



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager    **DATE:** February 11, 2019  
**SUBJECT:** Public hearing and discussion on updating Impact Fees for Water and Wastewater pursuant to Chapter 395 of the Local Government Code.  
**PRESENTER:** Caroline Waggoner, Director of Public Works

### **SUMMARY:**

The Council is being asked to conduct a public hearing to consider a correction to the maximum impact fee rates for water and wastewater. No Impact Fee amounts will be adopted with this agenda item. Staff will be seeking direction on how to proceed with the ordinance that actually adopts the fee amounts that is planned to be brought back to Council at the next City Council meeting.

### **GENERAL DESCRIPTION:**

In January 2018, City Council approved the current Water and Wastewater Impact Fee Study and adopted new impact fee rates for the city.

Since that time, two items have been discovered that need correction. The first item is the Service Unit Equivalency (SUE) Table within the Impact Fee Study itself. The purpose of the table is to lay out the unit equivalents for each meter size. The SUE has a direct mathematical relationship with the meter capacity, which is in turn directly related to the cross-sectional area of the meter orifice. In the current study, the SUE for a 4" meter is shown to be 10.67, whereas the correct figure is 16.67. Of the city's over 21,000 water meters, only 17 are the 4" size. The correction in the study and ordinance will not affect any current services, but would mean that any new 4" meter applications would be subject to the correct service unit equivalent and subsequent fee rates. There are seven pages in the Impact Fee document that need to be replaced as a result of this SUE correction.

The second item to be corrected is the fee table included in the ordinance. Because the Service Unit Equivalency (SUE) table in the impact fee study is used to calculate impact fee amounts, the correcting of the 4" meter SUE results in a slight adjustment in the maximum water and sewer impact fee rates.



	Adopted Maximum Impact Fee	Corrected Maximum Impact Fee
Water	\$1,858	\$1,851
Wastewater	\$1,215	\$1,210

Note that, because the water and wastewater impact fee rates were proposed to increase incrementally, with the maximum rate being assessed in 2020, there have been no incorrect fees collected to date. The table below includes the phased increase of the maximum impact fees with the proposed updated rates shown in red. The maximum rates being considered in this public hearing would not be implemented until Year 3 of the program, which begins January 8, 2020.

Year	Water	Wastewater
Year 1 (January 8, 2018 – January 7, 2019)	\$1,429	\$685
Year 2 (January 8, 2019 – January 7, 2020)	\$1,644	\$1,008
Year 3 (January 8, 2020 – January 7, 2021)	<i>\$1,851</i>	<i>\$1,210</i>
Year 4 (January 8, 2021 – January 7, 2022)	<i>\$1,851</i>	<i>\$1,210</i>
Year 5 (January 8, 2022 – January 7, 2023)	<i>\$1,851</i>	<i>\$1,210</i>

As mentioned in the summary, Council is not being asked at this time to adopt the North Richland Hills Impact Fees. The table above is an illustration showing what the fees would be if a similar approach is used in which the fees were phased previously.

**RECOMMENDATION:**

Staff is seeking City Council guidance on impact fee rates included in an updated Impact Fee Ordinance to be considered at the next City Council meeting.