

City of Schertz Roadway Impact Fee

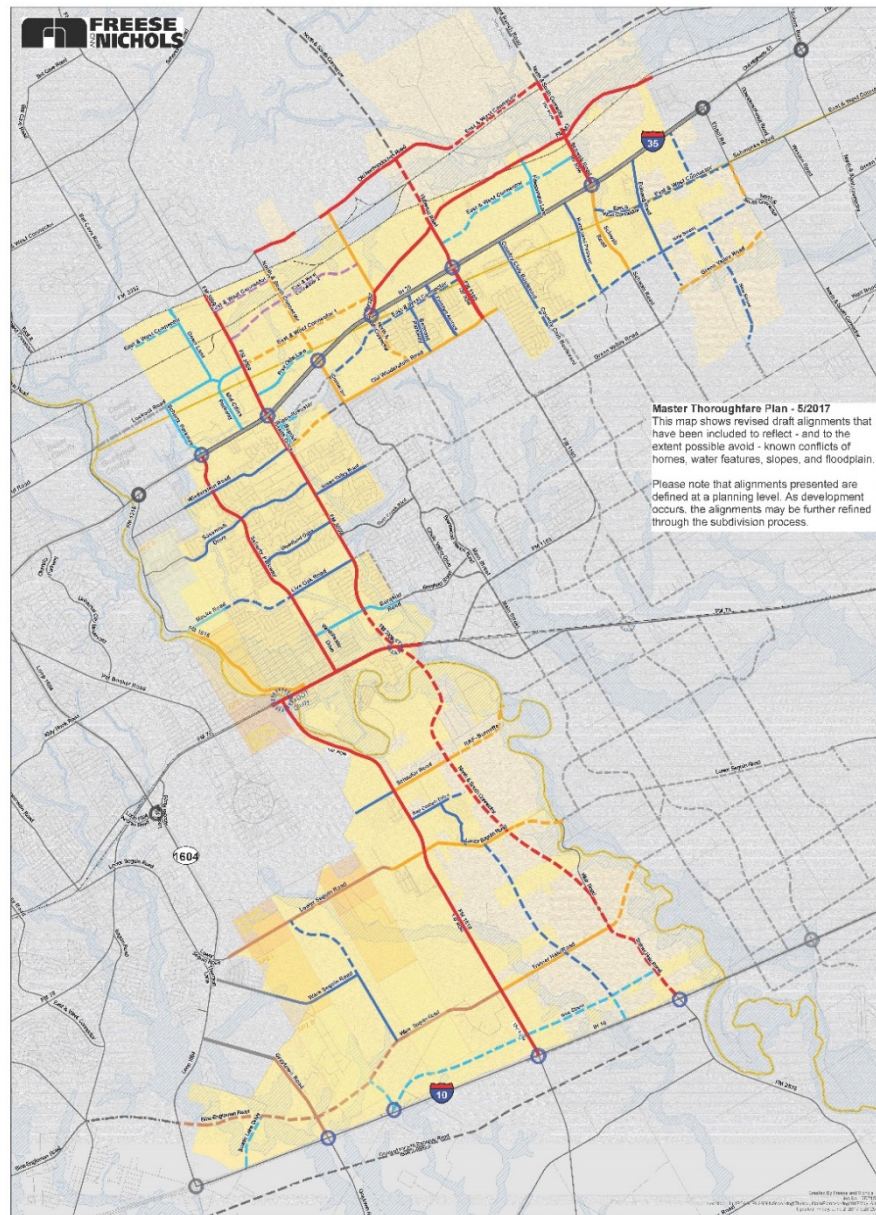
Schertz City Council
February 27, 2018

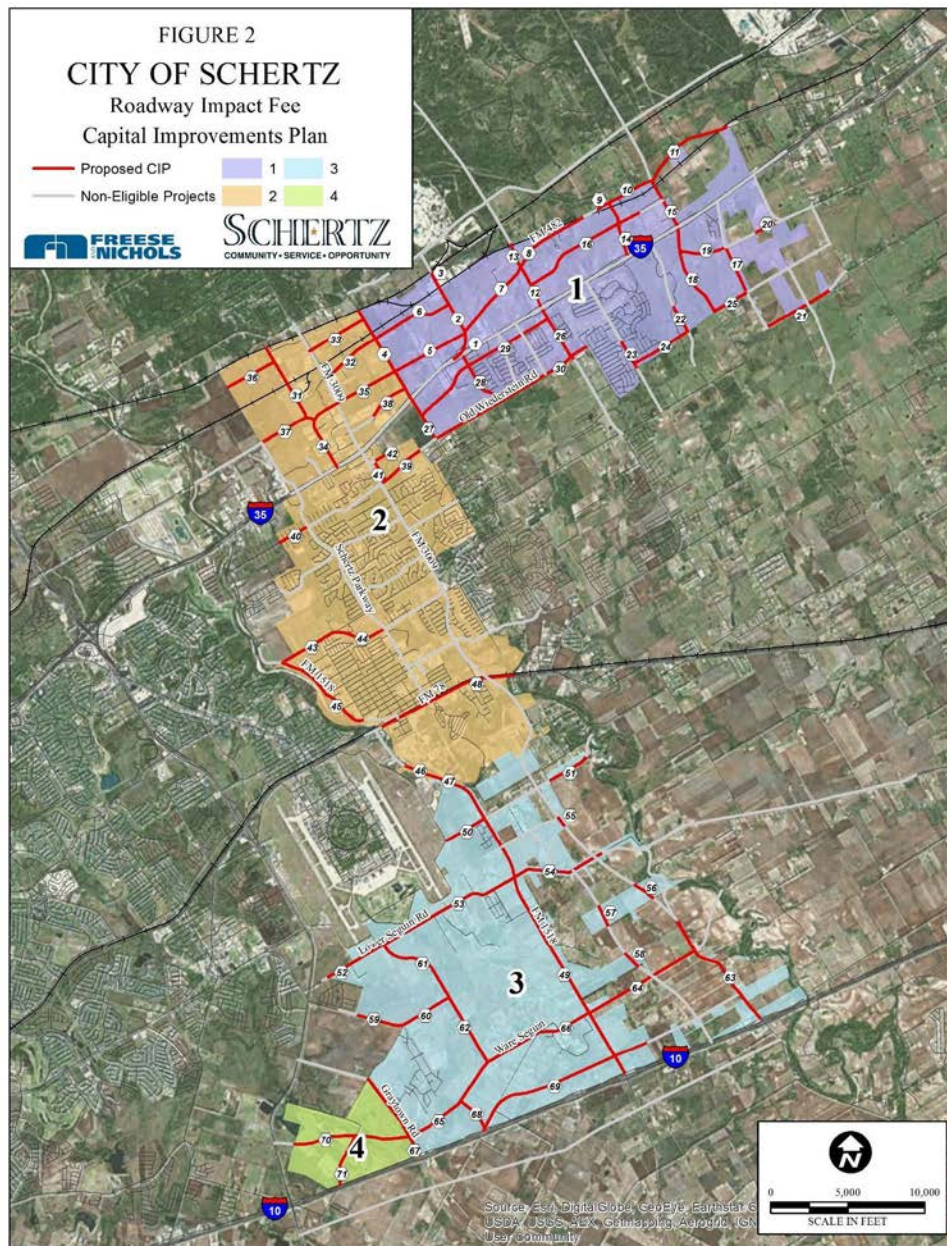
Roadway Impact Fees Background and Purpose

- City's Master Thoroughfare Plan was adopted in July 2017.
- Land Use Assumptions and a roadway Capital Improvement Plan were adopted in November 2017.
- Capital Improvement Plan is Based on the Master Thoroughfare Plan and includes projects identified as necessary to meet the needs of projected growth in the community.
- Purpose of a Roadway Impact Fee is to provide a funding mechanism for identified capital improvements necessary to accommodate **new development** over a 10-year planning period.

City of Schertz Master Thoroughfare Plan

Adopted July 2017





Total value of Capital Improvement Plan (adopted November 2017) is **\$228,914,580**

Total cost attributable to new growth over 10-year period (after credit for ad valorem tax) is **\$56,888,912**

Possible Sources of Funding for Capital Improvements:

- Property Tax Revenue (current citizens and businesses)
- Bond Revenue (debt funding may require tax increases)
- Grants, Matching Funds, State, Federal
- **Roadway Impact Fee Assessed on New Development**

Note: Impact Fee Program Development, Adoption, and Implementation is Governed by Texas Local Government Code Chapter 395

Benefits of a Roadway Impact Fee Program:

- Alleviates burden of new facilities on existing tax base
- Facilitates “growth paying for growth”
- Provides a systematic, structured approach to assessment of fees
- Enables upfront knowledge of fees to be imposed to new development
- Fairly distributes thoroughfare infrastructure costs to development based on service units developed rather than location of development

MAXIMUM ALLOWABLE COST PER SERVICE UNIT

(calculated value, not subject to policy debate)

SERVICE AREA 1 \$1,647.53

SERVICE AREA 2 \$1,327.89

SERVICE AREA 3 \$1,044.48

SERVICE AREA 4 \$2,392.72

POLICY CONSIDERATIONS and RECOMMENDATIONS

Options for establishing actual impact fee(s) to be charged (policy to be determined by City Council)

Special Considerations:

- Same Rate City-Wide vs. Different Fee in Different Service Areas
- Different Fee Rate(s) for Residential vs. Non-residential – different rates recommended
- Establish a Cap for Maximum Fee – cap not recommended
- Incremental Increases – incremental increases recommended
- Phase-in of fee imposition – phase-in (grace periods) recommended

POLICY RECOMMENDATIONS

Recommended Base Rates:

- Residential Base Rate of \$600 per service unit (equates to \$2,022 per single family house)
- Non-residential Base Rate of \$100 per service unit (equates to \$5,690 for 10,000 sf office or \$2,440 for 20,000 sf warehouse)

POLICY RECOMMENDATIONS cont'd

Recommended Incremental Increases in Base Rates:

Residential - Years 1 and 2 - \$600 per service unit (\$2,022 per house)

Residential - Year 3 - \$800 per service unit (\$2,696 per house)

Residential - Year 4 - \$900 per service unit (\$3,033 per house)

Residential - Year 5 - \$1,000 per service unit (\$3,370 per house)

Non-residential – Years 1-3 - \$100 per service unit

Non-residential – Years 4 and 5 - \$175 per service unit

Note: per TLGC 395, impact fee (beginning with Land Use Assumptions and Capital Improvement Plan) must be updated every five years

POLICY RECOMMENDATIONS cont'd

Recommended Phase-in of Fee Imposition (both residential and non-residential):

Development on a lot for which a plat has been recorded prior to adoption of the roadway impact fee ordinance will not be charged the fee for any complete building permit application submitted within **18 months** after the adoption of the impact fee. (TLGC 395 provides 1 year delay)

Development on a lot for which a preliminary plat was approved prior to adoption of the ordinance will not be charged an impact fee for any complete building permit application submitted within **1 year** after the adoption of the impact fee. (TLGC 395 provides no delay)

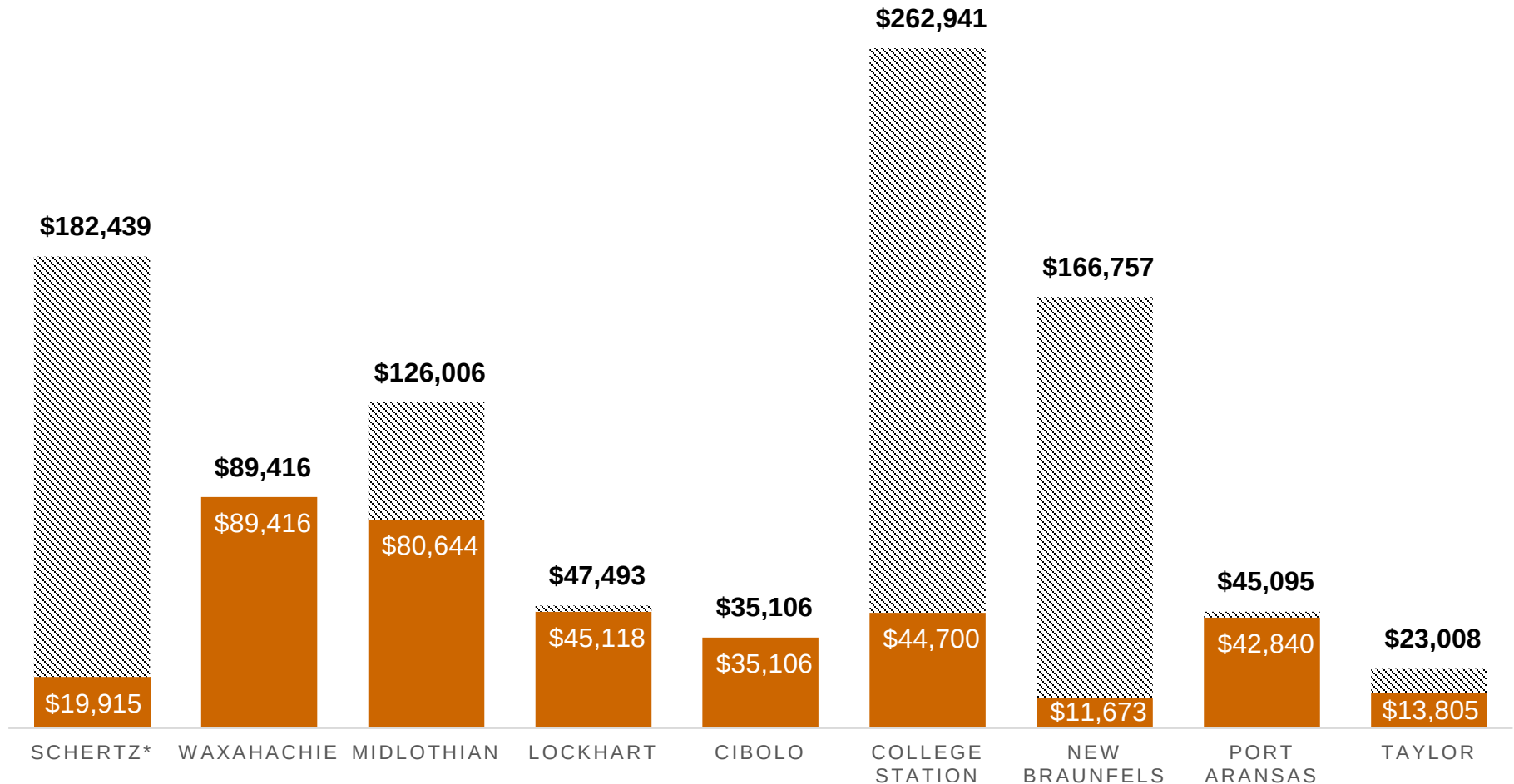
Any other development will be charged an impact fee for a complete building permit application submitted after the date of adoption of the ordinance.

COMPARISON OF ROADWAY IMPACT FEES

Maximum Allowable and Proposed Rates for Schertz and a number of other Texas Cities that impose a Roadway Impact Fee

20,000 SF GENERAL OFFICE (AVERAGE ROADWAY IMPACT FEE PER CITY)

■ Current/Proposed ▨ Maximum Allowable

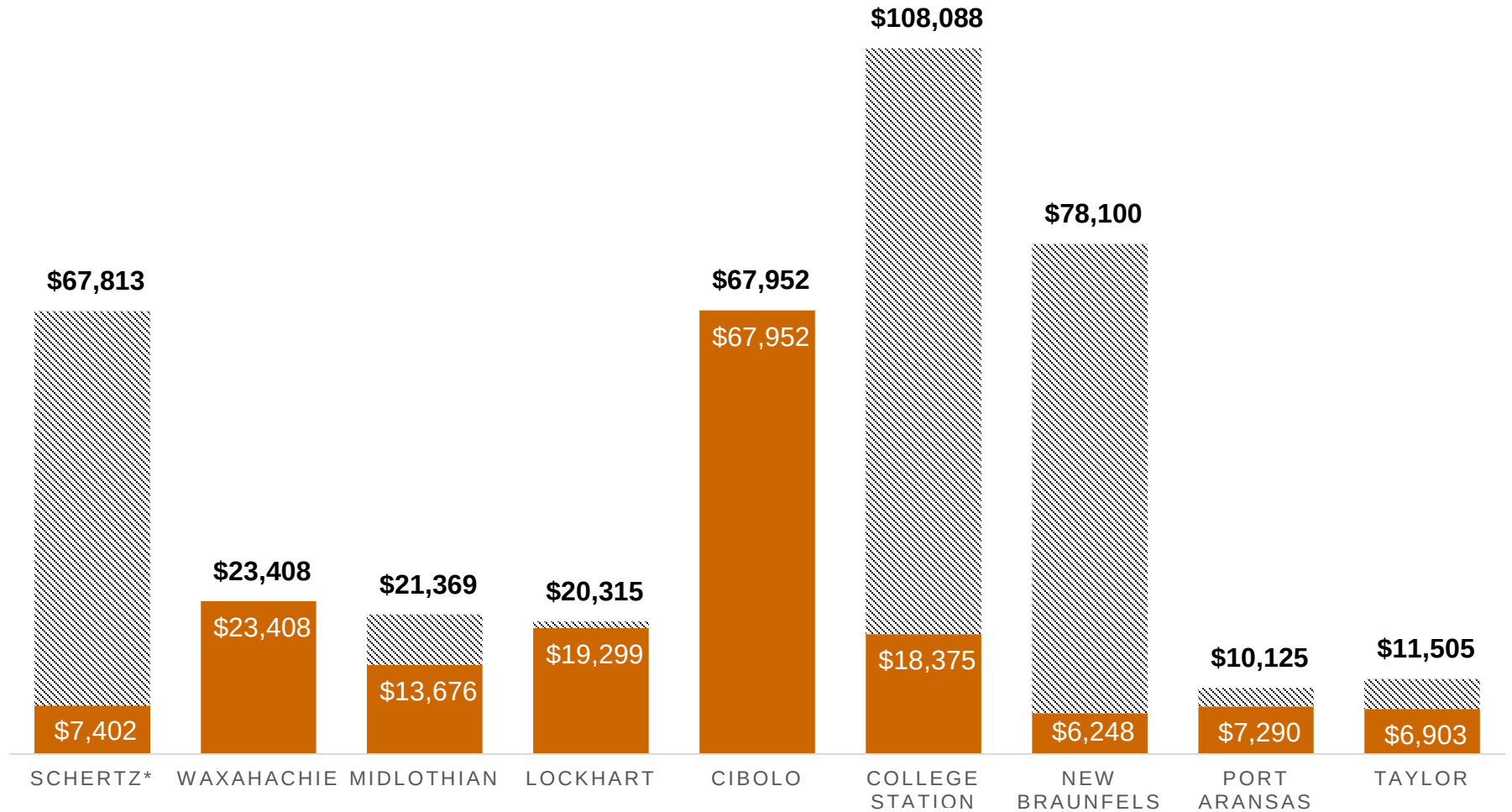


*Schertz' proposed Impact Fee is calculated at \$100 per Vehicle-Mile for Years 1-3 and \$175 per Vehicle Mile for Years 4-5

*Shown is Schertz' proposed Impact Fee for Years 4-5. For Years 1-3, this number would be \$11,380

10,000 SF SHOPPING CENTER (AVERAGE ROADWAY IMPACT FEE PER CITY)

■ Current/Proposed ▨ Maximum Allowable

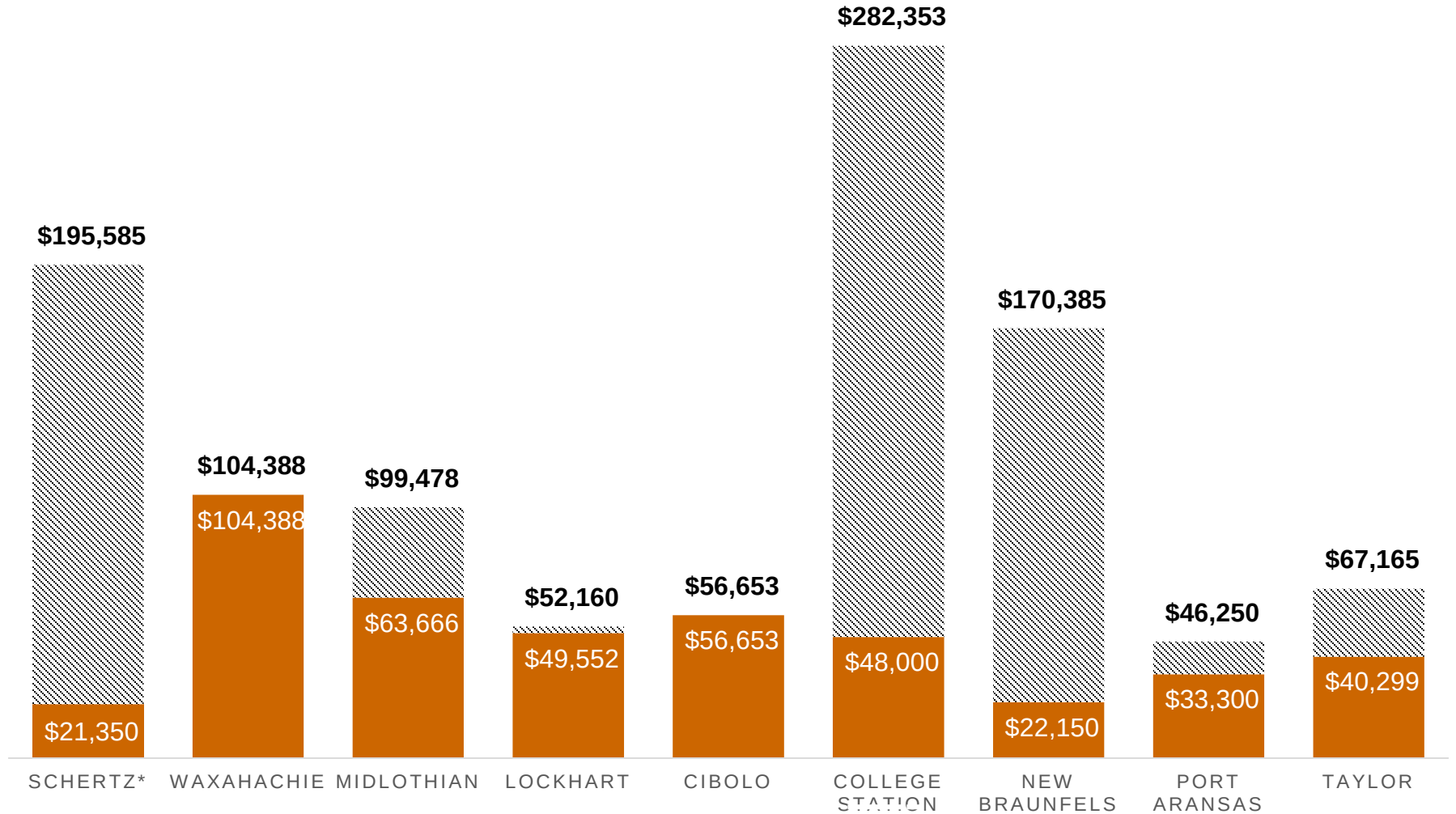


*Schertz' proposed Impact Fee is calculated at \$100 per Vehicle-Mile for Years 1-3 and \$175 per Vehicle Mile for Years 4-5

*Shown is Schertz' proposed Impact Fee for Years 4-5. For Years 1-3, this number would be \$4,230

100,000 SF WAREHOUSE (AVERAGE ROADWAY IMPACT FEE PER CITY)

■ Current/Proposed ▨ Maximum Allowable



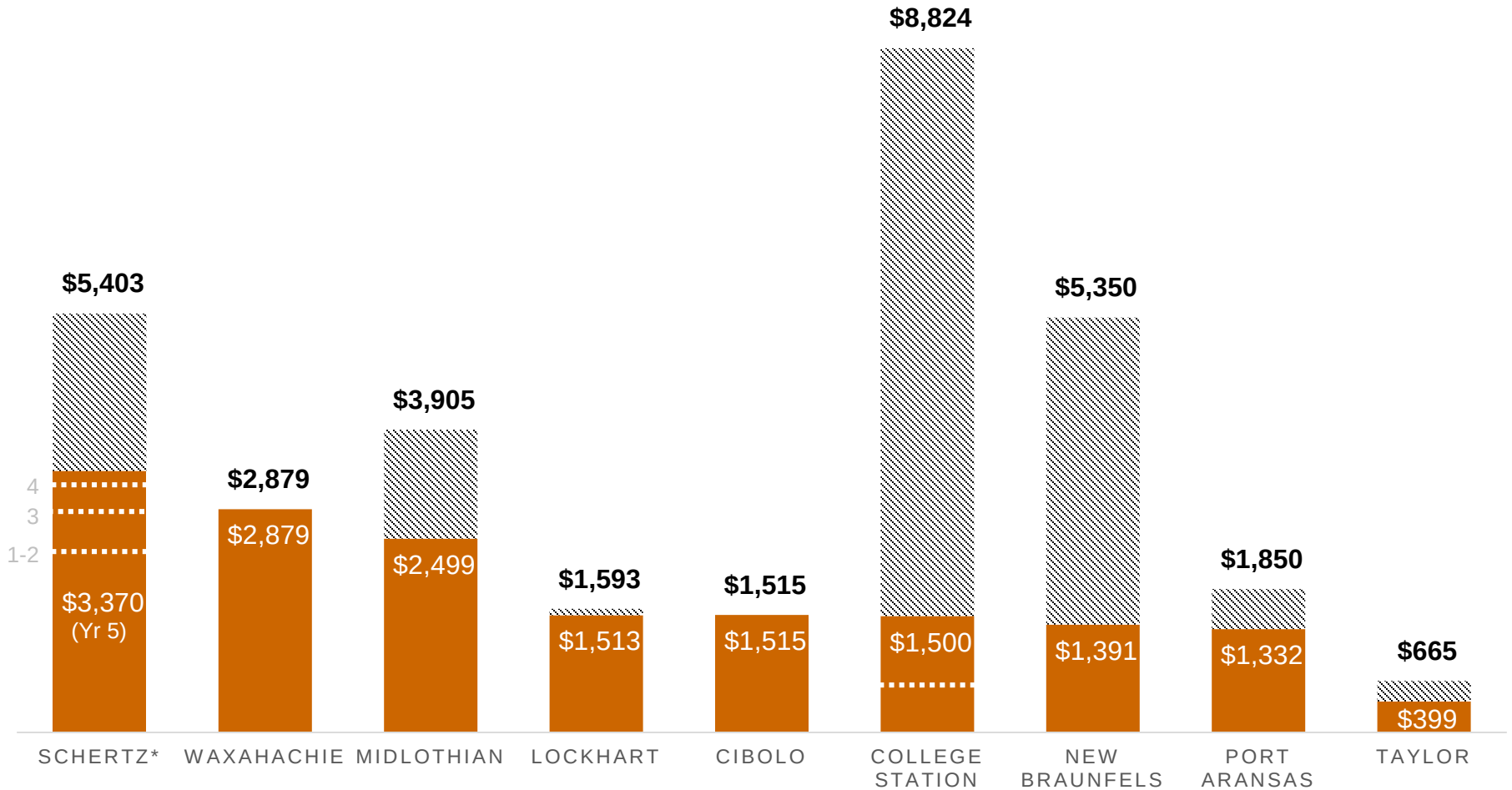
*Schertz' proposed Impact Fee is calculated at \$100 per Vehicle-Mile for Years 1-3 and \$175 per Vehicle Mile for Years 4-5

*Shown is Schertz' proposed Impact Fee for Years 4-5. For Years 1-3, this number would be \$12,200

1 SINGLE FAMILY RESIDENCE

(AVERAGE ROADWAY IMPACT FEE PER CITY)

■ Current/Proposed ▨ Maximum Allowable



*Schertz' proposed Impact Fee is calculated at \$600 per Vehicle-Mile for Years 1-2, \$800 for Year 3, \$900 for Year 4, \$1,000 for Year 5

*Shown is Schertz' proposed Impact Fee for Year 5. Years 1-2 (\$2,022), Year 3 (\$2,696), Year 4 (\$3,033) are indicated by the dotted lines

COMPARISON OF ALL DEVELOPMENT FEES

Construction Development Fees including all Impact Fees
(water, wastewater, proposed roadway) for Schertz and a
number of other Texas Cities

Background Information

To assist the Capital Improvement Advisory Committee (CIAC) in their examination of a Roadway Impact Fee for Schertz, Economic Development Corporation staff created a comparison model highlighting differences in select development fees between peer communities.

Users and Assumptions

Staff built four example users and assumptions - additional details to assist in model building – were added.

1) WAREHOUSE

- 100,000 sf size (1-story Tilt-wall Construction)
- \$6,500,000 construction valuation
- 20,000 gallon per day water usage
- 2 inch meter size

2) OFFICE

- 20,000 sf size (1-story wood frame)
- \$1,500,000 construction valuation
- 600 gallon per day water usage
- 1 inch meter size

3) RETAIL

- 10,000 sf size (1-story wood frame)
- \$1,500,000 construction valuation
- 1,500 gallon per day water usage
- 2 inch meter size

4) SINGLE FAMILY RESIDENTIAL

- 2,100 sf size
- \$250,000 construction valuation
- 200 gallon per day water usage
- 5/8 inch meter size

Fees Examined

Staff focused on nine fees based on Schertz' Fee Schedule.

1. Building Permit Fee
2. Plan Check (Review) Fee
3. Site Development Permit Fee
4. Water Impact Fee
5. Wastewater Impact Fee
6. Roadway Impact Fee
7. Drainage Fee
8. Parkland Dedication: Dedication Fee (1-Acre)
9. Park Development: Development Fee

Information Sent To Cities

Staff identified relevant departments in peer cities and reached out via email and phone. Once a contact was confirmed, individuals received an Excel file with the information below. Based on the information that was sent back to staff (and/or paired with additional fee schedule research), the charts on the following pages were produced.

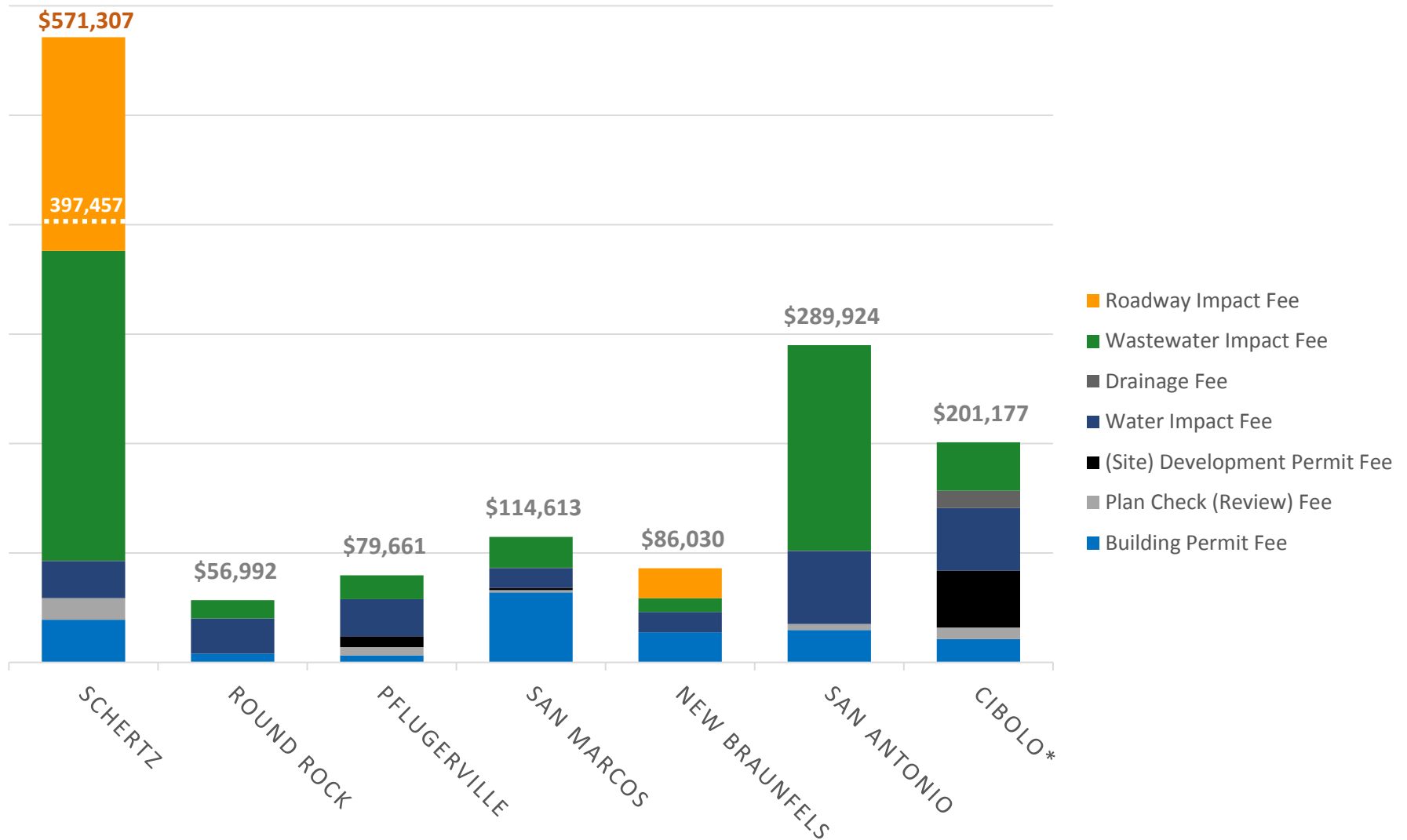
Warehouse	Assuming: 100,000 sf size (1-story Tilt-wall Construction); \$6,500,000 construction valuation; 20,000 gallon per day water usage; 2 inch meter size	
	Building Permit Fee	\$ -
	Plan Check (Review) Fee	\$ -
	(Site) Development Permit Fee	\$ -
	Water Impact Fee	\$ -
	Wastewater Impact Fee	\$ -
	Roadway Impact Fee	\$ -
	Drainage Fee	\$ -
	Parkland Dedication: Dedication Fee	\$ -
	Park Development: Development Fee	\$ -

Retail	Assuming: 10,000 sf size (1-story wood frame) ; \$1,500,000 construction valuation; 1,500 gallon per day water usage; 2 inch meter size	
	Building Permit Fee	\$ -
	Plan Check (Review) Fee	\$ -
	(Site) Development Permit Fee	\$ -
	Water Impact Fee	\$ -
	Wastewater Impact Fee	\$ -
	Roadway Impact Fee	\$ -
	Drainage Fee	\$ -
	Parkland Dedication: Dedication Fee	\$ -
	Park Development: Development Fee	\$ -

Office	Assuming: 20,000 sf size (1-story wood frame); \$1,500,000 construction valuation; 600 gallon per day water usage; 1 inch meter size	
	Building Permit Fee	\$ -
	Plan Check (Review) Fee	\$ -
	(Site) Development Permit Fee	\$ -
	Water Impact Fee	\$ -
	Wastewater Impact Fee	\$ -
	Roadway Impact Fee	\$ -
	Drainage Fee	\$ -
	Parkland Dedication: Dedication Fee	\$ -
	Park Development: Development Fee	\$ -

Single-Family Residential (Non-Condominium)	Assuming: 2,100 sf size; \$250,000 construction valuation; 200 gallon per day water usage; 5/8 inch meter size	
	Building Permit Fee	\$ -
	Plan Check (Review) Fee	\$ -
	(Site) Development Permit Fee	\$ -
	Water Impact Fee	\$ -
	Wastewater Impact Fee	\$ -
	Roadway Impact Fee	\$ -
	Drainage Fee	\$ -
	Parkland Dedication: Dedication Fee	\$ -
	Park Development: Development Fee	\$ -

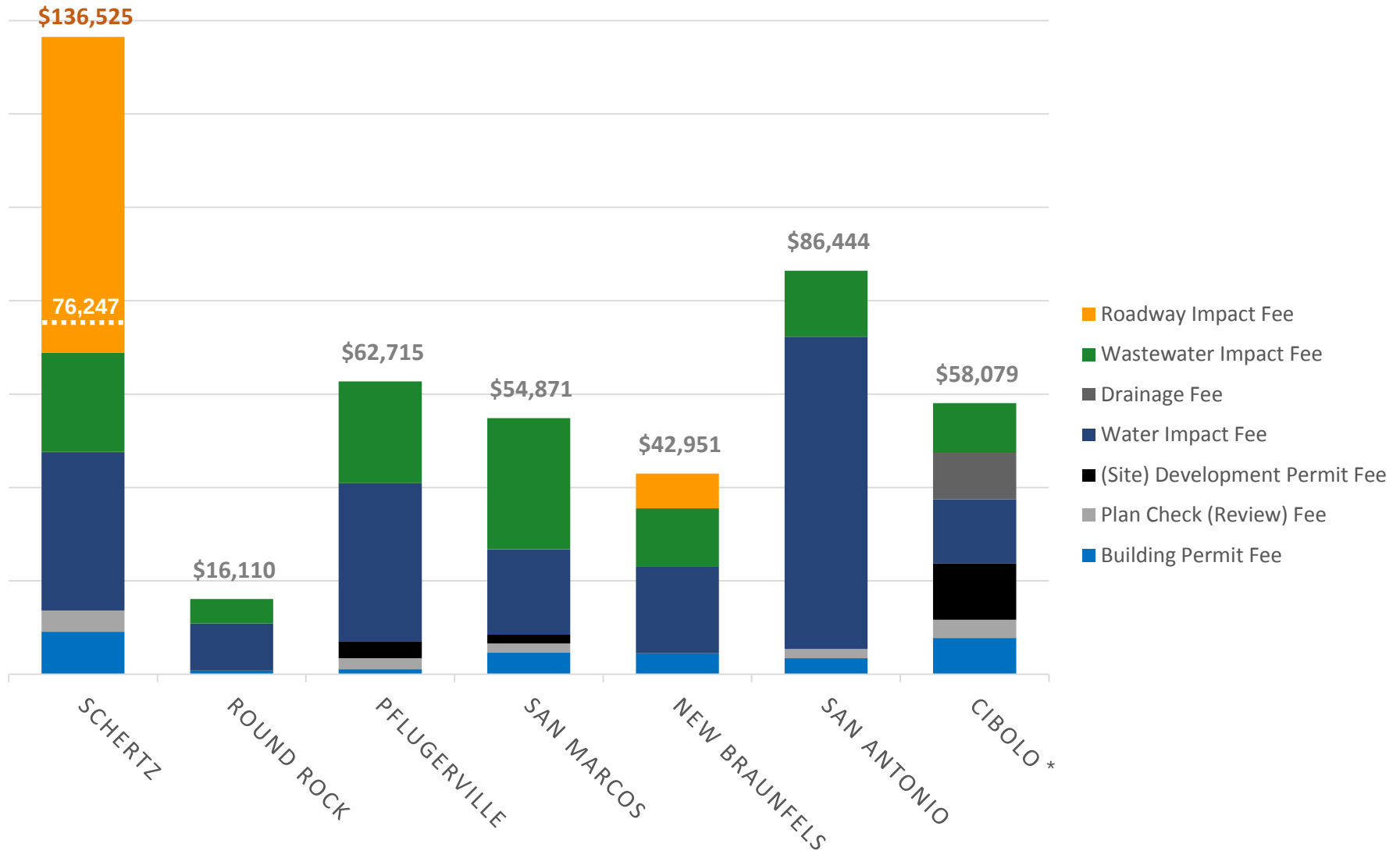
WAREHOUSE – 100,000 SF



NOTE: Schertz value in orange indicates total cost using a Roadway Impact Fee calculated at an Average Maximum Allowable Cost Per Vehicle Mile (\$1,600), while the value in white indicates this same total using the *Recommended* Cost Per Vehicle Mile (\$175)

*Assesses a Roadway (Transportation) Impact Fee; however, data has not been provided by municipality

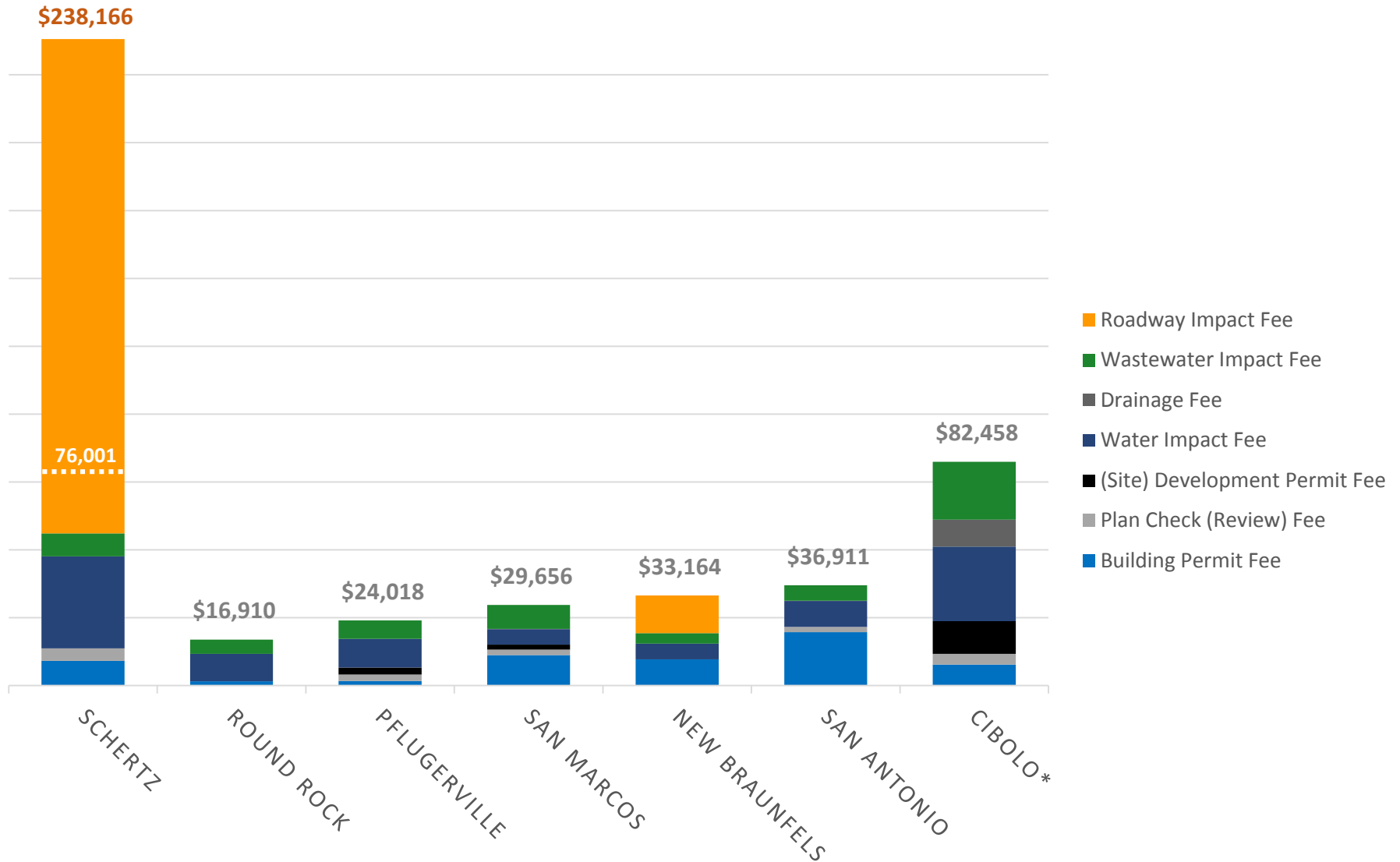
RETAIL – 10,000 SF



NOTE: Schertz value in orange indicates total cost using a Roadway Impact Fee calculated at an Average Maximum Allowable Cost Per Vehicle Mile (\$1,600), while the value in white indicates this same total using the *Recommended* Cost Per Vehicle Mile (\$175)

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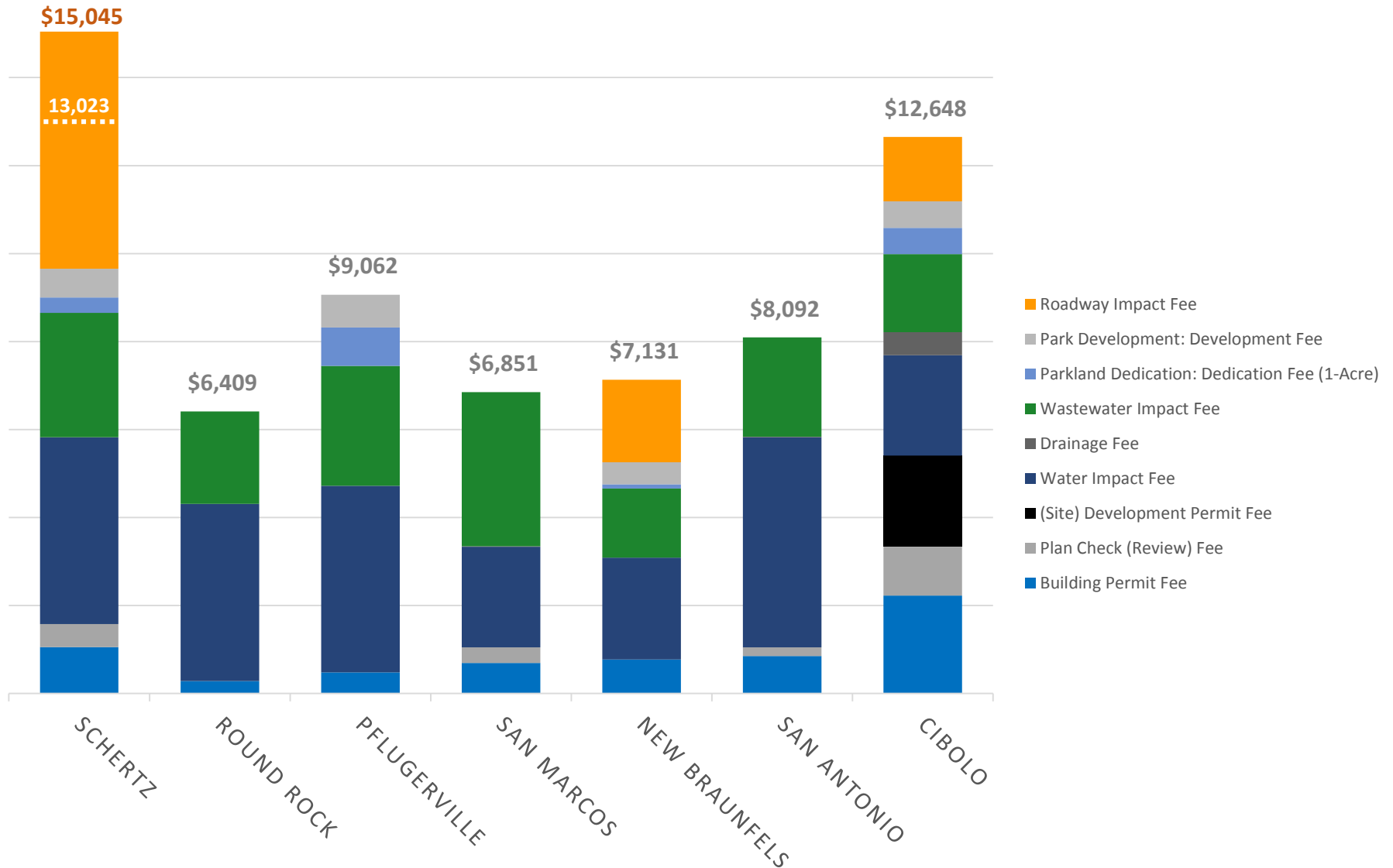
OFFICE – 20,000 SF



NOTE: Schertz value in orange indicates total cost using a Roadway Impact Fee calculated at an Average Maximum Allowable Cost Per Vehicle Mile (\$1,600), while the value in white indicates this same total using the *Recommended* Cost Per Vehicle Mile (\$175)

*Assesses a Roadway (Transportation) Impact Fee; however, data has not been provided by municipality

SINGLE FAMILY RESIDENTIAL – 2,100 SF



NOTE: Schertz value in orange indicates total cost using a Roadway Impact Fee calculated at an Average Maximum Allowable Cost Per Vehicle Mile (\$1,600), while the value in white indicates this same total using the *Recommended* Cost Per Vehicle Mile (\$1,000)

ACTUAL NON-RESIDENTIAL CURRENT CITY DEVELOPMENT FEES and RECOMMENDED ROADWAY IMPACT FEES

	Land Use	Facility Square Footage	Estimated City Development Fees (not incl. Rdwy Impact Fees)	Max Roadway Impact Fee	Recommended Roadway Impact Fee @ \$175/veh-mi (yrs 4-5 rate)
AceMart (Doerr Lane)	Warehouse/ Distribution	213,864 sf	\$133,318	\$130,448	\$17,216
Texas Plumbing Supply (Red Iron)	Warehouse	35,138 sf	\$54,121	\$56,843	\$7,502
Medical Office (Schertz Parkway at Savannah)	Medical Office	4,800 sf	\$49,517	\$86,816	\$11,458
Sherwin Williams (IH 35 at Mid-Cities)	Paint Store	4,197 sf	\$23,574	\$35,395	\$4,671
Starbucks/Retail (FM 3009 at Elbel)	Fast Food w/Drive-thru and Retail	9,500 sf	\$113,941	\$118,216	\$15,602

RESIDENTIAL DEMAND, RECOMMENDED FEE, AND CONSTRUCTION CREDIT

	Vehicle- miles Constructed (credit)	Estimated Value of Veh-miles Const.	Demand (veh-mi) (3.37 veh-mi per SFR)	Est. Value of Demand	Est. Value of Demand after credit for const.	Total impact fee @ \$1,000 (year 5 rate)	Total impact fee @ \$1,000 after credit for const.
Homestead (Homestead Parkway)	869	\$2,840,000	1,200 (356 DUs)	\$3,922,000	\$1,082,000	\$1,200,000	\$331,000
Rhine Valley (Alsation, Ray Corbett, Lower Seguin)	970	\$3,172,000	1,506 (447 DUs)	\$4,924,000	\$1,752,000	\$1,506,000	\$536,000
Cypress Point (Eckhardt, Froboese)	511	\$1,670,000	944 (280 DUs)	\$3,085,000	\$1,414,000	\$944,000	\$433,000
Riata (Fairlawn, Old Wiederstein)	819	\$2,678,000	2,009 (596 DUs)	\$6,566,000	\$3,888,000	\$2,008,000	\$1,189,000
Bindseil Farms (Live Oak)	163	\$534,000	283 (84 DUs)	\$925,000	\$392,000	\$283,000	\$120,000
Misty Woods	0	\$0	121 (36 DUs)	\$396,000	\$396,000	\$121,000	\$121,000

POTENTIAL FEE GENERATION

Based on Recommended Rates per Service Unit (year 1)
and Typical Annual Development

Typical Development:

	Service Area 1	Service Area 2	Service Area 3	Service Area 4
Single Family Residential (no. of units)	87	17	242	4
General Office (sf)	24,000	88,800	6,000	1,200
Medical Office (sf)	20,000	74,000	5,000	1,000
Shopping Center (sf)	30,000	111,000	7,500	1,500
Warehouse (sf)	126,000	466,200	31,500	6,300

Distributed among Service Areas:

Zone 1 Generation = \$175,914 (res) + \$68,998 (non-res) = \$244,912

Zone 2 Generation = \$34,374 (res) + \$255,293 (non-res) = \$289,667

Zone 3 Generation = \$489,324 (res) + \$17,250 (non-res) = \$506,574

Zone 4 Generation = \$8,088 (res) + \$3,450 (non-res) = \$11,538

POTENTIAL FEE GENERATION

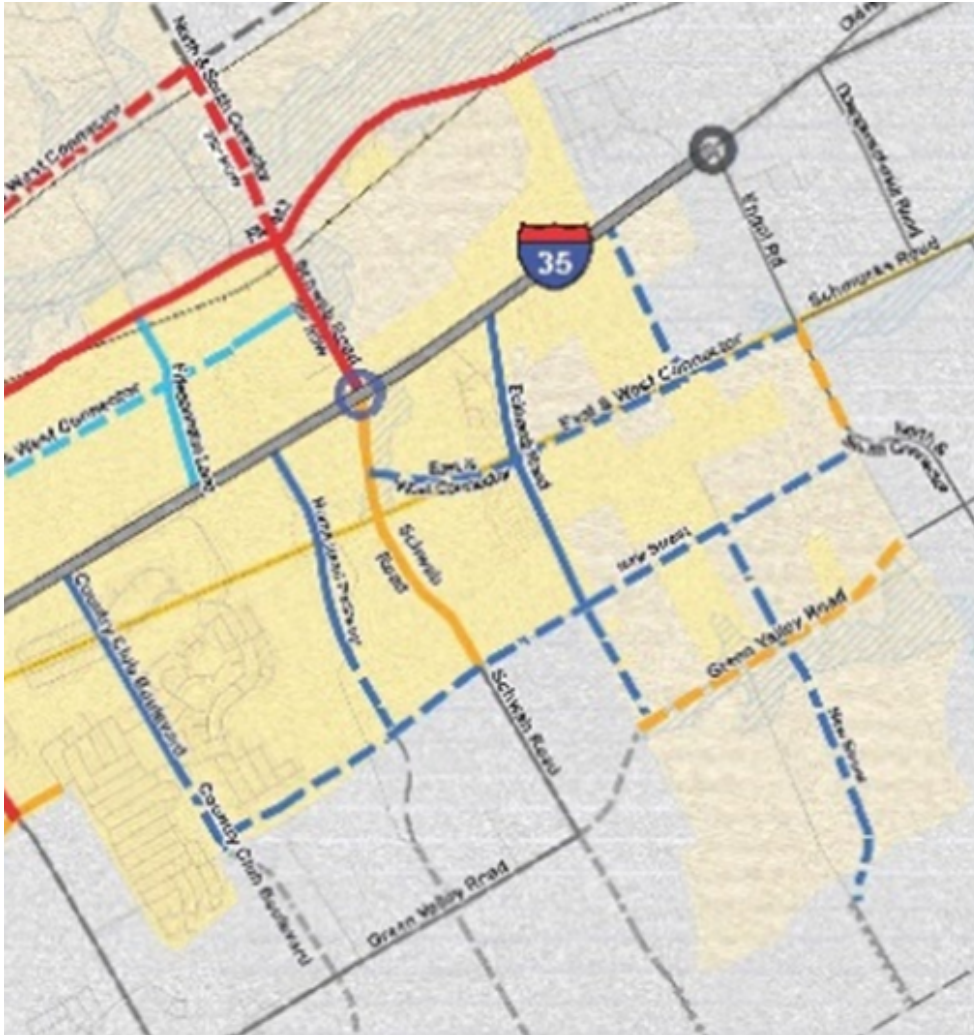
What Might be Done with the Fees Generated?

Example: Eckhardt Road – Residential Collector

- Half-width improvement adjacent to Cypress Point Subdivision Complete
- Agreement with Parklands Developer for full-width and half-width improvements at IH-35 in lieu of half-width improvement adjacent to subdivision
- Gap of half-width improvement left for City to construct when funding is available and appropriately allocated

POTENTIAL FEE GENERATION

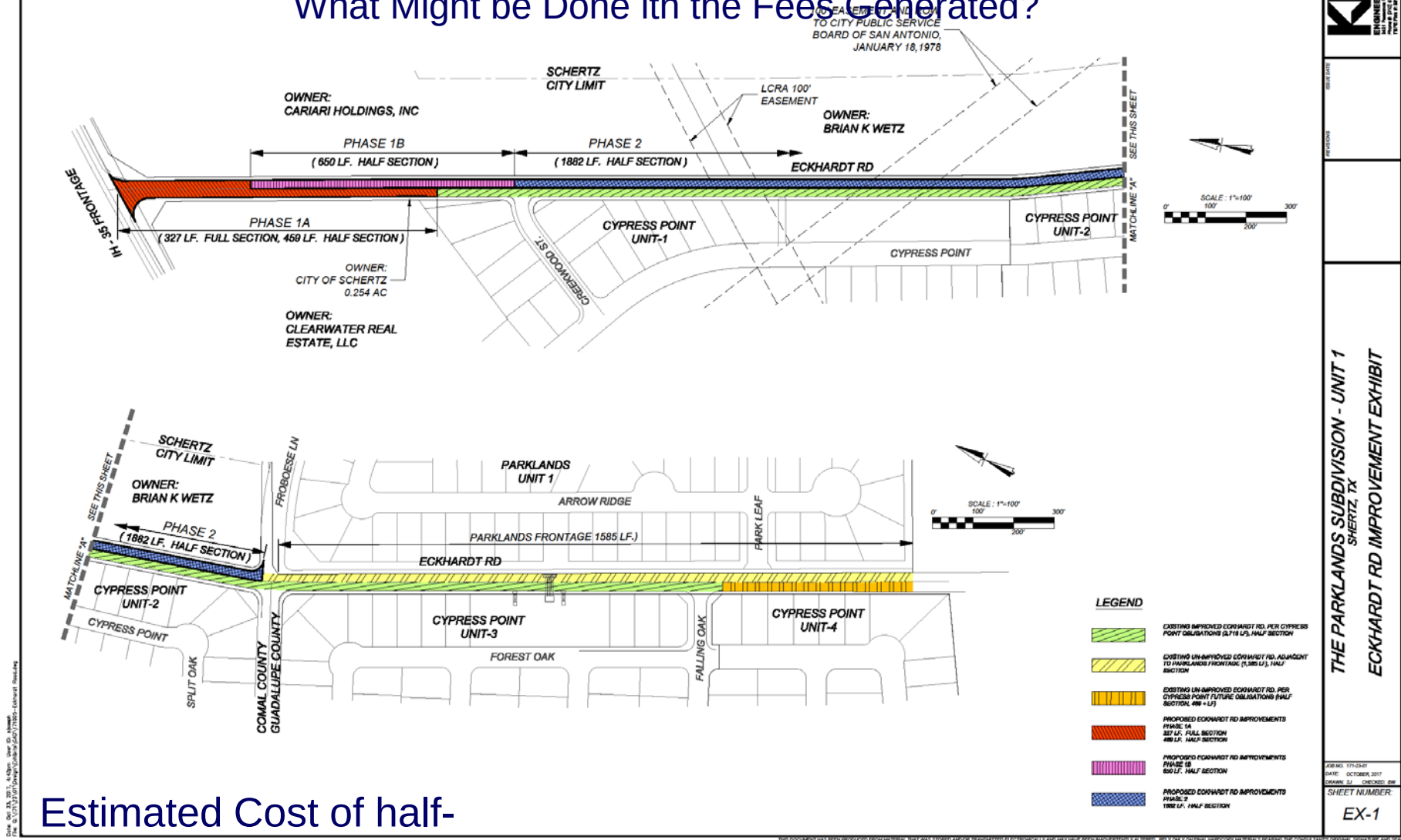
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Example: Eckhardt Road – Residential Collector

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- Gap of half-width improvement left for City to construct when funding is available and appropriately allocated

What Might be Done with the Fees Generated?



Estimated Cost of half-width section adjacent to Parklands = \$271,535

POTENTIAL FEE GENERATION

What Might be Done with the Fees Generated?

Potential funding generated in one year based on assumed steady development and recommended roadway impact fee rates in Service Area 1 = **\$244,912**

Cost of improvement of half-width section of Eckhardt Road adjacent to Parklands Subdivision = **\$271,535**

Tentative Schedule for Outreach and Input

Capital Improvement Advisory Committee (CIAC)	January 10
Committee of Committees Advisory Board (CCAB)	January 17
CIAC (workshop)	January 24
Economic Development Corporation (EDC)	January 25
Transportation Safety Advisory Commission (TSAC)	February 1
City Council (Resolution setting date for Public Hearing)	February 6
CIAC (discussion and recommendation)	February 7
Focus Group Meetings (development community)	Jan/Feb
City Council Public Hearing and Discussion	March 13
City Council First Reading of Ordinance	March 13/27
City Council Final Reading of Ordinance	March 27/April 3

Discussion

List of Online Sources

Analysis is based off of available data sources including contact with relevant city departments (Permitting, Planning) as well as Fee Schedule research. Below are webpages for Fee Schedule information.

CITY	WEBSITE
New Braunfels	nbtexas.org/70/Fees
	nbtexas.org/229/Roadway-Impact-Fees
	codes.iccsafe.org/public/document/IBC2015/chapter-6-types-of-construction
	nbutexas.com/CustomerCare/CommercialCustomers/NewCommercialConstruction/WaterConnectionPolicy.aspx
	nbutexas.com/AboutUs/ContactUs.aspx
	nbutexas.com/CustomerCare/ResidentialCustomers/AdditionalServicesandInformation/Electric,WaterandSewerRates.aspx
Pflugerville	pflugervilletx.gov/city-government/development-services-center/building-inspections-permits/fee-schedule
Round Rock	roundrocktexas.gov/departments/planning-and-development-services/building-inspection/
San Antonio	sanantonio.gov/DSD/Online/Fee/Fee-Schedule
	sanantonio.gov/TCI/Projects/Storm-Water-Fee
San Marcos	sanmarcostx.gov/1334/Fee-Schedule
Cibolo	cibolotx.gov/index.aspx?NID=255
	cibolotx.gov/index.aspx?NID=138
	library.municode.com/tx/cibolo/codes/code_of_ordinances?nodeId=n2013CIUNDECO_APXBIMFE_ART1IMFE
	Impact Fee Data: Unified Development Code, Ch. 78, Appendix B