

Impact Fee Frequently Asked Questions

What are impact fees?

An impact fee is a one time charge applied to new development to pay for the cost of construction or expansion of water and sewer facilities located outside the boundaries of the new development that are needed because of the new development.

What do impact fees pay for?

Impact fees are used to extend water and sewer lines, increase the capacity of existing lines and water and wastewater treatment facilities, and build new water storage facilities, new lift stations, and water and wastewater treatment plants that are identified in the City's capital improvements plan. The impact fees can also be used for surveying and engineering fees, land acquisition costs, and to outside consulting engineers and financial consultants who prepared or updated the capital improvement plan.

However, impact fees may **ONLY** be used to construct new facilities or to expand existing facilities. They may **NOT** be used for repairs, maintenance, modernization, upgrades, or expansion of the existing facilities to better serve existing development or to meet more stringent environmental or regulatory standards.

The development and implementation of an impact fee is governed by Chapter 395 of the Texas Local Government Code.

How are impact fees determined?

Impact fees are calculated by dividing the total cost of facilities required to serve new development in the City limits and extraterritorial jurisdiction ("ETJ") by the total number of new service units expected in the City limits and the ETJ.

While the formula appears simple enough, there are several items the City must first evaluate and decide before making the calculation. First, the City must prepare land use assumptions in order to determine the number of new service units it will have over the next ten (10) years. The land use assumptions are a forecast of how populations and land uses (residential, retail, office, public use, etc.) throughout the city limits and the ETJ will change over the next 10 years. The land use assumptions are then converted into a certain number of service units. Service units are a standardized measure of consumption of water or discharge of wastewater. For example, a single family residence may be considered one service unit, where as apartments, commercial properties, and industrial facilities are likely to be two or more service units.

Once the land use assumptions are determined, the City must then develop a capital improvements plan that identifies the capital improvements and facility expansions that are needed to meet the projected demand from the new development and for which the

City intends to fund through the use of impact fees. The City then determines the total cost of the facilities identified in the capital improvements plan.

How are impact fees adopted?

Impact fees must be adopted pursuant to and in compliance with the procedures established in Chapter 395 of the Texas Local Government Code.

To calculate an impact fee, the City must first adopt land use assumptions (LUA) and a capital improvements plan (CIP). The CIP must be developed by qualified professionals using generally accepted engineering and planning practices, which include establishing service boundaries and land use assumptions (LUA).

After the land use assumptions and the capital improvements plan have been developed by the qualified professional, the public is given an opportunity to comment on the LUAs and the CIP. A public hearing is held to consider the LUA and the CIP for the designated service area. The LUA and the CIP will be made publicly available before the publication of the first public hearing date. The City must publish and send notice of the public hearing on the LUA and CIP at least 30 days before the hearing.

The City must also appoint a five-person advisory committee. At least 40 percent of the members must be representatives from the real estate, development, and building industries and must not be affiliated with the City. If the area includes ETJ, one member must be from the ETJ. The City has appointed the members of the Planning and Zoning Commission along with John Kemper, who resides in the ETJ of the City.

Within 30 days after the hearing, the City Council must adopt or reject the LUA and CIP. If the City adopts the LUA and the CIP, then the City must set a date for the public hearing for adopting the impact fee ordinance and publish and send notice of the public hearing at least 30 days before the hearing.

At least 5 days before the public hearing, the advisory committee must file written comments on the proposed impact fees. Within 30 days of the hearing the city must approve or disapprove of the impact fee ordinance.

Why did Marble Falls consider adopting an impact fee?

Currently, Marble Falls is experiencing very rapid growth. This growth places a lot of demand on the City's existing infrastructure because new residential, commercial and industrial development can increase water consumption and wastewater volumes significantly. New and expanded water and wastewater facilities are needed to serve these new developments.

In communities with no impact fees, the costs associated with expanding water and wastewater facilities are borne by all of the city's customers and tax-payers. In areas with rapid growth, the capital costs of new facilities needed to meet the new demands can quickly outspend what a city's tax base can generate and what the utility customers can pay for water and sewer services.

Through the use of impact fees, the developer who creates the additional demand on the city's water and wastewater systems will pay a larger share of the cost of meeting those demands. By charging an impact fee, the city is able to shift, in part, the payment of these expansion costs from the existing customers and tax-payers to the new development.

Who is charged the impact fee?

Property owners that subdivide land, construct, reconstruct, redevelop, convert, alter a structure, relocate or enlarge any structure or use or extend the use of land in such a way so as to increase the number of service units attributable to the property will be assessed an impact fee if the property owner requires water or sewer service.

For property that is platted after the date the impact fee is adopted, the impact fee is assessed against the property before or at the time the plat is recorded in the real property records of the county. However, the impact fee is not collected until the city issues a building permit.

For land that is developed without platting, the impact may be assessed at any time during the development process and may be collected when the property is connected to the city's water and sewer system.

If I already have water and sewer service from the City do I have to pay the impact fee?

No, unless you redevelop your property or enlarge any structures that has the effect of increasing the number of service units attributable to your property. The impact fees to be imposed are limited to the amount attributable to the additional service units.

What other cities have impact fees and how much are they?

Yes. Many cities have impact fees. Here are some in Central Texas with impact fees. The fee is assessed per service unit equivalent.

City	Water Impact Fee	Wastewater Impact Fee
Austin	\$700 - \$2,500 depending on zone	\$400 - \$1,400 depending on zone
Bastrop	\$848 - \$1,308 depending on zone	\$0 - \$2,318 depending on zone
Burnet	\$1,084.50	\$1,173.00

Lockhart	\$1,233.96 (3/4 inch meter)	\$1,094.33
New Braunfels	\$935.92	\$1545.23
San Marcos	\$2,466.00	\$2,185.00

It should be noted, however, that every city and every utility is different with different growth patterns, land uses, and infrastructure requirements. Any fee calculated for Marble Falls will be based on Marble Falls' land use assumptions and capital improvements plan.