PRESENTATION

City of Fair Oaks Ranch

Water and Wastewater Impact Fee Update



June 5, 2025

Impact Fee Process



FREESE AND NICHOLS

What are Impact Fees?

One-time charge assessed to new development for a *portion of costs* related to specific capital improvements

State Law: Chapter 395 Texas Local Government Code

Basic Policy Question

Who Pays for Growth ?



No Impact Fees: Existing and future tax payers build all capital facilities. Impact Fees: New development shares in part of this responsibility.

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Developer

Impact Fee Calculation

Only percent of project utilized in the 10-year period is eligible Performed analysis to credit any portion of project costs that will be included in future water rates

Impact fees calculated by dividing eligible CIP by growth in service units

Impact Fee
per Service UnitIFCIP Cost - Credit
New Service Units

Service Areas





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Future Land Use

FUTURE LAND USE

Civic & Community Facilities Existing Parks and Open Space **Existing Residential** Logistics Mixed Use Village Neighborhood Commercial Neighborhood Residential Parks and Open Space **Rural Residential**



Growth Projections





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Growth Projections

Vear	Water Service Area	Wastewater Service
ICai	CONTRECTIONS	Area connections
2025	3,255	2,004
2035	3,968	2,402

Water Demand Projections

		Maximum	
	Average Day	Day	Peak Hour
	Demand	Demand	Demand
Year	(MGD)	(MGD)	(MGD)
2025	1.63	4.07	8.14
2035	1.98	4.96	9.92

Wastewater Flow Projections

Year	Average Annual Daily Flow (MGD)	Peak Wet Weather Flow (MGD)
2025	0.32	1.12
2035	0.38	1.35

Water Impact Fee CIP



Wastewater Impact Fee CIP



Impact Fee Calculation

- Impact Fees Calculated by Dividing Eligible CIP/Growth in Service Units
- For Fair Oaks Ranch, the Service Unit is the Living Unit Equivalent (LUE)
- Credit of 50% for the portion of ad-valorem taxes generated by CIP improvements
- Fee collected can be less than maximum

Impact Fee Per Service Unit = <u>Eligible CIP Cost</u> New Service Units

Living Unit Equivalents (LUE)

Meter Size	Туре	Maximum Flow (gpm)	Living Unit Equivalent
3/4"	Displacement	25	1.0
1"	Displacement	40	1.6
1 1/2"	Displacement	50	2.0
2"	Compound	160	6.4
3"	Compound	320	12.8
4"	Compound	500	20.0
6"	Compound	1,000	40.0
8"	Compound	1,600	64.0

Water LUE Growth

	2025						
Meter Size	Number of Meters ⁽¹⁾	Living Unit Equivalent	Total LUEs	Number of Meters	Living Unit Equivalent	Total LUEs	Growth in LUEs
3/4"	2,913	1.0	2,913	3,551	1.0	3,551	638
1"	341	1.6	546	416	1.6	666	120
1 1/2"	0	2.0	0	0	2.0	0	0
2"	0	6.4	0	0	6.4	0	0
3"	1	12.8	13	1	12.8	13	0
4"	0	20.0	0	0	20.0	0	0
6"	0	40.0	0	0	40.0	0	0
8"	0	64.0	0	0	64.0	0	0
Total	3,255	-	3,471	3,968	-	4,229	758

Wastewater LUE Growth

	2025						
Meter Size	Number of Meters ⁽¹⁾	Living Unit Equivalent	Total LUEs	Number of Meters	Living Unit Equivalent	Total LUEs	Growth in LUEs
3/4"	1,882	1.0	1,882	2,256	1.0	2,256	374
1"	121	1.6	194	145	1.6	232	38
1 1/2"	0	2.0	0	0	2.0	0	0
2"	0	6.4	0	0	6.4	0	0
3"	1	12.8	13	1	12.8	13	0
4"	0	20.0	0	0	20.0	0	0
6"	0	40.0	0	0	40.0	0	0
8"	0	64.0	0	0	64.0	0	0
Total	2,004	-	2,088	2,402	-	2,501	412

Water Impact Fee

	Description of Project		Percent Utilization			Costs Based on 2025 Dollars				
			2035	10-year Utilization	Capital Cost	Financing Cost	Total Project Cost	Impact Fee Eligible Cost		
	EXISTING ELIGIBLE									
A	12-inch Parallel Along Rolling Acres Trail	40%	48%	8%	\$114,107	\$60,298	\$174,405	\$13,952		
В	12-inch Along Meadow Creek Trail	60%	78%	18%	\$24,773	\$13,091	\$37,864	\$6,815		
С	12-inch Line Near Meadow Creek Trail and FM 3351	15%	94%	79%	\$936,527	\$494,889	\$1,431,416	\$1,130,819		
D	9,000-Gallon Plant #2 Hydropneumatic Tank (Zone C)	93%	100%	7%	\$642,558	\$339,547	\$982,105	\$68,747		
	Impact Fee Study	0%	100%	100%	\$36,000	\$19,023	\$55,023	\$55,023		
	PROPOSEI	D ELIGIBL	E							
1	12-inch Corley Tract Line (Zone B)	20%	94%	74%	\$1,715,600	\$906,575	\$2,622,175	\$1,940,409		
2	0.5-MG Plant 5 Ground Storage Tank (Zone A/B)	92%	94%	2%	\$3,300,000	\$1,743,820	\$5,043,820	\$100,876		
3	0.5-MG Zone A Elevated Storage Tank (Zone A)	64%	69%	5%	\$8,779,400	\$4,639,300	\$13,418,700	\$670,935		
4	400-gpm Plant #5 Zone B Pump Station Expansion and 0.5-MG GST (Zone B)	92%	94%	2%	\$646,400	\$341,577	\$987,977	\$19,760		
5	50,000 gallon Ground Storage Tank (Zone C)	95%	100%	5%	\$374,300	\$197,791	\$572,091	\$28,605		
6	12-inch West Ammann Road Water Line (Zone A)	0%	48%	48%	\$1,203,900	\$636,177	\$1,840,077	\$883,237		
7	16-inch Plant #6 Discharge Water Lines (Zone B)	20%	94%	74%	\$3,812,200	\$2,014,482	\$5,826,682	\$4,311,744		
8	Pressure Reducing Valve at Rolling Acres Trail and Meadow Creek Trail (Zone B)	0%	94%	94%	\$132,000	\$69,753	\$201,753	\$189,648		
9	8-inch Water Line at Dietz Elkhorn Road and Ralph Fair Road (Zone C)	0%	100%	100%	\$481,600	\$254,492	\$736,092	\$736,092		
10	Plant #6 and New GBRA Delivery Point (Zone A/B)	20%	78%	58%	\$11,816,700	\$6,244,302	\$18,061,002	\$10,475,381		
11	12-inch Northeast Water Lines (Zone A)	0%	48%	48%	\$3,972,800	\$2,099,348	\$6,072,148	\$2,914,631		
12	650-gpm Elmo Davis Pump Station Expansion (Zone C)	95%	100%	5%	\$1,050,300	\$555,010	\$1,605,310	\$80,266		
13	12-inch Southeastern Water Lines (Zone B)	20%	94%	74%	\$4,093,100	\$2,162,918	\$6,256,018	\$4,629,453		
14	12-inch Northeast Water Lines (Zone A)	0%	10%	10%	\$3,160,100	\$1,669,892	\$4,829,992	\$482,999		
15	12-inch ETJ Water Line (Zone B)	20%	75%	55%	\$3,707,900	\$1,959,366	\$5,667,266	\$3,116,997		
		Total Ca	apital Impre	ovements Cos	st \$50,000,265	\$26,421,652	\$76,421,917	\$31,856,390		
					10-year (Growth in LUEs	\rightarrow	758		
					Maximum Impa	ct Fee per LUE	\rightarrow	\$42,027		
			Maximum	Allowable Im	bact Fee per LL	JE (50% Credit)	<i>></i>	\$21,013		
* Utilizatic for future	Utilization in 2025 on Proposed Projects indicates a portion of the project that will be used to address deficiencies within the existing system, and therefore are not eligible for impact fee cost recovery or future growth.									

** Financing costs calculated assuming a 5% interest rate over a 20-year term.

Wastewater Impact Fee

		Percent Utilization			Costs Based on 2025 Dollars			
	Description of Project	2025	2035	10-year Utilization	Capital Cost	Financing Cost	Total Project Cost	Impact Fee Eligible Cost
		E	XISTIN	NG ELIGIBL	E			
Α	Impact Fee Study	0%	100%	100%	\$36,000	\$19,023	\$55,023	\$55,023
	PROPOSED ELIGIBLE							
1	8-inch Gravity Line and Decommission Falls Lift Station	99%	100%	1%	\$722,400	\$381,738	\$1,104,138	\$11,041
2	Expansion of Wastewater Treatment Plant	0%	100%	100%	\$4,100,000	\$2,166,564	\$6,266,564	\$6,266,564
3	8-inch Gravity Line east of Ralph Fair Road	0%	100%	100%	\$557,100	\$294,388	\$851,488	\$851,488
4	15-inch Gravity Line west of Ralph Fair Road	28%	96%	68%	\$985,000	\$520,504	\$1,505,504	\$1,016,765
	Total Capital Improvements Cost \$6,400,500 \$3,382,218 \$9,782,718 \$8,200,882							
10-year Growth in LUEs \rightarrow 412								
	$Maximum Impact Fee per LUE \rightarrow \$19,886$							\$19,886
	Maximum Allowable Impact Fee per LUE (50% Credit) → \$9,943							

* Utilization in 2025 on Proposed Projects indicates a portion of the project that will be used to address deficiencies within the existing system, and therefore are not eligible for impact fee cost recovery for future growth.

** Financing costs calculated assuming a 5% interest rate over a 20-year term.

Impact Fee Summary

	Water	Wastewater
Total Eligible Impact Fee Costs	\$31,856,390	\$8,200,882
Growth in LUEs	758	412
Maximum Impact Fee per LUE	\$42,027	\$19,886
Maximum Allowable Impact Fee	\$21,013	\$9,943

Benchmarking



🖉 Water 👘 Wastewater

Project Schedule

- CIAC Workshop #1 (March 20)
- CIAC Workshop #2 and Recommendation (April 8)
- Resolution to set the Date for the Public Hearing (June 5)
- Public Hearing and Ordinance 1st Reading (July 17)
- Ordinance 2nd Reading (August 7)

Questions and Discussion

Water and Wastewater Impact Fee Update

