

MINUTES
IMPACT FEE ADVISORY COMMITTEE MEETING
RONALD C. BOWMAN CITY COUNCIL CHAMBERS
447 North Main Street
Boerne, TX 78006
November 3, 2025 – 5:30 p.m.

Members Present: Cody keller, Lucas Hiler, Ross Partlow, Bob Cates, Tim Bannwolf, Susan Friar, Carlos Vecino, and Bill Bird.

Staff Present: Andrew Wilkinson, Andrea Snouffer, Kristy Stark, Mick McKamie, and Barrett Squires.

1. CALL TO ORDER – 5:30 PM

2. Approve minutes of May 5, 2025.

Lucas Hiler motioned to approve the minutes, Bill Bird seconded the motion. All were in approval. Minutes were approved.

3. Receive a presentation on the status of the impact fees.

The Impact Fee Advisory Committee held its second semi-annual meeting of the year in accordance with state law requiring the committee to meet twice annually. Staff provided updates on the City's impact fee program, including the current assessment and collection process, recent legislative changes affecting impact fees, financial activity, Capital Improvement Plan (CIP) projects, and recommendations for future action. The committee also discussed the implications of recent state legislation and the need to begin the next impact fee study earlier than originally planned due to rising infrastructure costs.

Purpose of the Meeting

The purpose of the meeting was to:

- Review the City's impact fee program and current status.
- Provide an update on impact fee collections and expenditures.
- Review recent legislative changes impacting municipal impact fees.
- Update the committee on Capital Improvement Plan projects funded through impact fees.
- Discuss recommendations for future impact fee ordinance updates and studies.

Overview of the Impact Fee Program

Staff reviewed the purpose and administration of impact fees. Impact fees are assessed only on new development to recover the cost of infrastructure required to serve growth. The fees are authorized

under Chapter 395 of the Texas Local Government Code and may only be used to fund projects identified in the City's adopted Impact Fee Capital Improvement Plan (CIP).

Impact fees are assessed at the time of plat approval, with the applicable ordinance identified on the recorded plat. Fees are typically collected during the utility application process and are maintained in separate interest-bearing accounts for water and wastewater services.

Role of the Advisory Committee

Staff reviewed the statutory responsibilities of the Impact Fee Advisory Committee, which include:

- Providing input during the impact fee development process.
- Reviewing the Land Use Assumptions, Capital Improvement Plan, and impact fee calculations.
- Making recommendations to the City Council regarding proposed updates to the impact fee ordinance.

Impact fee updates are generally conducted every five years unless circumstances warrant an earlier review.

Review of the 2023 Impact Fee Update

Staff summarized the City's most recent impact fee update, adopted in 2023 through Ordinance 2023-18.

The ordinance established a maximum combined water and wastewater impact fee of **\$7,629** for a standard residential connection, representing a reduction from the previous maximum fee of **\$9,557**.

Legislative Updates

Staff reviewed several significant changes enacted during the recent legislative session that affect municipal impact fee administration.

Approval Requirements

Future adoption or amendment of an impact fee ordinance now requires approval by a two-thirds vote of the governing body rather than a simple majority.

Three-Year Restriction on Fee Increases

State law now prohibits increasing impact fees for three years following adoption or the most recent increase. Since the City's current fees were adopted in May 2023, no increase may be implemented before May 2026.

Advisory Committee Composition

The law now requires that at least 50 percent of advisory committee members represent the real estate development or building industry. Staff confirmed that the City's current committee composition already complies with this requirement.

Independent Financial Audit

Prior to adopting a new or increased impact fee, the City must obtain an independent financial audit. The auditor must not have performed other services for the City during the previous twelve months. The completed audit must be made available to the public at least thirty days before publication of the public hearing notice.

Expanded Public Notice Requirements

Land Use Assumptions and the Capital Improvement Plan must now be available for public review at least sixty days before publication of the first public hearing notice, doubling the previous thirty-day requirement.

Senate Bill 14 - Water Conservation Credits

Staff highlighted the requirements of Senate Bill 14, which becomes effective January 1, 2026. The legislation requires municipalities to establish a process for providing credits against water and wastewater impact fees when developers construct or dedicate eligible facilities that promote water conservation, water reuse, reduced wastewater demand, stormwater reduction, or other water-efficient technologies.

Because the legislation provides limited guidance regarding eligible facilities and credit calculations, staff has begun coordinating with the City's legal counsel and impact fee consultant to develop ordinance amendments and administrative procedures. Staff anticipates presenting the required ordinance revisions to City Council before the law's effective date.

Financial Update

Staff reported continued growth in impact fee activity.

Since the previous committee meeting:

- Impact fee payments have nearly doubled.
- Total impact fee collections have increased to approximately **\$4.15 million**, representing an increase of roughly **\$2 million**.
- Expenditures remain consistent with debt service obligations and approved Capital Improvement Plan projects.
- Fund balances have increased modestly while multiple projects continue through design and construction.

Overall, staff reported that impact fee revenues continue to increase steadily as development activity continues.

Capital Improvement Plan Updates

Water System Projects

Staff provided updates on several major water infrastructure projects funded through the Capital Improvement Plan.

The Water Treatment Plant Expansion has completed its pilot study, and consultant selection and design are expected during the current fiscal year.

Construction of the Ammann Road Tank and Pump Station began in July and is progressing as scheduled.

Final design is nearing completion for the Reclaimed Water Storage Tank and Pump Station, with bidding and construction anticipated during the coming year.

Wastewater System Projects

Staff reported significant increases in projected construction costs as design advances for wastewater system improvements.

Projects affected include:

- Expansion of the wastewater treatment plant from 1.4 million gallons per day (MGD) to 2.1 MGD.
- Future expansion to 3.9 MGD.

As project scopes have become more refined, estimated construction costs have increased substantially compared to those used during preparation of the current Capital Improvement Plan.

Staff Recommendations

Based on the updated cost estimates and recent legislative changes, staff recommended:

1. Updating the Impact Fee Ordinance to comply with new state legislation, including Senate Bill

14.

2. Initiating the next Land Use Assumptions, population projection, and Capital Improvement Plan study before the previously scheduled 2028 update to evaluate whether revisions to the impact fee program are warranted due to escalating infrastructure costs.

Staff noted that beginning the study early would allow the City to evaluate current project costs and prepare for future impact fee updates when legally permissible.

Committee Discussion

Committee members discussed the practical effects of the recent legislative changes, particularly the new three-year prohibition on increasing impact fees.

Questions were raised regarding how municipalities are expected to account for inflation and rising construction costs during the required three-year waiting period and whether the newly required independent audit would address future cost projections.

Legal counsel explained that these issues are currently being discussed among municipal attorneys statewide and that no definitive guidance has yet been established. It was noted that municipalities will likely need to rely on reasonable cost projections until additional clarification becomes available.

Next Steps

Staff will continue coordinating with legal counsel and the City's impact fee consultant to prepare ordinance amendments necessary for compliance with Senate Bill 14.

In addition, staff intends to pursue an earlier update of the Land Use Assumptions and Capital Improvement Plan to address increasing infrastructure costs and evaluate potential future revisions to the City's impact fee program.

The committee's next regularly scheduled meeting is planned for **May 4 of the following year**, although an earlier meeting may be called if the impact fee study proceeds ahead of schedule.

Conclusion

The committee received updates on the current impact fee program, reviewed significant legislative changes affecting municipal impact fees, and discussed the financial status of the impact fee accounts and ongoing capital projects. Staff's recommendations focused on maintaining compliance with new state law while proactively evaluating the City's impact fee program in light of increasing infrastructure costs. No formal action was taken during the meeting.

4. ADJOURNMENT

Meeting was adjourned at 5:44 p.m.

Chair

Secretary

