



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

AGENDA TOPIC: Discussion Regarding the next Impact Fee Update
DATE: September 5, 2024
DEPARTMENT: Public Works
PRESENTED BY: Grant Watanabe, P.E., Director of Public Works and Engineering Services

INTRODUCTION/BACKGROUND:

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 will require a public hearing on the updated LUA, CIP and proposed impact fees prior to the adoption of new impact fees.

In addition, LGC §395.014 states that political subdivisions shall use qualified professionals to prepare the capital improvement plan and to calculate the impact fee. From the list of on-call consultants, Freese and Nichols, Inc. is a highly qualified consultant. The firm completed the City's Water, Wastewater and Reuse Master Plan and conducted the 2015 and 2020 impact fee updates. They also have experience working with the City's Capital Improvements Advisory Committee (CIAC) in calculating proposed impact fees and developing recommendations to City Council.

Staff have completed negotiations with Freese and Nichols, Inc. and a copy of the final proposal is attached as **Exhibit A**. Staff plan to present the proposal and a resolution at the September 5 regular City Council meeting for approval.

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." 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.

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.

- Complies with Texas Local Government Code Chapter 395.

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.

The cost for this water and wastewater impact fee update is \$69,282. The cost paid in 2020 was \$72,000. As with past impact fee studies and updates, water and wastewater impact fees collected to date are available and will be used to fund the cost of this update.

Once the new proposed impact fees are developed, additional services may be warranted. An addendum to the work authorization may be issued in the amount detailed in the proposal.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

N/A