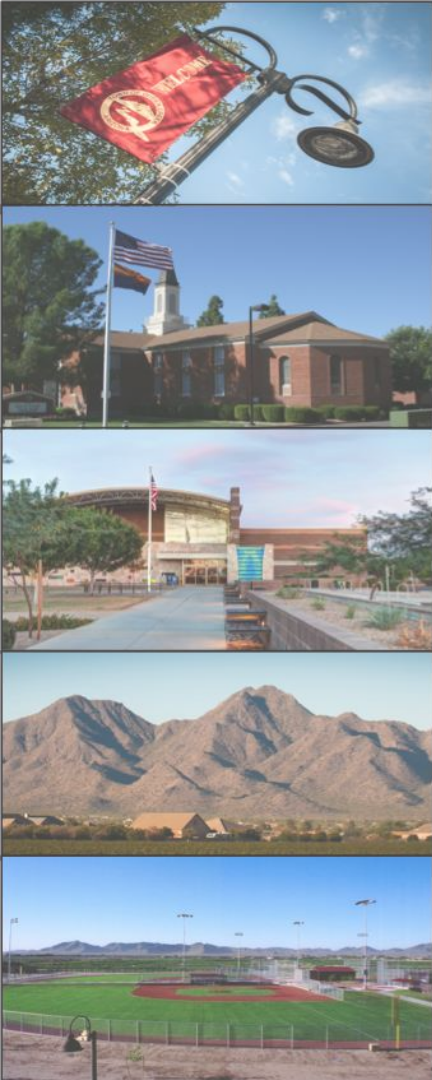


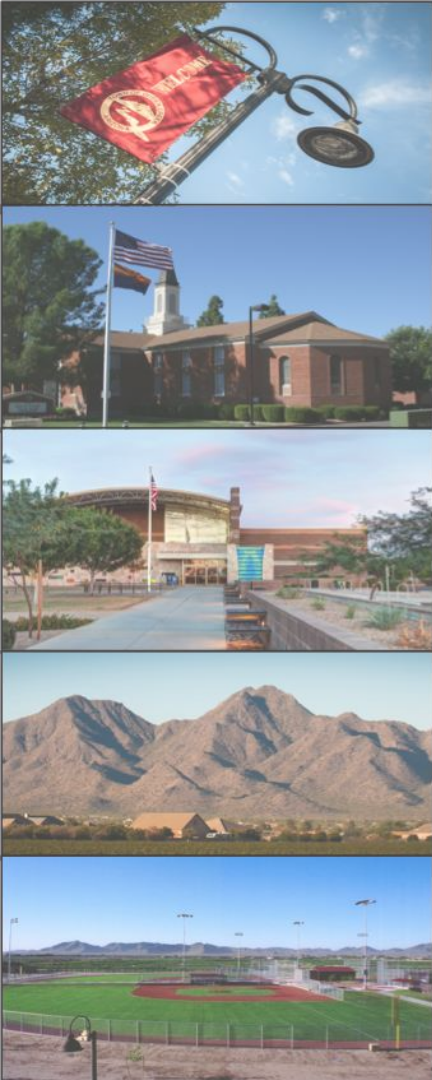
Impact and Capacity Fees – A Status Update

Town Council Meeting
January 16, 2019



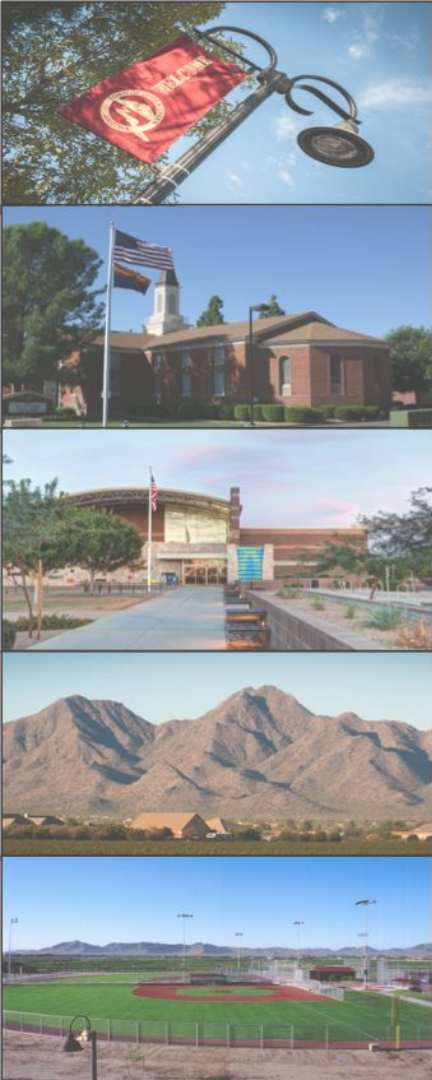
Impact and Capacity Fees Goals

- Calculate the Maximum Allowable Fee Amount Per State Law
- Set the Fee Amount Such that New Development Pays Its Proportionate Share of New Infrastructure



Actions Completed Since Last Town Council Update

1. Issued \$75M Debt for Transportation and Public Safety Projects
2. Reconciled Individual Impact Fee Cash Balances
3. Water and Wastewater Utilities
 - Implemented Public Safety Funding Policy
 - Purchased Water Extinguishment Credits and Contracted for Water Rights' Purchase



Remaining Policy Issues

1. Identify New Revenues Generated by New Development

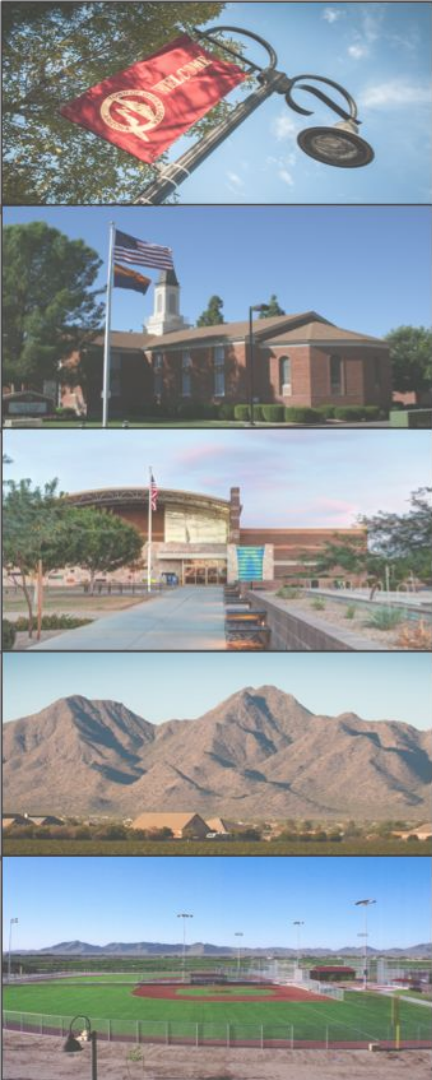
- Statutory Requirement that New Revenues Reduce Impact Fees (New Revenue Credit)
 - “Development Does Not Pay Twice”
- Hired Elliott Pollack and Co. to Prepare a Report
- Policy Questions
 - Does QC Have a New Revenue Credit Offset for Impact Fees? For Capacity Fees?



Remaining Policy Issues (continued)

2. Water and Water Utilities

- Effluent Water Costs
 - Current Practice: Pay for the Treatment of Effluent Water from the Water Fund
 - Staff Recommendation: Pay for Treatment of Effluent Water from the Sewer Fund
 - Accepted Practice by Many Utilities
 - “Its Effluent Until It is Recharged into the Ground - then It Becomes Water Again”



Remaining Policy Issues (continued)

2. Water and Wastewater Utilities (continued)

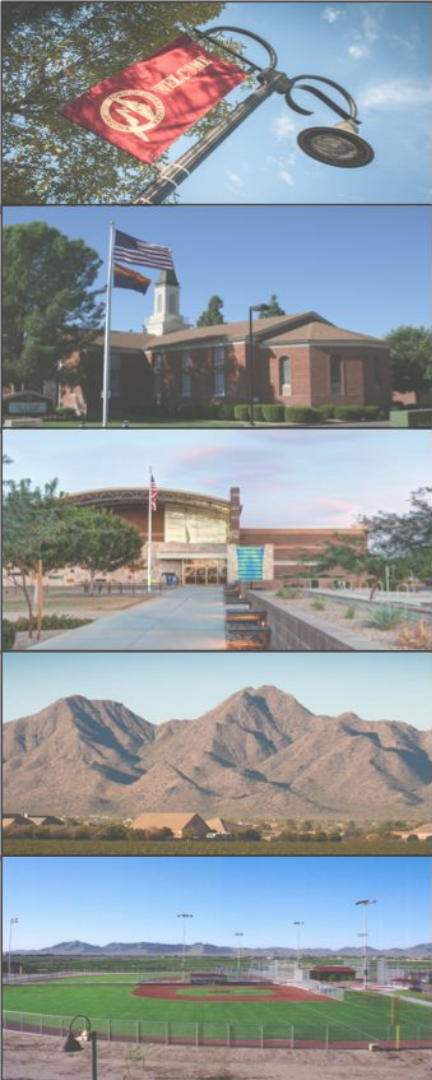
- Combine the Water and Wastewater Utility for the Purposes of Issuing Debt
 - Stronger, Larger Revenue Pledge for Debt Service Coverage Ratio
 - Less Likely to Increase Rates to Meet Debt Service Coverage Ratio



Remaining Policy Issues (concluded)

2. Water and Wastewater Utilities (concluded)

- Restructure Existing Water Debt
- Eliminate Required Debt Service Coverage Requirements per Bond Covenants
 - Possible Because of Improved Financial Position and Revenue Growth
- Establish Repair and Replacement Reserves
 - Implement “Best Practices”



Decision Making Material

1. Statutory Requirements

- Impact and Capacity Fee Reports
- Land Use Assumptions
- Infrastructure Improvement Plans

2. Related / Supportive Information

- Report re. Net Revenues
- Report re. Affect on Development Activity
- All-In Other Entity Cost Comparisons
- Focus Group / Board & Commission Feedback

Expected Calendar



February 6th Town Council Meeting

- Receive Town Council Direction on Remaining Policy Issues

March 6th Town Council Meeting

- Review Land Use Assumptions (LAU), Infrastructure Improvement Plans (IIP), and Fee Amounts

March to July

- LAU and IIP Public Notice and Approval Process
- Focus Group Feedback
- Boards and Commissions Feedback

July to September

- Fee Notice and Approval Process

January 2020

- New Fees Effective Date



Questions and Comments