

Presentation on Land Use Assumptions, Capital Improvements Plan, and Maximum Allowable Impact Fees



October 29, 2026

Impact Fee Update Process

Develop Land Use Assumptions

- Determine existing customer base
- Estimate growth over next 10-years
- Develop water demand and wastewater flow projections

Establish Capital Improvement Plan (CIP)

- Utilize Land Use Assumptions to determine required system improvements to serve 10-year growth
- Based on Water and Wastewater Master Plan recommendations

Conduct Impact Fee Calculations

- Determine 10-year capacity utilization for projects
- Establish growth in Living Unit Equivalents (LUEs)
- Calculate maximum allowable impact fee

Stakeholder Meetings

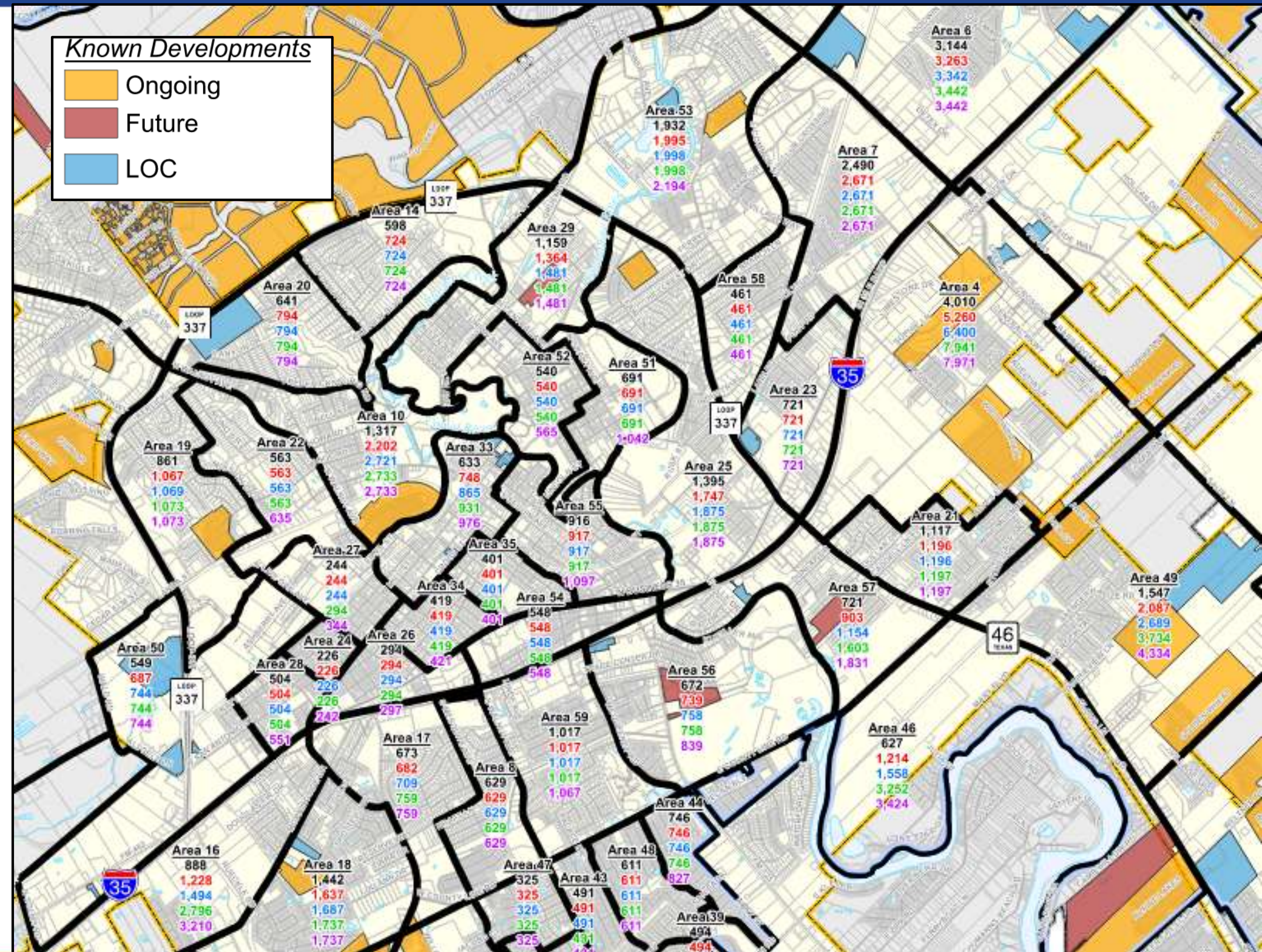
- Staff meetings
- IFAC meetings, CAP meetings, Developer Community meetings
- Board and City Council presentations

Public Hearing and Adoption of Ordinance

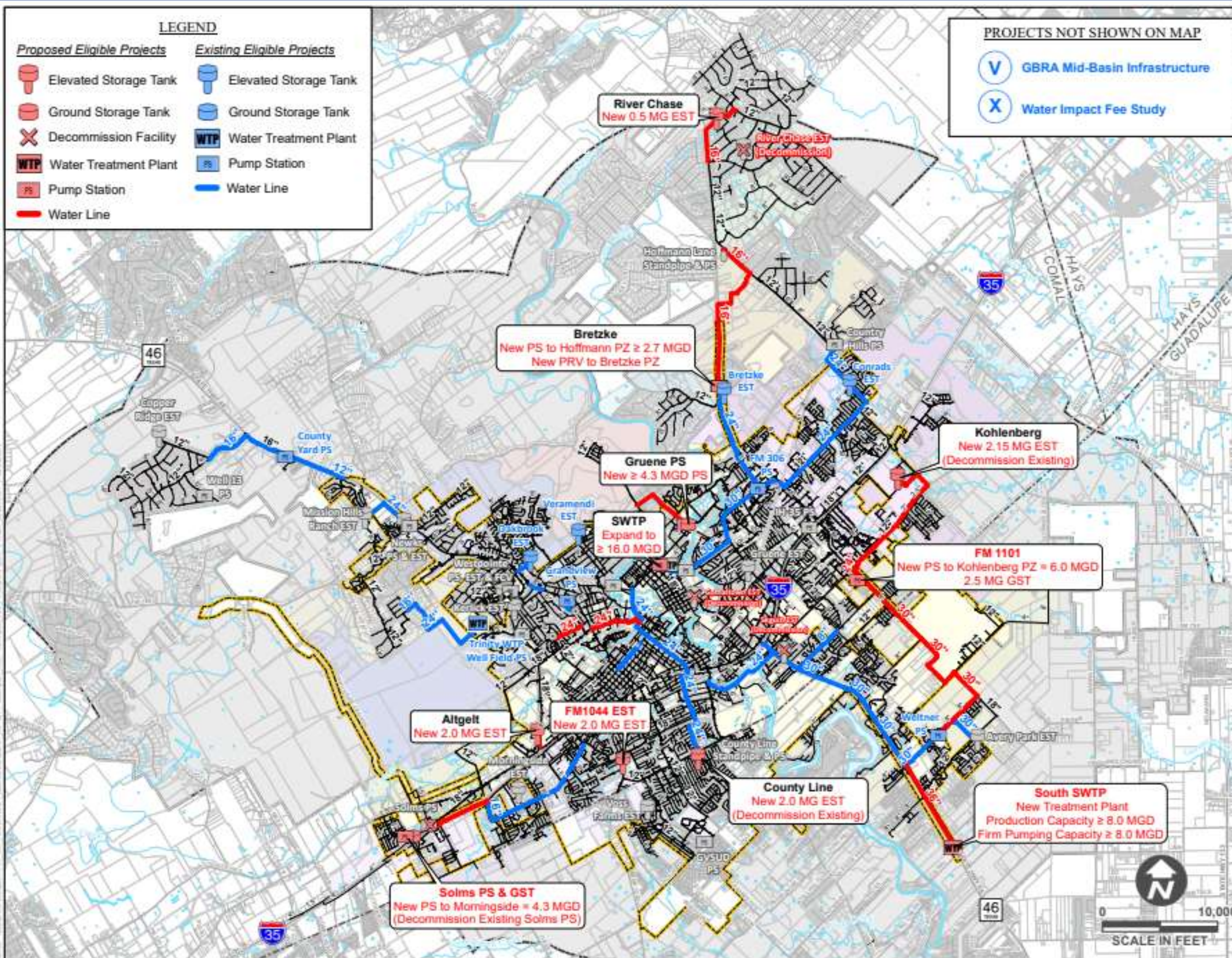
- Public Hearing requires 30-day public notice
- Impact Fee report to be available to the public 60 days before public notice
- Ordinance update requires two readings at City Council meeting, Board approves NBU impact fee policy

Land Use Assumptions

- **Projections based on:**
 - 2025 Water Resources Plan
 - 2026 W/WW Master Plan
 - FY 2027 Budget Plan
- **Utilized historical growth rates by customer type**
- **Incorporated ongoing and future proposed development information to spatially distribute growth**
- **Projected 10-year Average Growth Rate = 4.3%**



Water System Improvements



Existing Projects

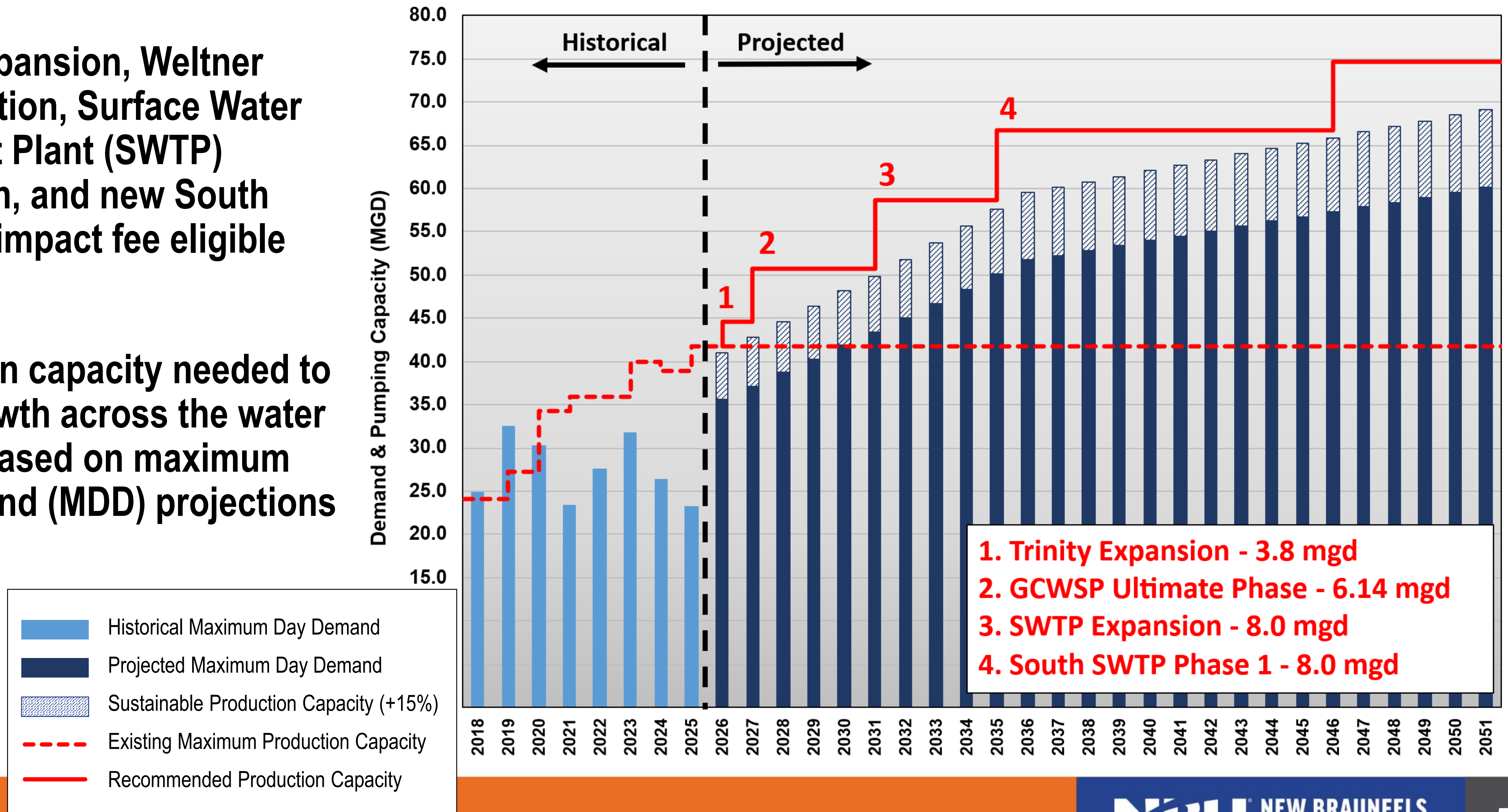
- 2 Pump Stations
- 5 Storage Tanks
- 3 Production Facilities
- 32 Miles of Pipeline

Proposed Projects

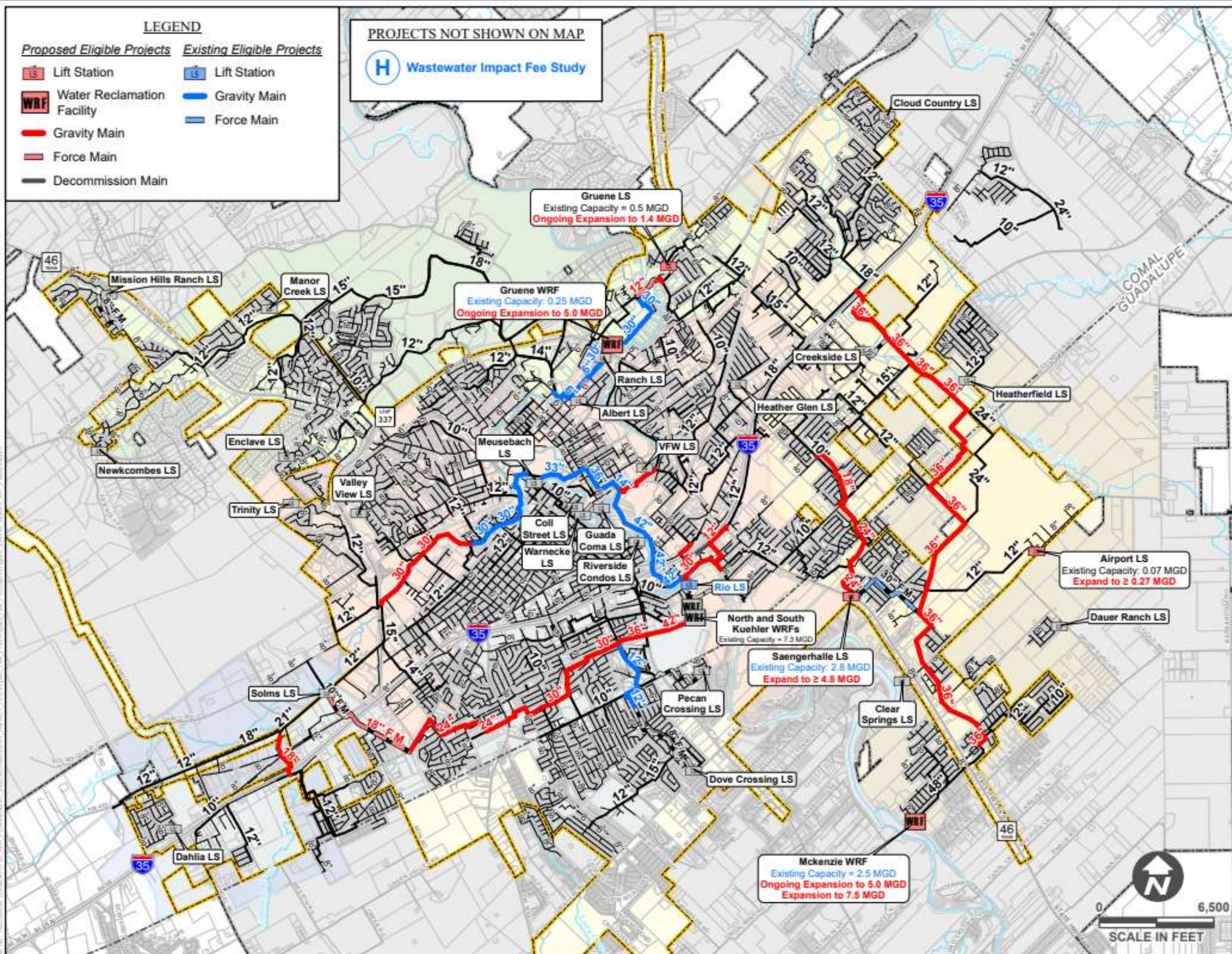
- 3 Pump Stations
- 5 Elevated Storage Tanks
- 1 Ground Storage Tank
- 2 Production Facilities
- 18 Miles of Pipeline

Water Production Capacity

- Trinity Expansion, Weltner Pump Station, Surface Water Treatment Plant (SWTP) Expansion, and new South SWTP all impact fee eligible
- Production capacity needed to serve growth across the water system, based on maximum day demand (MDD) projections



Wastewater System Improvements



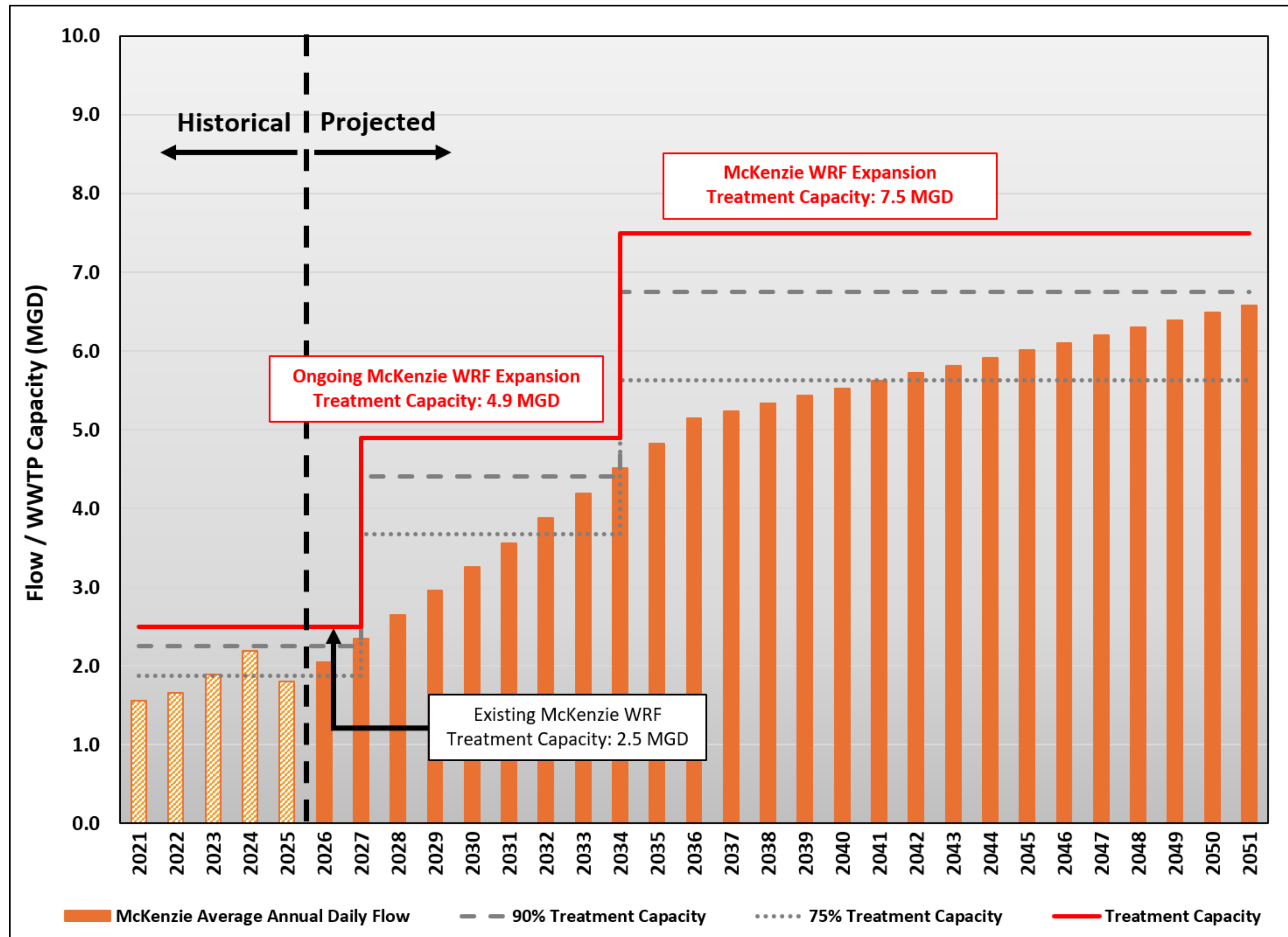
Existing Projects

- 2 Lift Stations
- 2 Water Reclamation Facilities (WRF)
- 8 Miles of Pipeline

Proposed Projects

- 4 Lift Stations
- 3 WRF Expansions
- 18 Miles of Pipeline

McKenzie Water Reclamation Facility (WRF)



- Texas Commission on Environmental Quality (TCEQ) “75/90” rule:
 - When a WRF exceeds 75% of its permitted annual average flow for three consecutive months, the utility must begin planning for a facility expansion
 - When flows exceed 90% of the permitted annual average flow, the facility must begin construction of its next expansion
- Ongoing McKenzie WRF Expansion project will increase treatment capacity to 4.9 MGD
- Additional McKenzie WRF Expansion needed by 2034

Impact Fee Calculations

Impact Fee Calculations

- Only the percentage of a project utilized in the 10-year period is eligible
- Used hydraulic model and planning criteria to determine percent utilization
- Performed analysis to credit any portion of project costs that will be included in future water rates
- Impact fees calculated by dividing eligible project costs by growth in service units

$$\text{Impact Fee per Service Unit} = \frac{\text{Impact Fee CIP Cost} - \text{Credit}}{\text{New Service Units}}$$

Eligible Cost Calculations

No.	Project ID	Project Description	Percent Utilization			Cost Based on 2026 Dollars	
			2026	2036	10-year Utilization	Total Project Cost	Impact Fee Eligible Cost
EXISTING ELIGIBLE							
A	2-C20GPSEX	Grandview Pump Station Expansion	96%	100%	4%	\$6,077,320	\$243,093
B	2-C18CR1PS	Highway 46 Water System Expansion	69%	100%	31%	\$12,231,194	\$3,791,670
C	2-C14MSR	MSR Reconstruction (CNB) - W	59%	87%	28%	\$4,053,223	\$1,134,902
D	2-C19SAST2	San Antonio St Rehabilitation Phase 2 (CNB) – W	68%	100%	32%	\$1,490,961	\$477,108
E	2-C17306GT	Old FM 306 Ground Storage Tank	45%	71%	26%	\$3,353,369	\$871,876
F	2-C14ALVES	Alves Ln Improvements (CNB) – W	93%	100%	7%	\$1,905,928	\$133,415
G	2-C17AP20	Avery Park 30” Water Main	40%	76%	36%	\$17,052,481	\$6,138,893
H	2-C19WRGST	Weltner Road Ground Storage Tank and Pump Station – Phase 1	14%	100%	86%	\$11,828,245	\$10,172,290
I	2-C20BRTZC	3.0 MG Bretzke EST and 24-inch Bretzke Waterline	89%	100%	11%	\$8,954,705	\$985,018
J	2-C19VTFCV	Veramendi 1.5 MG EST	19%	85%	66%	\$286,906	\$189,358
K	2-C21306PS	FM 306 Pump Station and Discharge Pipeline	14%	100%	86%	\$10,547,758	\$9,071,072
L	2-C21GLWL	Goodwin Lane Water Main	79%	100%	21%	\$11,075,806	\$2,325,919
M	2-C20MQPWL	24-Inch McQueeney Road Parallel Water Line	59%	95%	36%	\$5,207,505	\$1,874,702
N	2-C20SWDIS	30/24-Inch SWTP Discharge Line	40%	100%	60%	\$13,801,000	\$8,280,600
O	2-C21GEST	Conrads EST	62%	100%	38%	\$9,868,312	\$3,749,958
P	2-C20OBEST	Oakbrook EST, Pipeline & Flow Control Valve	15%	75%	60%	\$6,605,229	\$3,963,137
Q	2-C23MWCW	Mission/Westpointe Connection Waterlines	10%	26%	16%	\$6,533,119	\$1,045,299
R	2-C21TEXP	Trinity Expansion - Water Supply Facilities	0%	5%	5%	\$27,815,110	\$1,390,755
S	2-C20IH35W	I-35 Water Line	28%	65%	37%	\$10,452,096	\$3,867,276
T	2-C16CASTL	Castell Ave Rehabilitation (CNB) - W	66%	96%	30%	\$6,965,754	\$2,089,726
U	2-C21GVDL	Grandview Discharge Line Upgrades	96%	100%	4%	\$6,967,668	\$278,707
V	-	GBRA Mid-Basin Infrastructure	14%	100%	86%	\$113,640,000	\$97,730,400
X	-	Water Impact Fee Study	0%	100%	100%	\$116,462	\$116,462
PROPOSED ELIGIBLE							
1	2-C261101W	FM 1101 PS Discharge Water Line	10%	43%	33%	\$13,091,654	\$4,320,246
2	2-C261101P	FM 1101 PS and GST	0%	72%	72%	\$19,543,383	\$14,071,236
3	2-C20SLGST	Solms Ground Storage Tank and Flow Control Valve	60%	87%	27%	\$1,929,257	\$520,900
4	2-C20SWEXP	SWTP Expansion - Water Supply Facilities	0%	100%	100%	\$4,858,091	\$4,858,091

Impact fee eligible costs
(Total Cost x 10-year Utilization)

% Utilized in
10-year period

Project Costs

	CAPITAL PROJECT BUDGET FOR FISCAL YEAR 2027	
Department: Water	Project: WTR - TRMT PLT - SWTP SITE - EXP	
New Project: No	Project Start Date: 8/1/2019	Est. Completion Date: 7/31/2031

Impact Fees	Third Party Reimbursements	Projected 5 Yr. Reimb. Amounts:
Impact Fee Eligible? Yes If yes, what %? 40%	Reimbursable by 3rd party? No If yes, from whom? When? Total Lifetime Projected Reimb. Amount? 	FY 2027: \$ - FY 2028: \$ - FY 2029: \$ - FY 2030: \$ - FY 2031: \$ -

Project Grouping: Treatment Plants	New Capital or Aging Infra.: New Capital
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Project Description/Scope:

 The current surface water treatment plant (SWTP) has a design capacity of 8.0 mgd. Doubling the plant size will provide a total of 15.0 mgd sustained capacity. A plant expansion will allow NBU to treat all its Canyon Reservoir water and will increase NBU's ability to divert and treat a greater amount of our run of river rights.

This project is requested on the basis of:

 NBU needs new water production facilities to meet demand.

If proposed project is NOT undertaken in year proposed, NBU will incur an adverse impact of (please explain):

 NBU will need to find other sources of production supply to meet its future water needs.

If project increases/decreases from original plan (current fiscal year or total), why?

 OPCC increased significantly from the previous 2021 design due to additional requirements from permitting review, revisions to the operational needs, and additional aging infrastructure of the existing SWTP.

PROJECTED CAPITAL PROJECT EXPENDITURES								
	FY25 and Earlier	FY 26 Projections	FY 2027*	FY 2028*	FY 2029	FY 2030	FY 2031	Project Total
Internal Labor	610,317	16,935	13,935	3,000	1,027,628	1,028,938	1,024,500	\$ 3,725,453
Contract Engineering	4,979,872	577,311	475,333	102,057	1,260,940	1,297,920	1,150,000	\$ 9,843,433
Contract Labor	-	-	-	-	33,000,000	33,000,000	33,000,000	\$ 99,000,000
Materials	353	-	-	-	-	-	-	\$ 353
Land/Easements	-	-	-	-	-	-	-	\$ -
Overhead	-	-	53,349	9,272	-	-	-	\$ 62,621
Total	5,590,542	594,246	542,617	114,330	35,288,768	35,328,858	35,174,500	\$ 112,631,860
Previous Year's Project Forecast Totals	\$ 309,673	\$ 78,614,464	\$ 21,965,409	\$ 78,135,541	\$ -	Free Proj Total		\$ 62,743,313
							Difference	\$ 49,888,547
*The FY2027 plan reflects full project funding across FY2027 and FY2028 only.							LIFETIME PROJECT COST	\$ 112,631,860

RESULTING ASSETS CREATED		Fiscal Year Depreciation Amt.
% Allocation	2032	
3310-Water Op Water Treatment/Structures & Improv	70%	78,842,302
3320-Water Op & Trmt/Sand or Otr Media Filtr Equip	20%	22,526,372
3340-Water Op Water Treatment/Other Water Treat Equip	8%	9,010,345
3440-Water-Operating Transmission / Generators	2%	2,252,631
Total	100%	112,631,860

2-C20SWEXP	Requested Contract No.	2-C20SWEXP
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	RESULTING ASSETS CREATED	% Allocation	2026
	3310-Sewer Treatment / Structure & Improvements	40%	\$6,016.85
	3330-Sewer Treatment / Primary Treatment Equip	28%	\$2,510.53
	3340-Sewer Treatment / Secondary Treatment Equip	20%	\$18,008.42
	3370-Sewer Treatment / Sludge Treat&DisposalEquip	10%	\$9,004.21
	3380-Sewer Treatment / Plant Site Piping	5%	\$4,502.10
	Total	100%	\$9,042.12
3-COMBEVD	Broughted Contract No.		3-COMBEVD

2024 **CAPITAL PROJECT BUDGET FOR FISCAL YEAR 2027**

water	Project: <u>WWT - WRF - MCKENZIE - EXP</u>	
	Project Start Date <u>8/1/2019</u>	Est. Completion Date <u>7/31/2027</u>

yes Third Party Reimbursements			
Eligible?	Yes	Reimbursable by 3rd party?	Projected 5 Yr. Reimb. Amounts:
	9%	If yes, from whom?	FY 2027 \$ -
		When? <u>FY24</u>	FY 2028 \$ -
hat %?		Total Lifetime Projected Reimb. Amount? <u>\$ 37,711,569.13</u>	FY 2029 \$ -
			FY 2030 \$ -
			FY 2031 \$ -

WRF – Capacity Expansion	New Capital or Aging Infra.: <u>New Capital</u>
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BNR treatment process from 2.5 MGD to 5 MGD including: construction of new flow splitter box, expansion of headworks facilities, expansion of treatment basins, construction of new secondary clarifiers, expansion of tertiary filters, expansion of UV disinfection equipment, expansion of solids dewatering system (possible), and construction of new electrical equipment, site piping, and miscellaneous site

basis of:

ment capacity for future growth in the McKenzie basin. Without this project, projected average daily flow will exceed the permitted

ertaken in year proposed, NBU will incur an adverse impact of (please explain):

from original plan (current fiscal year or total), why?

PROJECTED CAPITAL PROJECT EXPENDITURES							
and er	FY 26 Projections	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Project Total
915,581	810,310	270,199	-	-	-	-	\$ 5,896,090
593,333	1,197,447	1,318,460	-	-	-	-	\$ 10,109,241
167,481	26,312,454	7,867,640	-	-	-	-	\$ 73,347,570
13,534	-	-	-	-	-	-	\$ 13,534
-	-	-	-	-	-	-	\$ -
		675,685	-	-	-	-	\$ 675,685
89,929	28,320,211	10,131,984	-	-	-	-	\$ 90,042,121
Totals	\$ 24,245,223	\$ 778,776	\$ -	\$ -	\$ -	\$ -	Price Proj Total \$ 91,888,322
							Difference \$ (1,846,191)
							LIFETIME PROJECT COST \$ 90,042,131

Water Costs

Total Project Costs = \$780,853,720
Impact Fee Eligible Costs = \$384,262,187

Wastewater Costs

Total Project Costs = \$617,211,772
Impact Fee Eligible Costs \$184,178,244

Living Unit Equivalents

Meter Size	Maximum Flow Rate for Continuous Duty (gpm)	Living Unit Equivalent
5/8"	10	1.0
1"	25	2.5
1 1/2"	50	5.0
2"	80	8.0
3"	175	17.5
4"	300	30.0
6"	675	67.5
8"	2,400	240.0
10"	3,500	350.0

- Service equivalent to a water connection for a single-family residence
- NBU utilizes 5/8-inch meters for typical single-family connections
- Equivalencies calculated based on American Water Works Association (AWWA) C700 and C702 maximum continuous capacity for water meters
- Multi-family: 0.5 LUE per dwelling unit

Service Unit Equivalents

WATER

Customer Type	Meter Size	2026 Total LUEs	2036 Total LUEs	2026-2036 Growth in LUEs
Single-Family & Non-Residential	5/8"	39,701	62,305	22,604
	1"	1,950	2,428	478
	1 1/2"	1,505	1,870	365
	2"	2,632	3,272	640
	3"	298	368	70
	4"	180	210	30
	6"	68	68	0
	10"	700	700	0
Multi-Family Residential	-	7,162	10,200	3,039
TOTAL GROWTH IN LUEs				27,225

WASTEWATER

Customer Type	Meter Size	2026 Total LUEs	2036 Total LUEs	2026-2036 Growth in LUEs
Single-Family & Non-Residential	5/8"	36,513	54,744	18,231
	1"	1,688	2,023	335
	1 1/2"	1,505	1,800	295
	2"	2,608	3,120	512
	3"	280	350	70
	4"	180	210	30
	6"	68	68	0
	10"	700	700	0
Multi-Family Residential	-	7,138	10,177	3,039
TOTAL GROWTH IN LUEs				22,512

Texas Local Government Code Chapter 395:

The CIP must contain...a plan for awarding:

A. a credit for the portion of...revenues generated by new service units during the program period that is used for the payment of improvements, including the payment of debt, that are included in the CIP

or, in the alternative

B. a credit equal to 50% of the total projected cost of implementing the CIP

Maximum Allowable Impact Fees

Water Impact Fee	
Total Eligible Capital Improvement Costs	\$384,262,187
Total Eligible Financing Costs	\$234,123,950
Total Eligible Impact Fee Costs	\$618,386,137
Total Impact Fee Credits	\$1,683,202
Maximum Allowable Eligible Costs	\$616,702,935
Growth in Service Units	27,225
Maximum Allowable Water Impact Fee	\$22,652

- **Current water impact fee = \$19,448**
- **Increase in the maximum allowable fee = \$3,204**

- **Increased construction costs are main factor contributing to increase**
- **Significant increase in treatment costs**
 - SWTP Expansion: \$52,556,400 → \$108,843,786
 - New South SWTP: \$137,592,000

Maximum Allowable Impact Fees

Wastewater Impact Fee	
Total Eligible Capital Improvement Costs	\$184,178,244
Total Eligible Financing Costs	\$110,296,975
Total Eligible Impact Fee Costs	\$294,475,219
Total Impact Fee Credits	\$2,488,815
Maximum Allowable Eligible Costs	\$291,986,404
Growth in Service Units	22,512
Maximum Allowable Wastewater Impact Fee	\$12,970

- **Current wastewater impact fee = \$6,244**
- **Increase in the maximum allowable fee = \$6,726**

- **Main factors contributing to increase:**
 - Construction costs
 - Location of growth
- **Significant increase in treatment costs**
 - McKenzie WRF Expansion: \$59,735,434 → \$83,470,350
 - Gruene WRF Expansion: \$44,490,000 → \$122,421,000
 - New McKenzie WRF Expansion: \$122,850,000

Next Steps

Next Steps



Impact Fee Report
available to public by
December 1, 2026



City Council Resolution to set
the public hearing date
January 25, 2027
Conduct public hearing on
impact fees on
March 8, 2027



City Council to consider
adoption of impact fees
NBU Board to consider
setting impact fee
collection rate on
April 29, 2027

Questions and Discussion

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