



Impact Fee Advisory Committee (IFAC) Meeting #1

Overview of Impact Fee Update and Land Use Assumptions

September 14, 2022





TODAY'S AGENDA

1. Project Overview & Role of IFAC
2. Impact Fees 101
3. Discuss Lockhart Growth Rates
4. Project Next Steps
5. Q&A, Discussion

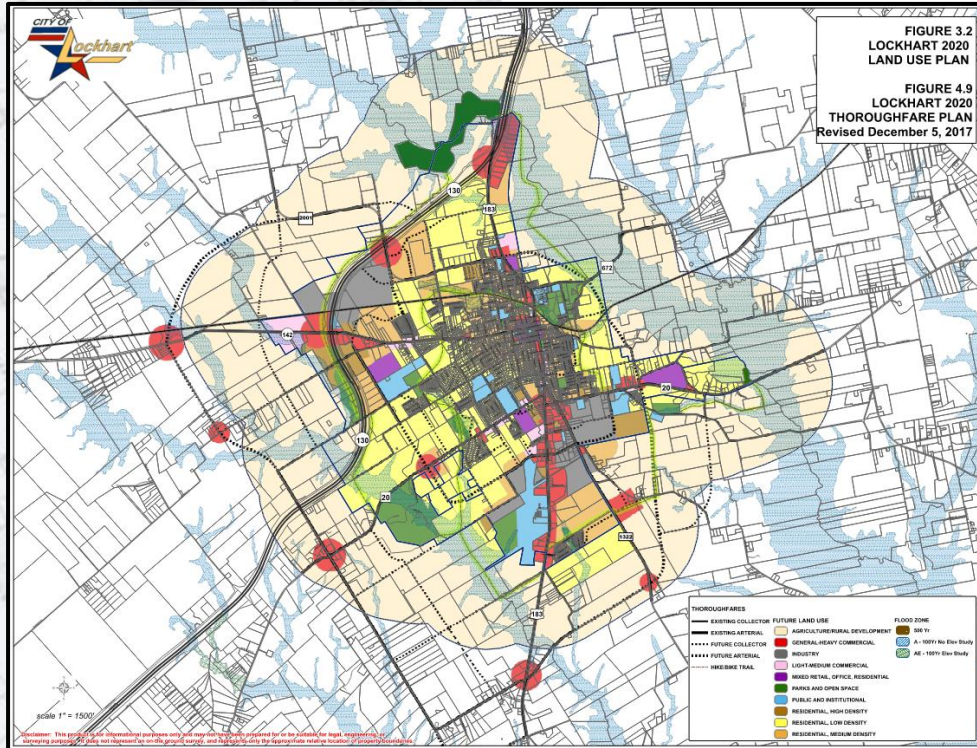




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PROJECT OVERVIEW & ROLE OF IFAC

FINANCE MECHANISM FOR IMPLEMENTING THE PLAN



LOCKHART
Planning for the 21st Century

The Lockhart 2020 Comprehensive Plan is the City's 20-year master plan. It is intended to provide an official, public decision, adopted by the City Council, to serve as a guide for public decisions.

Community Vision

To have a vision means to look ahead; to imagine the future. Visioning is a process by which a community articulates its preferred future. It vision describes the hopes, dreams, and aspirations of a community and helps citizens agree on what they want their community to become.

A "visioning" process was conducted to create a shared vision of the future. The process involved city leaders and citizens in a dialogue to identify issues, determine the assets and challenges of the community, and prepare goals and objectives that will shape and define the future. The Lockhart Vision is a broad statement of how the community sees itself as it moves into the 21st Century. It is an ideal image of the future based on the community's values. Lockhart's Vision is:

- To be a first-class community that has maintained its integrity and sense of community characterized by livable neighborhoods and quality schools.
- To be a City that focuses on family by ensuring quality recreational and cultural activities, services, housing, economic and educational opportunities that provide a well-rounded productive member of the community.
- To be a city that is friendly to visitors and future residents with a spirit of fellowship and cooperation by accommodating their needs and recognizing the wealth in cultural, ethnic and age diversity.
- To be a City committed to sustainability by diligently balancing community needs with available resources and managing growth in a smart and fiscally responsible manner.
- To be a City that celebrates and nurtures its long and rich history by recognizing its neighborhoods, preserving areas and buildings of historic significance, and maintaining the Central Business District as an economically viable and lively activity center.
- To be a City recognized for the quality of its built environment and the integration of the natural landscape throughout the community.
- To be a City that ensures a good balance between residential, commercial, industrial, and public/institutional use supported by quality infrastructure and transportation systems.
- To be a City known for its innovative solutions to managing growth, progressiveness of City government, and responsiveness to the needs of citizens and businesses.

The plan includes 11 elements, each addressing a particular facet of the community, which include:

- Introduction;
- Community Vision;
- Land Use;
- Transportation;
- Economic Development;
- Central Business District;
- Water and Wastewater;
- Storm Drainage;
- Community Facilities & Services;
- Implementation.

A Vision Statement is a broad statement of how the community views itself as it moves into the 21st Century. A vision for the community is an ideal and unique image of the future based on the community values.

CITY OF Lockhart

EXHIBIT 3

FRESE NICHOLS Historical appreciation
Political results
Outstanding service

TECHNICAL REPORT

Roadway Impact Fee Update Final Report

CITY OF Lockhart

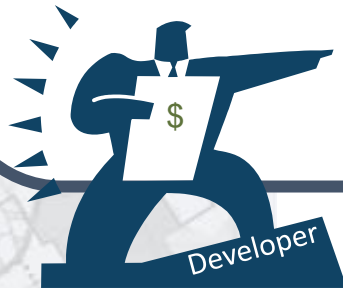
2017 Impact Fee Study
City of Lockhart, Texas

February 2017

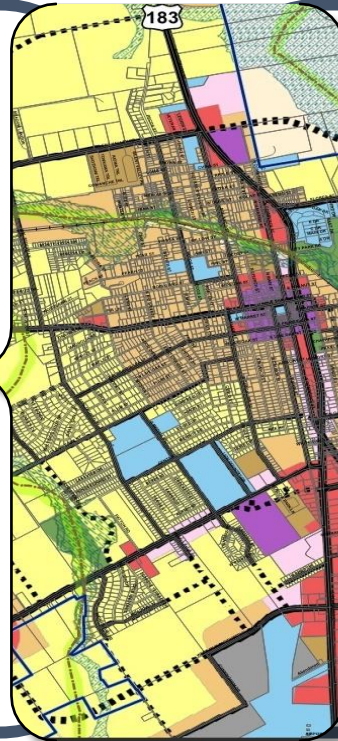
WHO PAYS FOR GROWTH?

IMPACT FEES

New development shares in part of this responsibility



Developer



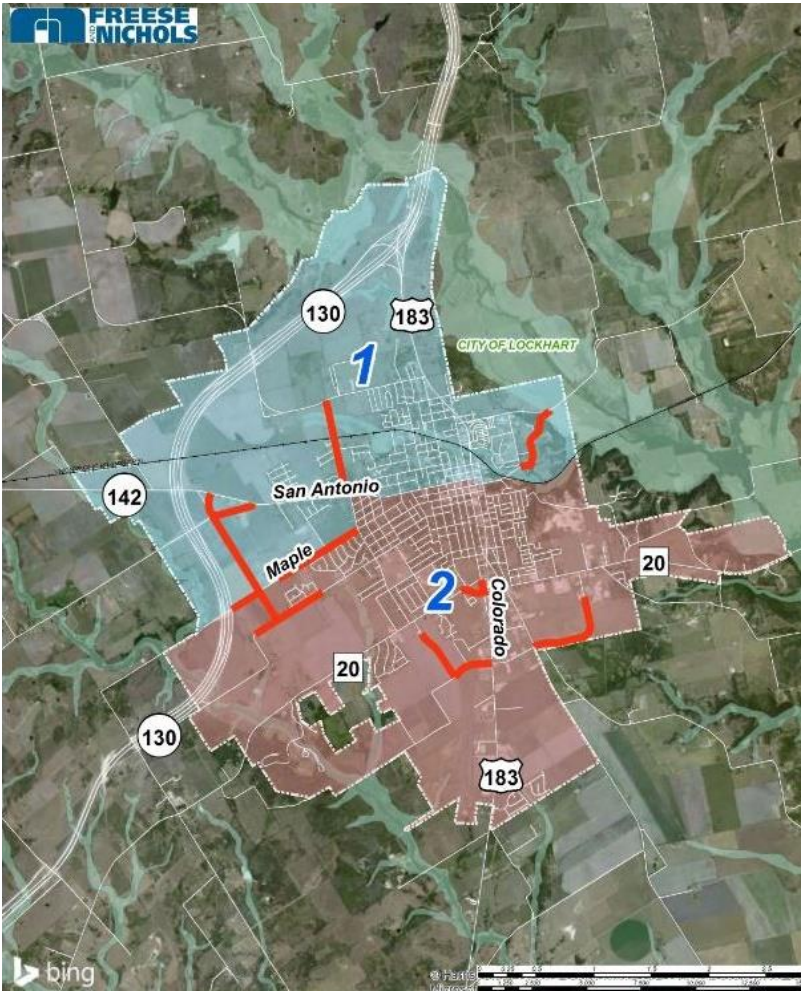
NO IMPACT FEES

Existing and future tax payers build all capital facilities



Community

2017 ROADWAY IMPACT FEE CIP



ROADWAY IMPACT FEES



- Why Update?
 - Texas Local Government Code
 - Ch. 395 Financing Capital Improvements
 - Legislatively mandated
 - Update at least every 5 years
 - For Road Programs: City Limits ONLY
 - Public Hearing Requirements
 - 1 Public Hearing
 - Land Use Assumptions
 - Capital Improvements Plan
 - Impact Fee & Ordinance

YOUR ROLE AS AN IFAC MEMBER



Provide Comment

- Land Use Assumptions (Growth Rate)
- Capital Improvements Plans (IFCIP) for Roads (Water/Wastewater separate process)



Letter to City Council

- March 17th, 2023: Written recommendation to City Council



Attend IFAC Meetings

- 3 scheduled meetings
 - 09/14/22: IFees 101, LUA Growth Rate
 - 12/14/22: LUA, Preliminary CIP
 - 02/08/23: Cost per SU, collection rate



Public Hearing

- April 18th, 2023: Public Hearing to adopt new program

PROJECT SCHEDULE

'22

'23

Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May



Project Kick-off & Data Discovery

- Project Initiation
- Data Collection
- Traffic Counts
- **Resolution** by City Council calling for I-Fee Update, appointment of IFAC

Draft Land Use Assumptions

- IFAC Meeting #1
- Development of Roadway CIP
- IFAC meeting #2

Impact Fee Draft Report

- Cost Per Service Unit Fee
- Benchmarking
- Draft Roadway Impact Fee Report

Hearings & Adoption

- City Council Resolution and Hearings on roadway impact fee program update
- Official IFAC recommendation
- Adoption



2

IMPACT FEES 101

WHAT IS AN IMPACT FEE?



- A one-time charge assessed to new development for a portion of costs related to a specific capital improvement program.
- Mechanism for:
 - Funding of certain new facilities or expansions
 - Recoupment of certain capital improvement costs
- Fee proportional to development impact on road system.
- Impact fees are limited to water, wastewater, roadways and drainage facilities
- For roads, impact fees are confined to city limits

PRINCIPLES & PURPOSE



- “Growth paying for Growth”
- Alleviates burden of new facilities on existing customers
- New development pays for a share of cost to provide off-site roadway improvements that will serve developing property
- Provides a systematic, structured approach to assessment of fees

IMPACT FEE CONSIDERATIONS

ADVANTAGES

- Allowable by state law; alleviates burden of new facilities on existing tax payers.
- Allows **recoupment of projects already constructed** which contains oversized or excess capacity.
- Allows for implementation of **key system improvements** over piece-meal approach.
- Provides **up front knowledge** of the exact fee to be imposed.
- Fairly charges based on **system impacts**.
- Establishes rough **proportionality**.
- Allows for **pooling of funds**.
- Allows for **developer credits**.

DISADVANTAGES

- City may likely have to front the cost of improvements and collect fees as development occurs.
- Slower economic times means cost recovery may be slow and is dependent on new development.
- Fees can only be applied to IFCIP projects within service area.
- System update every five years.
- Administrative requirements may be burdensome to some cities.
- Would never fully recover cost of CIP because of 50% credit.

ITEMS PAYABLE WITH IMPACT FEES

- ✓ Construction cost of capital improvements on the CIP
 - Roadway to thoroughfare standard
 - Traffic signals, bridges, sidewalks, etc.
- ✓ Survey and Engineering fees
- ✓ Land acquisition costs, including court awards
- ✓ Debt Service of impact fee CIP
- ✓ Study/Update Costs

- × Projects not included in the CIP
- × Repair, operation and maintenance of existing or new facilities
- × Upgrades to serve existing development
- × Administrative costs of operating the program
- × Non-CIP debt service

KEY POLICY ISSUES



- What rate to charge, if less than the maximum to offset other City objectives
- Credit the CIP 50% or conduct a credit analysis
- Contents of Capital Improvements Plan
- Application of Fee
 - Percent of maximum (i.e., 25% of max)
 - Across the board (\$1,500 per residential)
 - Residential vs. Non-Residential Uses
 - Incremental Increase over Time
- Exemptions
 - As defined by policy

IMPACT FEE PROCESS

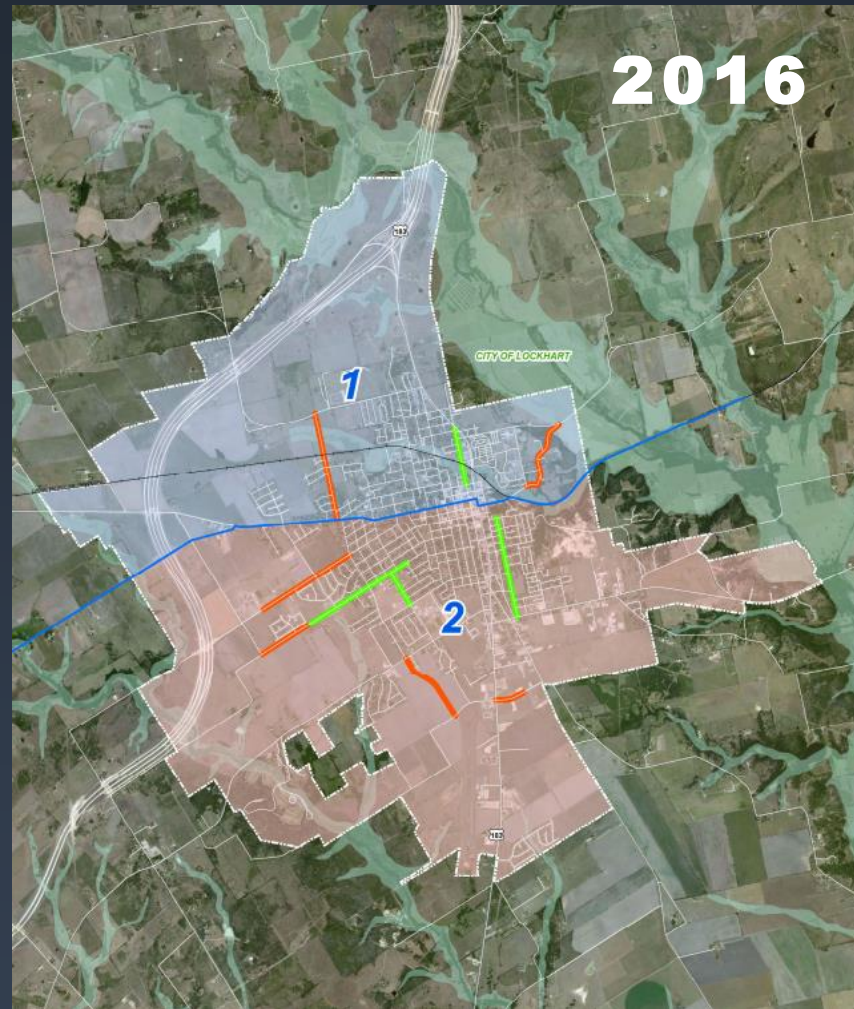


TECHNICAL ELEMENTS

- Service Areas
- Service Units
- Land Use Assumptions
- I-Fee Capital Improvement Plan
- Cost per Service Unit
- Equivalency Table

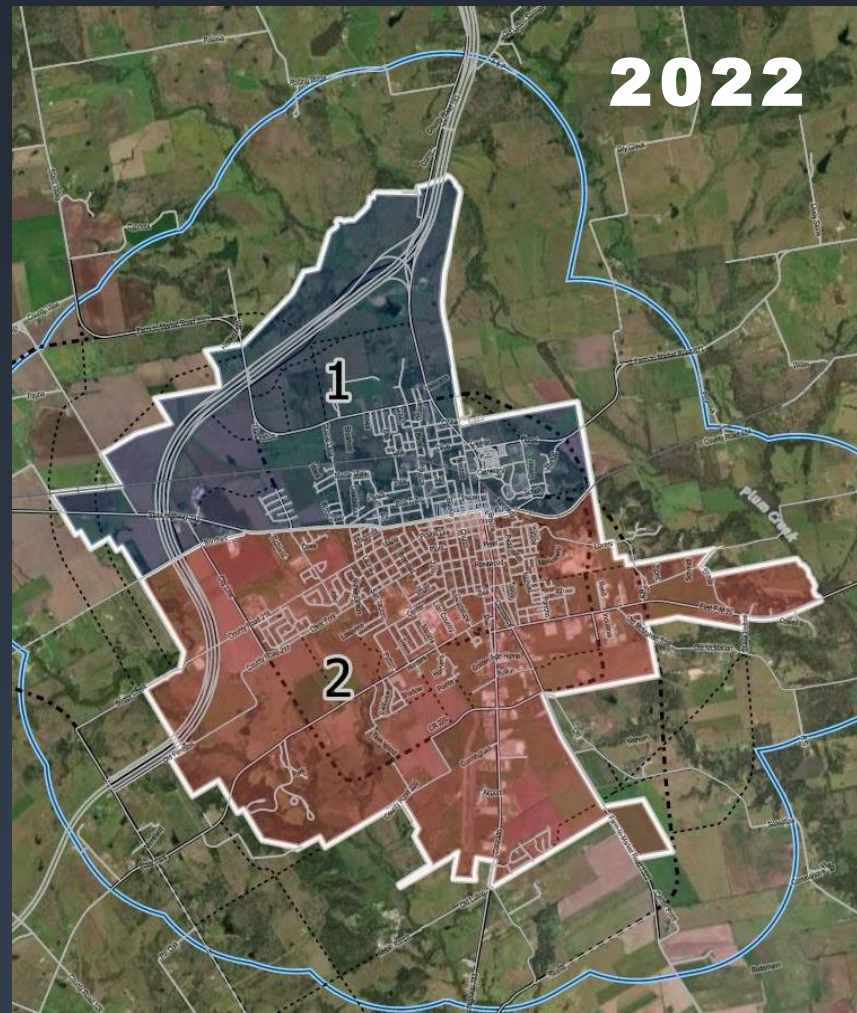
SERVICE AREAS

- Defines area to be served by IFCIP improvements
 - Roadway - City Limits; 6-miles
 - W/WW – ETJ or CCN
- Roadways - “Open System”
- Fees spent in areas where development occurring
- 2 Service Areas
- Flexibility for city growth
- Administration
- Individual cost per service unit calculations

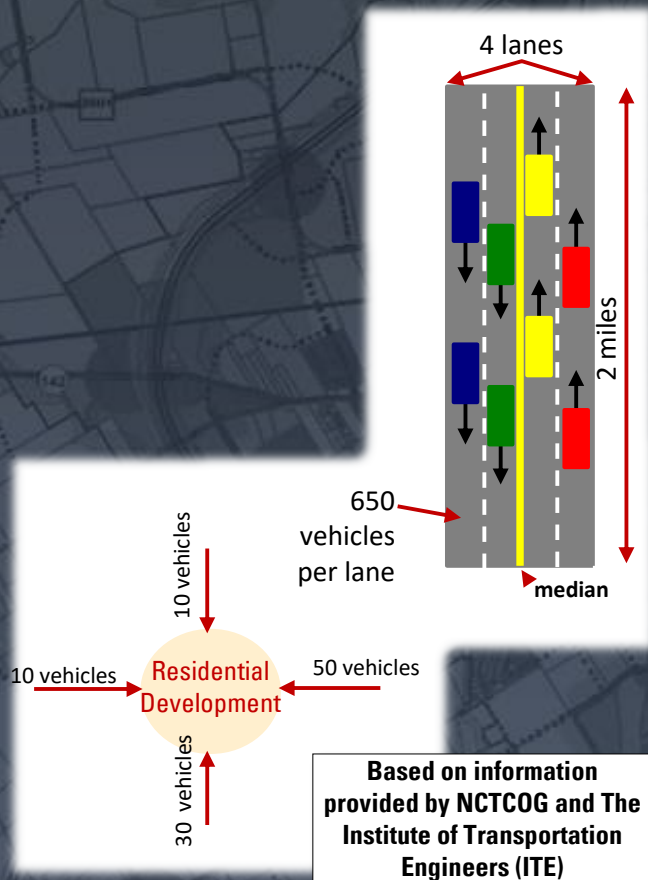


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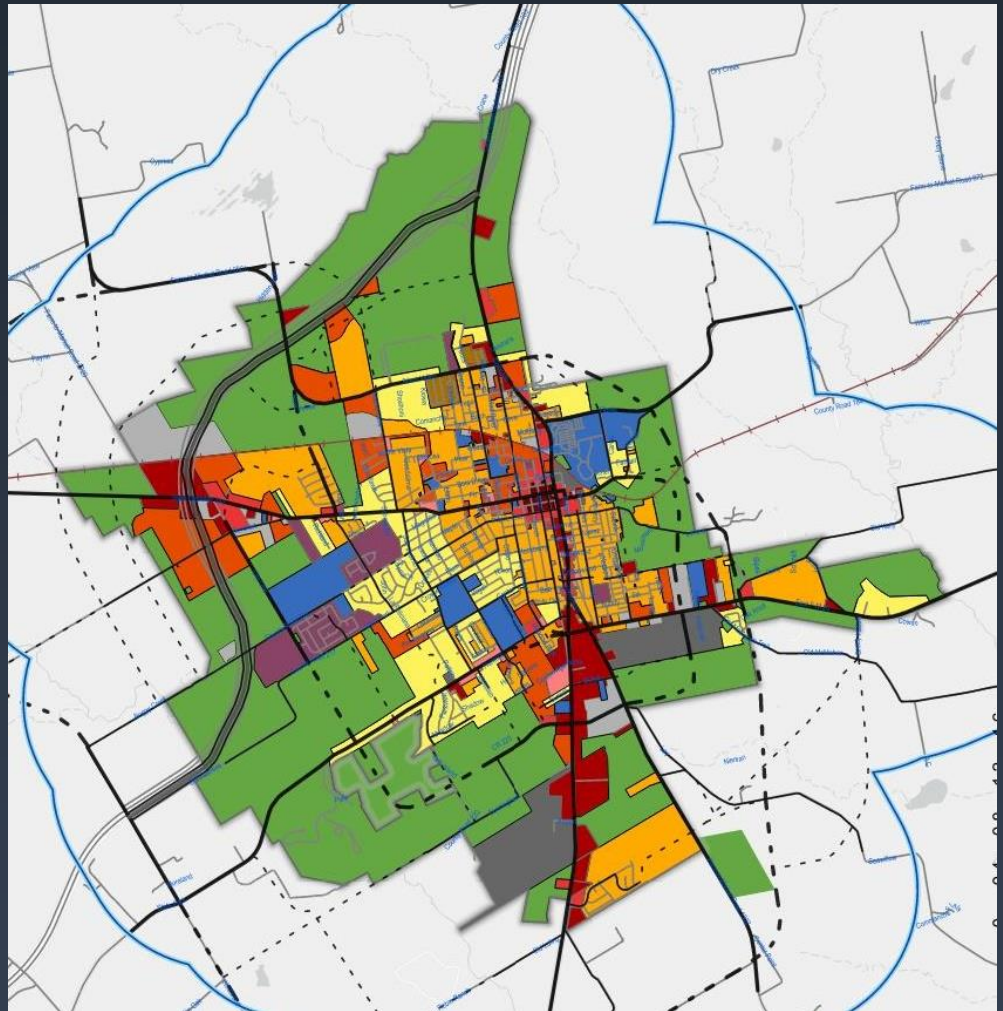
ROADWAY SERVICE UNITS: VEHICLE-MILE



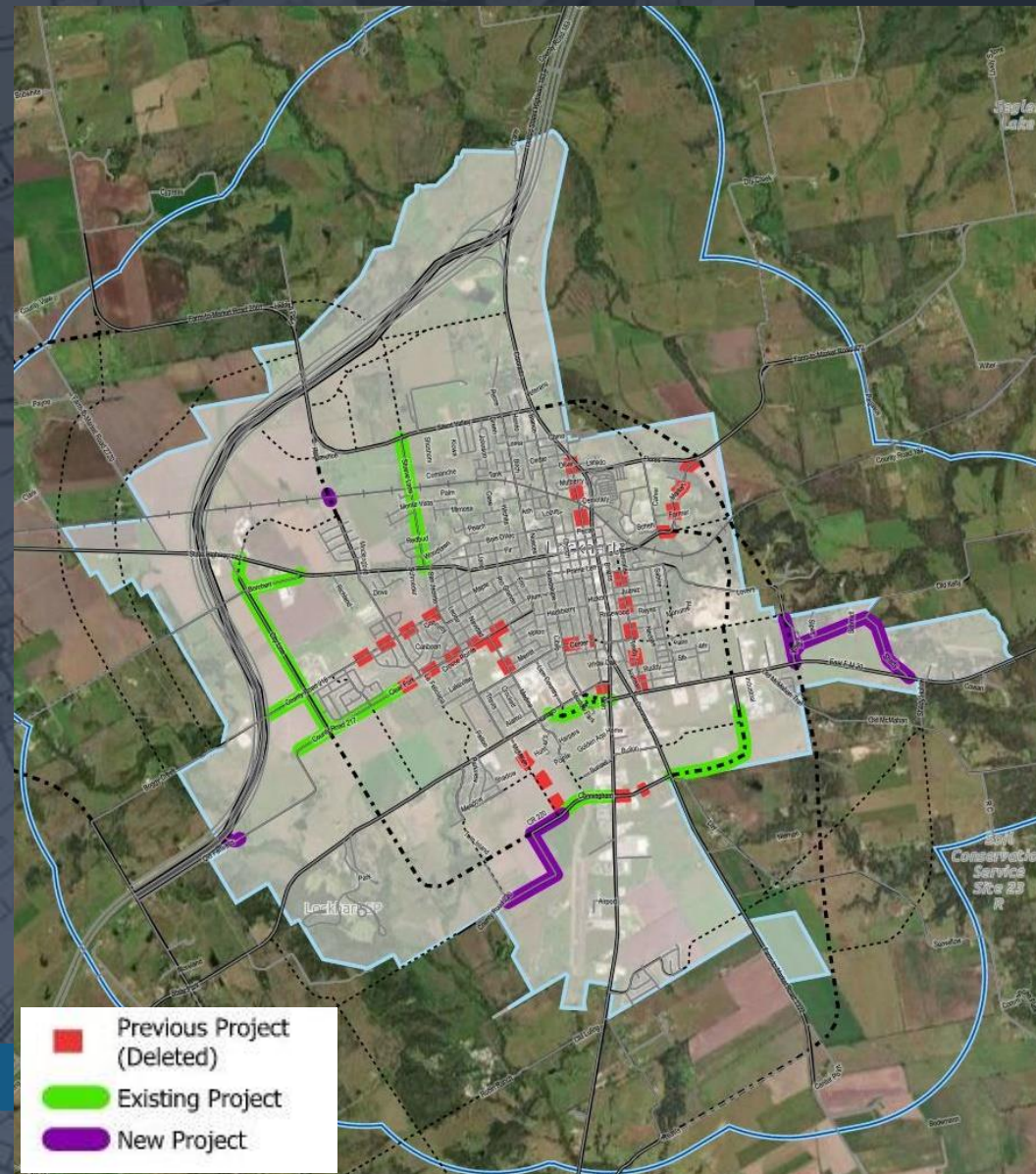
- Establishes a relationship between supply (roadway projects) and demand
- Vehicle-Mile during PM peak hour used as service unit
 - Supply = Vehicle Capacity x Length
 - Roadway Projects
 Supply = 650 vehicles/hour/lane x 4 lanes x 2 miles
 Supply = 5,200 vehicle-miles supplied in peak hour
 - Demand = Trips Activity x Trip Length
 - Roadway Projects: Existing Utilization
 Demand = 793 vehicles x 1.12 miles
 Demand = 888 vehicle-miles in peak hour
 - New Development
 Example: 100 unit residential development
 Demand = 100 vehicles x 3 miles
 Demand = 300 vehicle-miles in the peak hour
- Current demands determined from traffic counts collected at various locations

LAND USE ASSUMPTIONS

- 10-year growth projections for impact fees
- By service area
- Based on trend/forecasted community growth
 - Residential Growth: Added population/dwelling units
 - Non-Residential Growth: Basic, Service, Retail Employment
- Derivation of demands
- Basis for CIP development



CAPITAL IMPROVEMENTS PLAN



- Projects eligible include Arterial or Collector roads on Thoroughfare Plan
- Assess for excess capacity
 - PM Peak Hour
 - Traffic volume counts
- 10-year VMT based on LUA
- Amend IFCIP, as appropriate
 - Considerations: Growth areas and projected activity
 - Large scale projects that add significant capacity
 - IFAC/City Staff recommendation
 - Affordability and Achievability

COST PER SERVICE UNIT



$$\text{\$ per Service Unit} = \frac{\text{Eligible CIP Cost} - \text{Credit}}{\text{New Service Units}}$$

- Cost of capacity necessitated by growth over planning period
 - Determine the portion of existing IFCIP eligible
 - Utilize LUA to calculate growth in new service units
 - Cost per service unit calculated by dividing eligible CIP by the growth in service units
- Credit to CIP of 50% for the portion of ad-valorem taxes generated by CIP improvements
- Fees charged can be less than the maximum
- Roadway cost per service unit will vary between service areas

COST PER SERVICE UNIT: ASSESSMENT VS. COLLECTION

IMPACT FEES

Ch. 31, App. I

APPENDIX I SCHEDULE 1 IMPACT FEES TO BE ASSESSED

Water impact fees: \$1,223.96 per living unit equivalent
 Wastewater impact fees: \$1,094.33 per living unit equivalent
 Roadway impact fees: \$700.00 per vehicle mile

SCHEDULE 2 IMPACT FEES TO BE CHARGED

Water impact fees: \$1,223.96 per living unit equivalent
 Wastewater impact fees: \$1,094.33 per living unit equivalent
 Roadway impact fees: \$700.00 per vehicle mile

**TABLE 1
LIVING UNIT EQUIVALENCIES (LUE's)
FOR VARIOUS TYPES AND SIZES OF WATER METERS**

Meter Type	Meter Size	Continuous Duty Maximum Rate (gpm)	Ratio to ¾" Meter
Simple	¾"	15	1.000
Simple	1"	25	1.667
Simple	1½"	50	3.333
Simple	2"	80	5.333
Compound	2"	80	5.333
Turbine	2"	100	6.667
Compound	3"	160	10.667
Turbine	3"	240	16.000
Compound	4"	250	16.667
Turbine	4"	420	28.000
Compound	6"	500	33.333
Turbine	6"	920	61.333
Compound	8"	800	53.333
Turbine	8"	1600	106.667
Compound	10"	1150	76.667
Turbine	10"	2500	166.667
Turbine	12"	3300	220.000

- Study = Technical derivation of fee; maximum allowable that can be **assessed**
 - CIP credit of 50%
- Schedule 1: Maximum allowable that can be assessed (full cost from technical calculations)
- Schedule 2: Policy direction as to what will be **charged**

SERVICE UNIT EQUIVALENCY TABLE

- Ability to relate to intensity of proposed use
 - Roadways based on land use; tailored to vehicle-mile
- With \$/SU and size of development, can determine impact fee
- Roadway:
 - 5 major land use classes
 - Specific land uses within each class
 - Trip Generation (PM Peak Hour)
 - ITE or local rates, if available
 - Adjusted for pass-by and diverted trips
 - Trip Length
 - Traffic modeling statistics/available data

LAND USE VEHICLE-MILE EQUIVALENCY TABLE

ITE Land Use	ITE Code	Dev. Unit	Ave. Trip Rate w/Deductions	Ave. Trip Length	Veh-Mi per Dev. Unit
Residential					
* Single-Family Detached Housing	210	DU	1	1.16	1.16
Multifamily	220	DU	0.62	1.16	0.72
Residential Condominium/Townhouse	230	DU	0.52	1.16	0.6
Retirement Housing	251	DU	0.27	1	0.27
Office					
* General Office	710	1,000 sq. ft.	1.49	1.16	1.73
Medical-Dental Office	720	1,000 sq. ft.	3.46	1	3.46
Research and Development Center	760	1,000 sq. ft.	1.07	1	1.07
Retail/Commercial					
* Retail	820	1,000 sq. ft.	1.48	1	1.48
Restaurant	932	1,000 sq. ft.	3.11	1	3.11
Fast Food Restaurant	934	1,000 sq. ft.	8.72	1	8.72
Drinking Place	925	1,000 sq. ft.	3.58	1	3.58
Convenience Store/Gas Station	853	1,000 sq. ft.	5.6	0.8	4.48
Super Market	850	1,000 sq. ft.	2.48	1	2.48
Pharmacy/Drugstore with drive-thru	881	1,000 sq. ft.	3.77	1	3.77
Bank	912	1,000 sq. ft.	6.64	1	6.64
Hotel	310	Rooms	0.6	1	0.6
Auto Service	942	1,000 sq. ft.	3.11	1	3.11
Automobile Sales	841	1,000 sq. ft.	1.57	1	1.57
Building Materials and Lumber Store	812	1,000 sq. ft.	3.37	1	3.37
Home Improvement Superstore	862	1,000 sq. ft.	0.65	1	0.65
Furniture Store	890	1,000 sq. ft.	0.07	1	0.07
Golf Course	430	Holes	2.92	1	2.92
Golf Driving Range	432	Tees	1.25	1	1.25
Movie Theater with Matinee	444	Seats	0.06	1	0.06
Indoor Entertainment/Amusement	480	Acres	3.95	1	3.95
Outdoor Multipurpose Recreation Center	435	1,000 sq. ft.	3.58	1	3.58
Light Industrial					
* General Light Industrial	110	1,000 sq. ft.	0.97	1.19	1.15
Manufacturing	140	1,000 sq. ft.	0.73	1.19	0.87
Warehousing	150	1,000 sq. ft.	0.32	1.2	0.38
Self-Storage Facilities	151	1,000 sq. ft.	0.26	1	0.26
Institutional					
Elementary School	520	Students	0.15	0.8	0.12
Junior High	522	Students	0.16	1	0.16
High School	530	Students	0.13	1	0.13
Community/Technical College	540	Students	0.12	1	0.12
Private School (K—8)	534	Students	0.6	1	0.6
Day Care Center	565	Students	0.19	0.8	0.16
Hospital	610	Beds	1.42	1	1.42
Assisted Living/Nursing Home	254/620	Beds	0.22	1	0.22
Place of Worship	560	1,000 sq. ft.	0.55	1	0.55
Activity Center	495	1,000 sq. ft.	2.74	1	2.74
U.S. Post Office	732	1,000 sq. ft.	3.37	1	3.37
Detention Facility	571	Beds	0.05	1.2	0.06
* Others Not Specified		1,000 sq. ft.	0.47	1	0.47

* This category also represents service unit equivalency for land uses not specified in this category. Actual equivalency may vary and may be demonstrated by the property owner to be different pursuant to City guidelines.

DU = Dwelling Unit
GFA = Gross Floor Area

(Ord. No. 07-07, § I, 3-6-07; Ord. No. 07-11, § I, 3-20-07; Ord. No. 07-50, § II, 10-2-07; Ord. No. 2017-08, § I, 4-4-17)

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Hotel	310	Rooms	0.6	1	0.6

SAMPLE

IMPACT FEE CALCULATION: ROADWAYS

Examples: Development located in Lockhart with a collection rate of \$700 per vehicle-mile.

Single-Family Dwelling

1 dwelling unit x 1.17 vehicle-miles/dwelling unit = 1.17 vehicle-miles

1.17 vehicle-miles x \$700/vehicle-mile = **\$819.00 impact fee**

25,000 sf Retail Center

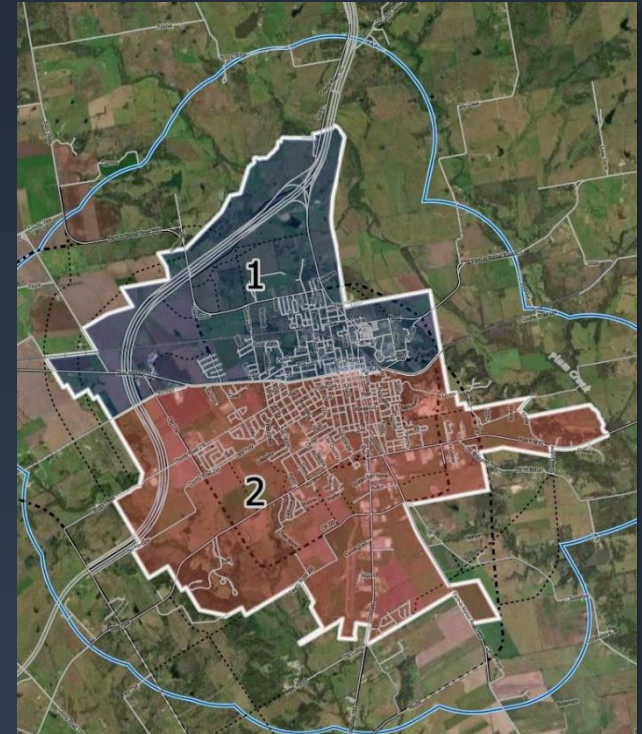
$$\frac{25(1,000 \text{ sf units}) \times 2.875 \text{ vehicle miles}}{1,000 \text{ sf units}} = 71.875 \text{ vehicle miles}$$

71.875 vehicle-miles x \$700 per vehicle-mile = **\$50,312.50 impact fee**

25,000 sf Industrial Development

$$\frac{25(1,000 \text{ sf units}) \times 0.86 \text{ vehicle miles}}{1,000 \text{ sf units}} = 21.50 \text{ vehicle miles}$$

21.50 vehicle miles x \$700 per vehicle mile = **\$15,050.00 impact fee**





IMPACT FEE 101

Q&A

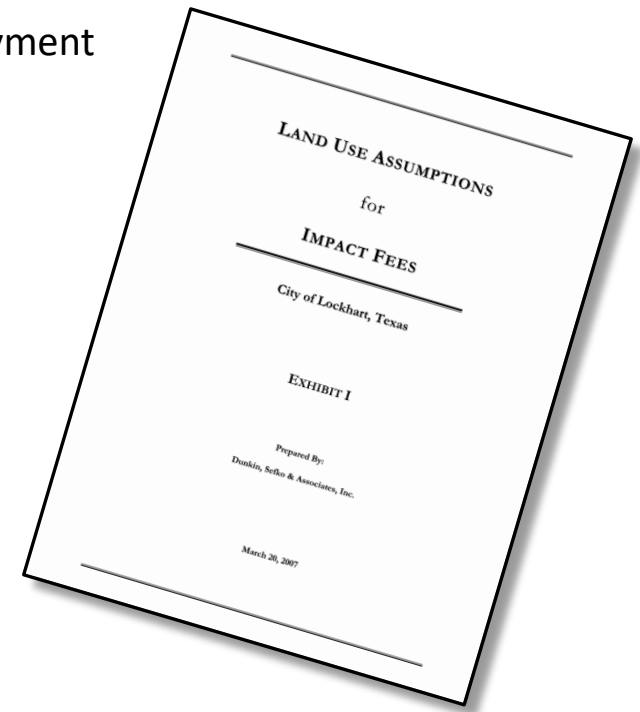
A faint, light-colored map of a city or region is visible in the background, showing streets, highways, and some shaded areas. The map is partially obscured by a dark blue rounded rectangle on the left side of the slide.

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LAND USE ASSUMPTIONS: GROWTH RATES

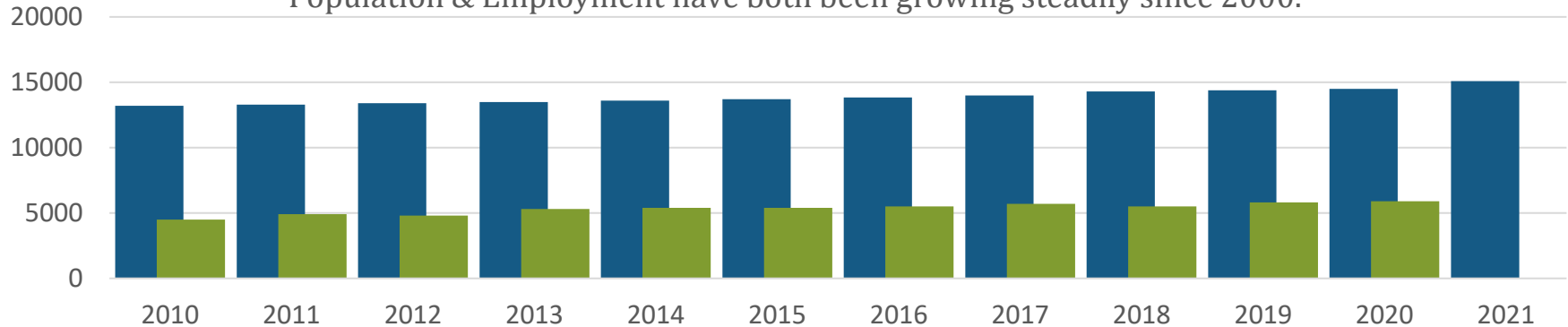
LAND USE ASSUMPTIONS

- 10-year Growth projections (2022 – 2032)
- Population/Employment to derive future demands
 - Residential Growth: Added Dwelling Units
 - Non-Residential Growth: Basic, Service, Retail Employment
- Prepared by Service Area
- Methodological Approach
 - Establish base year
 - Analysis of growth trends
 - Establish growth rate
 - Assessment of growth areas
 - Prepare 10-year estimate



LAND USE ASSUMPTIONS

Population & Employment have both been growing steadily since 2000.



Population Growth

- 2000: 12,900
- 2010: 13,200
- 2020: 14,500

Employment Growth

- 2010: 4,500
- 2020: 5,900

New Building Permits

- 373 since 2017

New Dwelling Units

- At least 757 since 2017

COMPOUND ANNUAL GROWTH RATE (CAGR)

Historic Population CAGR		
10-year (Avg of ACS, Census, City)	1990-2000	1.28%
	2000-2010	0.25%
	2010-2020	0.96%
5-year (ACS)	2015-2020	1.03%
3-year (ACS)	2017-2020	1.15%
1-year (ACS)	2019-2020	0.95%
1-year (Avg of Census, City)	2020-2021	3.79%
Previous Impact Fee LUA Growth Rate (Adopted 2017)		2.25%
		+3354

Sources:
 U.S. Census – American Community Survey
 U.S. Census – Decennial Census
 Lockhart City Population Surveys

COMPOUND ANNUAL GROWTH RATE (CAGR)

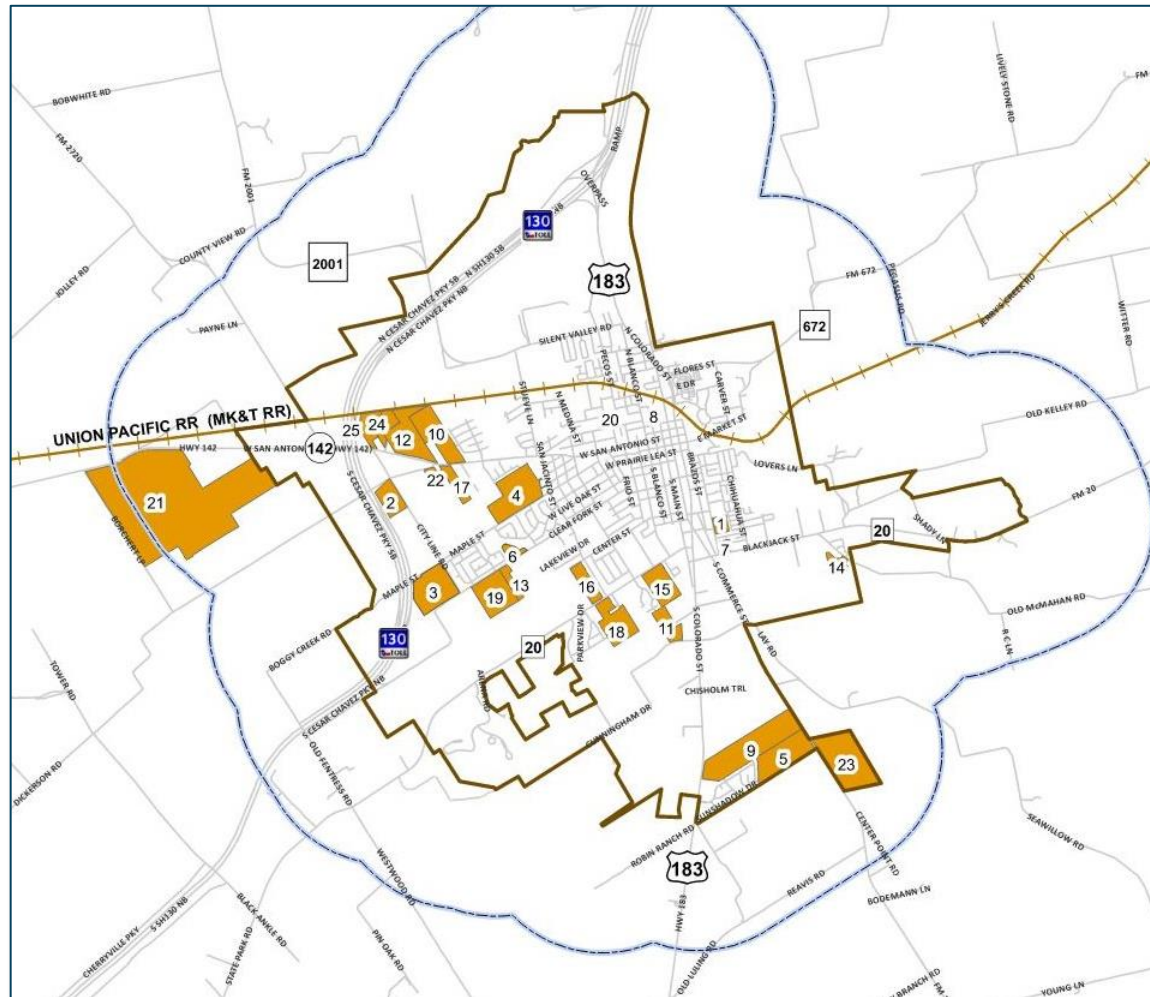
Historic Employment CAGR		
10-year	2010-2020	2.81%
5-year	2015-2020	1.93%
3-year	2017-2020	1.33%
1-year	2018-2019	4.08%
	2019-2020	3.06%
Previous Impact Fee LUA Growth Rate (Adopted 2017)		3.90%
		+2688

Source:
U.S. Census – American Community Survey

GROWTH PROJECTIONS

- Population based on new housing:
 - 2600 new single-family lots → **~7280** people (2.8 pp/DU)
 - 8-9 new multifamily lots → 600-900 units → **~1350 people** (1.5 pp/DU)
 - At least **+8630** in next 10 years
- Jobs based on new employers:
 - Zeigenfelder, Metalworks, Iron Ox, Micron (outside ETJ, but influencer)
 - Estimated jobs per population
 - At least **+3000** in next 10 years

FUTURE RESIDENTIAL DEVELOPMENT



GROWTH PROJECTIONS

POP Growth Scenario		
Year	Pop	Growth Rate
2020		
2021	15,077	
2022	15,718	
2023	16,386	
2024	17,082	
2025	17,808	
2026	18,565	
2027	19,354	
2028	20,177	
2029	21,034	
2030	21,928	
2031	22,860	
2032	23,832	
Net 10-yr increase		8,755

EMP Growth Scenario		
Year	Emp	Growth Rate
2020	5936	
2021	6,173	
2022	6,420	
2023	6,677	
2024	6,944	
2025	7,222	
2026	7,511	
2027	7,811	
2028	8,124	
2029	8,449	
2030	8,787	
2031	9,138	
2032	9,504	
Net 10-yr increase		3,083

GROWTH PROJECTIONS

POP Growth Scenario		
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LUA SUMMARY

- Ten-year (2022-2032) Population projection = 23,832 people
 - Net growth of 8,755
 - Recommended growth rate of approximately 4.25%
- Ten-year (2022-2032) Employment projection = 9,504 jobs
 - Net growth of 3,083
 - Recommended growth rate of approximately 4.00%

ACTION ITEM

IFAC Discussion and Direction on LUA and Establishing Future Growth Rates



A light gray map background showing a network of roads and highways. A dark blue rounded rectangle is overlaid on the left side of the map. Inside this rectangle is a white circle containing the number 4.

4

PROJECT NEXT STEPS

NEXT STEPS IN STUDY PROCESS

Technical

Updated LUA
Existing Conditions Analysis
Evaluate Service Area Structure
Update SUE
10-Year Projections
Preliminary IFCIP
Cost per Service Unit
Calculations

Policy

Ordinance
Considerations & Update

- Coordinate with City Attorney & Staff

Administrative

Administrative Tools

NEXT IFAC MEETINGS

Dec 14, 2022:

Review/Approval of LUA, Preliminary CIP

Feb 8, 2023:

IFCIP Costing, Cost per SU, collection rates





Q&A DISCUSSION

Thank you!

