



June 25, 2020

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# CITY OF BASTROP, TEXAS WATER AND WASTEWATER IMPACT FEE UPDATE

NewGen  
Strategies & Solutions

# IMPACT FEES

## What are they?

- Mechanism that allows municipalities the ability to recover infrastructure costs associated with future development
  - New construction or facility expansion to serve future development during the next ten (10) years
- Governed by Chapter 395 of the Texas Local Government Code
  - *“Impact Fee means 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 Local Government Code §395.001*

# IMPACT FEES

What costs are  
recoverable?

- Construction
- Surveying and Engineering
- Land Acquisition and Associated Costs
- Financing Costs
- Engineering Costs Associated with Land Use/Capital Improvements Planning and/or Financial Consulting Associated with Developing Impact Fees (Not Employed by the City)

# IMPACT FEES

What costs  
are not  
recoverable?

- Capital Improvement Projects NOT Identified in the Impact Fee CIP
- Operations and Maintenance Costs
- Improvements Associated with Existing Deficiencies
- Administrative and Operational Costs of the City
- Non-Impact Fee CIP Debt Service
- SB 883 – exempts school districts from impact fees unless board consents by entering into contractual agreement (effective May 25, 2007)

# IMPACT FEES

How are they  
calculated?

- Land Use and Population Projections
- Capital Improvements Plan (Master Plan)
  - Description of existing facilities and the costs to meet existing needs and deficiencies
  - Analysis of existing capacity and commitments
  - Description of capital improvements and associated costs attributable to new development based on the approved Land Use Assumptions
  - Projected new service units based on approved Land Use Assumptions
  - Develop 10-year Impact Fee CIP and costs

# IMPACT FEES

How are they  
calculated?  
(Continued)

- Financing Costs
- Revenue Credit Calculation or 50% Credit
  - Revenue Credit Calculation – a credit for the portion of ad valorem tax and/or utility service revenues generated by new service units during the program period (10-years) that is used for payment of projects included in the Impact Fee CIP
- Maximum Assessable Impact Fee

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

# IMPACT FEE STUDY

## Key Assumptions

- Utilized a 3% Growth Factor
- Within next ten years:
  - 2,100 New Water Connections
  - 1,921 New Wastewater Connections
- 35 Water CIP Projects were included
- 22 Wastewater CIP Projects were included

# WATER IMPACT FEE CIP

Description	Total Project Amount	% for 2020-2030 Growth	Impact Fee Eligible
Water Supply	\$ 25,603,388	9.66%	\$ 2,473,287
Water Pumping	4,311,706	20.86%	899,422
Ground Storage	2,233,942	13.33%	297,784
Elevated Storage	2,705,800	12.17%	329,296
Transmission Lines	25,409,087	45.50%	11,561,135
Impact Fee Study	9,250	100.00%	9,250
	\$ 60,273,173		\$15,570,174

# WATER IMPACT FEE CALCULATIONS

Line	Description	2019	2020
1	Recoverable Cost for Impact Fee Planning Period	\$ 7,841,146	\$ 15,570,174
2	Add: Financing Costs	\$ 1,682,506	\$ 4,296,588
3	Less: Interest Earnings	(\$ 755,858)	(\$ 2,289,082)
4	Less: Existing Fund Balance	(\$ 393,161)	(\$ 319,012)
5	Recoverable Cost of Water Impact Fee and Financing Costs Less Balance	\$ 8,374,632	\$ 17,258,668
6	Divide: Additional Service Units Added During Planning Period	2,346	2,100
7	Maximum Assessable Fee	\$ 3,569	\$ 8,218
8	Fee with 50% Credit (Max Assessable Fee)	<b>\$ 1,785</b>	<b>\$ 4,109</b>
9	Current Water Impact Fee	\$ 1,353	\$ 1,785
10	Variance	\$ 432	\$ 2,324

# WASTEWATER IMPACT FEE CIP

Description	Total Project Amount	% for 2020-2030 Growth	Impact Fee Eligible
Wastewater Treatment	\$ 25,358,232	17.36%	\$4,402,189
Wastewater Pumping	1,703,660	22.40%	381,620
Major Collection Lines	15,749,253	100.00%	15,749,253
Impact Fee Study	9,250	100.00%	9,250
<b>Total</b>	<b>\$ 42,820,395</b>		<b>\$20,542,312</b>

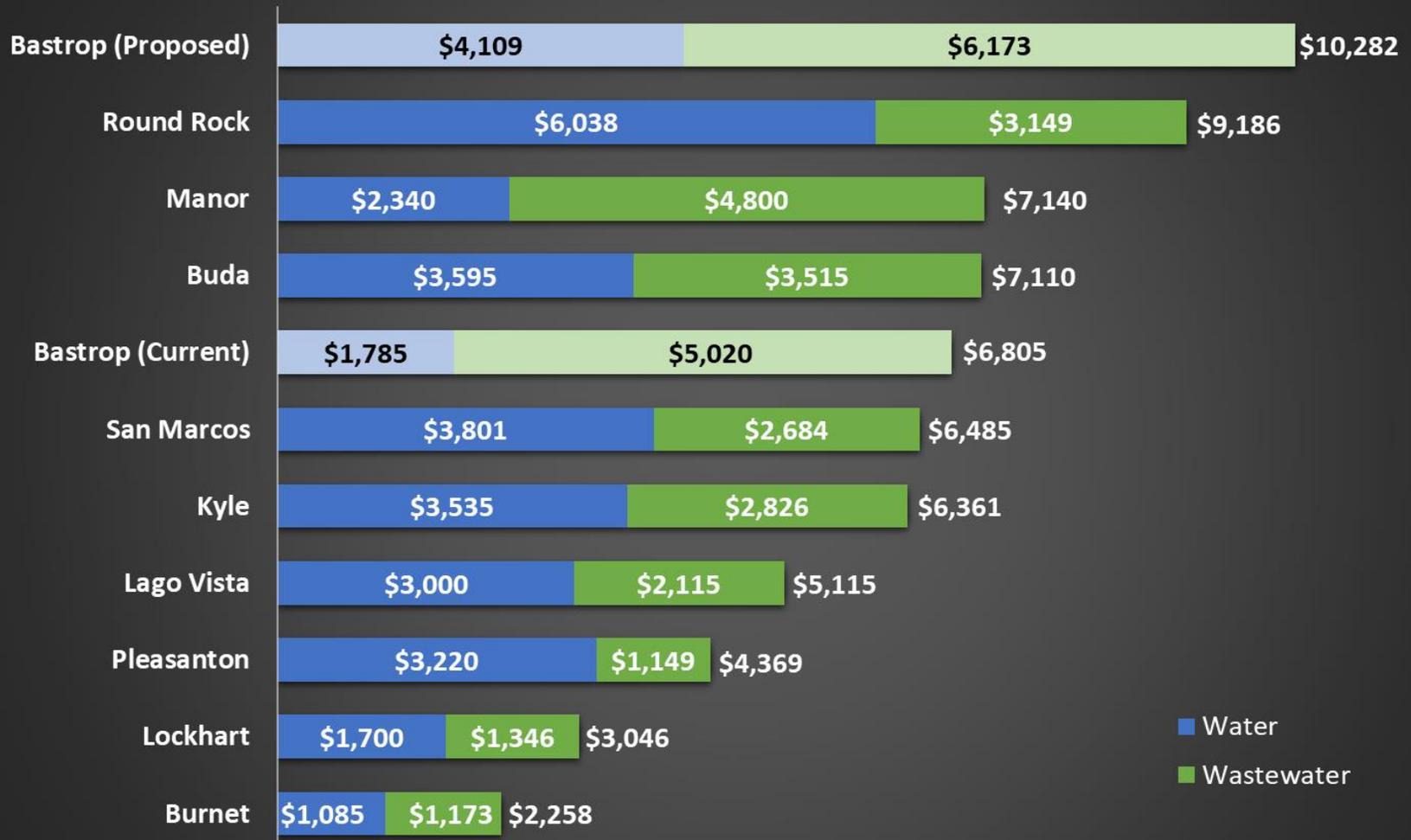
# WASTEWATER IMPACT FEE CALCULATIONS

Line	Description	2019	2020
1	Recoverable Cost for Impact Fee Planning Period	\$ 20,254,461	\$ 20,542,312
2	Add: Financing Costs	\$ 8,863,498	\$ 9,000,806
3	Less: Interest Earnings	(\$ 5,252,206)	(\$ 5,310,754)
4	Less: Existing Fund Balance	(\$ 720,805)	(\$ 517,050)
5	Recoverable Cost of Wastewater Impact Fee and Financing Costs Less Balance	\$ 23,144,947	\$ 23,715,314
6	Divide: Additional Service Units Added During Planning Period	2,150	1,921
7	Maximum Assessable Fee	\$ 10,039	\$ 12,345
8	Fee with 50% Credit (Max Assessable Fee)	<b>\$ 5,020</b>	<b>\$ 6,173</b>
9	Current Wastewater Impact Fee	\$ 3,554	\$ 5,020
10	Variance	\$ 1,466	\$ 1,153

# RATE RECOMMENDATIONS

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- Set the maximum impact fee per service unit equal to a 3/4-inch connection using the 50% credit method for both water and wastewater impact fees
  - Water Impact Fee - \$ 4,109 for a ¾" Meter
  - Wastewater Impact Fee - \$ 6,173 for a ¾" Meter
- Assess escalating fees by meter size based on capacity values from the AWWA Manual M1, Principles of Water Rates, Fees and Charges, 6th edition, 2012



# REGIONAL COMPARISON

Impact Fees  
(3/4-inch meter)



# QUESTIONS AND DISCUSSION

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