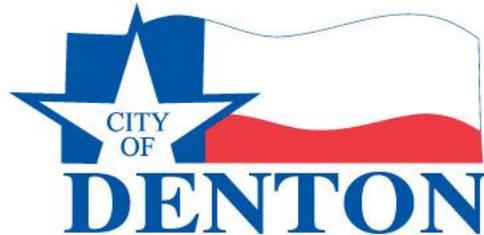


ID 25-1577: Capital Improvements Advisory Committee

Angie Manglaris, AICP
Development Review Manager
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Reason for Today's Discussion

- SB 1883 amended sections of Texas Local Government Code (TLGC) Chapter 395 relating to the collection of impact fees and establishment of a Capital Improvements Advisory Committee (CIAC).
 - Amendments regarding the establishment and composition requirements of the CIAC necessitate the creation of a new CIAC Ordinance.
- Staff is seeking City Council direction on the establishment of a new CIAC, including:
 - Creation of a new body to serve as the CIAC;
 - Membership requirements;
 - Number of members to be on the Committee;
 - Term lengths.

Texas Local Government Code Chapter 395

- Authorizes impact fee collection for new developments to offset costs of water, wastewater, and roadway capital improvements.
- To assess impact fees, a City must establish a CIAC to review and comment on:
 - Land use assumptions,
 - Capital improvement plans, and
 - Proposed impact fees.
- **TLGC 395.058(b) outlines the composition and meeting obligation requirements of the CIAC.**
- Prior to SB 1883 the following composition requirements applied:
 - Not less than five members appointed by the governing body.
 - Not less than 40 percent of CIAC members required to be representatives of the real estate, development, or building industries.
 - Members may not be employees or officials of a political subdivision or governmental entity.
 - **Allowed utilization of the Planning and Zoning Commission as the CIAC** provided at least one representative of the required industries was present.
 - A representative of the City's ETJ was required if impact fees were applied there

City of Denton's Current CIAC

- The City has implemented impact fees for water and wastewater infrastructure since 1998, and for roadway improvements since 2016.
- In 2015 and 2018 the **Planning and Zoning Commission plus one ad hoc ETJ member was appointed as the CIAC** prior to impact fee updates.
- **The adopting ordinance specifies the roles of the CIAC are to:**
 - Advise and assist the City Council in adopting land use assumptions;
 - Review the capital improvements plans and file written comments;
 - Monitor and evaluate implementation of the capital improvements plan;
 - File semiannual reports with respect to the progress of the capital improvements plan;
 - Advise the City Council of the need to update or revise the land use assumptions, capital improvements plan, and impact fees.

SB 1883 and CIAC Requirements

- Amendments to TLGC 395 - effective September 1, 2025.
- **Amendments to CIAC composition requirements:**
 - Removes language which authorizes the use of the Planning and Zoning Commission as the CIAC.
 - Specifies minimum of 50 percent of the membership of the CIAC shall be comprised by a representative of the real estate, development, or building industries.
 - Members may not be employees or officials of the political subdivision
- **Amendments to meeting and reporting requirements:**
 - Adds Section 395.059 - requiring an independent financial audit detailing the following prior to adoption of new impact fees:
 - Fees collected and assessed,
 - Proposed capital improvements or facility expansions financed from fees collected, and
 - Fees collected but not yet spent.
 - Findings of this audit must be presented to the CIAC prior to existing impact fees increase or a new fee adoption.

CIAC Meeting Requirements and Time Commitment

- CIAC's primary responsibilities are to:
 - File semiannual reports with respect to the progress of the CIP to the City Council;
 - Advise the City Council of the need to update or revise the land use assumptions, capital improvements plan, and impact fees;
 - Receive independent financial audit prior to the adoption of new impact fees.
 - Monitor and evaluate implementation of the capital improvements plan;
 - Advise and assist the City Council in adopting land use assumptions;
 - Review the capital improvements plans and file written comments;
- The CIAC typically meets twice a year to receive semiannual reports.
 - May be asked to meet more frequently when reviewing and updating impact fees.

Staff Recommendations and Direction Needed:

Staff recommends the following:

1. Creating a new Committee to serve as the CIAC to meet requirements that a minimum 50 percent of the CIAC be representatives of the real estate, development, or building industries and that representatives may not be employees or officials of the City.
2. Requiring a resume prior to an individual being appointed to the CIAC to assist in monitoring compliance with the membership requirements.
3. Appointing a body of seven members, allowing each member of City Council to have an at-large appointee.
 - Note: CIAC **must include one representative from the ETJ** for water/wastewater impact fee purposes. This member will be ad hoc member **in addition to the seven standing members**.
4. Four-year term lengths for CIAC members. Max 3 terms.
5. Staggering terms as:
 1. Odd number places (Places 1, 3, 5, and 7) end on August 31st of odd years.
 2. Even number places (Places 2, 4, and 6) and the ad hoc member's term end on August 31st of even years.

Questions?

