



SUMMARY NOTES ON THE ITEMS ON THE AGENDA FOR THE MEETING OF

IMPACT FEE ADVISORY COMMITTEE TUESDAY, MAY 24, 2011

NOTICE IS HEREBY GIVEN THAT THE IMPACT FEE ADVISORY COMMITTEE, CREATED BY THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS, WILL CONVENE IN A MEETING ON TUESDAY, MAY 24, 2011, AT 6:00 P.M., IN THE 1ST FLOOR CONFERENCE ROOM (SUITE 104) OF THE WALLER CREEK CENTER, LOCATED AT 625 EAST 10TH STREET, AUSTIN, TEXAS, FOR THE FOLLOWING PURPOSE:

The audio recording of this meeting with more complete information is available.

1. Introductions and Overview of Impact Fee Advisory Committee (IFAC).
Meeting called to order by Chairman Kidwell. Members in attendance: Hank Kidwell, P.E., Lisa Harris, Richard Kallerman, William Moore, Brian Rodgers. Dan Buda and John Lewis were absent. Staff: Randy Alexis (AWU), Brian Long (AWU), Jennifer Castellon (AWU), Bob Butler (AWU), Sonja Stefaniw (AWU), Jose Guerrero (WPD), Claudia Rodriguez (WPD), Kathy Rock (WPD)
2. Discuss and approve August 12, 2010 Impact Fee Advisory Committee meeting minutes. Lisa Harris noted that she had arrived during item 3 of the meeting, not item 4 as recorded in the draft minutes. It was agreed that the sound recording would be checked. The motion to accept the minutes with the research to confirm Harris's attendance was made by Rodgers, 2nd by Harris, and approved 5-0-0-2. Further research of the sound recording after this meeting did not record a voice vote on item 3 with Lisa Harris's voice, and Kallerman abstained, changing the vote to 3-0-1-3. The minutes were adjusted to reflect this vote, and otherwise remain as drafted.
3. Discuss and take action on the Semi-Annual Impact Fee Report for October 1, 2009 through March 31, 2010 as set forth in the functions of the advisory committee, Austin City Code and Chapter 395.058 of the Texas Local Government Code. This item was initially skipped to get clarification on the amount of money transferred from the Impact Fee fund to the operating fund and debt service fund during 2010 summarized in item 4. Butler pointed out that this was the lowest period of collections ever. Later a motion to accept this report was made by Harris, 2nd by Kallerman, and approved 5-0-0-2.

4. Discuss and take action on the Semi-Annual Impact Fee Report for April 1, 2010 through September 30, 2010 as set forth in the functions of the advisory committee, Austin City Code and Chapter 395.058 of the Texas Local Government Code. Kidwell questioned the arithmetic of transfer of funds to debt service listed in the cover memo for Semi-Annual Impact Fee Report for October 1, 2009 through March 31, 2010 and Semi-Annual Impact Fee Report for April 1, 2010 through September 30, 2010. Butler explained that \$6.5 million amount for September 30, 2010 is the total for the year rather than the semi-annual amount. October 1, 2009 through March 31, 2010, \$4.5 million was transferred and April 1, 2010 through September 30, 2010, \$2.0 million more was transferred. More specifically, Dec. 2009, \$3.0 million water, and \$1.5 million wastewater funds were transferred, then in May and July 2010 \$1.0 million water and \$1.0 million wastewater was transferred, for the total of \$6.5 million for the fiscal year.

Kidwell also requested an explanation of the next paragraph. It says in September, 2009, \$11,385,673 in CRF funds were transferred from the operating fund to CIP fund from projects that were either not built or completed with balances remaining. Butler gave the following explanation. Actual impact fee funds had been placed in project accounts for construction from 2001-2006 when AWU was using impact fee funds to fund construction directly. In 2006 the review of our practices concluded that if we used funds to directly build projects we could not use the projected interest on bond funding in the next update calculation of the impact fee. To simplify the matter, the decision was made to always use impact fee revenue to pay for bond debt since the revenue stream from the impact fee was not reliable for project funding. During a sweep of the capital improvement budget in 2010, these projects and remaining balances were gathered and have now been put to use. Kidwell asked why AWU did not use the funds to build the projects. Butler was able to only offer general insight that project costs did not reach the estimate, or the project was determined to not be necessary, or its scope was reduced. Some projects may have been delayed past 2006 and were funded with bonds instead of impact fee funds. Butler said at least 3,000 projects were reviewed over the last year. Kidwell raised the issue that AWU may have included projects in the impact fee calculation that were not actually built and should not have been included in the calculation. In Kidwell's opinion, the former process of using collected fees to directly pay for projects seems the best. In the next impact fee calculation the issue of projects not built will be adjusted as needed. Butler responded that the capital budget is \$200 million per year of which \$4-6 million is funded from impact fees. The savings on interest from the \$4-6 million of direct payment would make us unable to use the interest on the bulk of the \$200 million debt service spent in the impact fee update calculation. There was also a historical review of the funding processes over the life of the impact fees and an explanation of our financial statements covering the issues in the paragraph above.

Butler noted that this semi-annual period was the second lowest collection for a semi-annual period. Kallerman also noted that the waiving of fees has increased. Rodgers noted that among the waivers, affordable housing is large, but we hear that there is not enough affordable housing being built. Butler agreed to supply a list of affordable housing addresses and do some checking. (During review of the minutes, the applicable ordinance and city code number was identified as 25-9-347, Ord. 20071129-100, which will be corrected from "042000-77" on the tables in the

future.) Questions about the difference in number of water and wastewater waivers were discussed. The staff agreed to supply the ordinance and the addresses for the affordable housing exemptions to the members. Harry Savio (HBA) also contributed to the discussion.

Bill Moore mentioned that the decline in home building is partially a result of delays in the processing of home building and remodeling plans at the City.

Kallerman noted that there is a table of the various zones where taps are sold. There followed a short description of the current fee schedule based on the zones.

A motion was made by Rodgers, 2nd by Moore, to accept the Semi-Annual Impact Fee Report for April 1, 2010 through September 30, 2010 with a change to the third paragraph to clarify the amount transferred during the semi-annual period and the other total amount for the fiscal year, and approved 5-0-0-2.

5. Discuss and take action on the Semi-Annual Impact Fee Report for October 1, 2010 through March 31, 2011 as set forth in the functions of the advisory committee, Austin City Code and Chapter 395.058 of the Texas Local Government Code. Butler pointed out that collections are on the rise. A motion to accept this report was made by Kallerman, 2nd by Harris, and approved 5-0-0-2.
6. Discuss status of the staff review of an impact fee for drainage. Jose Guerrero, WPD, made a presentation regarding the WPD consideration to institute a drainage impact fee. He referred to a presentation January 2010, about drainage impact fees in response to City Council resolution 20090827.059, item 7 specifically directing a study. As part of the process, a hearing was held with stakeholders to get comments which took place at the impact fee advisory committee meeting July 2010. The prevailing opinion was that another fee would not be prudent at the time considering the state of the economy. The Watershed Protection Dept. has reviewed the state law and determined that they have land use assumptions as required, but do not have a capital improvements plan. WPD is currently in the process of mapping the existing drainage system and cannot proceed with the detail needed for an impact fee plan now. Two to three years are needed to complete the mapping. They note that in the current development situation the impact fees for water and wastewater are down which indicates drainage fees would probably not generate much revenue. Two additional staff members would also be required with the potential for additional staff to handle the reporting.

There also appear to be potential legal conflicts with a fee and the current drainage utility fee system, especially where redevelopment is concerned. One major cost of drainage improvements in the central business district is the relocation of other utilities. It is fuzzy whether the costs of relocations could be included in the fee calculations. WPD is looking at other strategies to implement projects where existing facilities are the significant issue.

New infrastructure is currently built as part of development site plans and the WPD CIP. The current WPD budget only has \$15 million available for projects that might be for new growth if a fee were being collected. The two year state mandated time frame to begin projects and funding constraints are too difficult to meet with the

difficult design required in many areas of town.

WPD has successfully used Community Facility Agreements to accomplish improvements with developers. They are also using interlocal agreements with the counties. WPD will continue to seek developer participation on projects.

After much research and input, the Watershed Protection Department recommends not instituting a drainage impact fee, but instead using other strategies to deliver timely improvements, improve master planning, and foster developer participation using tools such as PIDs, TIFs, interlocal agreements and developer participation agreements.

Rodgers asked about the issue of PIDs. Guerrero responded that the City Council has instituted a policy for large scale projects in the eastern watersheds. Waller Creek project is being funded by a TIF, collecting tax on the additional land removed from the floodplain and increase on the property. Rodgers commented that a PID would have charged the property owners in Waller Creek more than the TIF alternative. Rodgers also asked about the watersheds in the eastern area where the PIDs might be enacted. A 51% vote in favor of the PID would be required of the land owners. It is probably feasible due to the small number of landowners in agricultural areas seeking to develop.

Rodgers asked about the billion dollar deficit in the current needs for drainage. This amount is for all drainage needs for existing system upgrades. 45 years at current funding levels from current rate revenue. WPD is looking for opportunities to reduce the amount.

This was the end of the presentation on the drainage impact fee research. The committee thanked Mr. Guerrero. No action.

7. Discuss other items that are pertinent to the functions of the advisory committee.
 - Bob Butler showed a graph of average month of collections, including this past year, showing that collections the last two months have increased to close to the five year average. Harris commented that the title/mortgage business typically reflects the slow periods like the impact fee.
 - Rodgers asked if the number of meters by size has been successfully counted. Long said the count has been successfully completed with the current billing and inventory system, but the new billing software will handle this better and allow continual monitoring. The billing system used by Austin Energy is however, delayed until later this year, at which time we expect to have the accurate count based on billing and inventory coordination.
 - Rodgers asked if the 5 year update is underway for adoption this fall. Long has alerted the director and staff that it is getting to be time to begin the process. At the next committee meeting when the next semi-annual fee is available will be the good time to discuss the next five year plan discussion with the committee.
 - Rodgers reported on his contacts with the Urban Transportation Commission. They did not get on the agenda except by citizens communications and could not get on the next meeting as an agenda item. The subject has been put on hold for a while, but Rodgers intends to pursue it further. Taylor may be the only municipality in this region with a roadway impact fee. Kidwell would like the UTC and staff to

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come to the IFAC to hear the case for a fee. Rodgers thinks that the IFAC has the authority to make a recommendation for a fee, but Kidwell believes that if the Transportation Dept. does not support the fee, it would be wrong to have the IFAC make a recommendation to the City Council without input from the department. There probably will not be a meeting between now and the next IFAC meeting for the next semi-annual report.

- Kidwell asked if there has been any legislation that would apply to the AWU impact fee. One issue to change the interval between updates from five years now to three years, came up to the legislature and has not made it to the floor for a vote.

No other items were brought forward. Kallerman moved to adjourn, Rodgers 2nd, and the motion was approved 5-0-0-2.

UPON REQUEST, INFORMATIONAL MATERIALS WILL BE PROVIDED IN AN ACCESSIBLE FORMAT. THE UTILITY'S PRIMARY TEXT TELEPHONE NUMBER IS 972-0102.