



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Water Utilities

ACM: Cassandra Ogden

DATE: August 18, 2025

SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas, updating impact fees by amending Article VI “Impact Fees” of Chapter 26, “Utilities,” Sections 26-213, 26-216 through 26-222, and Section 26-228 of the City of Denton Code of Ordinances; adopting revised land use assumptions and capital improvements plans for water and wastewater impact fees; establishing new service areas for water and wastewater impact fees; establishing new maximum impact fees per service unit and impact fees to be collected; revising provisions for the assessment and collection of impact fees; repealing conflicting ordinances and resolutions; providing severability and penalty clauses; and providing an effective date.

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Support Healthy and Safe Communities.

INFORMATION/BACKGROUND

Impact fees provide the means for recovering a portion of the cost of adding capacity to the water and wastewater system to provide service for new growth that creates new demand. Texas Local Government Code Chapter 395 governs the use of impact fees and requires the City to update impact fees at least every five years.

The City of Denton first adopted impact fees for Water and Wastewater Utilities in 1998 and completed updates in 2003, 2008, 2013, and 2018. The current update process began in 2022 and includes updated land use assumptions, population projections, and ten-year Water and Wastewater capital improvement plans (CIP).

Land use assumptions include projections of changes in land uses, densities, and service units in the water and wastewater service areas over the next ten years. These assumptions are used to forecast the timing and mix of developments within each service area. The ten-year Water and Wastewater CIPs identify the capital projects and associated costs required to support growth in the service areas based on the land use assumptions, water and wastewater demand forecasts, hydraulic modeling, and the City’s Water and Wastewater Master Plans. This information is used to calculate the cost of providing water or wastewater service to a new customer. This cost becomes the Maximum Impact Fee allowed under Chapter 395. The City Council may choose to collect Water and Wastewater Impact Fees at any amount up to the Maximum Impact Fee.

On June 25, 2025, the Capital Improvements Advisory Committee (CIAC) voted six to zero under CIAC25-006 to recommend collecting the Maximum Impact Fee as identified in the “Water and Wastewater Impact Fee Update, June 2025” study (2025 Impact Fee Update). On July 15, 2025, staff presented the proposed 2025 Impact Fee Update to the City Council during a work session, where 75 percent of the Maximum Impact Fee and an implementation date of January 1, 2026, were discussed and

recommended for consideration. City Council voted six to one to continue with this recommendation for the public hearing. A public hearing, as required by Chapter 395, was held on August 5, 2025, to receive public input. Based on City Council direction during the work session and input from the public hearing, the proposed ordinance reflects 75 percent of the Maximum Impact Fee, effective April 1, 2026.

The land use assumptions and the impact fee eligible projects associated with the ten-year Water and Wastewater capital plans are incorporated into the 2025 Impact Fee Update, which is included as Exhibit A in the attached ordinance. The Impact Fee, CIAC, and City Council direction are summarized below:

Water Impact Fees

	Zone 1A	Zone 1B	Zone 2
<i>Current Fee 2018</i>	\$3,569	\$5,352	\$7,638
100% Cost Recovery (Maximum Impact Fee)	\$1,820.00	\$10,745.00	\$12,139.00
CIAC Recommendation	\$1,820.00	\$10,745.00	\$12,139.00
Recommendation to Council (75%)	\$1,365.00	\$8,058.75	\$9,104.25

Wastewater Impact Fees

	2018 Service Area		
<i>Current Fee 2018</i>	\$4,716		
	Pecan Creek	Hickory Creek	Clear Creek
100% Cost Recovery (Maximum Impact Fee)	\$11,615.00	\$12,791.00	\$17,916.00
CIAC Recommendation	\$11,615.00	\$12,791.00	\$17,916.00
Recommendation to Council (75%)	\$8,711.75	\$9,593.25	\$13,437.00

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Public Utilities Board – October 24, 2022 – Received direction

Developer Meeting – July 8, 2024 – Provided update and received feedback

City Council – July 16, 2024 – Received direction

Developer Meeting – February 10, 2025 – Provided update and received feedback

Capital Improvements Advisory Committee – February 12, 2025 – Provided update and received feedback

Developer Meeting – July 1, 2025 – Provided update and received feedback

Capital Improvements Advisory Committee – June 25, 2025 – Voted 6-0 to recommend 100% cost recovery

City Council Work Session – July 15, 2025 – Provided update and received feedback

City Council Public Hearing – August 5, 2025 – Held public hearing and received feedback

ESTIMATED SCHEDULE OF PROJECT

This item finalizes the update process through City Council consideration and possible approval of the updated Water and Wastewater Impact Fees.

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Ordinance

Exhibit 3: Water and Wastewater Impact Fee Update of June 2025 (Exhibit I)

Exhibit 4: Water Service Areas (Appendix A)

Exhibit 5: Wastewater Service Areas (Appendix B)

Exhibit 6: Single Service Equivalence (Appendix C)

Exhibit 7: Impact Fee Table (Appendix D)

Exhibit 8: 2025 Draft Redline Changes

Exhibit 9: Presentation

Respectfully submitted:
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