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## CITY COUNCIL CONSIDERATION ITEM

### CITY OF FAIR OAKS RANCH, TEXAS

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AGENDA TOPIC: Consideration and possible action approving a resolution setting a public hearing date for proposed amendments to Land Use Assumptions, Capital Improvement Plans, and Water and Wastewater Impact Fees

DATE: June 5, 2025

DEPARTMENT: Public Works

PRESENTED BY: Grant Watanabe, P.E., Director of Public Works and Engineering Services  
Jessica Vassar, P.E., Freese and Nichols, Inc.

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#### **INTRODUCTION/BACKGROUND:**

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.”

On September 5, 2024, the City Council approved a resolution authorizing the execution of a work authorization with Freese and Nichols, Inc. to conduct a water and wastewater impact fee update. In accordance with Texas Local Government Code §395.052, a political subdivision imposing an impact fee shall update the land use assumptions (LUA) and capital improvement plan (CIP) 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 in 2025. This process requires a public hearing on proposed amendments to the City’s LUA, CIP and impact fees prior to adoption.

The draft 2025 Impact Fee report prepared by Freese and Nichols, Inc. is attached as **Exhibit A**. For the 10-year planning window (2025 to 2035) used for impact fee calculation, the report includes the following projections:

- Growth of 713 new water connections and 398 wastewater connections
- Growth of 758 water LUEs and 412 wastewater LUEs
- Increase in average daily water demand from 1.63 to 1.98 million gallons per day
- Increase in average wastewater flow from 0.32 to 0.38 million gallons per day
- Total water system impact fee eligible project costs of \$31,856,390 (includes five existing and 15 proposed projects)
- Total wastewater system impact fee eligible project costs of \$8,200,882 (includes one existing and four proposed projects)

The current adopted impacts fees are \$8,670.33 per water LUE and \$6,068.64 per wastewater LUE. Based on the growth projections and impact fee eligible project cost estimates, the maximum allowable 2025 impact fees are calculated to be \$21,013.00 per water LUE and \$9,943.00 per wastewater LUE. It should be noted that these numbers represent the maximum allowable impacts fees and lower amounts may be adopted. A comparison of the City’s current and proposed impact fees to surrounding cities is included in the draft report for reference.

On April 8, 2025, the Capital Improvements Advisory Committee (CIAC) reviewed and discussed the updated LUA, CIP and proposed water and wastewater impact fees. The committee recommended approval of the updated LUA, CIP and maximum allowable impact fees. The CIAC Chairman will present written comments on the proposed impact fees later in the agenda.

**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 of the Strategic Action Plan.
- Supports Priority 3.2 Enhance and Ensure Continuity of Reliable Wastewater Treatment 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:**

The City Attorney has reviewed the resolution and approved it as to form.

**RECOMMENDATION/PROPOSED MOTION:**

I move to approve a resolution setting a public hearing for July 17, 2025, at 6:30 p.m., during the regular City Council meeting, for proposed amendments to the City's land use assumptions, capital improvement plans, and water and wastewater impact fees.