

Capital Improvements Advisory Committee History and Overview

To partially pay for the extension of Water and Wastewater systems attributable to new development, the City of Fair Oaks Ranch has opted to charge impact fees as allowed under Texas Governmental Code Title 12, Subtitle C, Chapter 295 (The Code).

The Code requires the governing body (the City) to appoint a “Capital Improvements Advisory Committee” (CIAC) to serve in an advisory capacity to:

1. advise and assist the City in adopting land use assumptions;
2. review the capital improvements plan and file written comments;
3. monitor and evaluate implementation of the capital improvements plan;
4. file semiannual reports with respect to the progress of the capital improvements plan and report to the City any perceived inequities in implementing the plan or imposing the impact fee; and
5. advise the City of the need to update or revise the land use assumptions, capital improvements plan, and impact fee.

The City's CIAC, as appointed by the City Council, is composed of nine members of the community with at least five being members from the development, real estate or building industry as required by the Code. Committee members are:

- Joe DeCola (Real Estate)
- Harold Prasatik (Real Estate)
- Gary Miller (At Large)
- Kyle Grothues (Development)
- John Arevalos (Development)
- Marcus Garcia (Development)
- Ben Koerner (At Large)
- Jamin Kazarian (At Large)
- Chris Weigand, Vice Chair (Real Estate)

The current Impact Fees were adopted on August 7, 2025. The City hired the engineering firm Freese and Nichols to calculate the maximum-allowed Impact Fees under the provisions of the Code.

The CIAC met in April 2025 to receive the Freese and Nichols' Draft Water & Wastewater Impact Fee Report. Presented in the report was a proposed Maximum Allowable Water Impact Fee of \$21,013 and a proposed Maximum Allowable Wastewater Impact Fee of \$9,973 for a total of \$30,958. This is paid by the Developer to the City when the lot is approved for development.

The CIAC Recommendations to Council were as follows:

1. The CIAC finds that the City's recently adopted Land Use Assumptions and Capital Improvement Plan are based on sound assumptions.
2. The CIAC finds that Freese & Nichols used sound assumptions and engineering practices and complied with the requirements under the Code in their calculation of the Maximum Allowable Impact Fees.
3. The CAIC recommends that the Council adopt the Maximum Allowable Impact Fees as calculated by Freese & Nichols. Accordingly, the following Impact Fees changes are recommended:
 - Water Impact Fee increases from the current \$8,670 to \$9,973, and
 - Wastewater Impact Fee increases from the current \$6,069 to \$30,958.

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MEMBERSHIP

- No fewer than five members
- No fewer than 50 percent must be representatives of real estate, development, or building industries
- Membership must include a representative from the extraterritorial jurisdiction (ETJ)
- None shall be an employee or official of a political subdivision of government entity
- City Council Liaison, Public Works Director and a City Admin are non-voting ex-officio members

MEETINGS

- Formal meetings twice a year in March and September
- Work Sessions or Special Meetings as needed to consider items that need action

DEFINITIONS

Impact Fee	Charge against new developments in order to generate revenue for funding or recouping the cost of capital improvements or facility expansions attributed to the new development
Capital Improvement	Facilities that have a life expectancy of 3+ years, including: a. Water supply, treatment and distribution b. Wastewater collection and treatment c. Storm water, drainage and flood control d. Roadways
Facility Expansion	Expansion of an existing facility's capacity in order that the existing facility may serve new development, not including repair, maintenance, modernization, or expansion to better serve existing development
Service Units	Standardized measure of consumption attributable to an individual unit of development

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IMPACT FEES (NOTE: This Chart Reflects Previous Impact Fees)

Impact Fee Calculation		
	Water Impact Fee	Wastewater Impact Fee
Total Eligible Capital Improvement Costs	\$24,120,635	\$14,463,953
Total Eligible Financing Costs	\$11,583,797	\$6,946,231
Total Eligible Impact Fee Costs	\$35,704,433	\$21,410,184
Growth in Service Units	2,059	1,764
Maximum Impact Fee per Service Unit	\$17,341	\$12,137
Impact Fee Credit per Service Unit	\$8,670	\$6,069
Maximum Allowable Impact Fee	\$8,670.33	\$6,068.64

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Impact Fees were approved by City Council in 2020 based on Freese & Nichols report.

- Impact Fee per Service Unit = $50\% \times \text{Capital Improvement Cost} / \text{New Service Units}$
 - Credit 50% for the portion of ad-valorem taxes generate by improvements
- Eligible Capital Improvement Cost = Capital + Financing costs of proposed projects that will accommodate growth within the next 10 years
- Growth in Service Units is from 2020 until FOR buildout projected for 2030
- The land use assumptions and capital improvements plan are to be updated at least every 5 years.

EXISTING WATER & WASTE WATER SYSTEMS

- The FOR water system consists of three independent pressure zones, representing the North, Central and South regions of the water system.
 - A network of water lines ranging in diameter from 2 to 12 inches
 - Seven ground storage tanks
 - Five pump stations
 - 30 active ground water wells
 - A wholesale supply connection to GBRA's Western Canyon transmission line

Outgoing Chairman - Paul Mebane

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- The water service area includes most of the city limits and ETJ
 - Excludes areas served by SAWS or Camp Bullis
- The FOR wastewater collection system consists of:
 - Seven lift stations and associated forced mains
 - A wastewater treatment plant with a permitted capacity of .5 mgd annual average flow
 - A network of gravity mains from 4 to 16 inches
- The wastewater service area includes a portion within the city limits, as well as the ETJ on the east side of the city
 - Difference in water and wastewater service areas is due to portions of the city served by on-site septic systems

Section 395 Texas Local Government Code – “Financing Capital Improvements Required by New Developments in Municipalities, Counties and Certain Other Local Governments”

Sec. 395.052. PERIODIC UPDATE OF LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN REQUIRED. (a) A political subdivision imposing an impact fee shall update the land use assumptions and capital improvements plan at least every five years. The initial five-year period begins on the day the capital improvements plan is adopted.

Since the most recent impact fees were approved by Council in August 2025, the next impact fees will need to be approved in 2030. After each CIAC meeting, the Chair will make a short report to the Council.