



August 6, 2024

Grant Watanabe, P.E., CFM
Director of Public Works & Engineering Services
City of Fair Oaks Ranch
7286 Dietz Elkhorn
Fair Oaks Ranch, Texas 78015
210-698-0900 x213

Dear Mr. Watanabe,

Freese and Nichols, Inc. is pleased to submit this proposal to provide professional services to the City of Fair Oaks Ranch for the Water and Wastewater Impact Fee Update.

We appreciate this opportunity to present this proposal. If additional information is desired, please do not hesitate to contact us.

Sincerely,
FREESE AND NICHOLS, INC.

A handwritten signature in blue ink that reads 'Jessica P. Vassar'.

Jessica Vassar, P.E.
Project Manager

Exhibit B

City of Fair Oaks Ranch Water and Wastewater Impact Fee Update Scope of Work

Project Understanding:

Freese and Nichols, Inc. (FNI) understands that the City of Fair Oaks Ranch (City) is seeking to update their water and wastewater impact fees consistent with the requirements of Chapter 395 of the Texas Local Government Code. FNI will work with City staff to develop land use assumptions and the impact fee capital improvements plan. The study will be coordinated through a Capital Improvements Advisory Committee (appointed by the City) and culminate with adoption through a public hearing process.

Scope of Work:

Basic Services:

1. Project Kickoff Meeting: FNI will attend a virtual project kickoff meeting at the City to discuss project scope and schedule. A data request memorandum will be developed and presented at the meeting.
2. Develop Land Use Assumptions: FNI will utilize data from City staff to develop the land use assumptions for 2024 and 2034 conditions.
3. Identify Existing Projects Eligible for Impact Fee Cost Recovery: FNI will review recently completed water and wastewater improvements and determine which projects have excess capacity for future growth.
4. Identify Water and Wastewater Projects: FNI will work with City staff to analyze the projects proposed in the Water and Wastewater Master Plan to refine the timing of the recommended improvements. Demand and flow triggers will be developed to identify when the proposed projects are needed. FNI will also incorporate additional projects identified by staff.
5. Develop Water and Wastewater Impact Fee CIP: FNI will develop an impact fee CIP based on the existing eligible improvements and the proposed water and wastewater projects. Maps will be prepared showing the proposed water and wastewater capital improvement plan projects included in the impact fee calculations.
6. Conduct Water and Wastewater Capacity Analysis: FNI will utilize the updated land use assumptions to determine the capacity utilized of each project due to the 10-year growth projections.
7. Calculate Project Costs Eligible for Impact Fee Cost Recovery: FNI will calculate the portion of the project costs that is impact fee eligible based on the capacity analysis. Cost estimates developed as part of the Water and Wastewater Master Plan will be updated to 2024 dollars. Estimated project costs provided by the City will be used for existing eligible projects.

Exhibit B

8. Develop Service Unit Equivalents (SUEs) for Water and Wastewater Systems: FNI will utilize equivalent capacity of water meters to establish the service unit equivalents (SUEs) required in Chapter 395 of the Local Government Code for both existing and 10-year growth conditions.

9. Calculate Maximum Allowable Impact Fees: FNI will develop maximum allowable water and wastewater impact fees using the 50% credit method based on the existing and proposed capital improvement costs to support 10-year growth.

10. Develop Draft Impact Fee Report: FNI will prepare a Draft Water and Wastewater Impact Fee Report showing land use assumptions, water and wastewater impact fee eligible capital improvement costs, and maximum allowable water and wastewater impact fees. An electronic PDF copy will be delivered to City for review.

11. Progress Meetings: FNI will meet with the City virtually up to three (3) times to discuss the status of the project and review the results of the analysis.

12. Finalize Impact Fee Report: FNI will prepare a final Water and Wastewater Impact Fee Report and deliver an electronic PDF copy and 10 hard copies to the City.

13. Citizen Advisory Committee Presentations: FNI will conduct two presentations to the Citizen Advisory Committee and/or the City Council. Topics may include impact fee program overview, summary of land use assumptions, capital improvements plan, or impact fee analysis and results. FNI will prepare presentation materials and exhibits for the Citizen Advisory Committee presentations.

14. Attend City Council Meetings: FNI will attend two City Council meetings. The first to set the date for the Public Hearing and the second for the Public Hearing to present and address questions about the land use assumptions, capital improvements plan, and impact fee calculations.

Additional Services:

Development of Credit Analysis: FNI will perform an analysis of the proposed projects to be included in the impact fee calculation to serve new customers to determine if a credit is applicable, as defined by Local Government Code Chapter 395. FNI will compare the proposed projects against the City's past and present funding sources and the portion of those funding sources that are included, or expected to be included, in the City's Water and Wastewater rates. If necessary, a credit will be developed to ensure that new customers are not charged twice for capital improvements attributed to them, through impact fees and again through rates.

Project Schedule:

FNI will complete the proposed scope of work within 10 months of notice to proceed.

Compensation:

Basic Services	\$69,282
Additional Services	\$23,987
Total	\$93,269