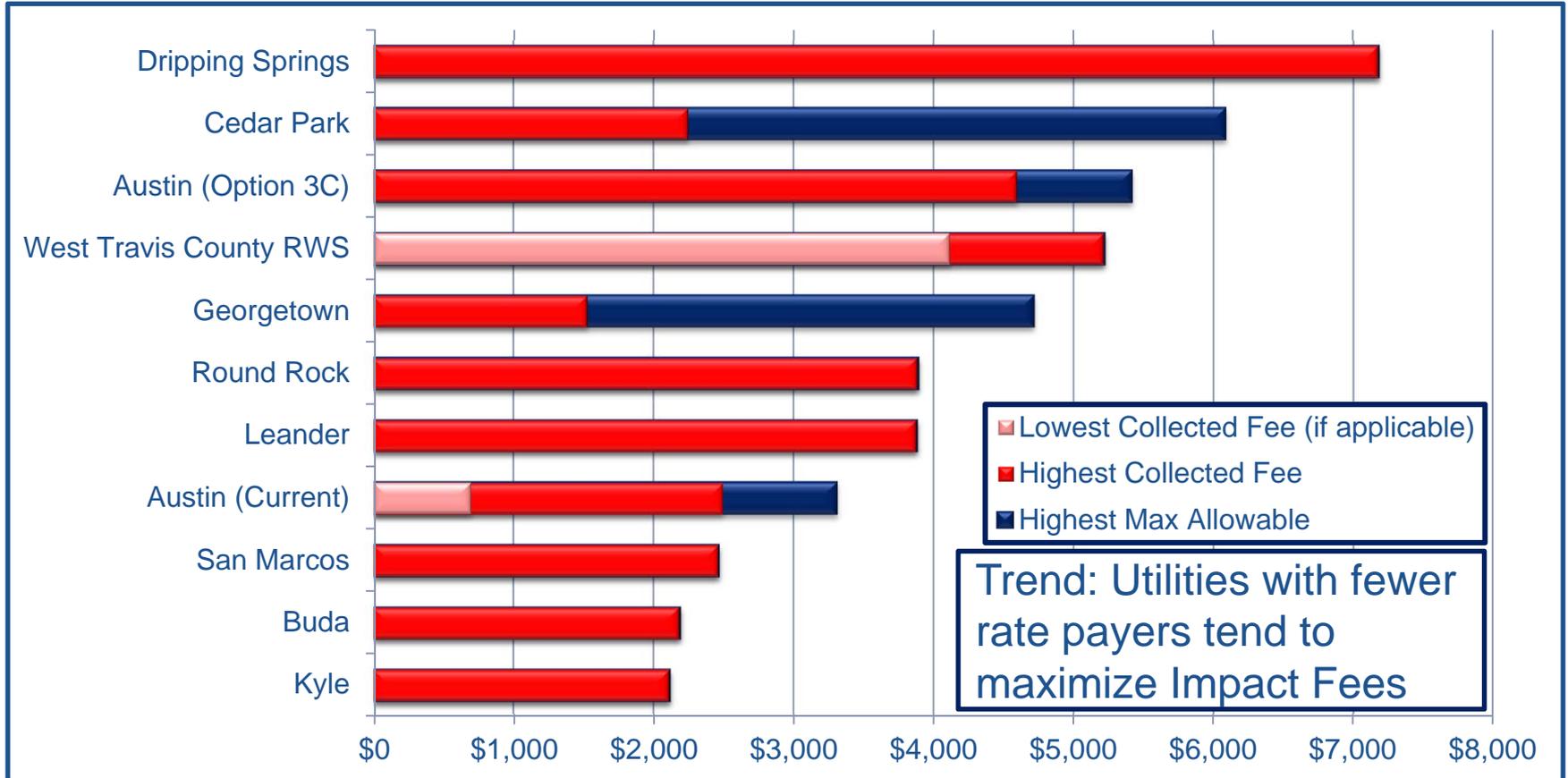


Wastewater Impact Fees Comparison Top 15 Largest Texas Cities



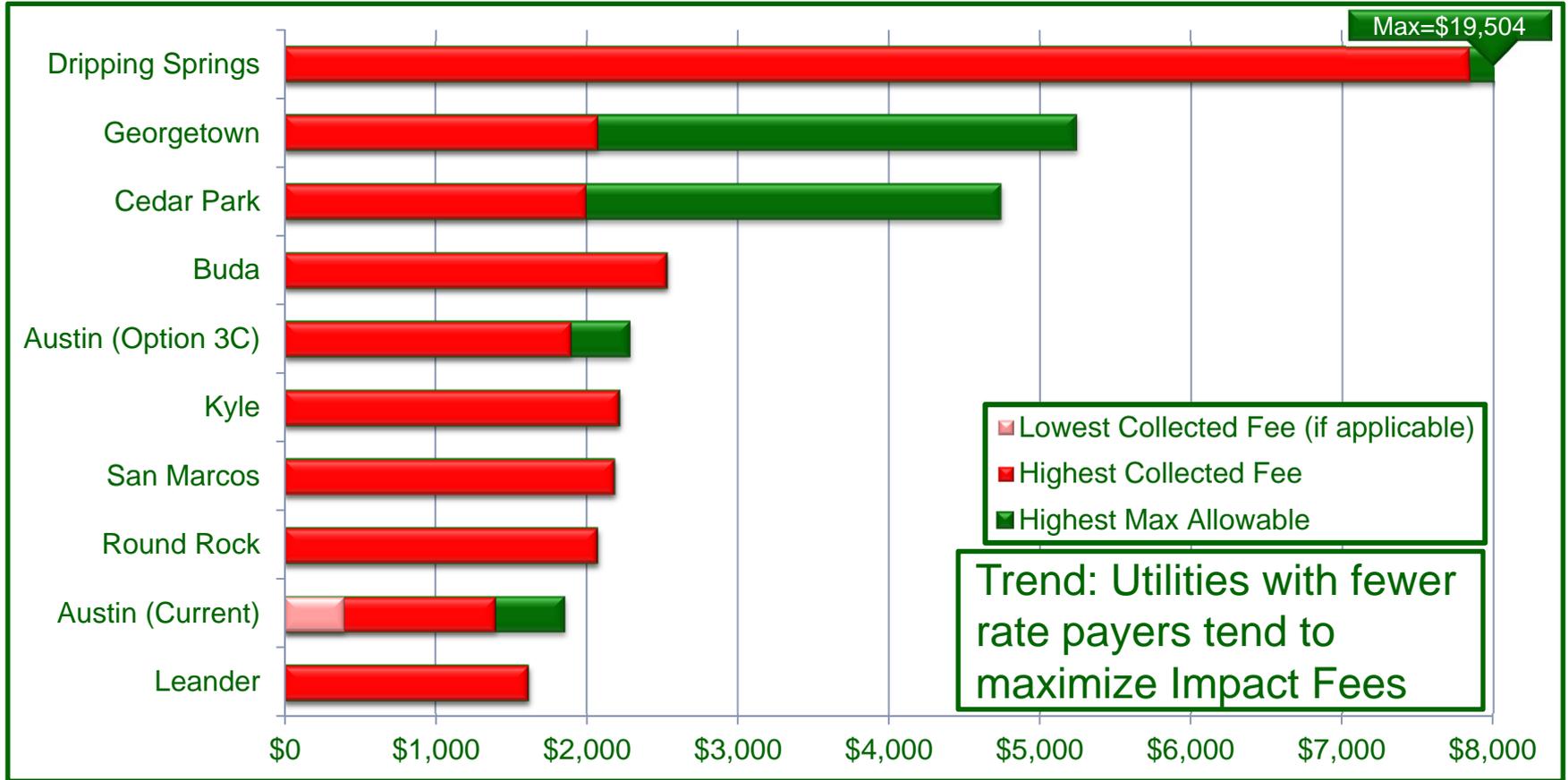


Water Impact Fees Comparison Central Texas Cities





Wastewater Impact Fees Comparison Central Texas Cities



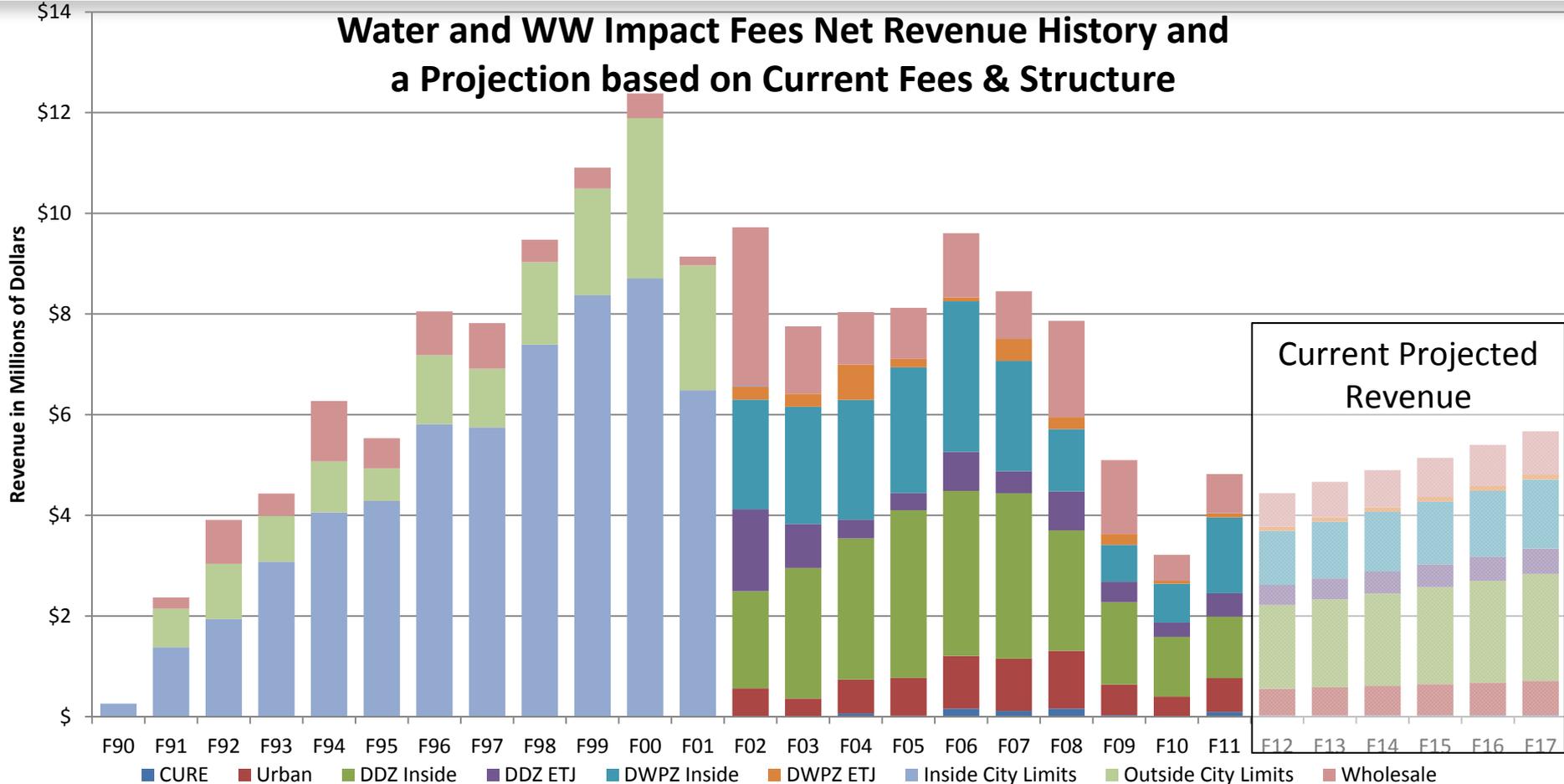


Summary Discussion

- Schedule:
 - Outreach and Stakeholder input thru November
 - December/January - RCA to Set Public Hearing
 - Public Hearing and Council Approval in January/February
- Incentives
 - Proposed elimination of current zone incentives
 - Waivers and Adjustments (W&As)
 - Rapidly increasing percentage of W&As
 - e.g. Affordable Housing, State/ISD Facilities , Annexations, Council Approved Exemptions, etc.
 - Analysis of W&As on-going via the IFAC
- Other Considerations:
 - Phasing
 - Administration (currently 1,164 Impact Fees options in Amanda)



Impact Fee Revenue without Interest



*Note the this chart does not show interest earnings...