FORT WORTH

MEETING AGENDA
WATER AND WASTEWATER CAPITAL IMPROVEMENTS PLANS CITIZENS ADVISORY COMMITTEE
April 22nd, 2021
9:30AM

Videoconference
https://fortworthtexas.webex.com/fortworthtexas/onstage/g.php?MTID=e930f45001d3331b6f95b0afab3363919
Meeting/ Access Code: [182 115 0792]
Registration Required

Teleconference
(817) 392-1111 or 1-650-479-3208
Meeting/ Access Code: [182 115 0792]

Viewing Only
Television: Charter 190; One Source 7; Verizon 5; AT&T Uverse 99
City of Fort Worth Website Homepage: **Watch Live Online**

To view the docket for this meeting visit: https://www.fortworthtexas.gov/calendar/boards-commission

Due to health and safety concerns related to the COVID-19 coronavirus, this meeting will be conducted by videoconference or telephone call in accordance with the Texas Open Meetings Act and the provisions provided by the Governor of Texas in conjunction with the Declaration of Disaster enacted on March 13, 2020.

**** Any member of the public who wishes to address the Commission regarding an item on the listed agenda must sign up to speak no later than 5:00PM on the day prior to the meeting. To sign up, either contact Wade Goodman at Wade.Goodman@fortworthtexas.gov or 817-392-7139 or register through WebEx per the directions on the City's website above. Please note that the City of Fort Worth is using a third party vendor to assist with City meetings. If there are service interruptions, including call in number changes, we will provide alternative call in numbers on our website whenever possible.**

Mr. Bob Madeja, Chair
Mr. Don Allen
Mr. George Felan
Mr. Don Little
Mr. Rick Trice
Mr. David Mendes
Mr. Daniel Haase

Chris Harder, P.E., Director – Staff Liaison

AGENDA

I. Call to Order – Bob Madeja, Chair

II. Approval of Minutes from 2022 Impact Fee Discussion Meeting held on February 11th, 2021.

III. Approval of Minutes from Spring Semi-Annual Impact Fee and Continued 2022 Impact Fee Discussion held March 22nd, 2021

IV. Questions Regarding February 11th 2021 presentation of 2022 Draft Impact Fee Study – Freese and Nichols Inc.

V. Presentation: Impact Fee Collection Rate / Proposed Scenarios

VI. Discussion: Impact Fee Collection Rate / Proposed Scenarios

VII. Public Comments

VIII. Option to Vote on Recommendation of a new Impact Fee Collection Rate to Fort Worth City Council

IX. Upcoming Impact Fee Schedule

   a. May 20th, 2021 – Development Advisory Committee
   b. June 8th, 2021 – Infrastructure Transportation Committee (ITC) Presentation
   c. June 22nd, 2021 – Planned Resolution to be adopted by City Council / Public Hearing
   d. August 24th, 2021 – Public Hearing at City Council
   e. September 7th, 2021 – Planned Council Adoption of Impact Fee Ordinance
   f. September 23rd, 2021 – Fall Impact Fee Semi Annual Report Meeting

X. Adjourn

I, the undersigned authority, do hereby certify that this Notice of Meeting was posted on the City of Fort Worth official website and said Notice was posted on the following date and time Friday, April 16, 2021 at 4:00 p.m. and remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

Mary J Kayser

City Secretary for the City of Fort Worth, Texas

City of Fort Worth Capital Improvements Plan Citizens Advisory Committee (CIPCAC) Virtual Meeting Minutes from Thursday, February 11, 2021

Attending members:

City of Fort Worth

- Wade Goodman, Strategic Operations Division, Senior Engineering Technician
- Aya Nomura, Cable Producer/Director
- Eric Guzman-Alvarez, Senior Engineer Technician
- Jerry Pressley, Assistant Director, Customer Care
- Mary Gugliuzza, Media Relations & Communications Coordinator
- Matt Kusnir, W/WW Planning and Horizontal Asset Management Engineering Manager
- Jack McGee, Cable Services Supervisor
- Wendy Chi-Babulal, Assistant Director, Strategic Operations
- Chris Harder, Water Director
- Laura Wilson, Deputy Director
- Matt Thurber, Senior Administrative Services Manager
- Xu Shi, Graduate Engineer
- Andy McCartney, Administrative Services Manager
- Diana Carranza, Management Analyst II
- Mark Wilson, Senior Professional Engineer
- Kara Shuror, Deputy Director, Infrastructure Services
- Matt Thurber, Senior Administrative Services Manager
- Jan Hale, Assistant Director, Management Services
- Christa Lopez-Reynolds, Attorney, Water Department
- Reza Brown, Water Department
- Cristina Casso, Customer Service Supervisor, Fort Worth Police Department

City of Burleson

- Michelle McCullough, Assistant Director of Public Works/Development Division

City of North Richland Hills

- Gregory Van Nieuwenhuize, Assistant Director of Public Works

City of River Oaks

- Gordon Smith, Director of Public Works

City of White Settlement

- Krystal Crump, Finance Director

Capital Improvements Plan Citizens Advisory Committee

- Bob Madeja, Chair, Building Community
- George Felan, Neighborhood Community
- David Mendez, Neighborhood Community
- Daniel Haase, Neighborhood Community
- Don Allen, Real Estate Representative
- Ricky Trice, Extraterritorial Jurisdiction

Development Advisory Committee

- Kimberly Cole, Logistics Property Company, LLC
- Travis Clegg, FWBA

Freese and Nichols, Inc.

- Jessica Brown, Principal/Vice President, Water/Wastewater Master Planning, Fort Worth
- Mazen Kawasmi, Principal/Vice President, Water/Wastewater Master Planning, Fort Worth
- Andrew Franko, Water/Wastewater Master Planning, Fort Worth
- Richard Campbell, Water/Wastewater Master Planning, Denton
- Nicholas McCormick, Water/Wastewater Master Planning, Fort Worth

Raftelis

- Angie Flores, Senior Manager
- Tim Williams, Financial Analyst

K Strategies

- Jennifer Patterson, Public Engagement Specialist

I. Madeja called the meeting to order at 9:49 a.m.

Water and Wastewater Impact Fee Update Capital Improvement Plan/Maximum Allowable Impact Fee – Jessica Brown, Principal/Vice President, Freese and Nichols, Inc.

i. Presentation
   a. Impact Fee Calculation Process
   b. Impact Fee Schedule
   c. Land Use Assumptions Review 2022-2041
      - Water and Wastewater Service Area
      - Water/Wastewater Service Population and Employment Projections (Retail + Wholesale)
   d. What is Eligible for Impact Fees?
   e. Water Capital Improvement Plan
   f. Wastewater Capital Improvement Plan
   g. Maximum Allowable Impact Fee Calculations
      - Water System Impact Fee Eligible CIP Cost Summary
         - 2022 Comparison to 2017 Eligible Cost – Water
      - Wastewater System Impact Fee Eligible CIP Cost Summary
         - 2022 Comparison to 2017 Eligible Cost – Wastewater
      - Credit Analysis
         - Credit Analysis Methodology
         - Credit Analysis Summary – Water
         - Credit Analysis Summary – Wastewater
         - 2022 Comparison to 2017 Methodology

- Growth in Equivalent Service Meters
    - Existing Water Billing Meters for Fort Worth and Wholesale Customers
    - Water Meter Equivalency
    - Water System Equivalent Meters
    - Wastewater Meter Equivalency
    - Wastewater System Equivalent Meters
- Water and Wastewater Maximum Allowable Impact Fee Per Service Unit
- 2022 vs. 2017 Max Impact Fee Comparison – Water
- 2022 vs. 2017 Max Impact Fee Comparison – Wastewater

h. Impact Fee Comparison with Local Utilities
i. Impact Fee Comparison with Large Utilities in Texas
j. Impact Fee Collection Rate Discussion
- Funding of Growth-Related CIP Costs
- Impact Fee Collection Rate Scenario Examples
    - Scenario A: 100% of Maximum Allowable
    - Scenario B: 75% of Maximum Allowable
    - Scenario C: 50% of Calculated Impact Fee Before Credit
    - Scenario A: 100% of Maximum Allowable Including 5-Year Phase In
    - Scenario B: 75% of Maximum Allowable Including 5-Year Phase In
    - Scenario C-1: 50% of Calculated Impact Fee Before Credit Full Fee in Effect 2022
    - Scenario C-2: 50% of Calculated Impact Fee Before Credit Including 5-Year Phase In

k. Q&A
- **Question 1** (Don Allen): Did the bond rating for FWWD go down?
    - ***Response*** (Kara Shuror): Our bond rating did not go down.
    - ***Response*** (Don Allen): I was just curious. If the interest rate actually went up from 3.5 to 4 then right now bonds are really cheap.
    - ***Response*** (Jessica Brown): I think the 3.5% increase at the time was a little lower than what was being seen so we were trying to rectify that. I agree, Don. Interest rates are lower temporarily, but we were looking over the 10-year time period and what might be consistent there.
    - ***Response*** (Andy McCartney): That's correct, Jessica. It's over the study period. They are expected to increase. Right now, record lows. Friendswood ISD just floated a bond for 1.8% true interest cost over the life of their 30-year issue.
- **Question 2** (George Felan): Is the impact fee different for each of the different meter sizes? For example, total allowable impact fee was $7,004 in the last study. How much is the fee for the other sizes?
    - ***Response*** (Jessica Brown): Yes, essentially it is calculated by the base of 5/8 by 3/4 inch of a meter. If someone comes in with a 1 ½ inch meter, it would be 5 times that base impact fee rate.
- **Question 3** (George Felan): Did the other cities phase in their impact fees?

- ***Response*** (Jessica Brown): It is common for them to do that when there is going to be a significant increase. They may not do that for a small increase. It depends on what the committee and the council determine makes sense. If you're doubling your impact fees, that would be difficult to be able to take.
- ***Response*** (Wendy Chi-Babulal): The multi-phase allows for developers and others that are impacted to plan ahead because they usually have existing projects that are budgeted.
- ***Response*** (Chris Harder): The current collection rate is at 40% of the max allowable which I think is $7,004. So, I think $2,802 is the actual collection amount. If you took that $2,802 and divide that by the $9,309 that would be equivalent to about a 30% collection point.
- ***Response*** (Jessica Brown): If you kept to your current rate and didn't change it, you would drop down to 30% in terms of the maximum allowable.
- ***Response*** (George Felan): I would never suggest doing 100%. I do agree with phasing it in. As I look at those comparisons with the other cities, Fort Worth, a city with such a high capacity for expansion in the next 10-20 years, we seem to be at the low end of the chart. Houston is probably already built out, which is probably why they are at the low end. El Paso – how much can you put in the desert? That was my concern.

- **Question 4** (Travis Clegg): Can the city council raise and lower impact fees outside of the 5-year adoption? For example, if city council elects to collect 80% now, can they change it to 50% if there is a market dip two years from now?
    - ***Response*** (Jessica Brown): Yes, you have the ability to adjust the collection rate over that 5-year time period.
    - ***Response*** (Christa Lopez-Reynolds): There are very strict procedures in chapter 395. They don't revisit this as often as maybe you would like because they have to follow their strict guidelines. You have to make a recommendation, the recommendation has to be adopted, a public meeting has to happen, there has to be notice, published. That's why we take these impact fee increases in as big of a chunk as we can with as much information as we can to them. As you know, it's a pretty big undertaking. It's not that they can't, it's just that the procedures for doing it are pretty rigorous.
    - ***Response*** (Wendy Chi-Babulal): It could be looked at earlier than every five years. The effort is the same level effort as we look at every five years. We go through land use assumptions, CIP assessment, wholesale survey, all of that. Prior, we have done it every three years. Almost every time you finish, you had to start again. So, we changed it to five years, adjusting the timeframe to state law. That process of looking at all this information we presented from land use to this maximum fee typically takes 2.5 years. That's why the 3-year timeframe was not that

feasible. But we cannot just have one study and then come back without more detailed information to just change something. I want to make sure people understand that. This study, when adopted, is a 5-year schedule. If they want to look at it again, then we have to come back with all new information. So, it's not just let's dust off everything we got with the same report. We have to come back with a new adoption rate. Travis, are you saying to adopt beyond the five years? Like have an 8-year adoption schedule?

- ***Response*** (Travis Clegg): I understand the time and effort. I was asking if the city council has the ability to change the adoption rate without going through all of this study work? Do you have to do all the bells and whistles to change the adoption rate?
- ***Response*** (Christa Lopez-Reynolds): You have to do the bells and whistles for the most part. They adopt the maximum accessible and then they adopt what they are actually going to assess in that phase-in period.
- ***Response*** (Travis Clegg): I'm just concerned that, it made the papers and the markets good and things are going well, and we set a rate based on all the good news you hear, and then a couple years from now we're in a different boat.
- ***Response*** (Don Allen): I think in 2008 or so, during the last downturn, Midlothian actually revised their assessment and eliminated assessing any impact fees during the downturn just to encourage some growth and activity during an extraordinary time. They did that without a study.
- ***Response*** (Christa Lopez-Reynolds): That's a little different. That's just a suspension of the rule. There are some unintended consequences there. Potential challenges.

- **Question 5** (George Felan): If we pick a certain amount of impact fee to charge and put the burden on new development to pay for that new growth, then it prevents us from having to raise ratepayer rates. I have in front of me the notice that residential ratepayer water and wastewater was going to increase 2.478% a month for 2020 which equates to about a $30 increase a year. That's not a very strong argument but if you take 60% of $957 million that's equal to about $600 million that ratepayers had to take. From the previous study, how much of that nearly one billion dollars was paid by the impact fee and how much had to be paid by the ratepayers? I think that would be good information to have next meeting before we vote. Was that $957 million the actual or projected cost for water and wastewater for 2017? I know we do a lot of projections for the next ten years, but I want to see what it added up to, what portion of that intake fee that we voted for was paid for by new development and what portion had to be picked up by the ratepayers. During the next meeting, I hope we can address that.
    - ***Response*** (Jessica Brown): I think we can. We'll get with city staff.

        - ***Response*** (Chris Harder): George, are you talking about during the 5-year period only, projects that we actually procure, or projects that have 20–30-year debt cycles?
        - ***Response*** (George Felan): I know it's hard to project but can't we look at the actual for just that 5-year period, just to get a number? It's hard for us to make an argument if ratepayers take up 60% of the impact fee, that means your water and wastewater rate will increase $30 a year. But if you tell them that ratepayers are going to have to pay $600 million as opposed to new development only paying $300 million, that's a stronger argument in my opinion.
        - ***Response*** (Chris Harder): You may remember but we actually phased in the impact fee over the five years to 40%, I think we started at 20-something percent. So, it was a graduated rank up to the 40% collection.
        - ***Response*** (George Felan): Exactly, so that means ratepayers had to take a larger portion than what I was assuming. Maybe for the next meeting or send it to me personally.
    - **Question 6** (Don Allen): I'd like to see how it affects other meter sizes. Can we see that during the next meeting?
        - ***Response*** (George Felan): That's something I would love to see because the maximum we could've charged last time was $7,004 and I think we only charged a total of $4,000 whatever. What's the actual cost for someone that puts in an 8-inch commercial meter or a 6 inch? In one of those studies, I took the time to look through the 300+ pages over the week, and I forgot what city it was, but a resident had a 6 or 8-inch meter and I was wondering how that happened.
        - ***Response*** (Chris Harder): Would you like to see it on a certain collection rate or a series of collection rates for the costs for the different meter sizes?
        - ***Response*** (Krystal Crump): I would like to see it on 75%.
        - ***Response*** (George Felan): Whatever the actual was for the past five years, since the last study was done.
        - ***Response*** (Jessica Brown): I think we are talking about two different things. Don and Krystal are saying they want to see what that table would be. Essentially, being able to see, for each of these meter sizes, the equivalency factor and the collection rate as you get out into the larger meter sizes. We can show that.
        - ***Response*** (Don Allen): So, people can see when we make a decision how it impacts various businesses and residential, redevelopment and everything else it applies to.
        - ***Response*** (Jessica Brown): I think we can show all of the collection rates in one table so you can see it all together.
        - ***Response*** (Bob Madeja): I agree with Don.

- Question 7 (Don Allen): How much does the water department transfer to the general fund every year?
    - ***Response*** (Kara Shuror): We make three payments. We pay for administrative services, departments like HR, law, those kinds of things. We pay pilots and we pay street rentals. In total, I think we are around $32 million.
    - ***Response*** (Don Allen): So, the ratepayers pay $32 million annually into the general fund out of water?
    - ***Response*** (Kara Shuror): Yes.
    - ***Response*** (Andy McCartney): That sounds about correct, Kara.
- **Question 8** (Don Allen): Who gets exempted from impact fees?
    - ***Response*** (Wendy Chi-Babulal): It's a Neighborhood Empowerment Zone (NEZ) certification. There's a certain category that state law allows.
    - ***Response*** (Jessica Brown): Public schools are included in that. I think there are a couple others.
    - ***Response*** (Chris Harder): Council has to approve an NEZ creation.
    - ***Response*** (Don Allen): Schools don't pay impact fees?
    - ***Response*** (Jessica Brown): Public schools do not.
    - ***Response*** (Don Allen): So, ratepayers are essentially subsidizing that, too?
    - ***Response*** (Kara Shuror): Yes, they can agree to pay them if they want.
    - ***Response*** (Don Allen): But how many do? Is there anyone else that doesn't pay impact fees?
    - ***Response*** (Wendy Chi-Babulal): The impact fee, if you have existing meter and you want a larger meter, you pay the difference. So, there is a delta increase.
    - ***Response*** (Don Allen): That's reasonable. That makes sense.
    - ***Response*** (Wendy Chi-Babulal): Only NEZ and school districts are exempt. No one in the city department is exempt.

II. Madeja adjourned the meeting at 11:26 a.m.

City of Fort Worth Capital Improvements Plan Citizens Advisory Committee (CIPCAC) Virtual Meeting Minutes from Thursday, March 25, 2021

Attending members:

City of Fort Worth

- Andy McCartney, Administrative Services Manager
- Chris Harder, Water Director
- Christa Lopez-Reynolds, Attorney, Water Department
- Diana Carranza, Management Analyst II
- Eric Guzman-Alvarez, Senior Engineer Technician
- Janet Hale, Assistant Director, Fort Worth Water Utility
- Jerry Pressley, Assistant Director, Customer Care
- Kara Shuror, Deputy Director, Infrastructure Services
- Mark Wilson, Senior Professional Engineer
- Mary Gugliuzza, Media Relations & Communications Coordinator
- Matt Kusnir, W/WW Planning and Horizontal Asset Management Engineering Manager
- Matt Thurber, Senior Administrative Services Manager
- Paul Trigona, Producer/Director
- Reza Brown, Water Department
- Wade Goodman, Strategic Operations Division, Senior Engineering Technician
- Wendy Chi-Babulal, Deputy Director, Strategic Operations
- Xu Shi, Graduate Engineer

City of Burleson

- Dylan White, Building Official

City of White Settlement

- Krystal Crump, Finance Director

City of River Oaks

- Gordon Smith, Director of Public Works

Capital Improvements Plan Citizens Advisory Committee

- Bob Madeja, Chair, Building Community
- Daniel Haase, Neighborhood Community
- David Mendez, Neighborhood Community
- Don Allen, Real Estate Representative
- Don Little, Development Community
- George Felan, Neighborhood Community
- Rick Trice, Extraterritorial Jurisdiction

Development Advisory Committee

- Kimberly Cole, Logistics Property Company, LLC

Freese and Nichols, Inc.

- Jessica Brown, Principal/Vice President, Water/Wastewater Master Planning, Fort Worth
- Mazen Kawasmi, Principal/Vice President, Water/Wastewater Master Planning, Fort Worth

- Nicholas McCormick, Water/Wastewater Master Planning, Fort Worth

Other Participants

- Danielle Tucker
- Keith Fisher
- Maenica Berry

K Strategies

- Jennifer Patterson, Public Engagement Specialist

I. Madeja called the meeting to order at 9:31 a.m.

II. The motion was made by Madeja and seconded by Felan to approve the minutes from the October 2, 2020 meeting, and was unanimously approved.

Fort Worth Water Department Citizens Advisory Committee Reporting Period July – December 31, 2020 – Matt Kusnir, Planning and Horizontal Asset Management Engineering Manager, Water Department

i. Presentation
   a. TRWD Integrated Pipeline – System Configuration
   b. TRWD Integrated Pipeline
   c. IPL Lake Pump Station at Cedar Creek
   d. Westside V EST and Westside III GST
   e. Southside IV Pump Station at Sun Country Tank
   f. Status of Wastewater Projects
   g. TRA_25HC-1 Henrietta Creek Relief Interceptor
   h. TRA_25HC-3 Henrietta Creek Relief Interceptor
   i. TRA_25HC-4, 25HC-5 Henrietta Creek Relief Interceptor
   j. TRA DCRWS Alternate Discharge Pump Station
   k. Primary Clarifiers 1-12 and Grit Removal Process
   l. Mary's Creek WRF
   m. Dosier Creek 24-Inch Force Main
   n. Lake Arlington Lift Station and Force Main
   o. Questions

Q&A

- **Comment A** (Chris Harder): We are going to start work on the engineering on the primary clarification, but we wouldn't be done with construction for at least three years with the schedule we have.

- **Question 2** (Daniel Haase): What is primary clarification? Surely, there must've been some sort of grit removal arrangement before. Is this just expanding that or what?

    - ***Response*** (Chris Harder): The grit removal really was almost nonexistent at Village Creek prior to this project. What we had is we had flow coming in from the west fork going through a fine screen, flow coming in from Village Creek going through an old bar screen without any grit removal. So, you had a fine screen and then you had a bar screen and then they went into the primarily clarifiers. One of the problems that has plagued this plant for decades is the grit and especially the grit build-up within the digesters. When they would go to clean these digesters oftentimes, they would be inundated with grit up to the half point or even two thirds point of the volume. That really impacts your digester volume and efficiency. What we've decided to do is we're putting in a lift station on the south side, I think we take bids in on April 1, that will pump all of the Village Creek flows from the Village Creek interceptor over to the main headworks where we have the fine screens. All of the flow going into Village Creek will go through a fine screen and then it will go through a consolidated grit facility where all the grit is removed. Then it will go into the primary clarifiers. One of the reasons why this primary clarifier replacement project is impact fee eligible is that it is a hydraulic bottleneck right now. We'll be installing some additional primary clarification that should remove that hydraulic bottleneck from that process. On top of that, we have a thickener project that is being done as well as the dryer project at our de-watering facility. It really is a completed solids upgrade for this plant. Some of these projects have a little bit of a payback. With the grit that we are right now sending over to the de-watering facility, we are paying about $400 a dry ton to process that. That will drop once we have that drying facility online. If we can remove the grit through a grit facility and send it to a landfill, the cost on that is about $30 a dry ton. Removing the grit, improving our primary clarification, there are also some economic benefits of that, and it will also preserve our rotating equipment pumps, compressors, those types of things. They are all kind of connected. When you look at going from, on the front end, the grit side, you have the thickeners, primary clarification, and the dryer on the backend, this is about $120 million worth of work.
    - ***Response*** (Don Allen): How much of that is due to growth and how much of that is due to you want to improve the processes in the plant?
    - ***Response*** (Chris Harder): We're starting the design. I have to look to see what the rating is on the primary clarification hydraulic components, but the idea was to try to expand the overall hydraulic capacity up to 191 MGD which was the next rating of this plant. You talk about the 166 rating it has right now. The plan was to eventually migrate to 191 MGD. I know your question is how much of the costs are going to be related to rehab and replacement versus how much of it is upgrading the system, but I don't have that answer for you right now.
    - ***Response*** (Wendy Chi-Babulal): But it will be separated out.
    - ***Response*** (Chris Harder): It is a question that will have to be answered, we just have to get into the design some.
    - ***Response*** (Don Allen): Is this in your numbers for your projections for the impact fees?

- ***Response*** (Chris Harder): Yes, it's in the actual impact fee study and has been for, I think, even the 2017 one.
- ***Response*** (Don Allen): How is it in the study if we don't know how much of it is applicable?
- ***Response*** (Wendy Chi-Babulal): It should be in the CIP spreadsheet. We don't have it memorized.
- ***Response*** (Rick Trice): It's on the list of projects in the approved CIP but you don't have the analysis for how much is developer versus growth.
- ***Response*** (Wendy Chi-Babulal): It's in there. We could look it up.
- ***Response*** (Chris Harder): We have the analysis, but we don't have the design that validates that. The analysis is based off the assumptions which will be validated once we get into the detailed design.
- ***Response*** (Wendy Chi-Babulal): In the impact fee study report, on the CIP, you will see an estimated percentage. That is the planning percentage. When you go to full design, you'll have to refine that percentage on what's growth and what's rehab.
- ***Response*** (Chris Harder): We don't have like the dryer facility in the impact fee study. When we design that facility, we actually plan for growth as well. Anything we do at Village Creek is planning for future flows, not just meeting existing flows.

Impact Fee Financial Summary as of December 31, 2020 – Andy McCartney, Administrative Services Manager

i. Presentation
   a. Impact Fee Collections
   b. Impact Fee Trends
   c. Impact Fee – Debt Service
   d. Impact Fee Expenditures
   e. Future Impact Fee Expenditures
   f. Impact Fee Balances
   g. Questions

Strategy for Managing the Water and Wastewater Impact Fee Fund – Matt Thurber, Senior Administrative Services Manager, Andy McCartney, Administrative Services Manager

i. Presentation
   a. Guiding Principles
   b. Budgeted Transfer of Impact Fees
   c. System-Wide Increase
   d. Typical Monthly Residential Bill
   e. Historical Water and Wastewater Collections
   f. Impact Fee Projections
   g. Water and Wastewater Projections
   h. 2017 Impact Fee Study
   i. Water Infrastructure Costs
   j. Wastewater Infrastructure Costs

Q&A

- **Question 1** (Don Little): What do you mean by "avoid debt-related costs by leveraging cash funding for projects that are 100% impact fee eligible?"

    - ***Response*** (Andy McCartney): We're not going to issue debt for capital projects when we have impact fee cash available. We're utilizing our impact fee funds as pay-as-you-go capital, using cash to avoid using debt and paying that debt service over three years.
    - ***Response*** (Don Little): So, you only borrow when you need to borrow is what you're saying.
    - ***Response*** (Andy McCartney): We're trying to minimize that which lowers the total cost of the revenue requirements.
    - ***Response*** (Chris Harder): When we were doing the max allowable calculation, I think one of the assumptions was we were going to cash fund projects or contracts less than $5 million. We've kind of actually incorporated it into the assumptions for this most recent study.

- **Comment A** (George Felan): I just want to comment that this presentation when presented to me a few weeks ago was extremely enlightening and educational. I started new at this four or five years ago and wasn't knowledgeable in depth as to the process. I learned from this presentation that it is certainly not a linear equation. I was under the thinking that impact fees should be taken completely by the developers and new growth. But this presentation showed me that, even though we only collect 40%, it's not 40 and 60. Because of what we did, it helped keep those rates low and pretty much the impact fees paid for possibly 60% of the debt service for water and wastewater. I do concede that, in terms of equity, that the ratepayers and developers need to share costs. Thanks for this information.

- **Question 2** (Don Little): You had a slide that really got my attention. The overall bill, the ratepayers' bills. If I understand that, the red is what we're talking about, and it's very small compared to the overall bill. What I think that's telling us is yes, these conversations are very important in terms of fairness as to how to pay for the improvements for growth of the city. But in terms of how much we are affecting the ratepayers, the existing system is so huge compared to the little bitty increments we are making to make it larger. In fact, the overall monthly bill people are paying, we are $2 to $3 to $4 a month. A very small percentage of the overall bill. Am I reading that right? It's a show of how small our activity is versus how large the existing system is?

    - ***Response*** (Andy McCartney): It's one slice of the pie. It's one piece of the revenue equation. Holistically, the committee has to take into account all this information.
    - ***Response*** (Don Little): There's more to it than meets the eye.
    - ***Response*** (Andy McCartney): Like George said, it's not a simple, linear relationship. It's multi-factored.
    - ***Response*** (Bob Madeja): The average monthly rates really didn't change much over the last five years. I'm glad George brought it up. That's a very good explanation of where the money is going that is collected on both sides.

    - ***Response*** (Andy McCartney): I thought it was very enlightening. You could say we had a pretty good year in terms of development but yes, it was a year of a pandemic. I think it's pretty representative of what goes on and is a good representation what the committee has to look at when making recommendations.

- **Question 4** (Don Allen): The numbers you have on here for the average annual debt payment, is that total debt or is that debt only attributable to growth?

    - ***Response*** (Andy McCartney): That was the debt related to the water infrastructure costs, the 625 and all that's in the 10-year study for growth.

- **Comment B** (Kara Shuror): Though we are talking about just a piece of the pie and we are talking about, in the scheme of things, for a very large retail system, the dollars per month is minimal. But you can see it still has a very significant impact in the rate increases that we're passing on to our customers. So, I don't want us to underestimate the value of this transfer to cover the eligible debt service within the operating fund. It still plays a really large role.

    - ***Response*** (Chris Harder): When we stand in front of council and we tell customers their water bill will go up by $2 a month, that is a big issue with a lot of our customers.
    - ***Response*** (Andy McCartney): I want to add if you look at 2018, selling a 3.46% increase in water is much more palatable than over a 9% increase. As a former consultant, it's much easier to sell that 3.4% to a governing body than it is much larger on the double-digit increase. It makes an impact on bills.
    - ***Response*** (Daniel Haase): When standing in front of council there is something to be said for the fact that we are not able to manage the infrastructure we already have in place sufficiently. There are water lines that break all the time and so forth. That's another factor that has to be explained to the public as well.
    - ***Response*** (Chris Harder): If you look at what drives rates, obviously you've got your growth-type debt and, like you said, reinvestment in your existing assets, rehab and replacement. We know our investment there is going to increase as well.

- **Question 5** (Rick Trice): Would you say rates could go up due to water conservation?

    - ***Response*** (Kara Shuror): As you may remember, we went through a pretty significant, multi-year, 7-year period of aggressive declines in water use and system water use. We saw it in every retail class. Keeping up with that decline was very difficult. That was basically 2012, 2011 to 2018. We had small increases in costs that still resulted in fairly large rate increases because we were impacting consumption through those reductions. It is leveling off a bit which helps us from a planning perspective, but we are down substantially in GPCD from where we have been in the past. That will continue to some degree.
    - ***Response*** (Chris Harder): While you were seeing the consumption going down, we were also paying the debt on some of the IPL projects which was driving some of the TRWD rates.

- *Response* (Kara Shuror): Exactly. If you remember, we did not include that cost of conveyance in the impact fee prior to the 2017 study. While water rates were outpacing any category within our budget, we were seeing significant increases year-over-year while that consumption was declining. The combination of those two factors, with no offset from the development community for the costs related to growth of the IPL, was very impactful.
- ***Response*** (Chris Harder): Talking about this PMI program, we're hopeful that, as our metering accuracy increases, our water loss decreases. There may be higher revenue for an equitable amount of usage. However, the question will remain how much additional conservation people will implement when they see their usage on an hourly basis through a web portal. When we put the PMI program into the state water plan, we had anticipated some water conservation benefits which was identified as a water supply strategy through conservation. We'll have to see just how much of a consumption type of impact people being able to look at their bill and see their hourly usage will actually play in the future.
- ***Response*** (Rick Trice): I guess my point was even though the contribution from impact fees on the water bills is miniscule, there's still a possibility of rate increases because of the water conservation and things of that nature. I think there needs to be an argument to maintain a status quo or even reduce that contribution. Just a thought.

III. Semi-Annual Vote – Madeja entertained a motion to approve, Allen moved to approve the Semi-Annual Water/Wastewater Report, Trice seconded, and was unanimously approved.

Water and Wastewater Impact Fee Update, Capital Improvement Plan/Maximum Allowable Impact Fee – Jessica Brown, Principal/Vice President, Water/Wastewater Master Planning, Fort Worth

Q&A

- **Question 1** (Travis Clegg): The county's coming out with a $400 million bond program. Are any of these projects projected to be in the county bond program?
  - ***Response*** (Jessica Brown): This would be different on the TPW side. But typically, county bond projects are really more on the roadway and stormwater side. There's usually not any water or sewer components associated with that.
  - ***Response*** (Chris Harder): We don't have anything in the county bond program. We will try to coordinate with the city and the county bond program, but we don't have it where they are funding any of our infrastructure.
  - ***Response*** (Wendy Chi-Babulal): Impact fee for water and wastewater is a lot of vertical construction for treatment plants, pump stations. If we actually have a water line in the roadway or county road, those are not in the impact fee. That's a different cost recovery. If it is growth related and the water or sewer lines are in the county road, that is not in this impact fee calculation.

- **Question 2** (Daniel Haase): On those percentages that are attributable to growth versus just system stuff, how is that determined? Is that scientific guess or how are you figuring that out?

- *Response* (Jessica Brown): No, we are actually looking at capacity. For a lot of them, there is a specific added capacity that's here, so you'll see that. It's a little more straight forward when you get into district for plant capacity, so Mary's Creek needed plant capacity. When you add that plant, you're automatically getting 10 MGD of capacity. It's kind of a no brainer that's adding 10 MGD. On some of the others, on the clarifiers, again we're adding 25 MGD of capacity. That's really what we're looking at on just about all of these is the added capacity. What the flow to that is now and then what it is going to be in ten years. What is that facility or line or pump station or lift station or elevated tank, etc. what is it designed for and what are our flows going into it now for 2022, and we have hydraulic models for those, and what are the flows going to those in 2031. That's what is helping us determine those capacities. On pump stations, elevated tanks, etc. we have design criteria we are using for those. They are very quantifiable numbers with all of those.

- **Question 3** (Rick Trice): How far back can you go in the previous impact fee to recover the costs? Is there a limit?

    - ***Response*** (Jessica Brown): There's not an official one. Typically, we are looking at projects where there is available capacity. Typically, a project is designed for at least twenty years of capacity. That's going to stagger sometimes over multiple impact fee updates. Once a project reaches that capacity, it is going to fall off the CIP because there is no reason to keep it on there.
    - ***Response*** (Rick Trice): Those ones that are in the middle of growth, I guess you just prorate based on where they're at.
    - ***Response*** (Jessica Brown): Exactly. We look at what percentage of that capacity is being used now and what percentage of that capacity will be used in the future and we subtract those two to get that percentage you saw there.

- **Question 4** (Don Allen): Do you actually have something that says, let's say in the last impact fee study in 2017, you have the list of line items and all the items within the study that says here's what we're going to use to set our impact fee for the next five years and here's what we're going to spend over a 10-year window. Do you have something that shows what's exactly in the report and as of today how much actually has been spent?

    - ***Response*** (Jessica Brown): We're looking at capacity and how much of a particular project is utilized. I was thinking the semi-annual report, that's part of what that is, how you are paying for projects. I don't know what it is from 2017 to now. That's the purpose of that semi-annual update and the accounting of that to show you how those impact fee dollars are being spent.
    - ***Response*** (Don Allen): Right. You talk about major projects in it and in aggregate where we are on impact fee spends and how the department is managing the money. I was just wondering if staff or anyone has something that says here's what was in the last report, here's our projected costs. In the last study, we projected this, and we actually spent this. You'd have to prorate it but we're actually spending more or less on these items.

- ***Response*** (Chris Harder): So, what you're asking for is do we go back and audit on a project-by-project basis what were the projections and what were the actuals. I don't know that we've done that as part of our semi-annual report, but we of course have those numbers. We just don't prepare a special report for it.
- ***Response*** (Don Allen): I don't care how much you spend on the clarifier or the one pipeline or anything like that or on debt service. But can you isolate and say here's what's exactly in the report to set the impact fee and as of date here's what we actually spent for the projects that are in the report. It'd be good data, I think.
- ***Response*** (Wendy Chi-Babulal): The study is for a certain period of time with the amount CIP in it. The scheduling of the project shifts some so usually, if you want to do it that way, it's at the end of that period, which we're approaching. It would be hard to do year by year. I think at the end of the study period would be a good time if we want to do something like this.
- ***Response*** (Chris Harder): You look at the CIP Jessica showed earlier as an example. It was completed in 2016. We have the completion paperwork of that project and we can certainly show that compared to the actual assumptions that were used, going back into the 2017 CIP versus what the costs were going to be.
- ***Response*** (Wendy Chi-Babulal): That's actually on the semi-annual spreadsheet.
- ***Response*** (Chris Harder): I do think when you have a project that goes between study periods, let's say we build something in 2019 and finalize the project but it's in the 2017 plan, the 2022 plan, the 2017 plan is probably going to have a cost estimate. When we actually have the numbers, the 2022 plan will be the actual costs. We do true them up when we have real numbers.
- ***Response*** (Don Allen): This is not about the collection or anything else. I just looked at it like, we're basing everything on these projected expenditures within a 10-year period, wouldn't it be a good idea to go back to the last study or two to look at actual versus projected. Is it possible to do without paying a consultant for three months of work?
- ***Response*** (Bob Madeja): So, you're just talking about for the future, if we can have that information next time.
- ***Response*** (Rick Trice): Don't you re-estimate the plan as it progresses to see if you're on target with what the capital costs are?
- ***Response*** (Wendy Chi-Babulal): I hear CIP dollars, which we do on semi-annual, and every time we get a new study, we do true up the numbers of the previously constructed projects. If you look at this new study, anything that was previously constructed prior to this time period, those are true costs. The percentage for future growth is allocated based on the true cost. The ask I'm hearing is for the last two study periods of what we projected by dollars, by population, and by units.
- ***Response*** (Don Allen): Just dollars. We did go back on population and kind of look at previous ones already. I was wondering just purely on the spends, actual versus what was in the report at the time.
- ***Response*** (Wendy Chi-Babulal): We can pull the semi-annual report of the last adopted for the whole study period. We can provide that information to everyone.

- **Question 5** (Don Allen): Just out curiosity, what type of meter does a restaurant or something like that use typically?

- *Response* (Wendy Chi-Babulal): Residential is 5/8 by 3/4. For irrigation, we have seen 1 inch to 2 inch. Commercial typically has a separate irrigation system because they are in a commercial complex or they have a separate irrigation line. That's separated out so that's why you see water meter on that. We don't charge sewer impact fees. Their domestic use depends on how many units of commercial are tied into that complex. Some might be individual. It might 1 inch, 1 ½ inch, or 2 inch maybe max. The 3 inch and up is typically apartment complex domestic use or possibly someone with a lot of landscaping for a big corporate campus. The 3 inch and up no one really touches for the commercial aspect. For industrial, you look at the use whether it's manufacturing, you're really getting into bigger sizes there. But if it's more for distribution and warehouses, it doesn't really get into the large meters.

- **Question 6** (Bob Madeja): Why didn't we have a scenario D, which would be the 40/60, which is what we have now?

  - *Response* (Jessica Brown): These were the ones that were developed early on, not to say that we couldn't look at others, I think these were just some we looked at during discussions with staff. I guess we could pull those numbers.

- **Question 7** (Daniel Haase): Remind me what the credit is again?

  - *Response* (Jessica Brown): Essentially what is, as new growth happens in the city, these new ratepayers come on, they are going to be paying a water and sewer bill. We have to credit back what their contribution is as they are coming on.
  - *Response* (Chris Harder): Interest on existing debt.
  - *Response* (Don Allen): If you charge 50% or less, you don't have to apply any credits. But if you charge more than 50% of what you calculated, then state law says you have to credit back against that calculated impact fee the other contributions to the city. Ultimately, it's a state law thing they have to do when they go over 50%.
  - *Response* (Jessica Brown): Exactly. Chapter 395 says you can either say I'm just going to do a 50% credit without doing the credit calculation, which is really scenario C. That's the maximum you would be able to charge. If you want to consider charging more than 50%, you do have to go through and do that detailed analysis, which is exactly what we did.

- **Question 8** (George Felan): I think it would be interesting, just as Andy did previously when he showed the residential build comparisons for the previous years from 2016 and then he showed the debt service percentage from the previous year to what it is this year. I think that would be interesting to see in regard to the future of these different rate percentages that we are going to be deciding on. If we did 50/50, if we did 75, if we did 40/60, I don't know if we can do that, what would it do to the ratepayers and how would that affect the debt costs.

  - *Response* (Andy McCartney): I can work with the group on that. I've got some ideas on it.

- **Comment A** (Bob Madeja): If Austin wants to do 98%, that's great for Austin. But I'm here for Fort Worth, to see what Fort Worth and surrounding areas are doing, and how that's going to impact growth, residential, and commercial.

  - ***Response*** (Jessica Brown): Absolutely. We always just include it for reference, just to show you where things fall, should you adopt different rates.

- **Comment B** (Daniel Haase): I recently read a book called Strong Towns. I encourage you all to read that book. It talks a lot about how cities chase growth at the expense of what they already have built. In other words, they're not able to maintain what they already have, and they think that growth is part of the solution to solving that. You see that all over the city. Part of me wants to say maybe we look at this much like the water department does with their residential rates where there is a bit of a pricing signal to help slow that growth just a little bit. I know that's probably sacrilegious to say in Fort Worth, but growth isn't everything. I think we need to be careful and not let it get so high that it is completely cost prohibited and growth goes elsewhere, but there might be room for an increase in there is what I'm suggesting.

  - ***Response*** (Bob Madeja): Growth will go other places if we start to press ourselves out of certain markets like residential and light commercial. There are developers that will say they won't do that and move somewhere else.

- **Comment C** (Don Little): I recognize that it costs money to provide services to new buildings. It's fair that those buildings pay some portion of that cost. I also recognize that new buildings have less crime, less this, less that, less expense to the city. There is some good to be had from positive growth that is well managed. These days, I've been building houses for 49 years and 2 months, and it is amazing the difference in the building codes. They are written in blood and studied, and we don't build the same house now that we did in 1972. I would suggest that we should have less than 100%. I would suggest that Fort Worth should not be in the business of setting values of houses. When you start throwing money around like this, you are setting the value of a house if you're not careful. It is a bonus for existing homeowners. It is a problem for people trying to buy a new house. I would like to see us stay with the 40% rate and phase it in two or three phases, so we recognize the status quo, and we don't have a monstrous adjustment to that. I definitely favor phasing and I'm comfortable with the 40% level.

  - ***Response*** (Chris Harder): So, we would go to the 37.78 from the 28.02. What do you mean by phasing? Phasing from the 28.02 to the 37.78?
  - ***Response*** (Don Little): Yes, so we work up there in steps instead of a $1,000 increase, let's spread it out into phases.
  - ***Response*** (Chris Harder): With the new study, we're talking about a 28-29% collection rate up to a 40% collection rate. Right now, we're at 40% at 28.02. If we were going to remain at 28.02 like in year one, then that collection rate would be significantly less than 40%.
  - ***Response*** (Don Little): In the big picture, we recognize the percentage, the target becomes the 40% of the new cost schedule. But at the same time, we recognize the real world, and that has adapted to 28.02. Therefore, we don't change the real world in huge increments,

we spread it out. It'd be nice if we can do three times, if it didn't rattle the market that much.

- ***Response*** (George Felan): I certainly wouldn't want to do 100% all in one swoop. I was looking at history, we were going 50% since January 2007 and then in 2017, we went down to 40%. I'd favor 50% in increments. What's more equitable than 50/50?
- ***Response*** (Chris Harder): So, you're saying going from the 28.02 up to 50% over a period of 3-4 years?
- ***Response*** (George Felan): I thought 28.02 was based on 40%. I'm recommending steps to 50%.
- ***Response*** (Wendy Chi-Babulal): Baseline-wise, the first year, 2022, is the first incremental jump.
- ***Response*** (Jessica Brown): In the 2017 study was the change in including the TRWD IPL project and including the TRA projects on the wastewater side. The TRA projects had a decent impact but the IPL project definitely has a significant impact. I think when we're looking at percentages, we also need to make sure it's apples to apples.
- ***Response*** (George Felan): I forgot about that conversation. I recall now.
- ***Response*** (Bob Madeja): The 40% has worked for the last three years. If we go 40% of where we are now and phase it in over three years, we will do the same thing we did in 2017. The first year of the increase will be 2022.
- ***Response*** (Don Little): I think that sounds good. If the 40% was able to carry, it would be kind of a caveat to bring that phase in right now.
- ***Response*** (George Felan): I would like to make a vote based on fact and knowledge.
- ***Response*** (Christa Lopez-Reynolds): If you're not ready to vote, you can direct staff to bring forward a proposed ordinance, so you see what it looks like. If you guys can collectively decide on the path you want to go, we can work on that for you.
- ***Response*** (Chris Harder): I think we need to hear from all committee members.
- ***Response*** (Rick Trice): I think the 40% with the ramp up is where I'm at now.
- ***Response*** (Daniel Haase): I'd like to see a 2-year scenario and a 3-year scenario at the 40%.
- ***Response*** (George Felan): I cannot vote today in good conscience.
- ***Response*** (Don Little): I'm leaning toward the 40% scenario. I'm for delaying the vote for a month. I support George.
- ***Response*** (David Mendez): I don't believe we're having a problem with growth at all in Fort Worth. All I care about is protecting the people who are buying these properties, not the developers that are building them. I agree with George that we need more time to think on this and absorb the different options.
- ***Response*** (Wendy Chi-Babulal): Rusty Fuller wasn't able to make the meeting, but he mentioned 40%.
- ***Response*** (Bob Madeja): I'm for phasing in the 40%.

IV. Madeja adjourned the meeting at 11:45 a.m.