



**SUMMARY NOTES FOR THE MEETING OF
Impact Fee Advisory Committee
April 24, 2012
Waller Creek Center, Room 104
625 East 10th Street
Austin, Texas**

For more information go to: www.austintexas.gov/ifac

AGENDA

J.R. (Hank) Kidwell, P.E. (Chair)
William Moore

Kris Bailey
Brian Rodgers

Richard Kallerman
David Vitanza

A. CALL TO ORDER – April 24, 2012, 6:00 p.m.

The meeting was called to order at 6:12 by Chair Hank Kidwell.

B. CITIZEN COMMUNICATION

The first 10 speakers signed up prior to the meeting being called to order will each be allowed a three-minute allotment to address their concerns regarding items not posted on the agenda.

No one was signed up to speak.

C. APPROVAL OF MINUTES

Approval of minutes from the November 29, 2011 Impact Fee Advisory Committee meeting.

*Rodgers asked for a correction to the Stratus \$15 **million** in exemptions. (Correction made) Rodgers moved to approve the minutes, Moore 2nd, and the motion was approved 5-0-1-0 (Vitanza abstaining not a member 11/29/2011.)*

D. DISCUSSION ITEMS FOR COMMITTEE'S REVIEW

1. Introductions and Overview of Impact Fee Advisory Committee (IFAC).

New member David Vitanza was welcomed and introduced himself with background on his professional experience. Other members and staff introduced themselves too.

2. Discuss components and status of the 2012 update to the Impact Fee Land Use Assumptions and Impact Fee Capital Improvements Plan.

(approx.. 0:18:00 on recording) Brian Long discussed the tentative schedule of meetings and parts of the documents that have been and will be prepared from April 2012 until the anticipated adoption of the documents and fees with the City budget in Sept. 2012, with an effective date for new fees Oct. 1, 2012. Hank Kidwell noted that the Water and Wastewater Commission has specifically asked to be included in the review process and Brian Long said they are going to be on the list of meetings. Tables 1 and 2 of the Impact Fee CIP are available for this meeting.

2.continued: Presentation about the boundary changes by Brian Long. Hank Kidwell asked if there had been any SERs in the proposed change areas. Not that we know of. The setting of the impact fee service area larger than the CCN and current infrastructure is meant to allow for growth of our system without the burden of changing the impact fee documents. Dick Kallerman asked about a map of the Planning Areas. The City is not using that planning area geography anymore (dated from the 1996 studies), so the report this time is expected to use water pressure zones for the land use assumptions. AWU has been working with 2010 census data to adjust the 2020 data that provides the projection set for our calculations. We have worked with Ryan Robinson, City Demographer, to make adjustments. We are not sure we can still produce maps from the 27 planning areas and transition to the water pressure zones. This was acceptable to the committee members at this time.

2.continued: Presentation about DRAFT CIP tables 1 and 2 which list the projects that will be used to calculate the impact fee. This is different than the 5 year budget CIP for AWU because this does not include regulatory and rehabilitation projects, but does include completed project that provide capacity for growth. In addition to deciding which projects provide growth, AWU has been directed to calculate the two alternative state mandated impact fee offsets for the fee using either rates or simply 50%. (57:00) We do not know how we will get the rate method calculated because we do not have discrete bond issues for the impact fee CIP projects, making it impossible to find a set of debt service numbers directly. Thus we are trying to set a ratio without data based on defensible assumptions. Contributing to the difficulty of making assumptions is that our annual CIP programs include cash payment for CIP construction as well as debt service. We want to develop a clearly defensible structure and publish it in the plan, unlike many plans that we have reviewed from other entities.

2.continued: (1:16) Presentation about Potable Offsets which is a method being developed to account for the cost and capacity of reclaimed water used instead of potable water. Our investment the last five years in the reclaimed water system has been significant and is continuing to grow. AWU has reviewed other systems with reclaimed water and find that some have developed a separate impact fee for reclaimed water. We think that this method would create a very large fee and stifle growth of reclaimed water. Those customers in Austin are actually using reclaimed water instead of potable water and freeing up potable water capacity. So we are proposing treating the potable customers as though they are using potable water and the calculation would include a calculation of the facilities in the reclaimed water system as water facilities. To our knowledge no other utility has approached integrating the reclaimed cost impact in this method. Presently reclaimed customers do not pay any capital costs up front. There are not currently any contracts for offset of fees related to reclaimed water with our customers. The reclaimed system is transitioning from a golf course irrigation system to broader use in evaporative cooling systems in large building complexes like UT and Mueller. Note that the commercial users are faced with substantial plumbing changes. The rate per 1,000 gallons is rising to \$1.50, considerably less than potable water. This seems like a case where we need to be very careful about adding the reclaimed water facilities to the impact fee. We need to be sure that the water or wastewater impact fee collections are not transferred to reclaimed water facilities unless the projects are included in the Impact Fee CIP. Consider that reclaimed water is a "water source" to the system, and makes parts of the potable water system available to new growth, rather than using the potable water for irrigation, etc. (1:43) Chairperson Kidwell commented that a comparison of what the capital cost is now for a 1,000 gallons of potable water and for reclaimed water probably shows the potable water system to be less expensive now. Discussion followed that the reclaimed system is being subsidized at a higher cost by the water system. The term "offset" was clarified that it does not mean the impact fee will be reduced for anyone. In fact the "offset" is a volume of reclaimed water

offsetting a comparable amount of potable water use, but the cost of the reclaimed facilities would be calculated in the impact fee at the full cost of the reclaimed facility like any water facility. (2:15) This topic is under development and has not even gotten to the point of bringing numbers to the IFAC.

2.continued: Discussion of DRAFT Table 1 and 2 of the Impact Fee Update Capital Improvement Program. This discussion covered the layout of the pages in groups of projects as well as discussion about the costs of projects. The projects on the draft tables had not been fully decided on by the staff, so the discussions were not conclusive and did not lead to any decisions. All of the final lists will be discussed in detail when the draft report is complete. Tom Ellison pointed out Table 1 water highlights that Water Treatment Plant #4 is included, and South IH35 improvements are included. There were also discussions about the Pilot Knob MUDS, the Southeast MUDS and the Whisper Valley PID which do not have projects included in the CIP because they are not using Austin CIP funding. More information can be made available to the committee in the future to clear up any confusion when the report is completed. A controversial point is the Southeast Travis Co. MUD construction of reclaimed water facilities in return for \$1.5 million credit against their water impact fees when they buy taps. The committee asked for clarification about this because it appears that water impact fees would in effect be “used” for internal reclaimed facilities. The highlights of wastewater are that there is an increase, but smaller than the water system. Note South IH35, Parmer Lane ww tunnel, Whisper Valley, Brushy Creek purchase from LCRA, Formula 1 interceptor and the downtown tunnel.

3. Discuss status of the Joint Committee on Austin Water Utility’s Financial Plan established by City Council Resolution No. 20110922-052 and revised on January 12, 2012 via Resolution No. 20120112-063.

There was not any discussion on this item.

There was a discussion about when to have the next Impact Fee Advisory Committee meeting based on member schedules, staff time available, time to complete work that would advance the update discussion, and other issues needing resolution before a draft report is completed. Decision was to check around in mid-June to set a date.

- E. ADJOURN** After 9:00 PM Rodgers made a motion to adjourn, second by Kallerman , all in favor, none opposed.