Canal Connection Fee Analysis and Recommendation

Board of Directors
January 20, 2026

Canal Connection Fee Purpose

- Recover **reasonable share** of cost from developers
- Combine with land sale proceeds to **construct future segments**

	North Island – 2025 Dollars
Canals	$157,836,000
Paseo Drainage Features*	$ 15,660,000
ROW Acquisition	$ 6,294,217
Total	$179,790,217

*Excludes enhanced materials, landscaping etc. that do not contribute to the operability and safety of the system.

Canal Connection Analysis

Considerations	Risks
• Developer cost **tipping point** • Effect on **pace and quality** of development	• **Revenue stream** for canal construction • **TIF performance** and debt/loan repayment • Pressure on City incentives

Comparison - Fees/Costs in Other Locations

Comparison	Panther Island	Downtown	Left Bank (Mixed-Use)	Clearfork (Mixed Use and Intensive Commercial)	Frisco	Plano
Canal Connection Fee/ Detention	Yes	No – Existing infrastructure	No – drain directly to river	No – drain directly to river	by Developer	by Developer
Stormwater Laterals	Yes	No – Existing Infrastructure	No	No	Likely	Likely
Transportation Impact Fee	Yes	No	No	No	Yes	No
Water/Wastewater Impact Fee	Yes	Yes	Yes	Yes	Yes	No
Electrical	TBD Undergrounding or extenstion of lines	Existing lines but triple redundancy	by Developer	by Developer	by Developer	by Developer
Roadway Improvements	Likely	No	No	Yes	Likely	Likely
PID	Yes	Yes	No	No	No	No

Key Differences – Sample Project

Panther Island compared to Downtown

Comparison	Panther Island		Example Project	Downtown
Canal Connection Fee	Yes	$11.87 per land SF *(40% of total costs)*	$1,292,643	No
Stormwater Laterals	Yes	?	?	No
Transportation Impact Fee	Yes	$1.26 per GSF **average**	$411,288 **average** $1,731,455 for **restaurant plus 300 multi-family units**	No
Electrical	TBD Undergrounding or extension of lines	Cost paid by Developer	TBD	Existing but triple redundancy required
Roadway Improvements	Likely	Cost paid by Developer	TBD	No

Additional Cost on PI:

- $1.7m to $3.4m in fees
- Roads/storm laterals could be extensive (combined avg of $2.5m)

Additional Benefits Downtown:

- Unlimited heights
- Existing infrastructure

Potential Offset

- Lower land prices on PI

Example Project
Total Acres: 2.5
Total Land SF: 108,900
FAR: 3.0
GSF: 326,700
Street Frontage LF: 660

Recommendation

- Collection rate of **40%**
- **Discount/incentive** strategies
- **Credits** for paseo construction
- Periodic **construction cost updates**