



# IMPACT FEE OVERVIEW AND UPDATE

DS-18-062

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# Background

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- The City has been discussing impact fees since 2010.
- Most recently in October 2017, city staff began advertising for mandatory committee members. To date 9 applications have been received; however, we do not yet have all types of members required by state statutes.
  - ▣ One member from the ETJ is required.

# Definition

- What is an Impact Fee?
  - ▣ A one-time fee paid by new development for specific *new or expanded* **INFRASTRUCTURE** necessitated by and attributable to a development.
  - ▣ Intended to be offsite of but providing a direct benefit to a development.
  - ▣ Projects are identified prior to the collection of impact fees by the adoption of an impact fee study.
  - ▣ Impact fees **CANNOT** be used to fund **MAINTENANCE** or **REHABILITATION**.

# Types of Impact Fees

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- Roadway Impact Fees
  - ▣ Includes necessary drainage infrastructure.
  - ▣ Killeen's projected recoverable cost is \$31.6M
- Water Impact Fees
  - ▣ Killeen's projected recoverable cost is \$7.5M.
- Wastewater Impact Fees
  - ▣ Killeen's projected recoverable cost is \$6.0M.

# Pros/Cons

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## □ Pros

- Alleviate burden of new infrastructure on existing tax payers.
- Allows implementation of key projects.
- Upfront knowledge of exact fee.
- Uniform fee for all development.
- Establishes rough proportionality.
- Allows for pooling of funds.
- On average fees can fund approximately 50%-66% of the cost for increased system capacities.

## □ Cons

- City will likely have to front the cost of improvements through debt.
- Slower recovery in slower economic times.
- Roadway fees can only be applied within city limits.
- Requires study update every five years.
- Admin. requirements can be burdensome (potential for new FTEs).
- Increases the cost of development which can be a deterrent for economic development.

# Next Steps

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- Discuss questions/answers surrounding impact fees.
- Establish Capital Improvements Advisory Committee.
  - ▣ Create a plan for appropriate use of impact fees.
  - ▣ Establish land use assumptions.
  - ▣ Offer recommended course of action to City Council.
- Engage consultant to finalize study to identify the necessary projects and maximum allowable fee.
- Public hearings.
- Vote on ordinance to adopt impact fees and set collection rate.
- 1 year grace period.