



ENGINEERING SERVICES

To: Mayor and Town Council

From: Dan Heischman, P.E., Assistant Director of Engineering Services

**Through: Mario Canizares, Town Manager
Chuck Ewings, Assistant Town Manager
Hulon T. Webb, Jr., P.E., Director of Engineering Services**

Re: Public Hearing – Impact Fee Update

Town Council Meeting – August 12, 2025

Strategic Visioning Priority: 4. Provide Excellent Municipal Services

Agenda Item:

Conduct a Public Hearing to receive public comments concerning the amendment of the land use assumptions and capital improvements plan, and the imposition of an impact fee for water, wastewater, and roadway utilities.

Description of Agenda Item:

On February 28, 2017, the Town Council adopted an ordinance updating the Town's land use assumptions (LUA), capital improvement plan (CIP), and water, wastewater and roadway impact fees. Section 395 of the Texas Local Government Code (TxLGC) requires any political subdivision imposing an impact fee to update the land use assumptions and the capital improvement plan at least every five years. The TxLGC also sets forth a number of requirements regarding the adoption of the LUA, CIP, and impact fees.

The CIP must be based on a set of adopted LUA, which include a description of the service area and projections of changes in land use densities, intensities and population in the service area over at least a ten-year period. The four basic components of the LUA include a description of the existing conditions, service area determination, ten-year growth projections, and ultimate growth projections at build-out. Once the LUA has been completed, the CIP is then prepared by a registered professional engineer in accordance with Section 395.014 of the TxLGC and includes:

- an assessment of existing capital facilities;
- total capacity and current levels of usage;
- a description of each type facility and associated costs for improvements necessitated by and attributable to new development based on the LUA;
- determination of a service unit and consumption, discharge, or use of facility by service unit;
- total number of projected service units based on the LUA;
- the projected demand for capital improvement over the next ten years;

- an equivalency table establishing the ratio of a service unit to various types of land uses; and
- a plan for awarding a credit per one of the options listed in Section 395.014 of the TxLGC.

Once the LUA and CIP are complete, a registered professional engineer must perform an impact fee analysis in accordance to Section 395 of the TxLGC and determine a maximum impact fee per service unit.

On February 14, 2023, the Town Council approved a professional services agreement between the Town of Prosper and Freese & Nichols, Inc. regarding the update of the Town's Water, Wastewater and Roadway Impact Fees. Section 395 of the TxLGC requires the Town Council to appoint a Capital Improvements Advisory Committee (CIAC) to serve in an advisory capacity to the Council. On March 12, 2024, the Town Council appointed the following members to the CIAC:

1. Glen Blanscet (Planning & Zoning Commission)
2. Josh Carson (Planning & Zoning Commission)
3. Brandon Daniel (Planning & Zoning Commission)
4. Matt Furay (Planning & Zoning Commission)
5. John Hamilton (Planning & Zoning Commission)
6. Sekou Harris (Planning & Zoning Commission)
7. Damon Jackson (Planning & Zoning Commission)
8. Tanner Andregg (ETJ Representative)

Freese & Nichols, Inc. has completed an update to the Town's LUA and CIP, has performed an impact fee analysis, and has determined the maximum impact fee per service unit for water, wastewater, and roadways. The impact fee study performed by Freese & Nichols, Inc. is attached. The CIAC has reviewed the LUA, CIP, and impact fees for water, wastewater, and roadways and provided a recommendation which is also attached.

Budget Impact:

The amount of impact fees assessed and collected directly impacts the amount of funds the Town is able to use to offset the cost of capital improvements.

Legal Obligations and Review:

The impact fee update process has been performed in accordance with Section 395 of the TxLGC.

Attached Documents:

1. Impact Fee Study performed by Freese & Nichols, Inc.
2. CIAC Recommendation Letter
3. Impact Fee Update PowerPoint presentation by Freese & Nichols, Inc.

Town Staff Recommendation:

Town staff recommends that the Town Council hold a public hearing to receive public comment concerning the amendment of the LUA and CIP, and the imposition of an impact fee for water, wastewater and roadway utilities. Town staff also recommends that the Town Council provide direction to Town staff regarding the amount of the impact fee per service unit for water, wastewater, and roadways. In the next 30 days, Town staff recommends that the Town Council approve an amendment to the Town's impact fee ordinance, including the updated LUA and CIP.