

**AGENDA – WORKSHOP OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, TO BE HELD ON MONDAY, MARCH 11, 2013, AT 6:30 P.M., IN THE COUNCIL CHAMBERS, CITY HALL, 3519 LIBERTY DRIVE, PEARLAND, TEXAS.**

**I. CALL TO ORDER**

**II. PURPOSE OF THE WORKSHOP:**

- 1. CONSIDERATION AND POSSIBLE ACTION – IMPACT FEES WORKSHOP. *Mr. Bill Eisen, City Manager.***

**III. ADJOURNMENT**

This site is accessible to disabled individuals. For special assistance, please call Young Lorfing at 281-652-1840 prior to the meeting so that appropriate arrangements can be made.

# Workshop Item No. 1

1. **CONSIDERATION AND POSSIBLE ACTION – IMPACT FEE WORKSHOP.** *Mr. Bill Eisen, City Manager.*

**AGENDA REQUEST  
BUSINESS OF THE CITY COUNCIL  
CITY OF PEARLAND, TEXAS**

<b>AGENDA OF:</b> March 11, 2013	<b>ITEM NO.:</b> Workshop Item No. 1
<b>DATE SUBMITTED:</b> February 28, 2013 <b>DEPARTMENT OF ORIGIN:</b> Eng. & Cap Proj.	
<b>PREPARED BY:</b> Trent Epperson	<b>PRESENTOR:</b> Bill Eisen
<b>REVIEWED BY:</b> Mike Hodge	<b>REVIEW DATE:</b> March 1, 2013
<b>SUBJECT:</b> Impact Fee Workshop	
<b>EXHIBITS:</b> 1- Memo from Capital Improvement Advisory Committee, 2 - Presentation	
<b>EXPENDITURE REQUIRED:</b> N/A <b>AMOUNT AVAILABLE:</b> <b>ACCOUNT NO.:</b>	<b>AMOUNT BUDGETED:</b> <b>PROJECT NO.:</b>
<b>ADDITIONAL APPROPRIATION REQUIRED:</b> <b>ACCOUNT NO.:</b> <b>PROJECT NO.:</b>	
<b>To be completed by Department:</b> <input type="checkbox"/> Finance <input type="checkbox"/> Legal <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution	

**EXECUTIVE SUMMARY**

Chapter 395 of the Texas Local Government Code requires an impact fee analysis before impact fees can be assessed. The land use assumptions and capital improvement plan associated with the impact fees must be updated at least every five years. In June 2012, the City authorized Freese and Nichols, Ins. (FNI) to update the 2007 Impact Fee Study for the City's water and wastewater systems. City Staff has been working with FNI to prepare this study and has completed the Draft Impact Fee Study update. Council appointed the Planning and Zoning Commission as the Capital Improvement Advisory Committee on February 11, 2013 and they met for workshop on February 18, 2013. As a result of the workshop and as required by Chapter 395 of the Code, the CIAC issued a memo to City Council recommending approval with no comments. This memo will be delivered to Council in workshop. The purpose of this workshop is to present the background and findings of the amendment of land use assumptions, capital improvements plan and the proposed imposition of an updated impact fee.

In the Council Meeting following the workshop, there will be a Council Resolution on for the authorization for the Public Hearing for the amendment of the impact fees.

Below is the schedule for the Impact Fee Study Update:

**SCHEDULE**

February 4	Draft Impact Fee Study to CIAC
February 18	Workshop with CIAC (discuss any questions regarding Draft)
March 11	-Workshop with City Council (present CIAC comments and recommendation, present the Impact Fee Study findings) -Council Resolution on Public Hearing
April 22	-Conduct Public Hearing -1 <sup>st</sup> Reading of Impact Fee Ordinance
May 13	2 <sup>nd</sup> Reading of Impact Fee Ordinance

# Memorandum



To: Mayor Reid and City Council  
From: Capital Improvements Advisory Committee (CIAC)  
Date: February 22, 2013  
RE: 2012 Water and Wastewater Impact Fee Report Update

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On February 18, 2013 the Capital Improvements Advisory Committee met to review and take action on the 2012 Water and Wastewater Impact Fee Report Update. The Capital Improvements Advisory Committee recommends approval of the proposed 2012 Water and Wastewater Impact Fee Report Update.

Sincerely

A handwritten signature in blue ink, consisting of a stylized 'H' followed by a large, sweeping flourish.

Henry Fuertes  
Capital Improvements Advisory Committee  
Chairperson



## City Council Workshop

### WATER AND WASTEWATER IMPACT FEE UPDATE

March 11th, 2013



# Agenda



- **Overview & Impact Fee Basics**
- Land Use Assumptions
- Water and Wastewater Impact Fee Analysis
- Path Forward

# Impact Fee Background



- Governed by Chapter 395 of the Texas Local Government Code
- Why do Impact Fees?
  - Allows cities to recoup costs associated with infrastructure needed to serve future development
  - Alleviates burden of new facilities on existing customers (lower increase in water and wastewater rates)
  - Makes “growth pay for growth”
- Fees updated every five years. Reasons for the update include:
  - Changes in land use assumptions
  - Changes in Impact Fee CIP

# Impact Fee Process



**Develop Land Use Assumptions**



**Develop Capital Improvements Plan**



**Conduct Impact Fee Calculations**



**CIAC Presentation**



**Public Hearing and Council  
Approval**



**Update Impact Fee Ordinance**

# Agenda



- Overview
- Impact Fee Basics
- **Land Use Assumptions**
- Water and Wastewater Impact Fee Analysis
- Path Forward

# Land Use Assumptions



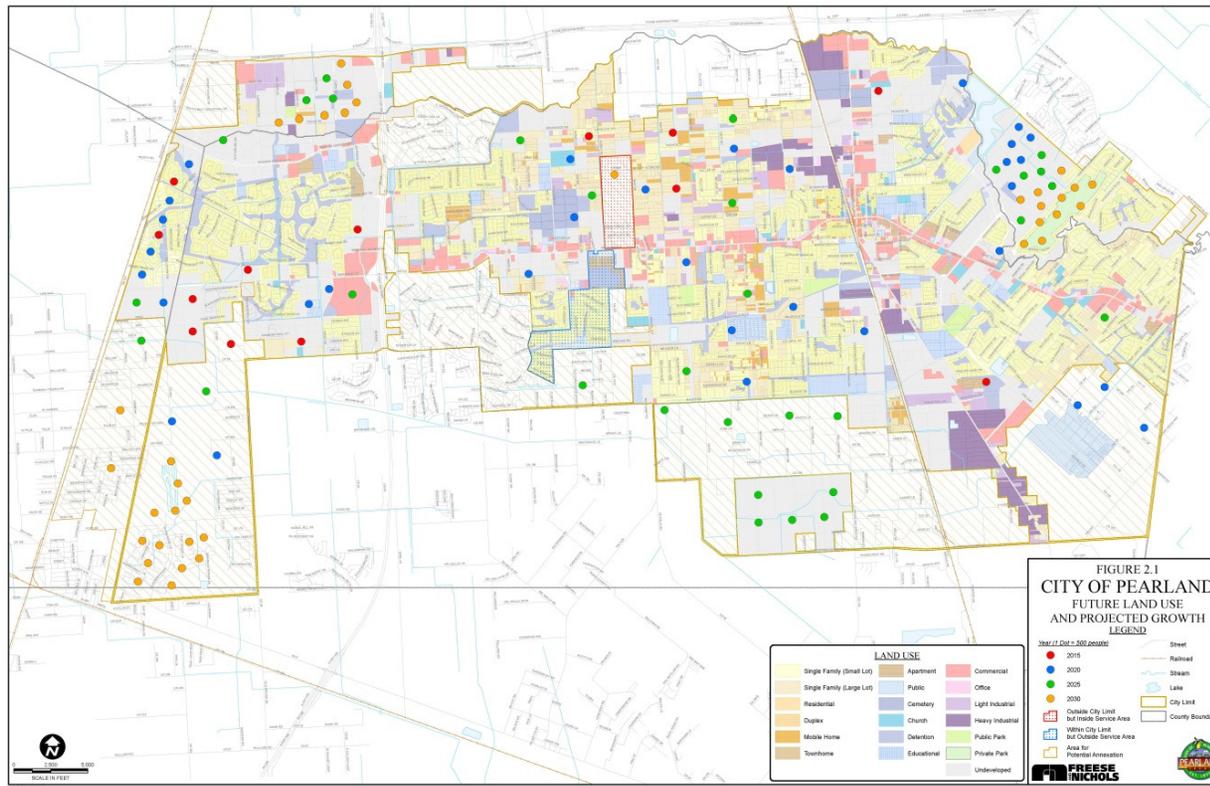
- Based on the City's 2012 Market Study Update
- Validate the service areas
- Determine base year (2012) population
- Project ten-year (2022) population

Table 1  
Population Trends  
Pearland and Selected Areas  
1970-2030

Area	Census					End of Year Estimates and Projections			
	1970	1980	1990	2000	2010	2015	2020	2025	2030
Houston-Sugar Land-Baytown M.S.A*	2,169,100	2,735,766	3,322,025	4,715,407	5,966,839	6,765,666	7,675,842	8,707,403	9,870,332
Brazoria County	108,300	169,588	191,707	241,767	287,681	311,763	335,893	359,900	383,526
% of Houston-Sugar Land-Baytown M.S.A.	5.00%	6.20%	5.80%	5.10%	4.82%	4.61%	4.38%	4.13%	3.89%
City of Pearland W/O SCR	6,400	13,200	18,697	37,640	70,551	74,449	90,014	105,514	121,014
City of Pearland W/SCR	6,400	13,200	18,697	37,640	91,252	109,400	124,965	140,465	155,965
% of Brazoria County	5.90%	7.80%	9.80%	15.60%	31.72%	35.09%	37.20%	39.03%	40.67%

\* 10 County Metropolitan Statistical Area includes:  
Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, Waller.

Sources: Texas State Data Center 2008 Population and Projections for Counties, and U.S. Census of Population and Housing 1970, 1980, 1990, and 2000.



# Population



Year	Total Population	Total Impact Fee Eligible Population <sup>(2)</sup>
2010 <sup>(1)</sup>	91,252	87,842
2012	98,511	95,101
2017	115,626	112,216
2022	131,165	127,755
2027	146,665	143,255
2032	162,165	158,755

1. US Census – City of Pearland

2. Total Impact Fee Eligible Population is the Total Population reduced by MUD 1 and increased by MUD 16.

MUD 4 is included in the Total Population.

# Agenda



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- **Water and Wastewater Impact Fee Analysis**
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# Projected Service Units



## Water and Wastewater Service Unit Projections

Land Use	2012			2022		
	Impact Fee Eligible Connections <sup>(1)</sup>	S.U.E	Service Units	Impact Fee Eligible Connections <sup>(1)</sup>	S.U.E	Service Units
Single Family	26,359	1.0	26,359	36,399	1.0	36,399
Multi-Family <sup>(2)</sup>	4,504	0.7	3,153	7,212	0.7	5,048
Commercial	1,954	4.0	7,816	4,273	4.0	17,092
Assisted Living <sup>(3)</sup>	569	0.286	163	625	0.286	179
Hospital <sup>(3)</sup>	0	0.635	0	300	0.635	191
<b>Total</b>	<b>33,386</b>		<b>37,491</b>	<b>48,809</b>		<b>58,909</b>

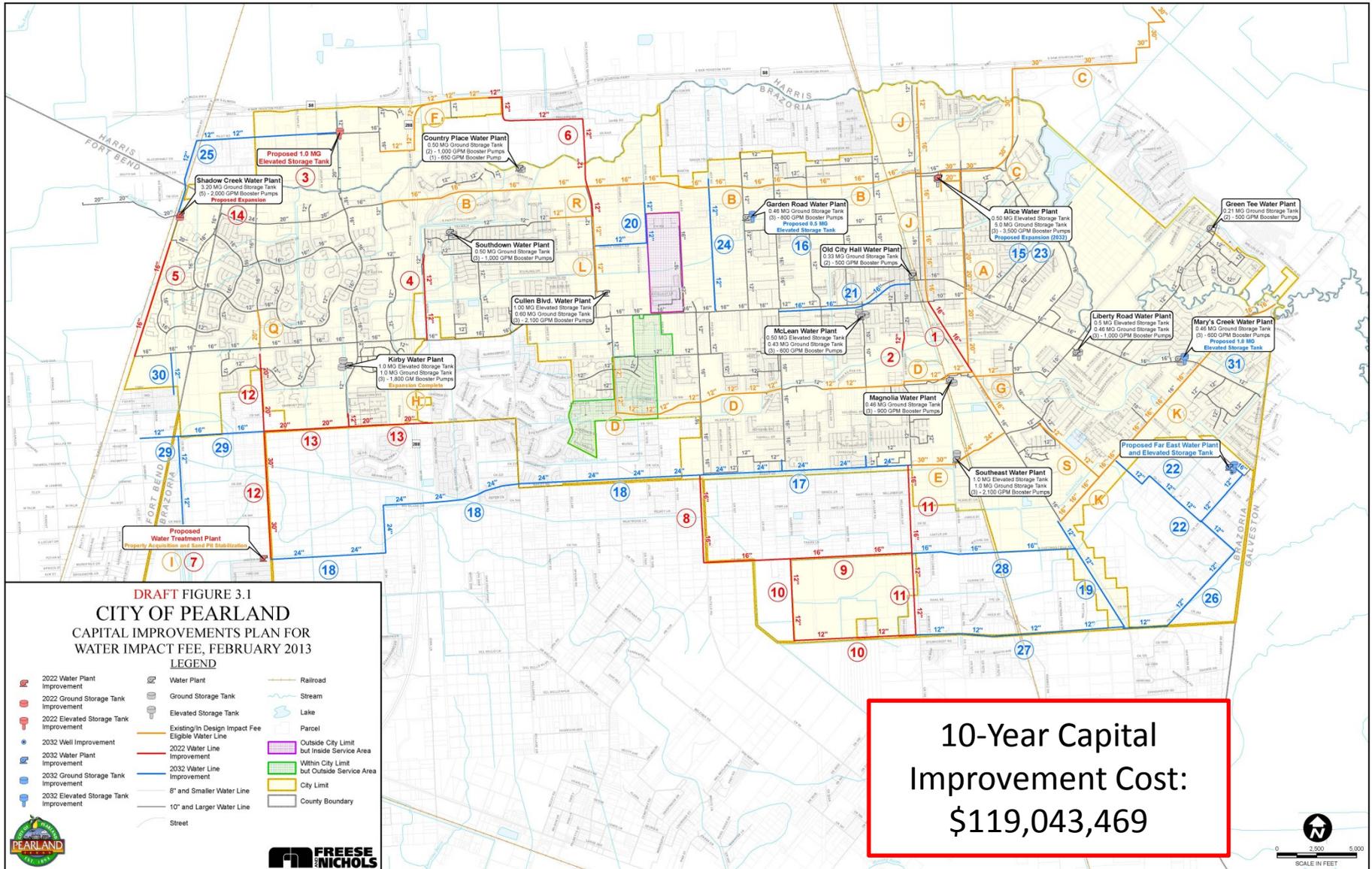
(1) Connections were reduced by MUD 1 and increased by MUD 16 connections.

(2) Apartment Units are substituted for connections.

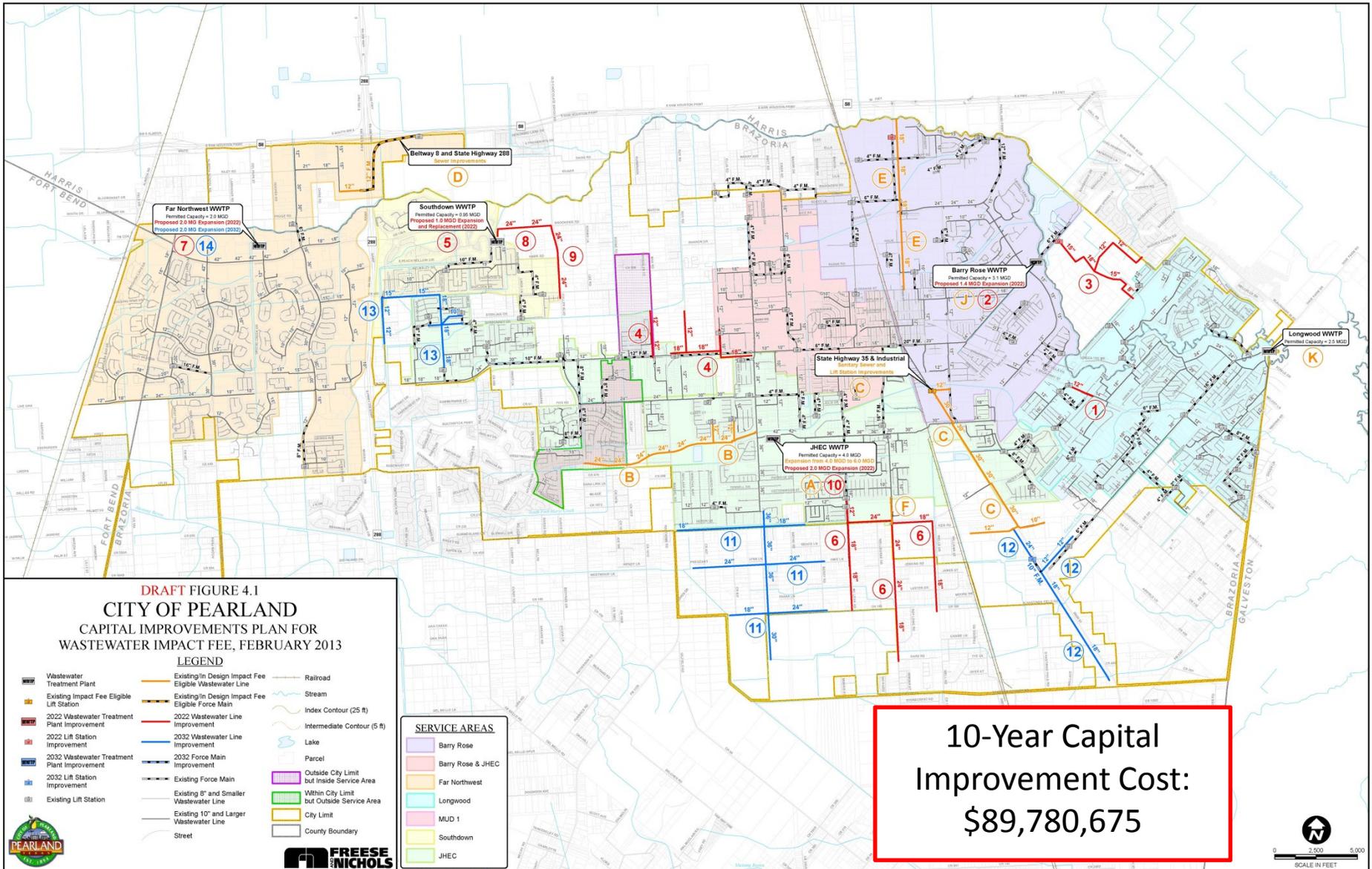
(3) Beds are substituted for connections.

**10-Year Growth in  
Service Units: 21,418**

# Water Impact Fee CIP



# Wastewater Impact Fee CIP



# Water and Wastewater Impact Fee Calculations



- Determine Portion of Needed Water and Wastewater CIP Eligible for Impact Fees
- Utilize Land Use Assumptions to Calculate Growth in New Service Units
- Impact Fees Calculated by Dividing Eligible CIP/Growth in Service Units

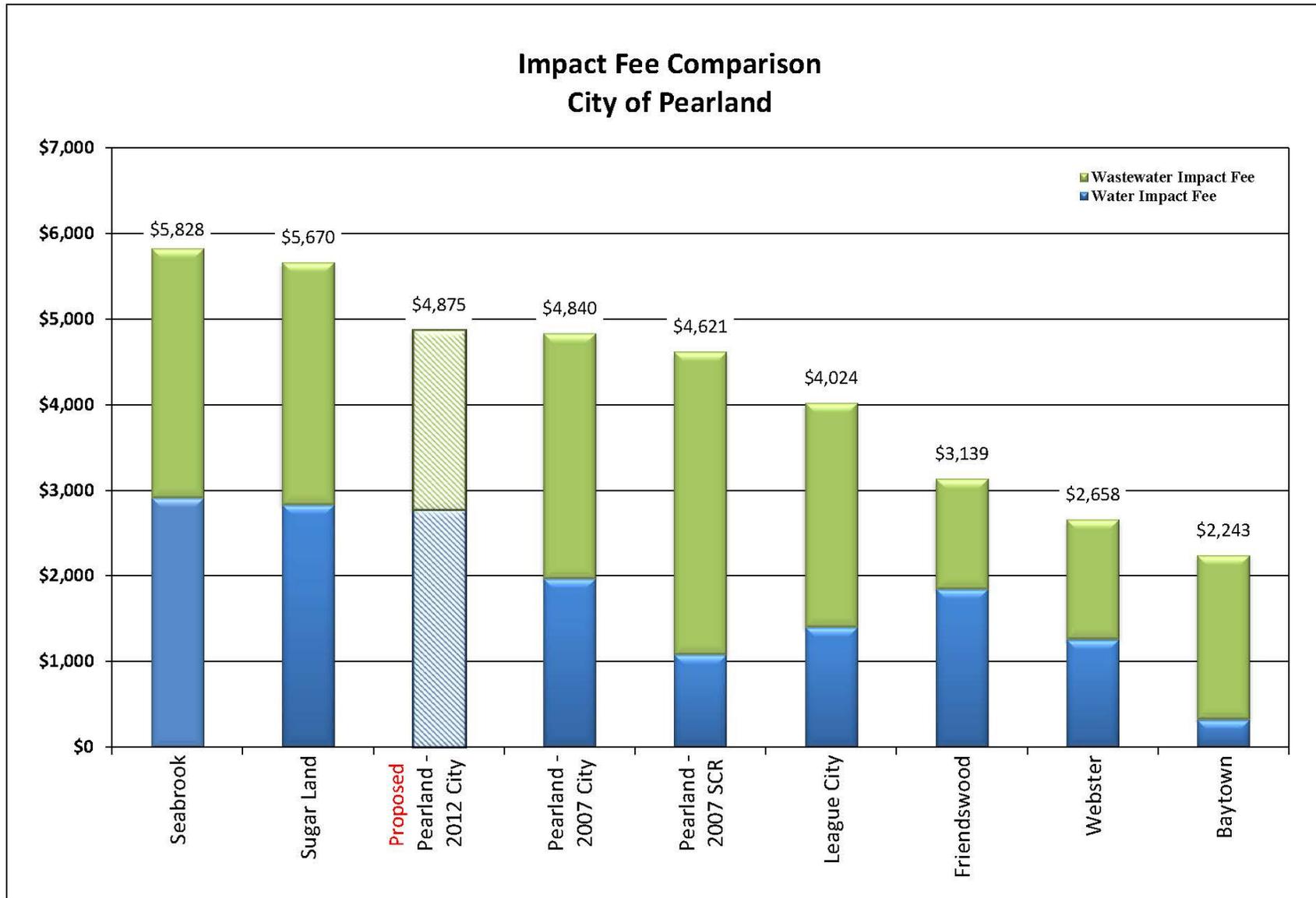
$$\text{Impact Fee Per Service Unit} = \frac{\text{Eligible CIP Cost - Credit}}{\text{New Service Units}}$$

# Water and Wastewater Impact Fee Calculations



	<b>Water</b>	<b>Wastewater</b>	<b>Total</b>
Total Eligible Capital Improvements Costs	\$119,043,469	\$89,780,675	\$208,824,144
Growth in Service Units	21,418	21,418	21,418
Total Eligible Costs with Credit	\$59,521,734	\$44,890,338	\$104,412,072
<b>Maximum Allowable Impact Fee per Service Unit with Credit</b>	<b>\$2,779</b>	<b>\$2,096</b>	<b>\$4,875</b>
Current (2007) Impact Fee	\$1,973	\$2,867	\$4,840

# Water and Wastewater Impact Fee Comparison



# Agenda



- Overview
- Impact Fee Basics
- Land Use Assumptions
- Water and Wastewater Impact Fee Analysis
- **Path Forward**

# Impact Fee Schedule



Description	Date	Action By
<del>Meeting/Conference Call with City to discuss Draft Report</del>	<del>1/24/2013</del>	<del>City Staff, FNI</del>
<del>Council Appointment of PNZ as CIAC</del>	<del>2/11/2013</del>	<del>City Staff, Council</del>
<del>Revised Draft Impact Fee Report to CIAC</del>	<del>2/13/2013</del>	<del>FNI, City Staff</del>
<del>CIAC Workshop — Land Use Assumptions, CIP and Impact Fees</del>	<del>2/18/2013</del>	<del>City Staff, CIAC, FNI</del>
<del>CIAC Comments due to Council</del>	<del>2/28/2013</del>	<del>City Staff, CIAC</del>
<b>Workshop with City Council</b>	<b>3/11/2013</b>	<b>City Staff, Council, FNI</b>
Council Resolution on Public Hearing	3/11/2013	City Staff, Council
Submit advertising for Public Hearing	3/18/2013	City Staff
<b>Conduct Public Hearing</b>	<b>4/22/2013</b>	<b>City Staff, FNI</b>
1 <sup>st</sup> Reading of Impact Fee Ordinance	4/22/2013	City Staff, Council, FNI
2 <sup>nd</sup> Reading of Impact Fee Ordinance	5/13/2013	City Staff, Council



## Impact Fee Comparison City of Pearland

