

New impact fee analysis could cost city \$100,000

By JIM HARDIN Herald-Banner Staff

ROYSE CITY — City council members learned last week that the city will have to spend \$100,000 this year for the development of a new impact fee analysis — a requirement one city official termed “a serious issue.”

Joint Acting City Manager Larry Lott twice referred to the impact fee analysis as “a serious issue” during a regular city council meeting on July 10.

“It’s a serious issue,” Lott told council members. “It has a lot of ramifications if we don’t do it. We need to be comfortable with what we do and how we approach.”

One of the ramifications is that the city would not be able to charge water and sewer impact fees on newly developed building lots that aren’t included in the service area of the current impact fee analysis.

According to information provided at the meeting, the Texas Local Government Code states that cities must update their impact fee analysis every five years. Royse City’s current impact fee analysis was adopted on Feb. 13, 2007.

The possibility of scheduling a workshop meeting was mentioned. That’s when Lott made his second “serious issue” assessment. He then said, “I think your idea of doing a workshop internally is not a bad idea at all, but I suggest we do this sooner rather than later because of the five-year requirement.”

No date was set for the workshop meeting.

Gary Hendricks of Burkoff, Hendricks, Carter consulting engineers told city council members that the Texas Local Government Code allows cities — through impact fees — to recover their capital costs and expenditures for improvements to their water and sewer system to meet the needs of future growth.

“It mitigates the cost of those improvements from your existing rate payers,” Hendricks said. “It helps offset those costs in order to keep your rates a little more reasonable. So, as new residents move in, they get to pay their share of the water and sewer improvements through this process called impact fees.”

Three fees would be charged in connection with developing the impact fee analysis — \$35,000 for developing a water master plan, \$30,000 for developing a sewer master plan and \$35,000 for developing the impact fee analysis.

Hendricks said developing the impact fee analysis would take about five months to complete and is a three-step process. The three steps involve identifying the service area, making land use assumptions and developing a water and sewer master plan.

The engineer said the service area in the 2007 plan is probably smaller than the document that

would be created in 2012.

““The problem is that you can only charge impact fees in the defined service area,”” Hendricks said. ““That would be a reason for us to take another look at impact fees, to expand your service area to meet your vision. That way, as new development comes in, you would be able to charge impact fees for these developments.””

Land use assumptions, he said, involve ““your vision for growth in this town.””

““The basis to work from on a growth assumption is your land use assumptions,”” Hendricks explained. ““Right now, your land use assumptions are a little bit behind the times.””

This step is important, he added, because this is where you determine your plan to provide utilities.

The final step in the process is developing a water and sewer master plan to provide utilities to the growth areas.

““In the next 10 years, where are people going to move, how many people are going to move and where, do you think, and how are you going to get water and sewer to them?”” Hendricks said of the development of a 10-year capital improvements plan for water and sewer projects.

All the information gathered in the process then would be used to set impact fees.

““We know what the capital costs are. We know how many people are coming in, how many connections might happen and we can add those together and come up with an impact fee,”” he said.

There were questions about why the matter hadn’t been brought to the city council’s attention earlier.

Mayor Pro Tem Janet Nichol asked, ““So this should have been done when?””

Hendricks answered, ““February.””

““Why am I just now hearing about this?”” questioned Councilman James Branch.

Lott couldn’t answer the question. Bill Shipp’s name was mentioned. He resigned as city manager on June 16.

City Attorney Jason Day suggested the city council get something accomplished on the matter before the end of the year.

““I think there’s still a pretty good argument if we get something done this calendar year that we’re good,”” he said.