

Mayor and Council Communication

DATE: 09/13/22

M&C FILE NUMBER: M&C 22-0717

LOG NAME: 60IMPACT FEE TRANSFER 2022

SUBJECT

(ALL) Adopt Appropriation Ordinances Increasing Estimated Receipts and Appropriations in the Amount of \$11,500,000.00 in the Water Impact Fee Fund and in the Amount of \$5,000,000.00 in the Sewer Impact Fee Fund for the Purpose of Transferring to the Water and Sewer Operating Fund to Pay Debt Associated with Impact Fee-Eligible Projects

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Water Impact Fee Fund in the amount of \$11,500,000.00 from available funds for the purpose of transferring funds from the Water/Wastewater Wholesale Impact Fees and Water/Wastewater Retail Impact Fees projects (City Project Nos. B20004 and B20005) to the Water and Sewer Operating Fund; and
 2. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Sewer Impact Fee Fund in the amount of \$5,000,000.00 from available funds for the purpose of transferring funds from the Water/Wastewater Wholesale Impact Fees and Water/Wastewater Retail Impact Fees projects (City Project Nos. B20004 and B20005) to the Water and Sewer Operating Fund.
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DISCUSSION:

During the retail cost of service studies for fiscal year 2022, it was determined that the use of impact fee revenues could lower the amount of water and sewer service revenue required to balance fiscal year 2022 budgeted revenues and expenditures. While state law and City Code prohibit the use of impact fees for operating expenses, impact fees can be used to pay principal and interest on debt associated with projects eligible to be funded by impact fees. This transfer of the total amount of \$16,500,000.00, \$11,500,000.00 from Water Impact Fee revenue and \$5,000,000.00 from Sewer Impact Fee revenue, to the Water and Sewer Operating Fund will be used to pay principal and interest on existing revenue bonds used to fund impact fee-eligible projects.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in the W/WW Wholesale Impact Fees and W/WW Retail Impact Fees projects within the Water Impact Fee and the Sewer Impact Fee Funds and upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the Water & Sewer Fund. Prior to an expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

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