

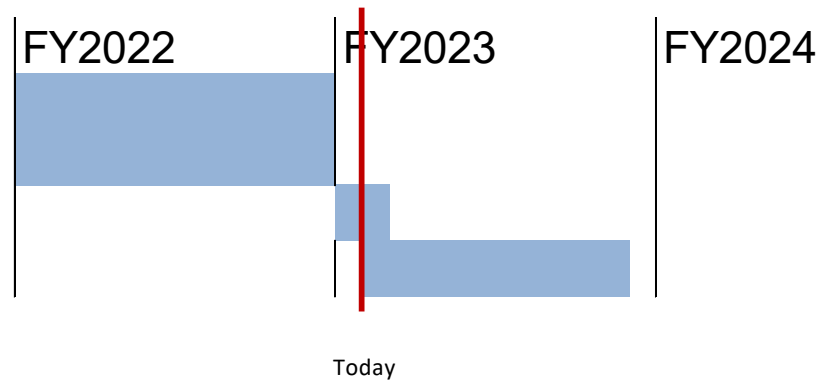


2023 IMPACT FEE UPDATE

Impact Fee Advisory Committee Meeting | November 15, 2022



Land Use Assumptions
CIP Plan
Assessed & Collected Fees
Public Involvement



Project Schedule

- 💧 Maximum Allowable Fee
- 💧 Full Report
- 💧 Stakeholder Involvement



Impact Fee Basics

Impact Fee

“...a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development” (Texas LGC 395.001.4)

Land Use Assumptions (Section 2)

What infrastructure capacity will be consumed by new development?

Capital Improvements Plan (Section 3)

What is that infrastructure capacity worth?

Assessed & Collected Fees (Section 1)

How much are we going to charge?





Questions



Impact Fees - 2023 Update

- State mandated minimum 5-year update of Water and Wastewater impact fees
- Followed same basic method as previous two updates (2013 & 2018)
 - Land Use assumptions
 - Capital Improvement Plan



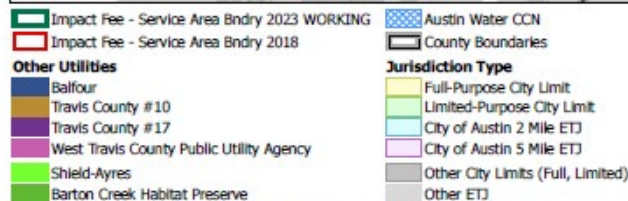
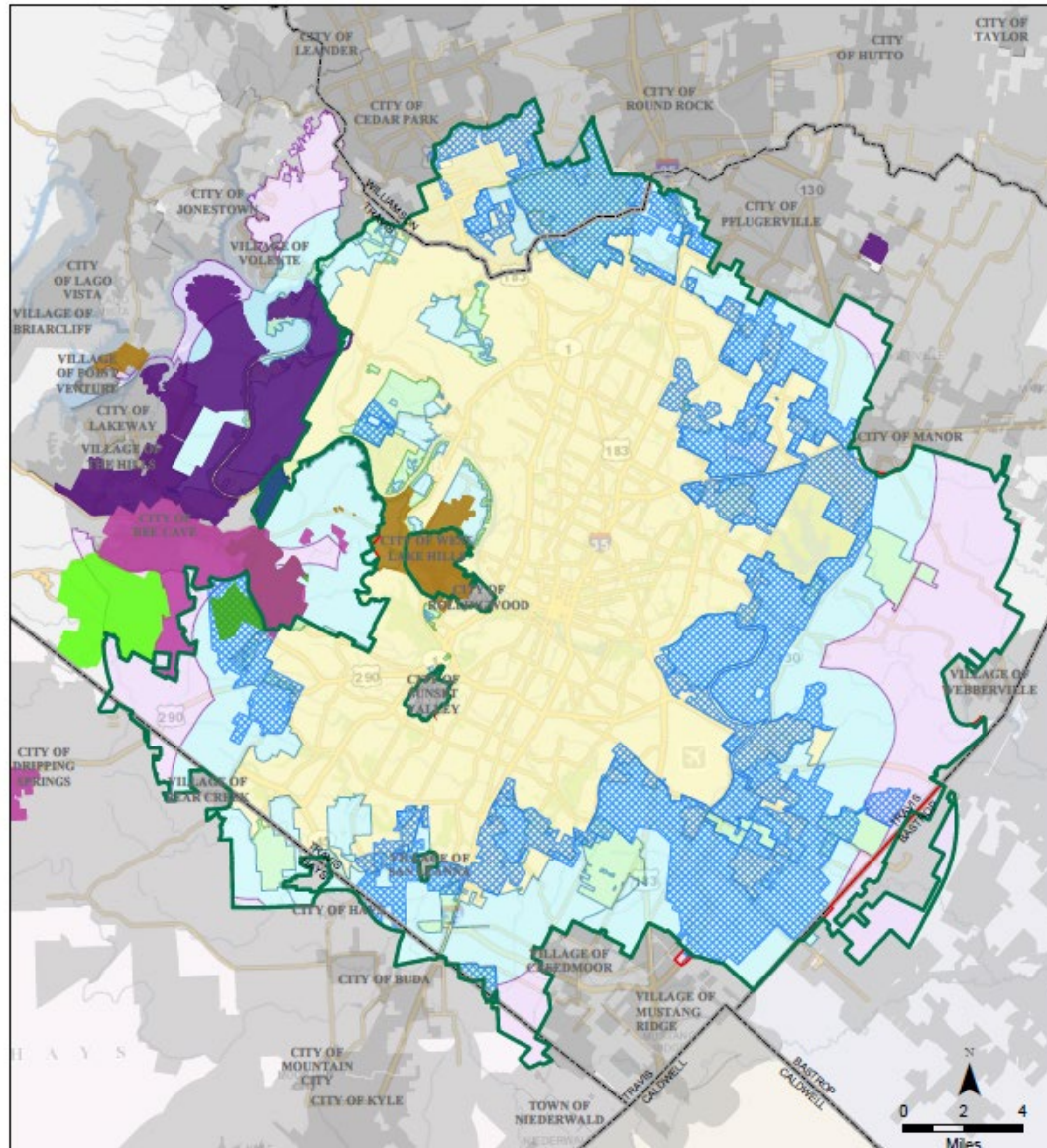
Land Use Assumptions Updates

- Service area update
- Impact fee demographic data updates:
 - 2020 and 2030
 - Population and employment
- 10-year Service Unit (SU) growth projection



Service area updates reflect:

- 💧 ETJ changes
- 💧 Other jurisdictional changes



City of Austin
Austin Water
July 2022



**Impact Fee Boundary 2023
DRAFT**

Produced by Systems Planning

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Population and Employee Estimates

| | WATER | | WASTEWATER | |
|-------------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2030 | 2020 | 2030 |
| Retail Population | 1,030,610 | 1,252,807 | 988,997 | 1,211,194 |
| Wholesale Population | 50,481 | 54,481 | 41,517 | 44,071 |
| Total Population | 1,081,091 | 1,307,738 | 1,030,514 | 1,255,265 |
| | | | | |
| Retail Employees | 683,847 | 803,260 | 657,925 | 776,835 |
| Wholesale Employees | 20,528 | 25,023 | 18,552 | 22,348 |
| Total Employees | 704,375 | 828,283 | 676,477 | 799,183 |



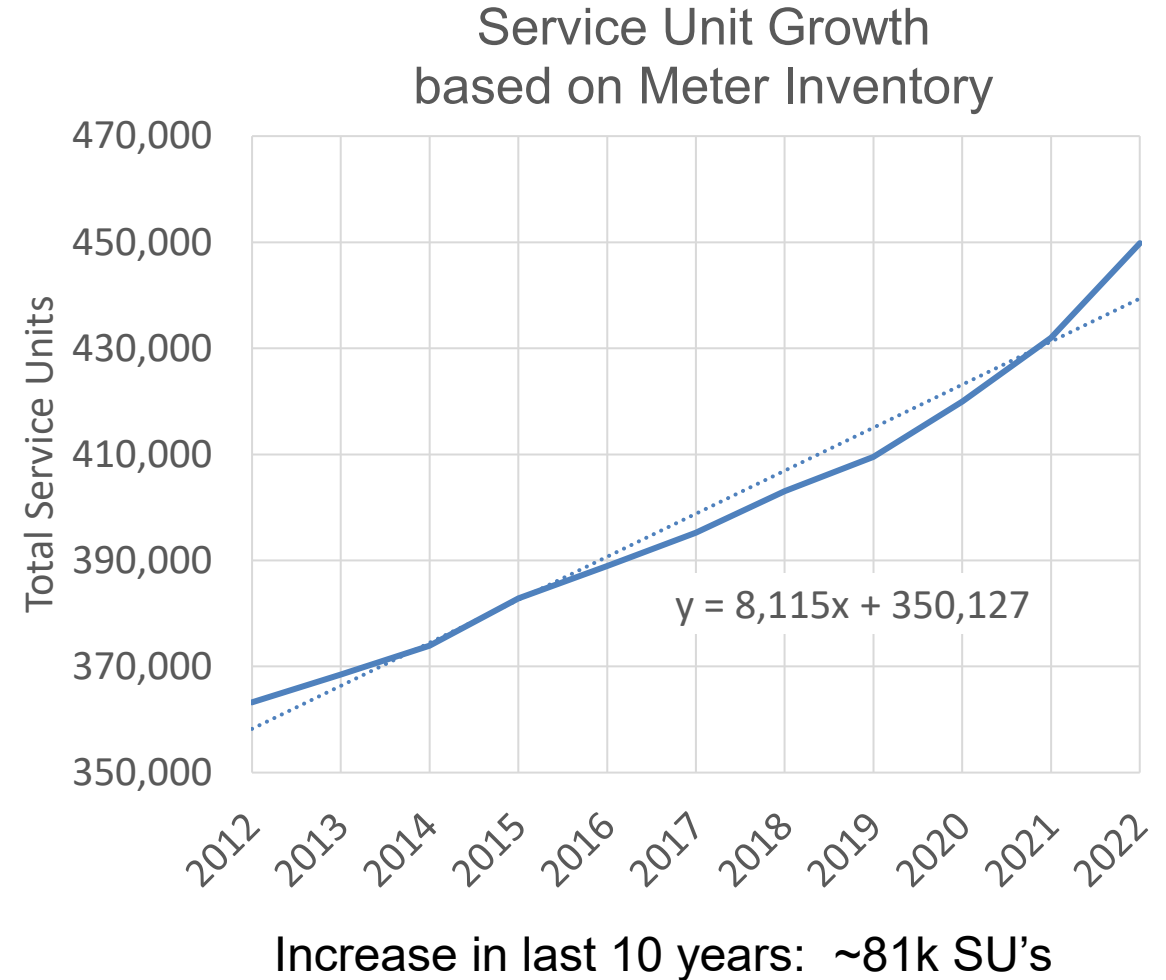
Capital Improvement Plan Updates

- Updated projects included in fee calculation
- Included projects that have capacity to serve growth in 10-year horizon
- Walnut Creek Wastewater Treatment Plant expansion project included in Wastewater Fee calculation
- Future Reclaimed Water projects included in Water Fee calculation



Service Units & Ten-Year Growth

- ◆ Impact fees assessed by meter size and type
- ◆ Growth expressed in terms of “Service Units” (SUs) to provide a common measure of growth across all meters
- ◆ One SU equals one 5/8” residential meter
- ◆ Larger meter sizes calculated as equivalent multiples of SUs based on AWWA recommended meter flow capacities
- ◆ SU growth reflects additional factors of population and employment growth, and customer water demand trends
- ◆ Ten-year SU growth projection (Water)
 - 2023 Draft Report: 88k
 - 2018 Report: 99k
 - 2013 Report: 72k



Maximum Allowable Fee Calculation

- Total cost of projects that have capacity to serve growth in 10-year horizon (\$4.9B)
 - 143 Water projects, 8 Reclaimed projects, and 119 Wastewater projects
- Most significant driver of cost increase: Walnut Creek Wastewater Treatment Plant expansion
- Total impact cost is the capacity-based share of the total cost associated with projected 10-year growth
- Rate revenue and defeasance savings included as credits
- Total Maximum Allowable Costs = Total Impact Costs - Credits

| | Total Project Costs (\$1,000s) | Total Impact Costs (\$1,000s) | Rate Revenue & Defeasance Credits (\$1,000s) | Total Max Allowable Cost (\$1,000s) |
|------------|--------------------------------|-------------------------------|--|-------------------------------------|
| Water | \$2,343,213 | \$678,830 | -\$237,000 | \$429,830 |
| Wastewater | \$2,529,126 | \$524,669 | -\$266,000 | \$258,669 |
| Total | \$4,872,339 | \$1,203,499 | -\$503,000 | \$688,499 |



Maximum Allowable Fee Calculation

| | Total Max Allowable Cost (\$1,000s) | Projected 10-yr Service Unit Growth | Maximum Allowable Fee (\$/SU) |
|------------|-------------------------------------|-------------------------------------|-------------------------------|
| Water | \$429,830 | 88,046 | \$4,882 |
| Wastewater | \$258,669 | 87,121 | \$2,969 |

- Total maximum allowable cost divided by projected 10-year service unit growth = Maximum Allowable fee per service unit



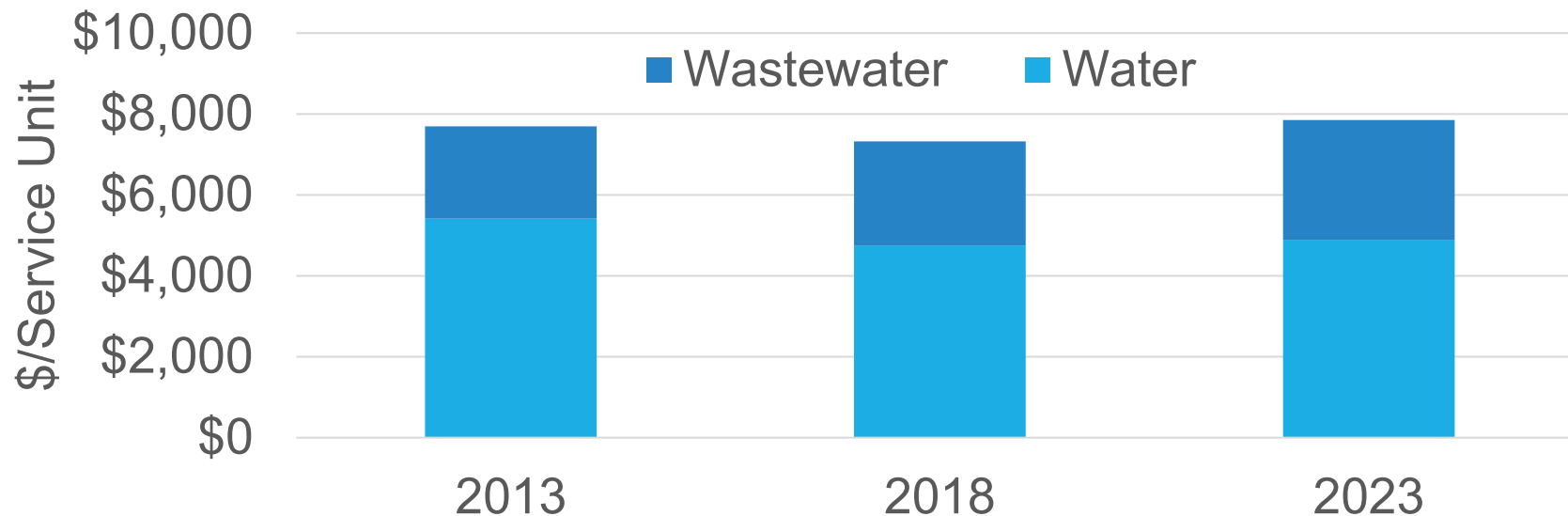


Questions



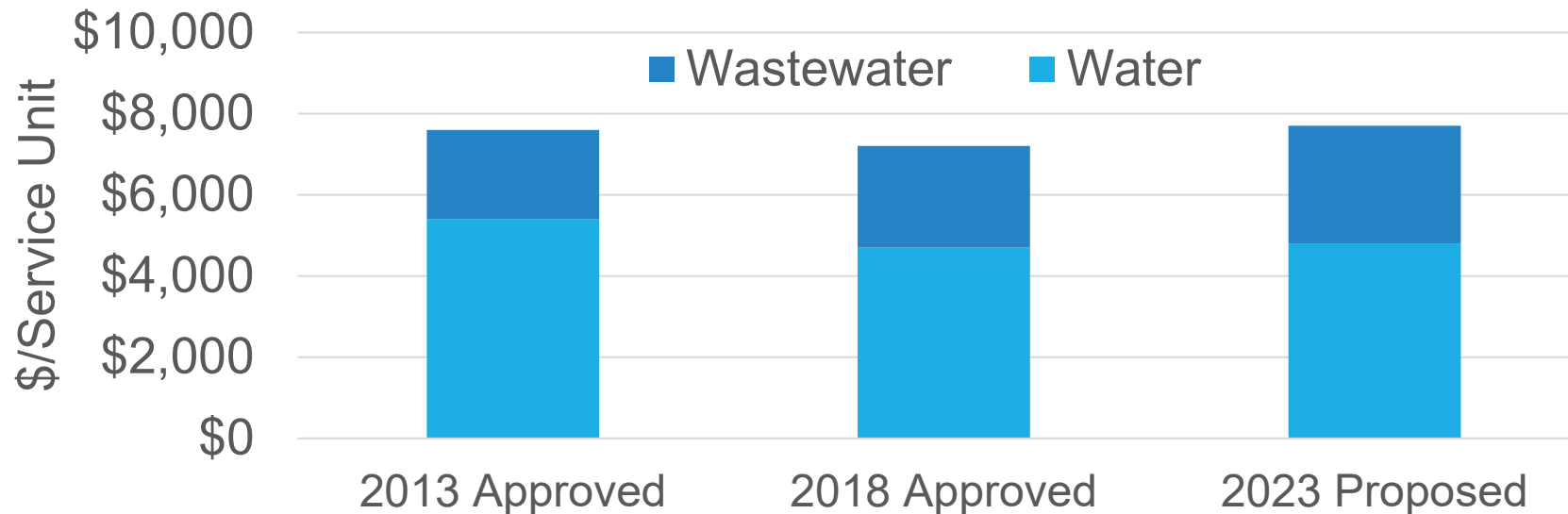
Maximum Allowable Impact Fees

| | 2013 | 2018 | 2023 |
|------------|---------|---------|---------|
| Water | \$5,415 | \$4,752 | \$4,882 |
| Wastewater | \$2,284 | \$2,572 | \$2,969 |



Proposed Assessed Impact Fees

| | 2013 Approved | 2018 Approved | 2023 Proposed |
|--------------|------------------|------------------|------------------|
| Water | \$5,400 | \$4,700 | \$4,800 |
| Wastewater | \$2,200 | \$2,500 | \$2,900 |
| TOTAL | \$7,600 | \$7,200 | \$7,700 |



Schedule and Next Steps

- Next IFAC meeting, present draft Impact Fee Report
- Gather stakeholder input
- Follow State Law requirements for hearings and postings
- Seek City Council approval of new fees in August 2023 with budget process for FY24





Questions



Total Costs & Credits Comparison

| | TOTAL PROJECT COSTS (\$1,000s) | | | % INCREASE | |
|-------|--------------------------------|-------------|---------------|------------------|-------------------|
| | 2013 Report | 2018 Report | 2023 Proposed | Ten Year 13 - 23 | Five Year 18 - 23 |
| W | \$2,086,259 | \$2,243,339 | \$2,343,213 | 12% | 4% |
| WW | \$1,050,394 | \$1,119,882 | \$2,529,126 | 141% | 126% |
| Total | \$3,136,653 | \$3,363,221 | \$4,872,339 | 55% | 45% |

| | TOTAL IMPACT COSTS (\$1,000s) | | | % INCREASE | |
|-------|-------------------------------|-------------|---------------|------------------|-------------------|
| | 2013 Report | 2018 Report | 2023 Proposed | Ten Year 13 - 23 | Five Year 18 - 23 |
| W | \$604,313 | \$629,496 | \$678,830 | 12% | 8% |
| WW | \$248,365 | \$337,790 | \$524,669 | 111% | 55% |
| Total | \$852,678 | \$967,286 | \$1,203,499 | 41% | 24% |

| | RATE CREDIT & DEFEASANCE (\$1,000s) | | | % INCREASE | |
|-------|-------------------------------------|-------------|---------------|------------------|-------------------|
| | 2013 Report | 2018 Report | 2023 Proposed | Ten Year 13 - 23 | Five Year 18 - 23 |
| W | (\$214,085) | (\$157,854) | (\$249,000) | 16% | 58% |
| WW | (\$86,861) | (\$81,050) | (\$266,000) | 206% | 228% |
| Total | (\$300,946) | (\$238,904) | (\$515,000) | 71% | 116% |

| | TOTAL MAX ALLOWABLE COST (\$1,000s) | | | % INCREASE | |
|-------|-------------------------------------|-------------|---------------|------------------|-------------------|
| | 2013 Report | 2018 Report | 2023 Proposed | Ten Year 13 - 23 | Five Year 18 - 23 |
| W | \$390,228 | \$471,642 | \$429,830 | 10% | -9% |
| WW | \$161,504 | \$256,740 | \$258,669 | 60% | 1% |
| Total | \$551,732 | \$728,382 | \$688,499 | 25% | -5% |

| | PROJECTED 10-YR SERVICE UNIT GROWTH | | | % INCREASE | |
|----|-------------------------------------|-------------|---------------|------------------|-------------------|
| | 2013 Report | 2018 Report | 2023 Proposed | Ten Year 13 - 23 | Five Year 18 - 23 |
| W | 72,920 | 99,251 | 88,046 | 21% | -11% |
| WW | 70,288 | 99,819 | 87,121 | 24% | -13% |

| | MAX ALLOWABLE IMPACT FEE (\$/SU) | | | % INCREASE | |
|-------|----------------------------------|-------------|---------------|------------------|-------------------|
| | 2013 Report | 2018 Report | 2023 Proposed | Ten Year 13 - 23 | Five Year 18 - 23 |
| W | \$5,400 | \$4,700 | \$4,800 | -11% | 2% |
| WW | \$2,200 | \$2,500 | \$2,900 | 32% | 16% |
| Total | \$7,600 | \$7,200 | \$7,700 | 1% | 7% |