

**City of Round Rock Administrative Guidelines  
and Procedure for Obtaining and Applying  
Offsets Against Roadway Impact Fees**

The City of Round Rock adopted **Chapter 42, Article V. Roadway Impact Fees** by Ordinance No. 0-2019-0124. As part of implementing the Roadway Impact Fee the City may offset the Fee based on offsets received for the construction of any system improvements for projects identified in the impact fee capital improvement plan following specific process and procedures outlined in **Sec. 42-508. Offset Against Roadway Impact Fees.**

The following are the Administrative Guidelines and procedures concerning *Offsets Against Roadway Impact Fees*.

**Offset Agreements.**

A property owner or authorized applicant for plat approval (the “applicant”), who is subject to the payment of roadway impact fees under Round Rock Municipal Code Chapter 42, Article V, may obtain offsets against such fees for construction and/or dedication of right-of-way for a roadway capital improvement serving a new development that has been included in the *roadway impact fee capital improvements plan*. The verified costs of such contributions will be applied against roadway impact fees otherwise due for a new development pursuant to a written offset and credit agreement (“offset agreement”) in a form promulgated by the Transportation Director.

**Timing of Agreement**

1. Preliminary Plat. The applicant may file a request for offset eligibility with the Transportation Director at the time of application for preliminary plat approval, or if a preliminary plat is not required, at the time of application for final plat approval. The Transportation Director will notify the applicant whether the facilities to be dedicated or constructed have been included in the roadway impact fee capital improvements plan (“eligible capital improvements”) and if the facilities are eligible for offsets at the time of the request. A request for offset eligibility does not vest the applicant’s rights to any subsequently acquired benefits under the agreement. The applicant shall provide the following information in order to review offset eligibility:
  - a. Completed offset eligibility request
  - b. Eligible capital improvements including project number and service area
  - c. Proposed capital improvements to be dedicated or constructed
  - d. Preliminary or final plat submitted with application for approval
  - e. Approved traffic impact analysis including analysis demonstrating the capacity of the proposed improvements that are beyond the benefit of the development
2. Final Plat. The applicant shall file a petition for offsets with the Transportation Director either at the time of application for final plat approval or before the time of fee payment. The Transportation Director will provide the applicant, in writing, a decision on eligible offsets and maximum value of offsets which may be applied against the impact fees due with the final plat in an offset agreement. The offset agreement will be created after final plat approval and finalized at the time of final plat recordation. The offset agreement shall be approved by City

Council and executed by the City Manager. The offsets included in the agreement cannot be applied to impact fees due until the time of building permit application for a new development subject to the final plat. The applicant shall provide the following information in order to determine the maximum value of offsets and to process an offset agreement:

- a. Completed petition for offsets
- b. Eligible capital improvements including project number and service area
- c. Proposed capital improvements to be dedicated or constructed
- d. Final plat submitted with application for approval
- e. Approved traffic impact analysis including analysis demonstrating the capacity of the proposed improvements that are beyond the benefit of the development
- f. Approved construction plans for the proposed capital improvements
- g. Approved construction estimate for the proposed capital improvements
- h. Value of right-of-way dedication for the proposed capital improvements on the appraisal district's latest records

### **Relationship to Proportionality Appeal**

An appeal undertaken by a property owner who seeks to contest a dedication or construction requirement imposed under the subdivision regulations pursuant to section 118-13 on grounds of proportionality normally is determined prior to execution of any impact fee offset agreement. The Transportation Director in submitting his response to a proportionality appeal shall take into account the eligibility of the facilities which are the subject of the appeal for impact fee offsets and shall estimate the amount of such offsets due the property owner. Such preliminary determination shall not affect the amount of the offsets included in an impact fee offset agreement, which must be based on verified costs.

### **Changes in Impact Fee Rates**

1. Roadway impact fees shall be assessed against new developments subject to the approval of final plat or replat in accordance with the provisions of Chapter 42, Article V.
2. The roadway impact fees to be charged against a new development (subject to offsets) are those in effect at the time a building permit is issued, provided that the impact fee per service unit does not exceed the impact fee per service unit assessed against the subdivision.
3. Following assessment of impact fees, no additional impact fees or increases shall be assessed unless the number of service units increases.

### **Method of Applying Offsets**

1. Retention of Offset Agreement. With a complete and approved petition for offsets, an executed offset agreement shall be developed and retained by the City in the file for the final plat associated with the agreement.
2. Offset Pool. The total verified costs of eligible capital improvements contributed by the applicant for a subdivision shall constitute the initial offset pool associated with a recorded final plat.
3. Application of Offsets Against Impact Fees Due. The City shall apply offsets against the roadway impact fees due for the first building permit subject to the recorded final plat, and thereafter, against roadway impact fees due for each building permit subsequently issued, until

the offset pool has been exhausted.

4. No Payment for Excess Offsets. In the event that offsets have been applied against impact fees due for all lots in the subdivision, and unused offsets remain in the offset pool, in no circumstances will the value of such excess offsets be paid to the property owner.
5. Expiration of Offsets. Unused offsets associated with a recorded final plat will expire 10 ten (10) years after the date of recordation, unless such offsets are extended in accordance with Chapter 42, Article V or these rules.
6. Transfer of Offsets Prohibited. Offsets associated with a final plat cannot be transferred to different land, unless the land is subject to a multi-phase offset agreement that provides for such transfer.

### **Replats**

1. If land subject to a final recorded plat is replatted, a new assessment will be performed at the time the replat is recorded in accordance with Chapter 42, Article V. Unused offsets created by an offset agreement may be used to reduce impact fees for new development subject to the replat.
2. If additional eligible capital improvements are contributed by an applicant as a condition of approval of the replat, the verified costs of such improvements will augment the remaining offset pool if an addendum is executed to the original offset agreement.

### **Multi-Phase Subdivisions**

1. Master Plan Subdivision. Where an applicant proposes a master plan for a multi-phase subdivision that includes eligible capital improvements in one or multiple phases, the applicant may request that the Transportation Director identify the capital improvements associated with the proposed master plan that are eligible for offsets against roadway impact fees otherwise due. The applicant may apply for an offset agreement in accordance with this policy at the time of application for the final plat for the first phase of the approved master plan for which the applicant contributes eligible capital improvements.
2. Multi-phase Subdivision Addendum. When an applicant proposes a subsequent final plat for a multi-phase subdivision, the applicant may apply for an addendum to the original offset agreement. If agreed to by the City, the verified costs of the improvement(s) may be applied to reduce impact fees due for lots or uses subject to an earlier or later phase of the subdivision. As additional phases of the subdivision are finally platted, the amended offset agreement for the subdivision may be further amended by additional addenda containing like provisions.
3. Multiple Approved Final Plats. Where the original offset agreement applies to more than one approved final plat for a multi-phase subdivision, the verified costs of all eligible capital improvements dedicated, constructed and accepted by the City may be offset against impact fees due for any lots or uses within such phases.
4. Offset Improvements by Phase. As eligible capital improvements are dedicated, constructed and accepted by the City for each additional phase of a multi-phase subdivision, the verified costs of such improvements shall be added to the offset pool once an addendum to the original offset agreement for the subdivision is executed.
5. Offsets Applied to Subsequent Phases. Excess offsets obtained through contributions of eligible capital improvements for prior recorded phases of a multi-phase subdivision may be used to reduce roadway impact fees due for new developments in subsequently approved

phases of the subdivision.

6. **Reimbursement of Impact Fees Where Offsets Exceed Impact Fees Due.** In the event that the verified costs of eligible capital improvements for a phase will exceed the amount of impact fees due for lots in that and prior phases of a multi-phase subdivision, the subdivider may apply for reimbursement of impact fees previously paid to which no offsets were applied. In its sole discretion, the City may approve a reimbursement request, or, in the alternative, may provide for reservation of the offsets to be applied against impact fees due for lots in one or more subsequent phases of the multi-phase subdivision.

### **Cost Participation by the City**

An offset agreement may contain provisions for the City's participation in the costs of an eligible roadway improvement. The amount of the City's participation shall be subtracted from the verified costs of the roadway improvement.

## **Sec. 42-508. Offsets against Roadway Impact Fees.**

- (a) The City may offset the cost of construction of any system facility that is required or agreed to by the City, pursuant to rules established in this Section or pursuant to administrative guidelines promulgated by the City with the following limitations:
- (1) The offset shall be associated with the plat or other detailed plan of development for the property that is to be served by the roadway facility.
  - (2) Projects that consist of multiple phases, whether approved before or after the effective date of this Article, may apply for offsets against roadway impact fees for the entire project based upon improvements or funds toward construction of system facilities, or other roadway capital improvements supplying excess capacity. Offset shall be determined by comparing the actual costs of roadway capital improvements supplied by the project with the costs of roadway capital improvements to be utilized by development within the project, utilizing a methodology approved by the City. The offset determination shall be incorporated within an agreement for offsets, in accordance with this Article. The roadway requirements of an agreement for offsets shall not be less than what is required by the Zoning and Development Code.
  - (3) The City's then current policies and regulations shall apply to determine a new development's obligations to construct adjacent system facilities. The obligation to construct, however, shall not exceed the maximum assessable roadway impact fees assessed against new development under Schedule 42-SOS(a). Construction required under such policies and regulations shall be an offset against the amount of impact fees otherwise due. If the costs of constructing a system facility in accordance with the then current City policies and regulations are greater than the amount of the roadway impact fees due, the amount of the credit due shall be deemed to be 100% of the assessed impact fees and no roadway impact fees shall be collected thereafter for the development, unless the number of service units is subsequently increased.
  - (4) All offsets against roadway impact fees shall be based upon standards promulgated by the City, which may be adopted as administrative guidelines, including the following standards:
    - a. No offset shall be given for the dedication or construction of site-related facilities.
    - b. No offset shall be given for a roadway facility which is not identified within the roadway impact fee capital improvements plan, unless the facility is on or qualifies for inclusion on the Transportation Master Plan and the City agrees that such improvement supplies capacity to new development other than the development paying the roadway impact fee and provisions for offsets are incorporated in an agreement for offsets pursuant to this Article.
    - c. In no event will the City grant an offset when no roadway impact fees can be collected pursuant to this Article or for any amount exceeding the roadway impact fees due for the new development, unless expressly agreed to by the City in writing.
    - d. The value of right of way dedicated for site related facilities will not be considered for an offset.
    - e. The fair market value of right of way conveyed for roadway facilities that are not required by the new development will be entitled to an offset. If said roadway facilities are partially required by the new development, said portion shall not be entitled to an offset. The fair market value of the conveyed right of way will be determined by either:
      1. the appropriate Central Appraisal District,
      2. by agreement, or
      3. by a MAI appraisal obtained by the City.
    - f. If the City requires a Traffic Impact Analysis ("TIA") the cost of said TIA shall be included as an

offset.

g. The City may participate in the costs of a system facility to be dedicated to the City, including costs that exceed the amount of the impact fees due for the development, in accordance with policies and rules established by the City. The amount of any offset

for construction of a system facility shall be reduced by the amount of any participation funds received from the City.

h. Where funds for roadway facilities have been escrowed under an agreement that was executed with the City prior to the effective date of this Article, the following rules apply:

1. Funds expended under the agreement for roadway facilities shall first be credited against the amount of roadway impact fees that would have been due under Section 42-505(b) for those units of development for which building permits already have been issued;

2. Any remaining funds shall be credited against roadway impact fees due for the development under Section 42-505(b) at the time building permits are issued.

(b) Except as provided below, offsets for construction of capital improvements shall be deemed created when the capital improvements are completed and the City has accepted the facility. In the case of capital improvements constructed and accepted prior to the January 1, 2020, offset shall be deemed created on said date. Offsets created on or before January 1, 2020 shall expire ten (10) years from such date. Offsets created after January 1, 2020 shall expire ten (10) years from the date the offset was created. Upon application by the property owner, the City may agree to extend the expiration date for an offset on mutually agreeable terms.

(c) Unless an agreement for offsets, as described herein, is executed providing for a different manner of applying offsets against roadway impact fees due, an offset associated with a plat shall be applied at the time of application for the first building permit and, at each building permit application thereafter, to reduce roadway impact fees due until the offset is exhausted.

(d) An owner of new development who has constructed or financed a roadway capital improvement or roadway facility expansion designated in the roadway impact fee capital improvements plans, or other roadway capital improvement that supplies excess capacity, as required or authorized by the City, shall enter into an agreement with the City to provide for offsets against roadway impact fees due for the development in accordance with this Subsection. The agreement shall identify the basis for and the method for computing and the amount of the offset due and any reduction in offsets attributable to consumption of road capacity by developed lots or tracts served by the roadway capital improvements. For multi-phased projects, the City may require that total offsets be proportionally allocated among the phases. If authorized by the City, the agreement also may provide for allocation of offsets among new developments within the project, and provisions for the timing and collection of roadway impact fees.