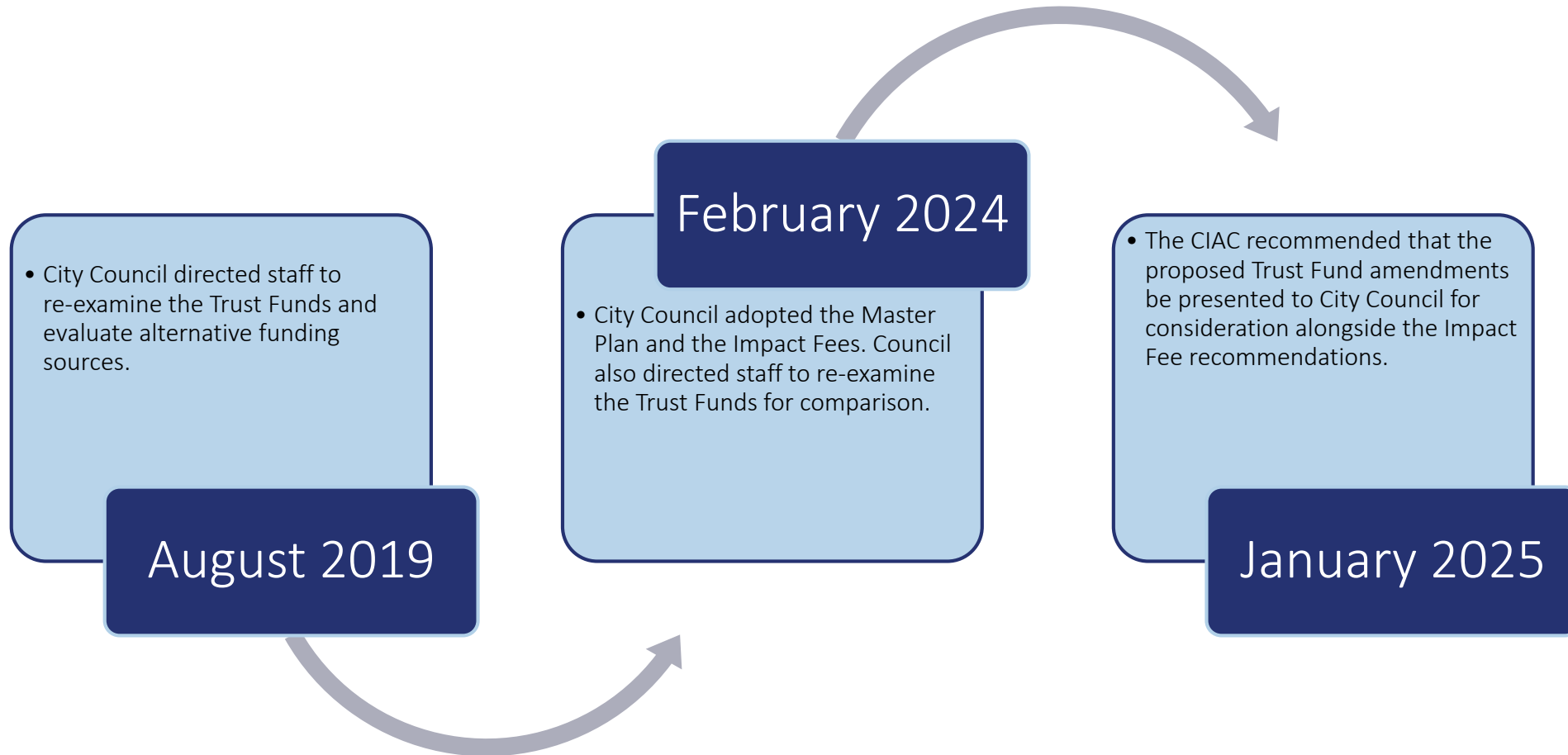




CIAC Recommendations: Trust Fund/Impact Fees

March 17, 2026

Background



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, 2028, and sunset existing Trust Fund lot/acreage and pro-rata fees to prevent duplicative charges. (CIAC Recommendation April 2024)

And/or 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)



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.



Trust Funds

From 1982-2024, 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



CIAC RECOMMENDATIONS ON IMPACT FEES

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

Max-Allowed fees reflect proposed charges to development; adopted rates represent statutory maximums.

Infrastructure	Max-Allowed	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



CIAC Recommended Trust Fund Amendments

- Improve efficiency by consolidating fund buckets.
- 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.



Comparison of Current Trust Fund Fees & CIAC Proposed Impact Fees

	Trust Funds	Impact Fee-Max Allowed	Recommended-Adopted
Water			
Commercial-Acre	2106.84/acre	1866.00/ERU	950.00/ERU
Residential- Lot	266.47/lot		
Surcharge	355.78/meter		
Pro Rata	15.42/lf		
Wastewater			
Commercial-Acre	2300.10/acre	1268.00/ERU	612.00/PER ERU
Residential- Lot	575.39/lot		
Surcharge	405.56/meter		
Pro Rata	17.83/lf		
Stormwater			
	0.00	30.54 KSF	100.00/ERU
Roadway			
	0.00	5% of Max Rate	0.00

ERU-equivalent residential unit

KSF- thousand square feet



Key Differences

Impact Fees	Trust Funds
Funded by developers, builders, and partially by the City through credits	Funded entirely by developers and builders
Governed by Chapter 395; subject to state law.	Local control; policy changes by Council.
Standardized tied to Master Plans	Reimbursement based.
Includes water, wastewater, stormwater, and roadway.	Limited to Water and Wasterwater



Consideration

Option 1: Approve the resolution setting the public hearing for Impact Fees and amend the existing Trust Fund language until sunsetted October 1, 2028.

Option 2: Approve Trust Fund Amendments Only





Questions?