



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement
DCM: David Gaines
DATE: August 8, 2022

SUBJECT

Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a Professional Services Agreement with Kimley-Horn and Associates, Inc., for the Water/Wastewater Impact Fee Study for the City of Denton Water Utilities Department as set forth in the contract; providing for the expenditure of funds therefor; and providing an effective date (RFQ 7998 – Professional Services Agreement for professional services awarded to Kimley-Horn and Associates, Inc., in the not-to-exceed amount of \$194,600.00).

INFORMATION/BACKGROUND

An impact fee is a one-time charge imposed on new developments to help recover a portion of the capital costs of infrastructure and other improvements required to provide service to the developments. For Water and Wastewater, the use of impact fees helps stabilize rates during periods of rapid growth and helps minimize the economic impacts of growth on the rates of existing utilities customers. These fees help shift a portion of the cost of the new or expanded infrastructure required by the development away from the existing utility customers and towards the new development itself.

The Denton City Council first implemented water and wastewater impact fees in 1998 due to the high population growth projected for Denton. Several factors influenced this decision, including the significant cost of the water supply and water treatment plant at Lake Ray Roberts, community resistance towards increasing water and/or wastewater utility rates to pay for the new infrastructure needed to support the projected growth rates, and the general use and acceptability of impact fees in other communities in the Dallas-Fort Worth metroplex. Impact fees are established by an Impact Fee Study. The first step in the fee study involves using current land use analyses to project changes in land uses, densities, and populations within water and wastewater service areas over the next ten years. Part of the land-use analyses includes forecasting the timing and mix of single-family, multi-family, and other development types within the service area. Analysts use this information to develop ten-year water and wastewater capital improvements plans (CIPs) capable of supporting the expected demands. These CIPs summarize capital projects and associated costs required to support growth in the service areas over the study period according to land use data, population projections, water and wastewater demand forecasts, and the Master Plans of the water and wastewater systems.

Impact fees are then developed by expressing the growth in demand for water and wastewater facilities over the planning horizon in “service units” of impacts. For water and wastewater impact fee analyses, service units are typically based on water meter data because these meters physically measure usage. The water and

wastewater impact fees for Denton use a single-family equivalent (SFE) as a service unit. This SFE is simply the water and wastewater demand associated with the smallest water meter in the system, which is the typical meter used by a single-family residence. The impact fee study determines the costs to provide a new customer with water or wastewater service using the SFE as the base unit, and these costs become the maximum impact fee amounts allowed under Texas Local Government Code (TLGC). The maximum impact fees represent the fees needed for the full recovery of costs associated with the proportion of capital programs needed to serve the demands of additional growth. Zones have also been established in more recent Denton water and wastewater impact fee studies to reflect the differences in service costs among various areas in the City. For example, the 2013 and 2018 studies were specifically designed to create a new zone in the “infill” area of Denton to lower water impact fees for this zone. Once maximum impact fees are established, the City Council may choose to collect the fees at any level up to the maximum.

In Texas, impact fees are governed by Chapter 395 of the TLGC (the Impact Fee Act). Impact fees provide the means for recovering the cost of adding capacity to the water/wastewater system to provide service to any new growth that creates a new demand/impact on the water and wastewater system. In September 1998, the City of Denton first adopted impact fees for the Water and Wastewater utilities. The legislation requires the fees to be updated at 5 year intervals, and the current impact fees were updated in 2018.

Request for Qualifications (RFQ) for professional surveying services was sent to 780 prospective firms, including 31 Denton firms, for these services. In addition, the RFQ was placed on the Procurement website for prospective respondents to download, and advertised in the local newspaper. Two (2) statement of qualifications (SOQ) were received. The SOQs were evaluated based on published criteria including identification and understanding of the City’s requirements, past performance and experience, qualifications of key personnel, and schedule to complete tasks. Based upon this evaluation, the recommended award is to Kimley-Horn and Associates, Inc., and is determined to be the most qualified firm for the City.

NIGP Code Used for Solicitation:	918 - (Service Only) - Consulting Services
Notifications sent for Solicitation sent in IonWave:	780
Number of Suppliers that viewed Solicitation in IonWave:	22
HUB-Historically Underutilized Business Invitations sent out:	94
SBE-Small Business Enterprise Invitations sent out:	341
Responses from Solicitation:	2

RECOMMENDATION

Award a contract with Kimley-Horn and Associates, Inc., for the Water/Wastewater Impact Fee Study for the City of Denton Water Utilities Department, in the not-to-exceed amount of \$194,600.

PRINCIPAL PLACE OF BUSINESS

Kimley-Horn and Associates, Inc.
Dallas, TX

ESTIMATED SCHEDULE OF PROJECT

The services to be provided under this contract are estimated to be completed within ten months, from the notice to proceed.

FISCAL INFORMATION

These services will be funded from 2023 Impact Fee Study account 630502525.1360.10100 Requisition # 156441 has been entered into the Purchasing software system in the amount of \$194,600. The budgeted amount for this item is \$194,600.

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Evaluation Sheet

Exhibit 3: Ordinance and Contract

Respectfully submitted:
Lori Hewell, 940-349-7100
Purchasing Manager

For information concerning this acquisition, contact: Nick Vincent, 940-349-8063.

Legal point of contact: Marcella Lunn at 940-349-8333.