

WATER & WASTEWATER IMPACT FEE ADVISORY COMMITTEE
Meeting Minutes
May 11, 2022

MEMBERS PRESENT

Chair Lee Edwards
Vice Chair Stanley Laskowski
Ron Reaves
Chad Nolte
John Mathis
Shaun Gibson
Judith Dykes-Hoffman
Ian Taylor
Mayor Pro Tem Justin Meadows

MEMBERS ABSENT

Creighton Tubb
Jerry Sonier
Kurt Anderson-Vie

CITY STAFF PRESENT

Christopher J. Looney, Director of Planning and Development Services
Jean Drew, Assistant Director of Planning and Development Services
Stacy Snell, Development Planning Division Manager
Frank Onion, Assistant City Attorney
Matthew Simmont, Senior Planner
Maddison O'Kelley, Planner
Kaitlyn Buck, Assistant Planner
Colton Barker, Planning Technician

OTHERS PRESENT

Laura Rivers – New Braunfels Utilities Attendee
John Warren – New Braunfels Utilities Attendee
Ryan Kelso – New Braunfels Utilities Attendee
Dawn Schriewer – New Braunfels Utilities Attendee
Ashley Zimmerman – New Braunfels Utilities Attendee
Michael Short – New Braunfels Utilities Attendee
Shawn Schorn – New Braunfels Utilities Attendee
Wayne Peters – New Braunfels Utilities Attendee
Stephanie Neises – Freese & Nichols

1) CALL TO ORDER

The above meeting was called to order by Chair Edwards at 5:01p.m. in the New Braunfels Council Chambers.

2) REQUEST ALL PHONES AND OTHER DEVICES BE TURNED OFF, EXCEPT EMERGENCY ON-CALL PERSONNEL.

3) ROLL CALL

Roll was called and a quorum declared.

4) APPROVAL OF MINUTES

Motion by Vice Chair Laskowski, seconded by Commissioner Gibson, to approve the February 1, 2022 Minutes.

5) DISCUSSION AND ACTION ITEM

A) Discussion and recommendation with any written comments to City Council regarding the New Braunfels Utilities Water and Wastewater Impact Fee Study Update 2022.

Member Mayor Pro Tem Meadows arrived at 5:05pm

Stephanie Nieves presented the report for the Committee.

Chairman Lee Edwards- The Maximum Allowable Water and Wastewater Impact Fees for single family homes and multifamily apartments will be a combined twenty-three thousand dollars per door.

Member NBU CEO Ian Taylor- NBU is working with the City to establish waivers for multifamily workforce housing projects. Further, the New Braunfels Economic Development Corporation can provide payment for water and wastewater impact fees for qualified projects.

Member Ron Reaves – Who makes the decision on Economic Development Corporation for impact fees payment?

Member NBU CEO Ian Taylor- Decision on reimbursement is by EDC and it does not happen often. NBU is working with the NBEDC to develop a waiver policy for abatement or credit for impact fees for future projects if the waiver is in the best interest of the community.

Member Stanley Laskowski-Balance of the bond issuance for proposed projects will be paid thorough the water and wastewater rates. Will there be substantial increase in wastewater rates?

Member NBU CEO Ian Taylor-The bonds will be paid over a thirty-year period and NBU will not necessarily have a substantial increase in wastewater rates. Some projects will not qualify for payment by impact fees per Tx. Loc. Gov. Code 395. NBU is scheduled to propose a new rate plan to City Council in Spring 2023. These proposed impact fees have the full financing cost included which is an important consideration and should have the result in keeping the revenue requirements static.

Member Stanley Laskowski- Four Hundred Fifty million dollars' worth of NBU water projects are expected to be built within the next ten years. Two Hundred Twenty-Eight million dollars' worth of these water projects are eligible for offset by impact fees currently in this period. If an impact fee water project is built under this ten-year period, then can impact fees be collected for that specific in the future outside of the ten-year period?

Freese and Nichols Representative answered affirmatively.

Chairman Lee Edwards - If a shortage of the impact fee results, then the rates charged will have to be increased to make up for the shortfall of impact fee results.

Member NBU CEO Ian Taylor- Impact fees are required to be updated at least every five years, NBU reviews these fees more frequently to ensure that the assumptions for the fees are reasonable. NBU is also required to come to this committee twice a year to provide an impact fee update report.

Member Chad Nolte – The Maximum Allowable Water Impact Fee in his opinion is too high and should be reviewed after two and half years to three years.

Member NBU CEO Ian Taylor – While the Maximum Allowable Water Impact Fee is high, the Capital Improvement Projects listed are driving the cost of the impact fee increases. The Capital Improvement Projects were reviewed by a third-party engineering firm and affirmed all the cost assumptions. The question is are the Capital Projects to be funded by rate payers or future development? NBU can come back within two to three years to look at the rates as we did in 2016 and again in 2018.

Member NBU CEO Ian Taylor – Costs of the Capital Improve Projects include two parts. One, the cost of construction plus estimated inflation. Second, the full financing amount for a 30-year period is also included in the cost of the projects for the first time in the current projection.

Member Mayor Pro Tem Justin Meadows - Supports not wanting existing ratepayers to pay for future development.

Chairman Lee Edwards – In San Antonio, the utilities there have lower impact fees. Using the maximum impact fees will drive the cost of new housing up for the new buyers. If the maximum cost of the water and wastewater impact fees are implemented for multifamily projects, developers will likely complete ongoing multifamily projects, but new multifamily projects will not be started. A likely result of implementing the maximum impact fee rate is that less impact fees will be collected because of a slowdown in growth which could be rapid.

Member NBU CEO Ian Taylor- The price of a home is what a willing buyer will pay and the major factor in the increase of cost is the price of undeveloped land. NBU Board of Trustees has the ability to adjust the amount assessed for water and wastewater impact fees.

Chairman Lee Edwards- Inflation is substantial and increasing in Texas contributing to rising cost of housing and needs to be considered along with an adjustment of the maximum impact fees amount at twenty-three thousand dollars per door of a housing unit and the rate will have to be adjusted downwards.

Member Mayor Pro Tem Justin Meadows – Understands there are different perspectives on impact fees. Previously, in 2018 when impact fees were raised, the warning of a growth slowdown was not realized, but growth accelerated. NBU should charge the right impact fee now to cover the projected costs. Costs are going up which in part are a result of supply and demand because buyers want to come to New Braunfels. Hard decisions need to be made now not later.

Member Stanley Laskowski – Recently reported that only twelve percent of land is available for development within the city limits.

Member NBU CEO Ian Taylor- Set forth that the NBU service area extends past the city limits.

Member John Mathis-Confirmed that impact fees apply in the NBU service area in the city's extra territorial jurisdiction.

Member Mayor Pro Tem Justin Meadows - Explained the emergence of municipal utility districts in the extraterritorial jurisdiction and the need for quality developments.

Member NBU CEO Ian Taylor- The Mayfair development, a water improvement district, is operating under a development agreement and is paying NBU for its water and wastewater service even though outside of the NBU service area. Member Taylor further explained that municipal utility districts are creating an additional demand on the area's water need and such demand is driving up the cost of water.

Member Stanley Laskowski – Recognized Ian Taylor's leadership at NBU to plan and build much needed capital projects to meet the growth of the community.

Chairman Lee Edwards - Also recognized that new capital projects are needed to meet growth demands but requests NBU to look at the complete economic landscape in making the decision on the impact fee levels.

Member NBU CEO Ian Taylor - NBU is keenly attuned to local, state, national, and world economic developments especially in the area of energy. NBU is currently developing its five-year plan. Additionally, NBU has created a Rate Advisory Committee to review rates for the different classifications of customers.

Member Mayor Pro Tem Justin Meadows - Explained that while the average house in New Braunfels is worth more than \$340,000, the average household annual income is \$72,000. Would prefer that these NBU ratepayers with less discretionary income not bear the burden of future development and that future development be weighted toward impact fees.

Chairman Lee Edwards - Explained that if future development was not forth coming, then the impact fee target would not be achieved which would cause a significant shift to the ratepayers to make up the shortfall in impact fees.

Member NBU CEO Ian Taylor – The NBU Board of Trustees is going to have to be flexible in setting percentage of the maximum allowable water and wastewater rate.

Chairman Lee Edwards- High impact fees may cause developers to go out further into the county to develop even though it will take a year longer.

Motion by Vice Chair Laskowski, seconded by Commissioner Gibson, to recommend approval of the New Braunfels Utilities Water and Wastewater Impact Fee Study Update 2022 to City Council with the approved written comments. Motion carried (5-1-0) with Chair Edwards in opposition.

6) **ADJOURNMENT**

There being no further business, Chair Edwards adjourned the meeting at 6:02 p.m.

Chair

Date