CITY COUNCIL CONSENT ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC:	Approval of the second reading of an ordinance amending the City of Fair Oaks Ranch Code of Ordinances, Chapter 13 Utilities, Article 13.08 Water and Wastewater Impact Fees, to include amendments to land use assumptions, capital improvement plans, and water and wastewater impact fees; and providing for an effective date
DATE:	August 7, 2025
DEPARTMENT:	Public Works
PRESENTED BY:	Consent Item: Grant Watanabe, P.E., CFM, Director of Public Works & 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.

The 2025 Impact Fee Report prepared by Freese and Nichols, Inc. is available on the City's website. 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 as shown in the report, page 3-6)
- Total wastewater system impact fee eligible project costs of $8,200,882 (includes one existing and four proposed projects as shown in the report, page 3-7)

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 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 and

provided written comments in their semi-annual report to the City Council on June 5.

On July 17, 2025, the City Council held a public hearing on the amendments and approved the first reading of the ordinance. No public testimony was received for or against the amendments during the public hearing.

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 some costs that new development places on city infrastructure.

LEGAL ANALYSIS:

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

RECOMMENDATION/PROPOSED MOTION:

Consent Item: I move to approve the second reading of an ordinance amending the City of Fair Oaks Ranch Code of Ordinances, Chapter 13 Utilities, Article 13.08 Water and Wastewater Impact Fees, to include amendments to land use assumptions, capital improvement plans, and water and wastewater impact fees; and providing for an effective date.