



CIAC Recommendations: Trust Fund/Impact Fees

March 4, 2026

Background

August 2019: City Council directed staff to re-examine Trust Funds and assess alternative funding sources for new infrastructure.

December 2019 - February 2020: A Utility Alternative Financing Study update was completed and presented to City Council. The study recommended transitioning from trust funds to impact fees, to fund infrastructure expansion.

February 2024: City Council recommended reassess the current Trust Fees with CIAC and CIAC sub-committee, to see if adjustments could be made for solvency.



Summary

The Capital Improvement Advisory Committee (CIAC) recommends presenting City Council with two integrated actions:

- Adopt Impact Fees for water, wastewater, stormwater (Oso Creek), and roadway infrastructure under Texas Local Government Code Chapter 395, effective October 1, 2026, and sunset existing Trust Fund lot/acreage and pro-rata fees to prevent duplicative charges. (CIAC Recommendation April 2024)
- Amend the UDC to streamline Trust Fund reimbursement/credit processes, clarify surcharge collection, and authorize City participation for wastewater lift stations. (CIAC Recommendation August 2025 and December 2025)



Trust Funds

Since 1982, Trust Funds have reimbursed approximately \$41.5 million for water and wastewater infrastructure. Current structure includes four buckets; proposed amendments consolidate into two (Water and Wastewater), clarify eligibility, and formalize reimbursement agreements.

Process:

Step 1: Plat & Fee Payment – Submit plat and pay applicable fees

Step 2: Public Improvement Plans – Provide approved plans and cost estimates

Step 3: Agreement & Approval – City Council approves reimbursement agreement

Step 4: Construction & Reimbursement – Build infrastructure; reimbursement or credits issued when funds are available



Impact Fees

Legislatively created in 1989, Chapter 395 defines an impact fee as “a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansion necessitated by and attributed to the new development.” Water, wastewater, Stormwater and Roadway Impact Fees are governed by Chapter 395 of the Texas Local Government Code to fund growth-related capital improvements.

Following Council direction (2019) and adoption of Water, Wastewater, Stormwater, and Roadway Master Plans (2024), CIAC recommended impact fees for City Council consideration.



CIAC Recommended Trust Fund Amendments

- Streamline from four buckets into two buckets Water and Wastewater.
- Lift stations will no longer be eligible for reimbursement through Trust Funds and will instead be addressed through City participation agreements under UDC §8.4.
- Streamlines pro-rata fee collection and assessment
- Enhances requirements for submission documents; no longer allowing for design memorandum
- Limits extension to a one-time 12-month extension only if the project has begun. If development has not started the request for extension must be presented to City Council.
- No fee adjustment at this time with a fee revisit in FY28.



CIAC RECOMMENDATIONS ON IMPACT FEES

April 2024- CIAC recommended total Assessed fees of \$1,662.00/ERU (equivalent residential unit).

Assessed fees reflect proposed charges to development; adopted rates represent statutory maximums.

Infrastructure	Assessed	Adopted
Water	\$1,866.00/ERU	\$950.00/ERU
Wastewater	\$1,268.00/ERU	\$612.00/ERU
Commercial based on meter size		
Stormwater	\$30.54/KSF (thousand square feet)	\$100.00/ERU
Roadway	5% of Max Rate	\$0.00



Comparison of Current Trust Fund Fees & CIAC Proposed Impact Fees

	TRUSTFUND		IMPACTFEE	
	ADOPTED		ASSESSED	ADOPTED
WATER		WATER	1SA	
Com-Lot	525.61		1866.00 per ERU	950.00 per ERU
Com-Acre	2106.84			
Res-Lot	266.47			
Res-Acre	1052.69			
Surcharge W	355.78			
Pro Rata W**	15.42 ft			
WASTE		WASTE	1SA	
Lot	575.39		1268.00 per ERU	612.00 per ERU
Acre	2300.1			
Surcharge WW	405.56			
Pro Rata WW**	17.83 ft			
STORMWATER		STORMWATER		
L	0		30.54 ksf	100.00 per ERU*
ROADWAY		ROADWAY	21SA	
	0		5% of Max Rate	0

*only for Single Family lots

**charged when existing platted lot



Comparison of Current Trust Fund Fees and CIAC Proposed Impact Fees

	Single-Family (48 Lots-9.158 Acres)					Multifamily (286 Units 9.56 Acres)				Commercial 2.61 Acreage		
Current Trust Fund Fees												
	Lot/Acreage	Pro-Rata	Surcharge	Total	Per Lot	Lot/Acreage	Pro-Rata	Surcharge	Total	Lot/Acreage	Surcharge	Total
Water	\$12,790.56	\$10,177.20	\$17,077.44	\$40,045.20	\$834.28	\$20,141.39	\$5,088.60	\$4,269.36	\$29,499.35	\$5,498.85	\$711.56	\$6,210.41
Wastewater	\$27,618.72	\$11,767.80	\$19,466.88	\$58,853.40	\$1,226.11	\$21,988.95	\$5,883.90	\$4,866.72	\$32,739.57	\$6,003.26	\$811.12	\$6,814.38
	Per Lot Total				\$2,060.39	Per Lot Total			\$62,238.92	Per Lot Total		\$13,024.79
Impact Fee (CIAC Recommendation)												
	Impact Fee			Total	Impact Fee			Total	Impact Fee			Total
Water	\$45,600.00			\$45,600.00	\$271,700.00			\$235,600.00	\$4,750.00			\$4,750.00
Wastewater	\$29,376			\$29,376.00	\$175,032.00			\$151,776.00	\$3,060.00			\$3,060.00
Stormwater	\$4,800.00			\$4,800.00	\$0.00			\$0.00	\$0.00			\$0.00
	Total Per Lot			\$1,662.00	Total Per Lot			\$387,376.00	Total Per Lot			\$7,810.00



Key Differences

Trust Fund:

- Funded entirely by developers and builders through lot, acreage, and pro-rata fees.
- Adjustments and policy changes are controlled locally by City Council without state intervention.
- Provides flexibility for local priorities but limited to developer and builder contributions and reimbursement agreements.

Impact Fees:

- Funded by developers, builders, and partially by the City through credits and statutory requirements.
- Governed by Texas Local Government Code Chapter 395, meaning fee structures and requirements are subject to state law and can be adjusted by legislative action at any time.
- Offers a standardized, state-regulated framework tied to adopted Master Plans and Capital Improvement Programs.



Recommendation

Adoption of the proposed Trust Fund policy adjustments with no fee increase at this time; and a scheduled revisit of Trust Fund fees in FY28 to evaluate solvency and determine if adjustments are necessary.





Questions?