



CAPITAL IMPROVEMENT ADVISORY COMMITTEE CONSIDERATION ITEM CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Discussion regarding the next Impact Fee Study and Update
DATE: March 21, 2024
DEPARTMENT: Public Works
PRESENTED BY: Paul Mebane, CIAC Chairperson
Grant Watanabe, P.E., Director of Public Works and Engineering Services

INTRODUCTION/BACKGROUND:

As required by Local Government Code §395.052, a periodic update of Land Use Assumptions and the Capital Improvement Plan is required. A political subdivision imposing an impact fee shall update the land use assumptions and capital improvement plan at least every five years. The City's Water and Wastewater Impact Fees were last updated and adopted on March 5, 2020, and, therefore, are due for an update. With inflation and increases in material and labor costs driving project costs higher over the past several years, CIAC members have expressed a desire to update impact fees to ensure future developments pay their share for new or expanded utility infrastructure.

An impact fee is defined as "a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping costs of capital improvements or facility expansions necessitated by and attributable to the new development."

The CIAC Chairperson, Mr. Paul Mebane, has drafted a Water/Wastewater Impact Fee Update Schedule (**Exhibit A**). A copy of the schedule from the last impact update (**Exhibit B**) and legal Q&A (**Exhibit C**) are also provided for reference. Note that the next Impact Fee Study can be initiated earlier if a budget amendment is approved by City Council and funds are allocated for the current fiscal year. Based on a review of impact fee balances, sufficient funds are available to support the estimated cost of the study.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Supports Priority 1.4 Develop Sustainable Financing Strategies Aligned with Service Delivery Expectations of the Strategic Action Plan.
- Supports Priority 3.1 Enhance and Ensure Continuity of Reliable Water Resources in Accordance with CCN Obligations of the Strategic Action Plan.
- Supports Priority 3.2 Enhance and Ensure Continuity of Reliable Wastewater Treatment in Accordance with CCN Obligations of the Strategic Action Plan.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Impact fees are a tool that cities can use to recoup some of the costs of capital improvements or facility expansions necessitated by and attributable to new development. Put more simply, impact fees require new developments to pay for the costs that new development places on city infrastructure.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

N/A