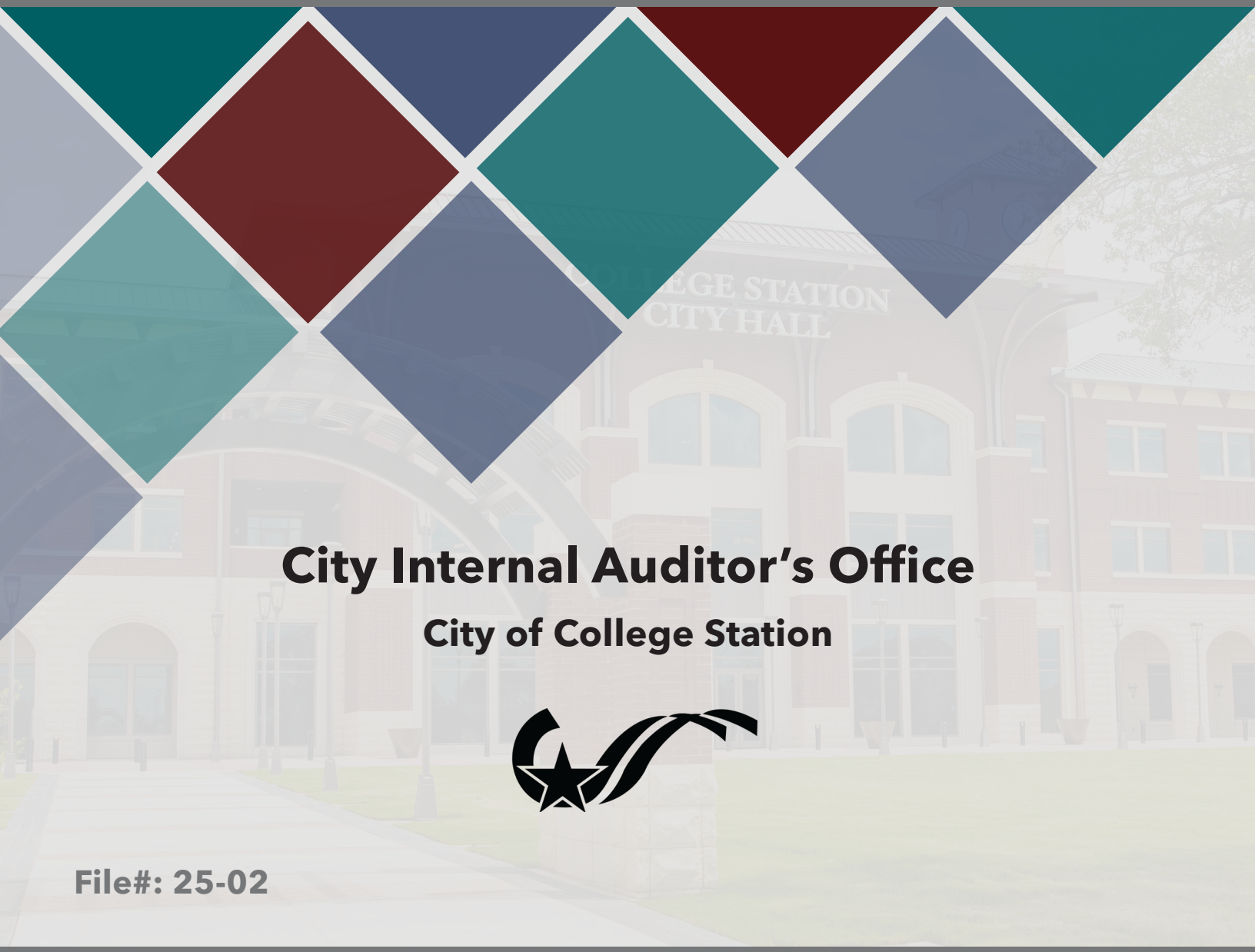
Roadway Maintenance Fee Audit

September 2025



City Internal Auditor's Office

City of College Station

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Executive Summary

Why We Did This Audit

At the request of the City Council Audit Committee, a review of the Roadway Maintenance Fee was included in the Fiscal Year 2025 Audit Plan. The fee was created to provide a dedicated funding source for preserving City streets and is assessed to utility customers each month based on property use.

As of July 2025, the Roadway Maintenance Fee applies to over 50,000 accounts, including approximately 1,000 commercial accounts billed using a tiered structure based on traffic generated. Annual revenues exceeded $6.7 million in FY24, with over $40 million in expenditures from FY17 through FY24.

What We Did

We evaluated whether the Roadway Maintenance Fee complies with legal requirements, is fairly and accurately assessed, and whether revenues are used exclusively for their intended purpose.

Legal analysis was conducted in coordination with the City Attorney. Benchmarking was performed against Texas cities with similar programs. We reviewed a statistically valid sample to evaluate fee assessment. We also analyzed formal appeals submitted since the program's inception. Control processes were evaluated through interviews, process walkthroughs, and documentation review.

What We Found

Legal Standards Appear to Be Met.
The Roadway Maintenance Fee appears to satisfy the legal criteria for a municipal user fee rather than a tax, based on its cost-recovery design, defined public purpose, alignment with service costs, and the availability of exemptions and appeals. Revenues are deposited into a restricted-use fund dedicated to transportation-related expenses, and both revenues and expenditures have remained closely aligned over time, with modest and stable fund balances – indicating the fee is not used to generate surplus revenue.

Fund Revenues Are Spent Appropriately.
A review of 189 Roadway Maintenance Fund transactions – accounting for 59% of total fund expenditures to date – found all spending to be in full compliance with allowable uses under City ordinance and applicable federal guidelines. The majority of expenditures supported contracted services for curb, gutter, and asphalt overlay work. No instances of noncompliant or improper spending were identified.

Few Appeals Have Been Submitted.
Since the Roadway Maintenance Fee's implementation in 2017, only 21 formal appeals have been submitted – an overall rate of 0.043%. Nearly all were concentrated in the program's early years. This low volume may reflect limited public awareness or minimal financial incentive to appeal, though it could also suggest that staff have been proactive in addressing systemic issues – a conclusion supported by some evidence. Most appeal decisions aligned with supporting documentation, but two approvals lacked justification.

Risks Exist in Commercial Fee Assessment.
Residential Roadway Maintenance Fee assessment is relatively straightforward and consistent; however, commercial tier assignments showed higher risk for misclassification. Our analysis found widespread inaccuracies in commercial fee tier assignments – potentially affecting up to 297 accounts and $288,000 in charges in FY24. These discrepancies likely resulted from outdated assumptions on land uses or errors made by the consultant who assisted the City during the Roadway Maintenance Fee's initial rollout. Additional inconsistencies were identified in in applying the fee for multi-tenant properties and City-owned parks.

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Recommendations

To address the audit findings, there are a few improvements the City could make to better manage the Roadway Maintenance Fee. They are encompassed in the following audit recommendations:

1 Conduct a Review of Commercial Tier Assignments

Utility Customer Service and Planning and Development Services should conduct a full review of commercial tier assignments to correct legacy errors and ensure accurate classification based on land use and development data. Aspects of this review could include the following: confirming that properties are assigned based on current land use and correct development unit counts; ensuring real property owners are consistently assessed instead of tenants, when feasible; and verifying that City-owned properties are assigned tiers aligned with Institute of Transportation Engineers guidance.

2 Improve Public Awareness of the Roadway Maintenance Fee and Appeals Process

The low volume of formal appeals since the program's implementation may be indicative of limited public awareness rather than the absence of discrepancies. Therefore, Utility Customer Service should partner with the Public Communications Office to improve public understanding of the Roadway Maintenance Fee and how to appeal it. Potential options to expand outreach include: (1) simplifying the website to provide clearer explanations of the fee and appeal process; or (2) coordinating broader outreach efforts through the Public Communications Office.

3 Consider Periodic Reviews to Maintain Accurate Tier Assignments

As an additional mitigating control, Planning and Development Services may consider implementing a structured, periodic review process for commercial tier assignments. This review process could help ensure land use data and development unit values remain current, and that misclassifications – such as over or under assessed accounts – are identified and addressed. Additional considerations during the review could include (1) verifying that real property owners, rather than individual tenants, are assessed consistently and (2) validating the appropriateness of exempt property classifications in accordance with the ordinance.

Introduction

The City Internal Auditor's Office conducted this performance audit of the City of College Station's (the City) Roadway Maintenance Fee pursuant to Article III, Section 30 of the College Station City Charter, which outlines the primary duties and responsibilities of the City Internal Auditor.[1]

A performance audit is an objective, systematic assessment of evidence undertaken to independently evaluate the performance of an organization, program, or function. Its purpose is to enhance public accountability and support informed decision-making by identifying opportunities for improvement, ensuring compliance with applicable requirements, and promoting the efficient, effective, and equitable use of public resources. Performance audits may address a range of objectives, including program effectiveness, operational efficiency, internal control adequacy, legal compliance, and prospective analysis.

This audit was included in the Fiscal Year 2025 Audit Plan at the direction of the City Council Audit Committee. In addition to evaluating compliance with legal and procedural standards, the audit also examined whether there were any indications of fraud, waste, or abuse within the Roadway Maintenance Fee program. For the purposes of this audit:

Fraud

Intentional acts that involve the use of deception, misrepresentation, or other unethical means to obtain a financial or personal gain or to cause a loss to an organization.

Waste

Unnecessary, careless, or inefficient use of an organization's resources, including actions that fail to achieve their intended purpose or result in avoidable costs.

Abuse

Behavior that is inconsistent with acceptable business and ethical standards, leading to the misuse or excessive use of an organization's resources.

Auditing Standards and Criteria

The City Internal Auditor's Office conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.[2]

The criteria for this audit include the City of College Station's Roadway Maintenance Fee ordinance and the associated Council-approved fee schedules, as well as guidance from the Institute of Transportation Engineers Trip Generation Manual and the Transportation Utility Fee guide from the U.S. Department of Transportation. Additional criteria include internal practices related to the assessment and administration of the fee, recognized best practices for user fee implementation and transparency—such as those promoted by the Texas City Attorneys Association—and internal policies and procedures adopted by the City to support consistent and compliant application of the ordinance.

Audit Scope

The scope of this audit includes an evaluation of the design, legality, and administration of the City of College Station's Roadway Maintenance Fee for the period covering January 1, 2017, through December 31, 2024. Audit fieldwork was conducted from May 13, 2025, through July 18, 2025.

Excluded from the scope were activities related to revenue collections, roadway maintenance planning and execution, and pavement condition assessments, as these functions fall outside the intent of this engagement. These areas may be addressed in future audits or evaluations focused on operational or capital program performance.

[1] City of College Station, TX, "Code of Ordinances," § 30 (2017), 12.
[2] U. S. Government Accountability Office, "Government Auditing Standards 2018 Revision (GAO-18-568G)" (2018), 194.

Audit Objectives

The purpose of this audit is to evaluate the Roadway Maintenance Fee program for compliance with legal requirements, the effectiveness of internal controls, and the equity of the fee assessment process. While the City's controls are designed to provide reasonable assurance, they cannot guarantee that errors, fraud, or misuse will not occur. We assessed the effectiveness of the program by answering the following questions:

1. Is the City's Roadway Maintenance Fee ordinance designed in a manner that complies with Texas statutes, case law, and recognized best practices for municipal fee structures?

2. Are Roadway Maintenance Fee revenues being used solely for their intended purpose and in accordance with applicable laws and the City's ordinance?

3. Are internal controls and business processes sufficient to ensure fees are accurately calculated, properly classified, and billed in compliance with the ordinance?

4. Is the customer appeals process effective, consistently applied, and compliant with ordinance requirements for resolving billing issues and exemption requests?

Methodology

To evaluate the legality, fairness, and operational effectiveness of the City of College Station's Roadway Maintenance Fee, we conducted a comprehensive review encompassing legal analysis, financial compliance, benchmarking, internal controls, and data accuracy. We began by analyzing the City's Roadway Maintenance Fee ordinance in the context of relevant Texas statutes and case law to determine whether the fee met legal standards distinguishing valid municipal fees from impermissible taxes. This legal review was validated in coordination with the City Attorney's Office.

Our audit team assessed whether Roadway Maintenance Fee revenues were properly recorded and expended solely for roadway maintenance purposes, and in line with legal requirements. We reviewed financial records, conducted transaction sampling, and evaluated the fund's expenditures for alignment with legal requirements and the provisions of the City's Roadway Maintenance Fee ordinance.

We conducted detailed process mapping and internal control assessments for the fee assessment process. This included interviews with responsible staff, documentation reviews, and observations. We also tested the accuracy and completeness of fee determination data and evaluated internal controls to determine whether Roadway Maintenance Fee assessment procedures were applied consistently and in compliance with Texas statutes, applicable case law, and the City's Roadway Maintenance Fee ordinance.

Lastly, the customer appeals process was reviewed for compliance with ordinance provisions and analyzed for trends in reasons, outcomes, and procedural consistency. A more detailed description of the audit methodology, including testing steps and data procedures, is provided in **Appendix C** of this report.

Noteworthy Accomplishment

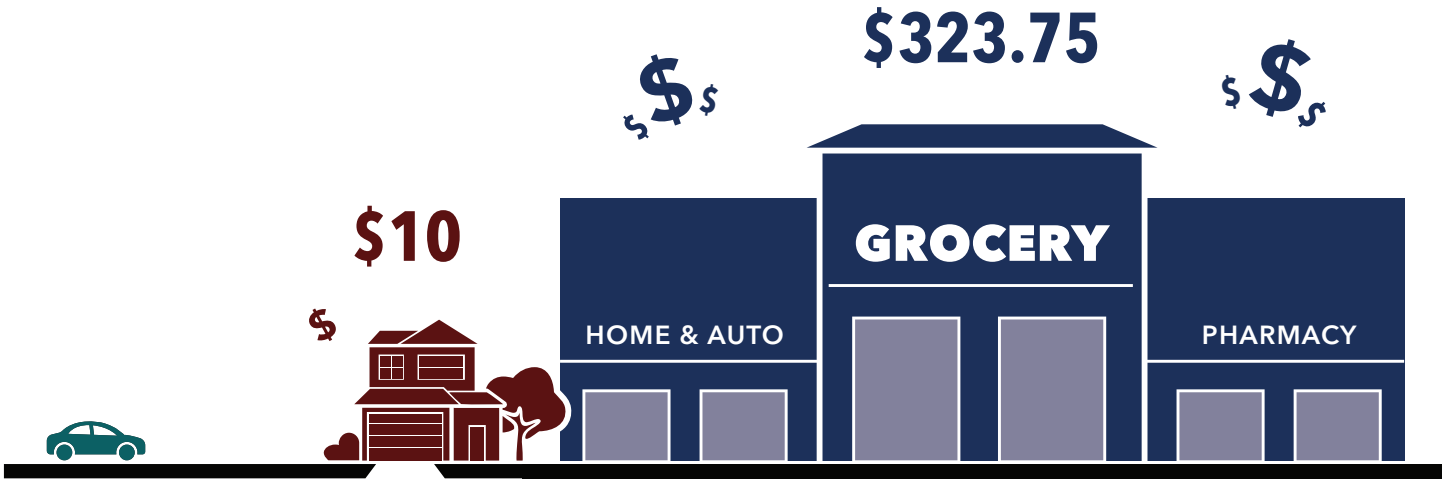
Staff from Fiscal Services, Public Works, and Planning and Development demonstrated a strong commitment to the objectives of the Roadway Maintenance Fee ordinance. Each department provided timely, transparent, and unrestricted access to records and information, enabling us to conduct a thorough and efficient review. Their responsiveness, openness, and willingness to engage in detailed discussions significantly contributed to our understanding of complex processes and system transitions. We commend their collaborative spirit and dedication to supporting accountability and continuous improvement in the administration of the fee.

Background

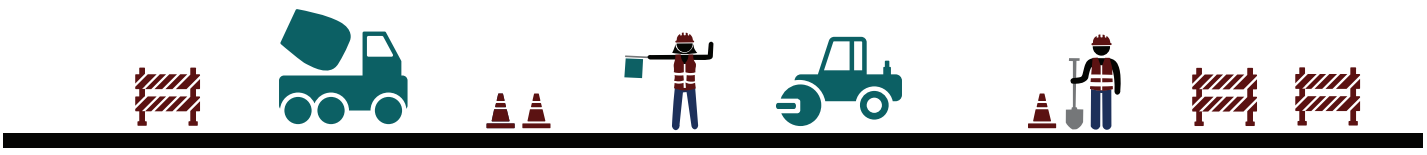
The Roadway Maintenance Fee, provides a dedicated funding source for maintaining College Station's streets, reducing the City's reliance on unpredictable general fund allocations. Revenue from the fee – collected monthly from residential and commercial properties based on their traffic generated – is placed in a restricted fund that supports street maintenance. This structure ensures consistent investment in infrastructure, allows unused dollars to roll over year to year, and provides flexibility to meet changing maintenance needs, helping preserve road quality over the long term.

Figure 1: *Who Contributes the Most to Roadway Maintenance?*

Who should pay more for roadway maintenance—the typical household or a high-traffic commercial property? The City's Roadway Maintenance Fee is designed to answer this by aligning charges with estimated traffic generation. As illustrated in the figure, a single-family residence pays $10 per month, while a grocery store is assessed $323.75 per month, reflecting its substantially higher roadway impact. This distinction is informed by Institute of Transportation Engineers trip generation data, which indicates that a supermarket generates approximately 12.14 vehicle miles traveled per 1,000 square feet of gross floor area, compared to approximately 4.00 vehicle miles traveled per single-family residence. This difference highlights that land uses generating more traffic place greater demands on the roadway system and, therefore, should contribute proportionally more toward roadway maintenance.



Revenue collected through the Roadway Maintenance Fee is deposited into a dedicated fund and used exclusively to support roadway maintenance and preservation activities. These activities include asphalt overlays, curb and gutter repairs, pavement rehabilitation, crack sealing, striping, and related engineering, inspection, and contracted services. By directly linking fee revenues to observable maintenance outcomes, the program promotes transparency and accountability in how roadway costs are recovered. Together, these investments reinforce the program's core principle: properties that place greater demands on the roadway system contribute proportionally more to the maintenance and upkeep required to sustain safe, high-quality roads for all users.



Definitions

The following key definitions are provided to clarify terms used throughout this report and ensure consistency in interpreting the findings and recommendations.

Benefited Property	Any property located within the City limits that receives access or benefit from the public roadway system.
Category or Categories	Groupings of land uses as defined in the City's fee schedule. Each of the 65 categories is assigned a specific vehicle-miles-equivalent rate used to determine the applicable Roadway Maintenance Fee for a given property.
Commercial Property	Property used for commercial, institutional, or industrial purposes that is not primarily for housing.
Exempt Property	Properties owned by College Station ISD, Texas A&M University, or the Texas A&M University System are exempt from the roadway maintenance fee. The City may grant additional exemptions by Council action.
Institute of Transportation Engineers (ITE)	ITE is an international membership association of transportation professionals who work to improve mobility and safety for all transportation system users and help build smart and livable communities.
Land Use/ Vehicle-Mile Equivalency Table (LUVMET)	This table outlines the predominant land uses within the City of College Station and identifies the corresponding development units used to quantify transportation demand for each category.
Proportional	A fee model used by other Texas cities that calculates charges based on developed acreage and land use type, using a vehicle-miles traveled or Single-Family Equivalent factor—often derived from the ITE Trip Generation Manual—to proportionally reflect each property's impact on the roadway system.
Residential Property	Property primarily used for housing, such as Single-Family homes, duplexes, or apartments.
Roadway Maintenance Fee (RMF)	A monthly charge on a utility bill that is imposed on benefited properties within the City limits, calculated based on the estimated vehicle-miles traveled generated by each property's land use. The fee is intended to equitably distribute the cost of maintaining the City's transportation infrastructure. Other Texas cities may refer to this type of fee using different terms, such as "transportation user fee," "street maintenance fee," "road maintenance fee," or "road user fee."
Roadway Maintenance Fund	A dedicated fund established by the City to account for all revenues collected through the Roadway Maintenance Fee. Monies in this fund are to be used exclusively to pay for the costs of operation, administration, planning, engineering, development of guidelines and controls, inspection, maintenance, repair, improvement, renewal, replacement and reconstruction of the transportation system and costs incidental thereto.
Service Point	A characteristic within the utility billing system that enables the Roadway Maintenance Fee to be assessed on a specific property.
Single-Family Equivalent (SFE) Factor	A baseline metric representing the average number of trips generated by a Single-Family home, used to compare traffic impacts across land uses.
Texas City Attorneys Association's (TCAA)	TCAA is a professional organization for municipal lawyers in Texas, established in 1928 as an affiliate of the Texas Municipal League.
Tier	A fixed-fee structure used by College Station and other cities that categorizes non-residential properties into tiers based on estimated vehicle-miles traveled, with each tier reflecting relative traffic generated tied to property type and expected trip generation; each tier determines the monthly rate the property pays.
Transportation or Road System	The collective system of public streets, roadways, and associated infrastructure maintained by the City for the safe and efficient movement of vehicles and pedestrians.
Trip Generation Manual	A publication by the ITE that provides data for estimating the number of vehicle trips generated by different land uses.

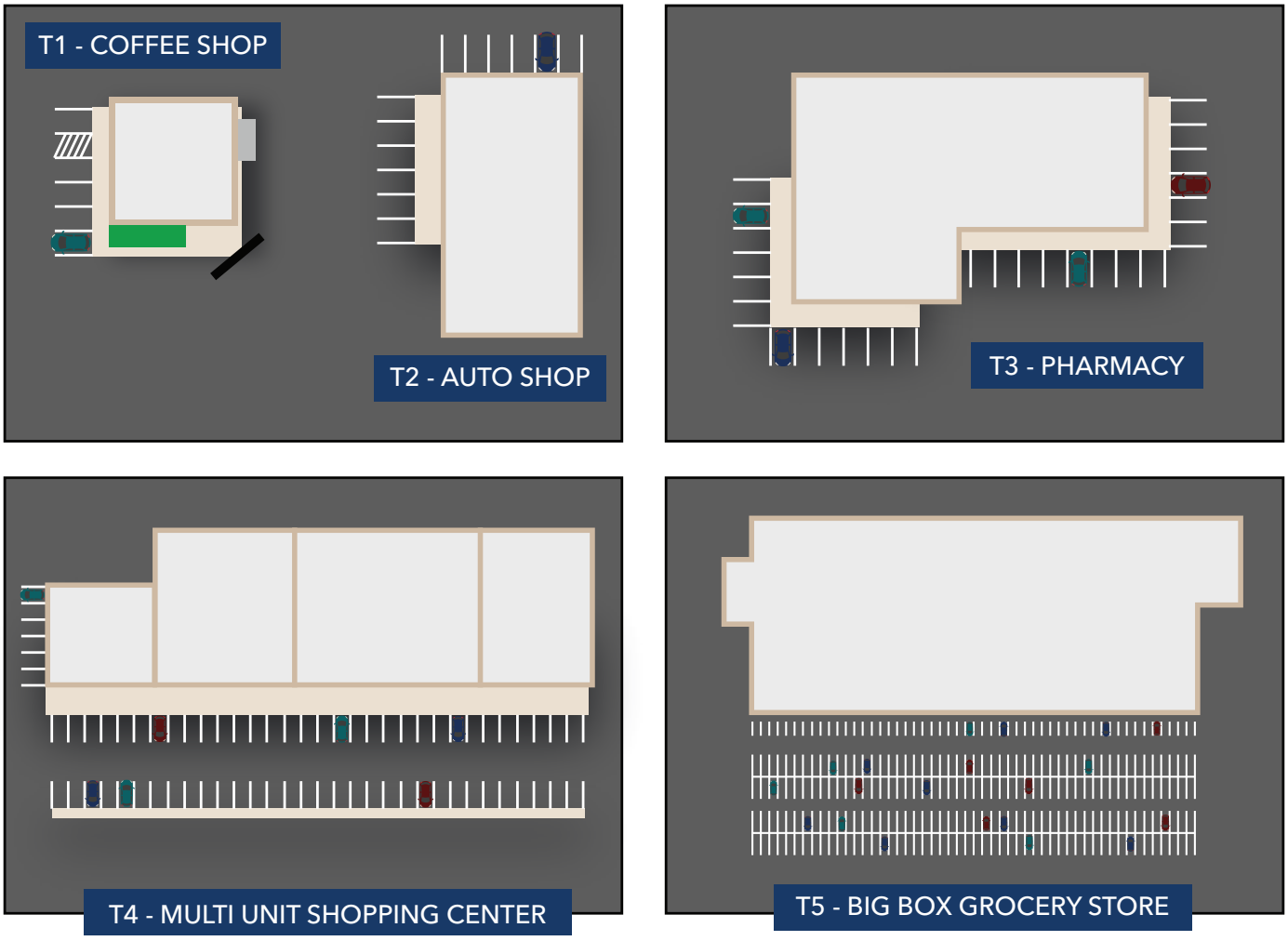
Roadway Maintenance Fee Ordinance

In November 2016, the City of College Station adopted a Roadway Maintenance Fee (RMF) by ordinance (see **Appendix D**), effective January 1, 2017, and assessed as a separate line item on monthly utility bills for residents and businesses. The RMF was established to provide a consistent, dedicated funding source for preserving and enhancing roadway infrastructure, reducing reliance on unpredictable general fund allocations or bond issuances. As of the FY25 budget, the Public Works Department is responsible for maintaining 5,334 linear miles of roadway and 2.4 million square feet of City-owned parking lots.

The RMF is also structured to promote equity by aligning fee contributions with traffic generated. Properties are assessed based on estimated traffic generated, ensuring that those who use generate traffic more heavily contribute proportionally to its upkeep. Given the visibility of street conditions and their direct effect on daily life, public perception and resident satisfaction are important indicators of the fee's effectiveness. In the 2025 citizen survey, street maintenance was ranked among the top three most important City services.

The RMF is calculated based on the estimated traffic generated by each property.[3] Non-residential properties are grouped into tiers using estimated vehicle trips derived from land use categories (see **Figure 2** below for examples), while residential units pay a flat monthly rate. Although the tiered system is informed by vehicle-miles traveled estimates, it does not assign a fee that is strictly proportional to each property's exact traffic generation. As a result, properties within the same tier may generate different levels of roadway use but pay the same fee. According to the ordinance, a property's equitable share of the overall fee is determined as a function of its share of total transportation demand among all benefited properties. The City Council adopts the fee schedule by resolution and may adjust rates over time based on changes in roadway maintenance costs or inflation, including annual CPI adjustments.[4] An appeals process allows customers to contest charges for example (e.g. if a property is misclassified or exempt).

Figure 2: Examples of Commercial Tier Assignments



[3]The original fee structure was developed using industry-standard trip generation rates from the Institute of Transportation Engineers Manual and average trip lengths to estimate relative transportation demand across land use types.
[4]Roadway Maintenance, Solid Waste, and Drainage fees are indexed to CPI-U; therefore, a 6.0% increase was applied in FY24 to reflect inflation.

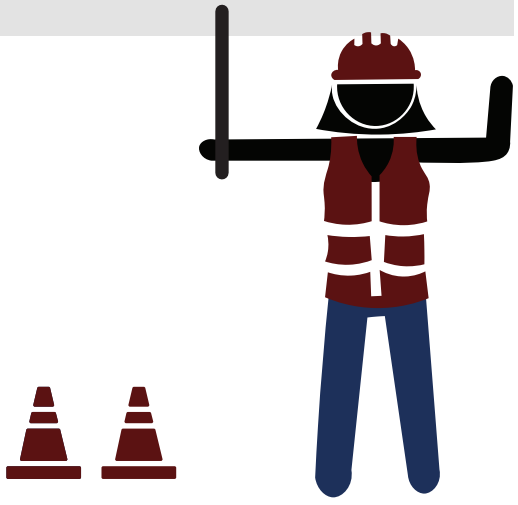
Table 1: Roadway Maintenance Fee Service Points by Property Category

Property Category	Active	Inactive	Total	Percentage
Multi-family Residential	22,574	459	23,033	45.2%
Single-family Residential	26,432	404	26,836	52.7%
Total Residential	**49,006**	**863**	**49,869**	**97.9%**
Commercial Tier 1	253	4	257	0.5%
Commercial Tier 2	242	7	249	0.5%
Commercial Tier 3	314	9	323	0.6%
Commercial Tier 4	182	6	188	0.4%
Commercial Tier 5	68	8	76	0.1%
Total Commercial	**1,059**	**34**	**1,093**	**2.1%**
Total Properties	**50,065**	**897**	**50,962**	**100%**

Table 1 above summarizes active and inactive RMF service points by category, providing a snapshot of the current fee-assessed property base in College Station. As of July 1, 2025, there are 50,065 active properties subject to the RMF, consisting of 49,006 residential and 1,059 commercial service points. Residential properties are further divided into 22,574 Multi-Family and 26,432 Single-Family active service points, while commercial properties are distributed across five tiers, with Tier 3 representing the largest share. In addition, there are 897 service points with inactive service points, including 863 residential and 34 commercial, which likely reflect properties undergoing construction or utility disconnection. This distribution provides context for understanding both the scale of RMF administration and the relative volume of appeals submitted, which remains low in proportion to the total number of service points.

Definition Reminder!

Tiers are fixed-fee structures that categorize non-residential properties based on estimated vehicle-miles traveled. Each tier reflects relative traffic generated tied to property type and expected trip generation and determines the monthly rate the property pays.



Roadway Maintenance Fund

Revenues from the RMF are placed into a Roadway Maintenance Fund intended exclusively for maintaining and repairing the City's road network. Since its inception, revenue has grown substantially – reaching approximately $6.7 million in FY24. The majority of this revenue has consistently come from Single-Family and Multi-Family residential fees, which together account for more than 80% of total collections (see **Table 2** on the following page). In addition to RMF proceeds, the City also funds street maintenance through the General Fund. In FY24, the City spent approximately $3.57 million in General Fund dollars on street maintenance activities, providing further support beyond the dedicated RMF revenues.

Program expenditures have varied over time as the fund scaled up. FY17 reflects limited activity due to its partial-year implementation, while later years saw increased spending as program capacity expanded. Contract labor has consistently represented the largest expenditure category, with cumulative costs exceeding $33 million over the review period. Maintenance and utility expenses have fluctuated, while General and Administrative (G&A) transfers have shown a steady upward trend.

Table 2: Roadway Maintenance Fund (FY17 – FY24 in thousands)

Description	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Single Family	1,354	1,901	1,940	2,093	2,121	2,211	2,475	2,739
Multi-Family	1,171	1,683	1,811	2,004	2,041	2,123	2,381	2,591
Commercial	557	795	840	899	917	981	1,101	1,218
Investment Income	-	24	43	9	2	0	20	1
Forfeiture/Penalties	-	-	35	42	48	46	48	50
Other	5	223	-	-	-	-	-	146
Revenue	**3,088**	**4,626**	**4,669**	**5,048**	**5,129**	**5,361**	**6,026**	**6,746**
Maintenance	426	455	463	830	467	462	636	600
Prof Svcs - Survey	96	7	1	-	-	-	-	-
Prof Svcs - Labor	2,223	3,468	4,248	3,941	4,633	4,587	5,079	5,577
Utility Expense	-	83	85	95	101	113	113	73
G&A Transfers	-	134	137	159	176	216	258	290
Expense	**2,745**	**4,147**	**4,935**	**5,025**	**5,378**	**5,378**	**6,086**	**6,540**
Total Revenue	3,088	4,626	4,669	5,048	5,129	5,361	6,026	6,746
Total Expense	2,745	4,147	4,935	5,025	5,378	5,378	6,086	6,540
Inc. (Dec.)	343	479	(266)	22	(248)	(17)	(60)	205
Bad Debt	12	21	13	46	6	19	28	45
Fund Balance	**331**	**789**	**510**	**487**	**232**	**196**	**108**	**269**

The fund experienced surpluses in its early years but encountered deficits in FY19, FY21, FY22, and FY23. These shortfalls contributed to a decline in the fund balance from a peak of approximately $789,000 in FY18 to a low of $108,000 in FY23. In FY24, the fund showed signs of stabilization, closing the year with a balance of approximately $269,000. This increase was largely driven by a substantial rise in revenue—from $6.03 million in FY23 to $6.75 million in FY24. Based on current funding levels and projected revenue trends, the Roadway Maintenance Fund does not appear to face a significant risk to its long-term financial sustainability.

Legality of Municipal Fees in Texas

A municipal user fee is a payment made by individuals or entities to the City in exchange for a specific, identifiable service or benefit provided directly to the payer. Unlike general taxes, which fund broad public goods and services without a direct link to individual usage, user fees are intended to cover the costs of particular services or facilities from which the payer directly benefits. Municipal fees are typically governed by four core principles:

1. ***Cost Recovery Only:*** Fees should be set to recover the actual cost of providing the service – no more and no less than what is required to deliver the program.

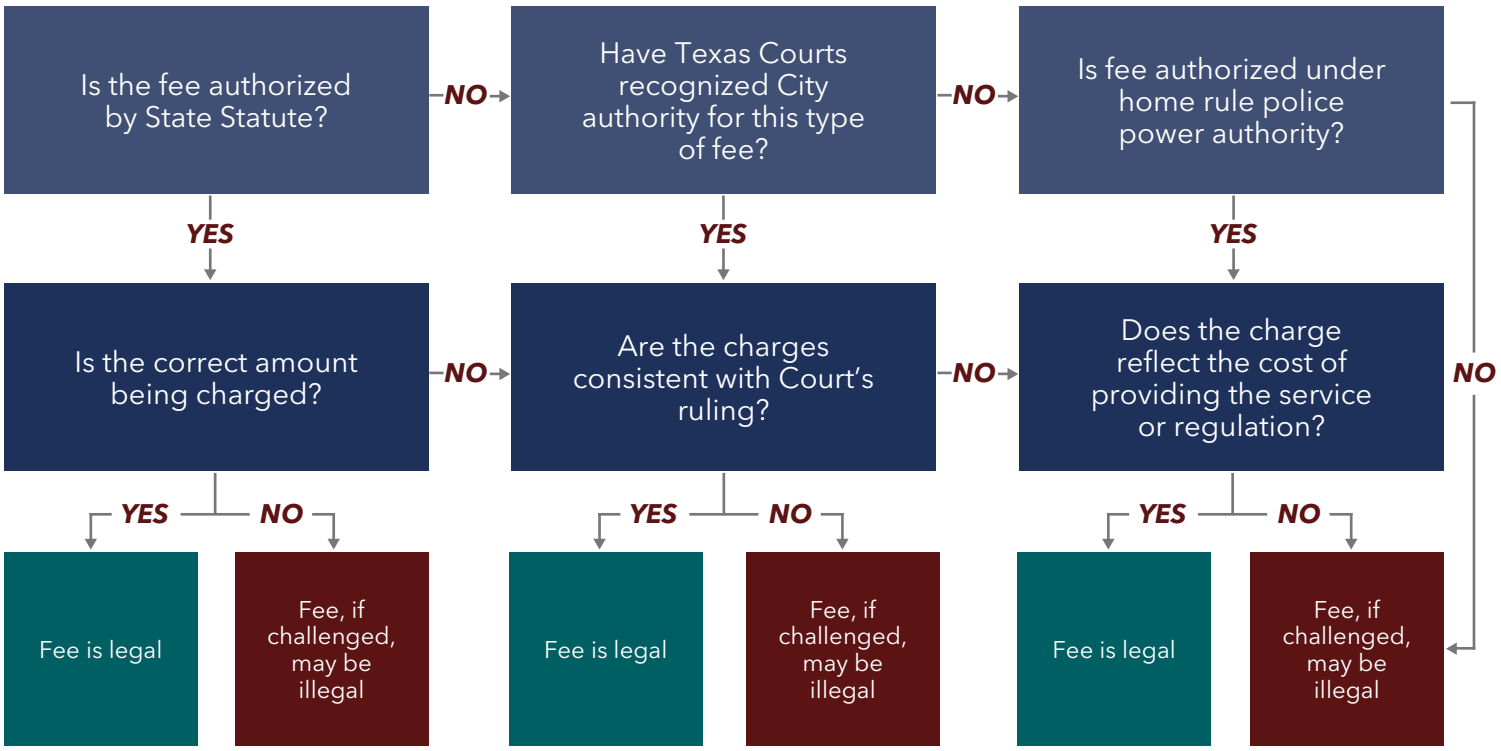
2. ***Public Purpose Requirement:*** The fee must support a legitimate public purpose, directly tied to the service being provided.

3. ***Avoid Crossing into Taxation:*** If fees are set too high or used to fund unrelated programs, they risk being classified – and potentially challenged – as unauthorized taxes.

4. ***Voluntary in Nature:*** User fees should be paid in exchange for a service or benefit that individuals can choose to use or avoid.

Figure 3 below provides a simplified framework for determining whether a municipal fee is legally supportable based on statutory authority, judicial recognition, or home rule powers.

Figure 3: ***Texas Municipal Fee Legality Decision Tree***



The Roadway Maintenance Fee is imposed under a city's home rule authority (see **Figure 3**). While no Texas statute explicitly authorizes municipalities to levy this specific fee, the Texas Transportation Code §311.001 grants cities general authority over their streets and rights-of-way. The Texas courts have not definitively affirmed the legality of such fees. In *City of Arlington v. Scalf*, the Court of Appeals declined to rule on the fee's validity, dismissing the case on the grounds that the plaintiff lacked standing, as the plaintiff did not experience an injury distinct from that of the general public.

Policy Considerations for Roadway Maintenance Fees

According to the U.S. Department of Transportation's primer[5] on roadway maintenance fee programs, several policy-related criticisms have been raised in other jurisdictions. One concern is that fees derived from the Institute of Traffic Engineers Trip Generation Manual are based on estimated, not actual, traffic volumes. However, courts have generally upheld programs built on a consistent and rational framework that seeks to equitably allocate costs among properties. U.S. Supreme Court rulings have established that such exactions are permissible when there is a "rational nexus" and "rough proportionality" between the fee and the infrastructure or service provided. This framework is consistent with legal principles recognized in Texas, where a fee's validity typically hinges on whether it reasonably relates to the cost of the service delivered or the behavior being regulated.

Additional concerns include the use of overly broad nonresidential categories that fail to reflect actual traffic impacts – such as grouping wholesalers with high-volume retailers. Some cities, such as Austin, addressed this by capping high-traffic uses at a fixed multiple of residential rates. College Station's tiered fee structure serves a similar purpose by limiting disproportionate charges while maintaining a usage-based rationale. Finally, criticism may arise if fee revenues are applied to activities not directly related to roadway maintenance. For example, Portland had its roadway maintenance fee repealed following voter backlash, partly due to its use of funds for services, namely abandoned vehicle towing – which lacked a clear connection to street maintenance.

[5]U.S. Department of Transportation, Primer on Transportation Utility Fees, Federal Highway Administration, Office of Transportation Policy Studies. This document provides an overview of transportation utility fee programs, including legal considerations, policy rationale, implementation strategies, and examples from municipalities across the United States.

Findings and Analysis

Texas cities have two main options to fund street maintenance: (1) adopt a municipal sales and use tax for street repairs under Tax Code Chapter 327, or (2) impose municipal fees—such as Street or Roadway Maintenance Fees—that must meet statutory standards for regulatory fees. Many cities use these fees to recover the costs of maintaining and improving road infrastructure. They are typically assessed to property owners based on factors such as land use and estimated traffic generation.

The City's Fee Structure is Consistent with Statewide Norms

College Station's Roadway Maintenance Fee (RMF) ordinance aligns with standard practices seen in other Texas cities. Its tiered structure and rate levels are broadly consistent with peers. **Table 3** below compares roadway maintenance fees and revenue across several Texas cities.

Table 3: Comparison of Roadway Maintenance Fee Structures in Texas

City	Estimated Population[1]	Year Enacted	Single-Family Residential ($/mo.)	Non-Residential Methodology	FY23 Revenue
Austin	980,000	1992	$19.74	Proportional	$122,974,000
Corpus Christi[2]	317,000	2014	$5.38	Proportional	$42,063,000
Killeen	160,000	2018	$10.00	Proportional	$10,414,000
Waco	145,000	2024	$2.00	Proportional	NA[3]
Abilene	129,000	2018	$8.75	Tiered	$13,884,00
College Station	125,000	2017	$10.00	Tiered	$6,026,000
Bryan	90,000	1997	$12.00	Tiered	$6,778,000
Harlingen	72,000	2017	$4.50	Proportional	$1,555,000
Kingsville	25,000	2015	$5.00	Tiered	$1,090,000
Taylor	17,000	2016	$8.00	Tiered	$859,000
Sulphur Springs	17,000	2019	$10.00	Tiered	$1,037,000
Borger	12,000	2020	$6.00	Tiered	$668,00
Lampasas	8,000	1992	$7.00	Proportional	$324,000
Commerce	9,000	2022	$5.00	Tiered	$244,000

[1]Based on 2023 Census population estimates.
[2]Corpus Christi's roadway maintenance fee expired after FY23.
[3]Actual revenue collections are not available because Waco did not adopt its fee until 2024.

College Station currently assesses non-residential properties using a five-tier[6] system based on estimated Vehicle Miles Traveled (VMT). In contrast, cities such as Austin employ a proportional model[7] that tailors fees to each property's specific characteristics by factoring in land use and development units (i.e., developed square footage). Of the fourteen Texas cities analyzed, eight use a tiered approach similar to College Station's, while the remaining six follow a proportional model similar to Austin's.

Experiences across Texas indicate that roadway maintenance fees are heavily influenced by public perception and community response. Corpus Christi repealed its fee following public opposition, Fort Worth declined to implement a proposed residential fee, and Waco delayed rollout due to community concerns. In contrast, Austin—the state's longest-running RMF program—has experienced no notable public backlash, despite including a 10.5% increase to the single-family residential rate in FY25, underscoring the importance of clear communication, sound program design, and proactive stakeholder engagement.

It is also important to consider the unique context of College Station, where RMF revenue is notably affected by the presence of Texas A&M University. On-campus student housing, which accommodates roughly 11,000 students as of 2024, is exempt from the fee. This exemption should be taken into consideration when comparing the City of College Station to other municipalities.

[6]Non-residential properties are assigned tiers based on estimated VMTs, with monthly fees reflecting relative traffic generation by land use.
[7]Austin's proportional assessment applies a rate per developed acre, adjusted by land use category based on the ITE Trip Generation Manual.

Legal Standards for a User Fee Appear to be Met

To qualify as a lawful user fee rather than a tax, the RMF must meet four core criteria: (1) it should recover only the cost of providing the service, (2) serve a legitimate public purpose, (3) avoid subsidizing unrelated activities, and (4) be paid in exchange for a specific, discretionary benefit. Based on a review of City financial data, ordinance provisions, and program design, the RMF appears to meet all four standards.

Cover only the cost of providing the service. Overall, the data demonstrates that the RMF is being used for its intended purpose – cost recovery – not revenue generation. From FY17 to FY24, RMF revenues and expenditures have remained closely aligned. Although there are occasional fluctuations, such as slight surpluses or deficits in certain years, the fund balance has remained relatively stable and modest in size. Notably, the fund balance decreased in several years (FY19, FY21, and FY22), and even in years with a surplus (FY24), the balance increased by only $205,000 – a relatively small amount in the context of the overall revenue of over $6.7 million in FY24 (see **Table 4** below).

Table 4: Roadway Maintenance Fund Balance (FY17 – FY24 in thousands)

Description	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Total Revenue	3,088	4,626	4,669	5,048	5,129	5,361	6,026	6746
Total Expense	2,745	4,147	4,935	5,025	5,378	5,378	6,086	6,540
Inc. (Dec.)	343	479	(266)	22	(248)	(17)	(60)	205
Bad Debt	12	21	13	46	6	19	28	45
Fund Balance	**331**	**789**	**510**	**487**	**232**	**196**	**108**	**269**

Serve a public purpose. RMF funds the repair and upkeep of streets, directly benefiting utility customers who use the public roadway system. While the benefit is broadly shared, it is reasonably aligned with usage by those whose properties generate traffic. The fee structure is based on estimated traffic generation, which correlates with the level of impact each property contributes to the road network. Revenue is deposited into a dedicated special revenue fund used exclusively for roadway maintenance, demonstrating a clear attempt to link between the fee amount and the City's cost to revenues may be used. It states that the fee "shall not be used for the general government proprietary purposes of the City, except to pay for the equitable share of the cost of accounting, management and government thereof." All other expenditures must relate directly to the operation, planning, maintenance, and improvement of the transportation system.

Avoid Crossing into Taxation. Excessive charges or unrelated spending can turn a fee into a tax. To remain a lawful regulatory fee, revenues must be reasonably aligned with the cost of providing the service – and used exclusively for that purpose. If fees are set too high or diverted to unrelated activities, they risk being classified as an unauthorized tax. In the City, there does not appear to be indications that revenue is being used for unrelated activities, which supports the argument that the fees remain lawful and are not being diverted in a way that would reclassify them as taxes.

A review of the RMF program's financial data from FY17 to FY24 shows that both direct and indirect costs have increased steadily and proportionally, with total expenses rising from $2.7 million to $6.5 million over eight years. Importantly, indirect costs – introduced in FY18 – have remained relatively stable, consistently accounting for about 5 to 6% of total expenses. This suggests that the fee structure is reasonably aligned with the cost of services provided (see **Table 5** on the following page).

Definition Reminder!

Roadway Maintenance Funds are to be used exclusively to pay for the costs of operation, administration, planning, engineering, development of guidelines and controls, inspection, maintenance, repair, improvement, renewal, replacement and reconstruction of the transportation system and costs incidental thereto.

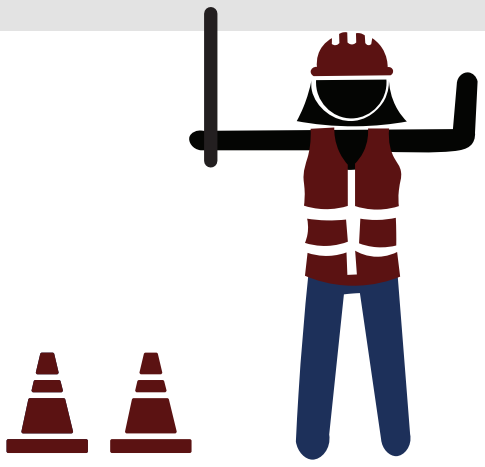


Table 5: RMF Program Direct vs. Indirect Costs (FY17 – FY24 in thousands)

Description	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Total
Direct Costs	2,745	3,930	4,712	4,771	5,100	5,049	5,715	6,177	38,199
Indirect Costs	-	217	222	254	277	329	371	363	2,033
Utility Expense	-	*83*	*85*	*95*	*101*	*113*	*113*	*73*	*663*
G&A Transfers	-	*134*	*137*	*159*	*176*	*216*	*258*	*290*	*1,370*
Total Expenses[8]	**2,745**	**4,147**	**4,935**	**5,025**	**5,377**	**5,378**	**5,086**	**6,540**	**40,234**
Indirect Cost %	**-**	**5.23%**	**4.50%**	**5.05%**	**5.15%**	**6.12%**	**6.10%**	**5.55%**	**5.05%**
Utility Expense %	-	*2.00%*	*1.72%*	*1.89%*	*1.88%*	*2.10%*	*1.86%*	*1.12%*	*1.65%*
G&A %	-	*3.23%*	*2.78%*	*3.16%*	*3.27%*	*4.02%*	*4.24%*	*4.43%*	*3.41%*

The General and Administrative (G&A) transfers represent the RMF's reimbursement to the General Fund for centralized services it receives, calculated through a full-cost allocation plan developed by an external consultant. Using time allocations, estimated effort, and departmental data, the methodology used by the consultant determines the appropriate transfer amounts from the Roadway Maintenance Fund to supporting departments (such as Fiscal Services) who contribute staff time and resources to the Fund's administration.

The Utility Expense reflects a transfer from various City utility funds to Utility Customer Service (UCS) to cover shared billing functions such as customer support, credit card processing, and meter reading. The Roadway Maintenance Fund contributes a proportional share of UCS's overall costs, determined by its relative portion of the total utility revenues processed by UCS. These reimbursements support the continued administration and collection of utility fees and align with ordinance requirements to cover an equitable share of fund management and operations.

In summary, utility expenses have been modest, ranging from 1.1% to 2.1%, while G&A transfers, although gradually increasing, peaked at 4.4% before slightly decreasing in FY24. Utility expenses and G&A transfers (making up total indirect cost) remain within an acceptable range based on common benchmarks for administrative overhead in public sector programs, which typically allocate 5 to 10% of total expenses to indirect costs.

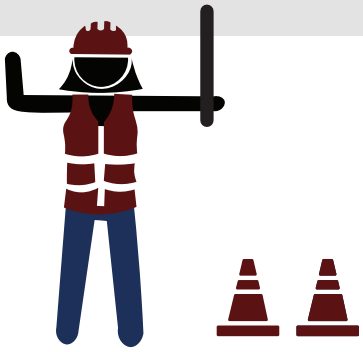
Be paid by choice. While it appears on utility bills, exemptions are available under defined criteria. These exemptions include properties owned by tax-exempt entities such as College Station ISD, Texas A&M University, and the Texas A&M System. The City also reserves the right to exempt properties from the provisions of this section through City Council action. In addition, the City offers an appeals process, allowing customers to contest charges if they believe the fee has been applied in error or if they feel they should be exempt.

Examples of appeals may include cases where the RMF has been assessed in duplicate on multiple utility accounts for the same property; properties located outside city limits; incorrect land use tier classifications; and properties not associated with the utility customer.

Cities like Austin and Waco have implemented additional exemptions for older adults or for properties without registered vehicles, recognizing that some populations contribute less to roadway wear. Locally, about 5.5% of households lack access to a vehicle, which may raise similar considerations. With over 72,000 students enrolled at Texas A&M University, it may appear reasonable to consider an exemption for student populations who drive infrequently or not at all. However, approximately 11,000 students in on-campus housing are already exempt, and those without vehicles often have access to the university transit system that is also exempt from the fee. These factors suggest that additional exemptions may offer limited equity gains while introducing challenges in consistent implementation and potentially affecting long-term funding stability. Given these dynamics, it may be more appropriate to periodically review exemption criteria rather than adopt further changes at this time.

Policy Reminder!

Ordinance restricts Roadway Maintenance Fee revenues to roadway purposes, with limited use permitted for the equitable share of administrative and management costs.



[8]Excludes bad debt expense because it reflects uncollected revenue rather than a cost incurred to provide the service. Therefore, including it could skew an analysis of the data in Table 5.

Expenditures Appear to Comply with Legal Standards

Based on our analysis, expenditures from the Roadway Maintenance Fund appear to fully comply with the City ordinance and industry best practices for special revenue funds. All reviewed purchases directly supported roadway infrastructure and aligned with the program's stated purpose. This consistent, disciplined use of RMF revenues enhances the legal defensibility of the ordinance and supports the long-term sustainability of the fee as a dedicated funding source for maintaining and improving College Station's transportation network.

According to the U.S. Department of Transportation, RMF revenues should be used exclusively to support the maintenance and preservation of local transportation infrastructure. Acceptable uses include the following:

1. ***Street Maintenance and Pavement Preservation:*** Resurfacing, reconstruction, crack sealing, overlaying, and related planning, engineering, inspection, and administrative costs.

2. ***Street-Related Infrastructure:*** Maintenance of storm drains, street lighting, signals, curbs, gutters, signage, and striping.

3. ***Sidewalks and Bicycle Paths:*** Installation, maintenance, and ADA-compliant improvements to sidewalks and trails.

4. ***Landscaping:*** Maintenance and replacement of trees and landscaping in public rights-of-way.

5. ***Other Street Infrastructure:*** Operational support for road base placement, minor widening, signage, stormwater systems, and safety equipment.

The City's ordinance reflects these same principles. It expressly limits RMF expenditures to transportation-related purposes and prohibits their use for general government functions – except for the fund's equitable share of administrative and management costs.

From FY17 to FY24, two accounts comprised the vast majority (99.73%) of direct RMF expenditures: (1) Professional Services Contract Labor (Account 5315) with 271 purchase orders and 2 purchasing card transactions and (2) Street Maintenance (Account 5209) with 93 purchase orders and 3 purchasing card transactions. Together, these accounts totaled 369 transactions – 364 purchase orders and 5 purchasing card purchases – over the review period.

To determine whether these expenditures complied with legal and regulatory standards, a statistically valid sample was selected. Using a 95% confidence level and a ±5% margin of error, 189 transactions were selected through simple random sampling to ensure representativeness. All 189 sampled transactions were reviewed for supporting documentation and assessed against allowable uses defined in the City ordinance and federal guidance. No instances of non-compliance were identified, as every transaction fell within the scope of permitted expenditures.

The sampled transactions accounted for 51% of all purchases and 59% of total RMF expenditures over the audit period. Spending primarily covered materials and contracted services related to roadway infrastructure. Typical purchases included asphalt overlays, stabilized base materials, asphalt emulsifiers, curb and gutter replacements, milling, and utility cut restoration (see **Table 6** on the following page).

Table 6: What the City Purchased (RMF Expenditures FY17 – FY24 Sample)

Parent Code	Count	Prop. of Total	Sub-Code	Count	Prop. of PC	Prop. of Total
Professional Services	95	50.3%	Curb Gutter	43	45%	23%
			Asphalt Overlay	44	46%	23%
			Misc. Services	8	8%	4%
Materials	94	49.7%	Asphalt Materials	60	64%	32%
			Base Materials	32	34%	17%
			Misc. Materials	2	2%	1%
Totals	**189**	**100%**	**-**	**189**	**-**	**100%**

Table 7 below presents a detailed breakdown of how Roadway Maintenance Fee revenues were allocated. While the quantity of material and service purchases was nearly equal, service-related transactions made up more than 96% of total expenditures, reflecting the labor intensive nature of infrastructure work. Nearly half of total spending went to curb and gutter work, followed closely by asphalt overlays.

Table 7: Where the Money Went (RMF Expenditures FY17 – FY24 Sample)

Parent Code	Total Exp.	Prop. of Total	Sub-Code	Count	Prop. of PC	Prop. of Total
Professional Services	$21,714,000	96.3%	Curb Gutter	$11,193,000	51.55%	49.64%
			Asphalt Overlay	$9,861,000	45.41%	43.74%
			Misc. Services	$659,000	3.04%	2.92%
Materials	$834,000	3.7%	Asphalt Materials	$334,000	40.12%	1.48%
			Base Materials	$396,000	47.45%	1.75%
			Misc. Materials	$104,000	12.43%	0.46%
Totals	**$22,548,000**	**100%**	**-**	**$22,548,000**	**-**	**100%**

Because this sample was drawn using a statistically sound methodology (189 randomly selected transactions from a total population of 369), these results can be reliably inferred to represent overall RMF spending patterns during the period under review. Between FY17 and FY24, the City spent approximately $38.2 million in direct costs on roadway maintenance. When applied proportionally to this total, the sampled distribution suggests the following estimated expenditure breakdown for the full population (see **Table 8** below).

Table 8: Estimated Annual RMF Expenditures (in thousands) from a Statistical Sample

Fiscal Year	Prof. Services	Curb & Gutter	Asphalt Overlay	Misc. Services	Materials	Asphalt Mat.	Base Mat.	Misc. Mat.
FY17	2,643	1,363	1,200	80	102	41	48	13
FY18	3,784	1,951	1,718	115	145	58	69	18
FY19	4,538	2,339	2,061	138	174	70	83	22
FY20	4,594	2,368	2,086	140	177	71	84	22
FY21	4,911	2,532	2,230	149	189	76	90	23
FY22	4,862	2,507	2,208	148	187	75	89	23
FY23	5,504	2,837	2,499	167	211	85	100	26
FY24	5,949	3,067	2,701	181	229	92	108	28
Total	**36,786**	**18,963**	**16,705**	**1,118**	**1,413**	**567**	**671**	**176**

There Have been Relatively Few Appeals

Under § 40-4(k)(3) of the City's ordinance, utility customers may appeal the Roadway Maintenance Fee (RMF) based on the following grounds:

1. ***Government Property:*** Property exempt through Council action, including those owned by College Station ISD, Texas A&M University, or the Texas A&M University System.

2. ***Redundant Fee Assessment Across Accounts:*** Fee assessed more than once on multiple utility accounts for the same property.

3. ***Outside City Limits:*** Property lies outside the municipal boundary.

4. ***Inaccurate Determination:*** Errors in property characterization (e.g., land use or square footage) resulting in an incorrect fee.

5. ***Unrelated Property:*** Fee applied to a property unrelated to the customer's utility account. (*Note: No appeals were submitted under this category.*)

6. ***Other:*** Appeals outside defined ordinance grounds, most commonly landlord/tenant billing disputes.

Although the RMF applies to 49,006 residential and 1,059 commercial properties in College Station, only 21 appeals have been recorded since the fee's implementation on January 1, 2017 – representing an appeal rate of approximately 0.043% overall and just 1.98% among commercial accounts, where billing is typically more complex. The appeals were almost entirely concentrated within the first 15 months of the program's rollout. While this may indicate accurate fee assessments or effective initial communication, it could also reflect low public awareness of the appeals process.

Several factors could help explain the low rate of formal disputes. First, customers are generally only motivated to appeal if they believe they are being overcharged; there is little incentive to report underbilling, even if it occurs. Second, the RMF typically represents a small portion of the total utility bill, making it less likely that customers will scrutinize it or consider the financial benefit of appealing worth the effort. Third, City staff appear to take a proactive approach to correcting errors: when a mistake is identified on one customer's bill, staff have reportedly reviewed other similar accounts to correct systemic issues, even when those customers did not submit appeals.

Table 9: Roadway Maintenance Fee Appeal by Reason and Outcome

Reason for Appeal	Total Count	% of Total	Count Approvals	% of Approvals	Count Denied	% of Denials	Audit Result
Government Property	1	4.76%	0	0%	1	5%	0
Duplicated	4	19.05%	2	10%	2	10%	0
Outside City Limits	4	19.05%	4	19%	0	0%	0
Inaccurate Determination	5	23.81%	3	14%	2	10%	1
Landlord/Tenant Dispute[9]	3	14.29%	0	0%	3	14%	0
Other[10]	4	19.05%	2	10%	2	10%	1
Total	**21**	**100%**	**11**	**52%**	**10**	**48%**	**2**

Each of the 21 appeals was classified as approved or denied by Utility Customer Service (UCS) based on documentation from UCS, consultant provided data, utility billing records in the C2M environment, and GIS address data from Central Square. There were 11 appeals that resulted in denials (52%) and 10 in approvals (48%) – see **Table 9** above. We agreed with the outcome of 19 cases (90.5%) and disagreed with 2 (9.5%).

[9]The "landlord/tenant" dispute category emerged from a subset of appeals originally grouped under "other," which we later separated due to a recurring pattern of attempts to shift the fee onto a tenant or other responsible party.
[10]This category includes appeals that do not meet ordinance-defined classifications, including low traffic generation, vacancy claims, or general opposition to the fee.

Our review of the appeals process identified the following two issues:

1 **Unsubstantiated Tier Reductions**

Two appeal approvals involved lowering RMF tiers for medical clinic properties based on a presumed reclassification. However, documentation was insufficient to justify the change. In addition, there did not appear to be any review by Planning & Development staff to confirm the reclassification. These two appeal findings are reflected in the "Audit Results" column of **Table 9**.

2 **Refund Issued in Excess of Ordinance Limits**

In one case, a customer was correctly reclassified from commercial to residential; however, the City issued a full refund covering the entire period of misclassification. This action exceeded the refund limitation established by ordinance, which permits refunds only for fees paid within six months of the customer's notice of appeal. Although the financial impact was minor, the refund did not comply with the ordinance's stated requirements. The City's practice, however, is to provide a full refund when billing errors occur, which helps mitigate the risk of legal challenges or customer disputes. This issue did not arise from a formal appeal; therefore, this finding is **not** reflected in **Table 9**.

Fee Assessment Risks Were Identified in Commercial Accounts

We conducted a preliminary review of all RMF accounts to highlight patterns or discrepancies that may warrant deeper investigation. To ensure balanced representation across all billing classifications, a stratified random sample of five properties was selected from each of the eight RMF categories – Single-Family Residential (SFR), Multi-Family Residential (MFR), the five commercial tiers, and exempt – with a total sample of 40.

Residential properties account for approximately 98% of all active accounts charged a RMF, with over 49,000 SFR and MFR properties compared to just over 1,000 commercial accounts. These residential accounts follow a straightforward billing structure: a flat fee of $10 per billing cycle for SFR and $7.75 for MFR in FY25. This may explain why we did not identify any material issues amongst residential properties in our preliminary analysis. In addition, residential fees are significantly lower than commercial RMFs (see **Table 10** below).

Table 10: Roadway Maintenance Fees from FY17 to FY25 by Category

Tier	SFR	MFR	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
FY17	$7.78	$6.10	$17.23	$38.71	$74.71	$152.39	$250.00
FY18	$7.78	$6.10	$17.23	$38.71	$74.71	$152.39	$250.00
FY19	$7.78	$6.10	$17.23	$38.71	$74.71	$152.39	$250.00
FY20	$8.20	$6.40	$18.20	$40.80	$78.80	$160.80	$263.80
FY21	$8.20	$6.40	$18.20	$40.80	$78.80	$160.80	$263.80
FY22	$8.30	$6.50	$18.50	$41.50	$80.10	$163.50	$268.30
FY23	$9.13	$7.15	$20.35	$45.65	$88.11	$179.85	$295.13
FY24	$9.75	$7.50	$21.50	$48.50	$93.50	$190.75	$312.75
FY25	$10.00	$7.75	$22.25	$50.25	$96.75	$197.50	$323.75

In contrast, non-residential (commercial) properties are subject to a more complex fee structure based on calculated Vehicle Miles Traveled (VMT), which reflects estimated traffic generated. VMT is determined by multiplying the vehicle miles traveled per developmental unit for the property's land use by the total number of developmental units on the property – typically measured in square footage (See **Appendix E**). These calculations determine tier placement across five RMF categories, with monthly charges ranging from $22.25 for Tier I properties to $323.75 for Tier V (see **Table 11** on following page). This complexity

increases the risk of misclassification and billing errors, a pattern reflected in our preliminary review, which identified multiple areas of concern. As a result, a more detailed sample of commercial properties was evaluated to better understand the scope and nature of these issues.

Table 11: Commercial Roadway Maintenance Fee Schedule (as of FY25)

Commercial Tier	Vehicle Miles Traveled	Monthly Charge
Tier I	0 – 23.99	$22.25
Tier II	24.00 – 43.99	$50.25
Tier III	44.00 – 90.99	$96.75
Tier IV	91.00 – 223.99	$197.50
Tier V	224.00+	$323.75

As of July 1, 2025, there are 1,059 commercial accounts with an active RMF service point. To evaluate whether these properties are being appropriately tiered under the RMF structure, we selected a statistically valid random sample of 282 accounts. For each property in the sample, we reperformed the tier assignment based on land use classification and estimated VMT using the methodology employed in steps 2 and 3 of the Planning and Development (P&D) Department's RMF commercial property tier assignment process. This involved confirming the appropriate land use and applying the Tier Calculator to estimate VMT and determine the corresponding RMF tier. The broader RMF tier assignment process is summarized in **Figure 4** below.

Figure 4: RMF Commercial Property Tier Assignment Process

Key P&D Transportation & Mobility | P&D Development Coordination | Utility Customer Service (UCS)

1. ***Permit Application Submitted***
   A commercial or residential permit application is submitted for a new construction or remodel.

2. ***Land Use Assigned***
   A Roadway Impact Review is triggered. Transportation & Mobility staff in the Planning & Development Department determine the property's land use and assign a land use code based on the *ITE Trip Generation Manual* and the City's most recent *Roadway Impact Fee Study*.

3. ***Land Use Confirmed and Tier Assigned***
   Development Coordination staff in the Planning & Development Department verify land use details and use the Tier Calculator to estimate VMT and assign an RMF tier. The assigned RMF tier is then entered into GIS and noted in TRAKiT.[11]

4. ***Tier Communicated to Utility Customer Service***
   Development Coordination notify (via TRAKiT) Utility Customer Service (UCS) in the Fiscal Services Department of new or updated tier assignments.

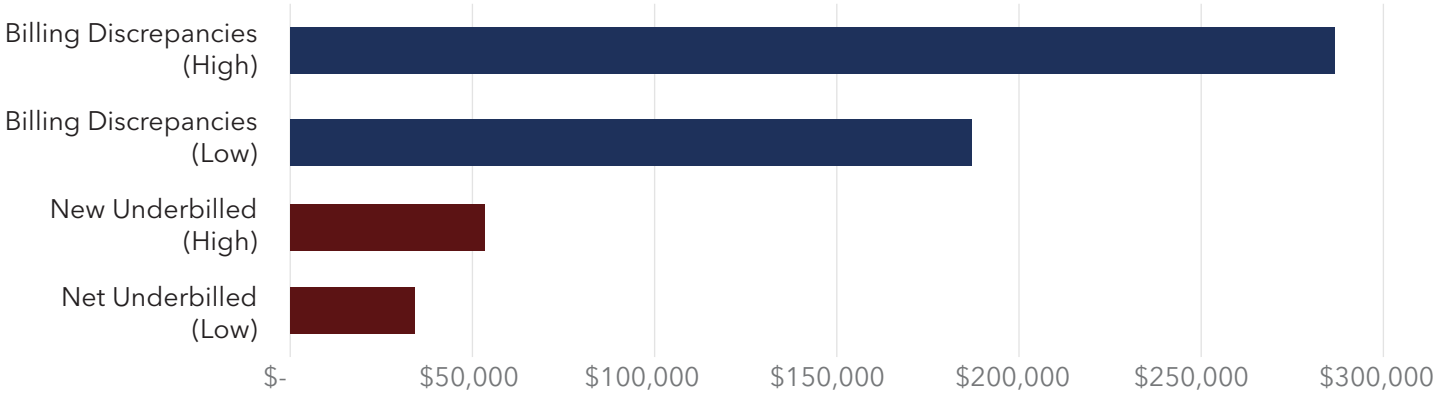
5. ***Utility Account Updated and Billing Begins***
   UCS staff enter the RMF tier into the customer's utility account in the billing system (C2M), which triggers RMF charges as part of the regular utility billing cycle.

[11]CentralSquare is the City's land management software platform used for tracking development reviews, permits, and related workflows. TRAKiT and CentralSquare are terms used interchangeably by Planning & Development staff in referring to their information system.

Our review identified 65 exceptions (approximately 23% of the sample) in which the assigned RMF tier did not match the tier we independently determined using land use and development unit data. Of these, 28 accounts appear to have been overbilled, while 37 appear to have been underbilled. For FY24, the overbilled accounts were charged an estimated $25,815 more annually than appropriate (an average of $922 per account), while underbilled accounts were charged approximately $37,212 less annually (averaging $1,006 per account).

The 282-account sample was representative of the full commercial population of 1,059, providing a 95% confidence level with a ±5% margin of error. Extrapolating these results suggests that approximately 191 to 297 commercial accounts may require RMF tier adjustments. If these patterns extend across the population, total billing discrepancies could range between $185,000 and $288,000. Netting overcharges and undercharges, commercial RMF revenue for FY24 may have been $34,000 to $52,000 lower than appropriate (see **Figure 5** below).

Figure 5: Estimated Financial Impact of RMF Commercial Property Tier Errors (FY24)

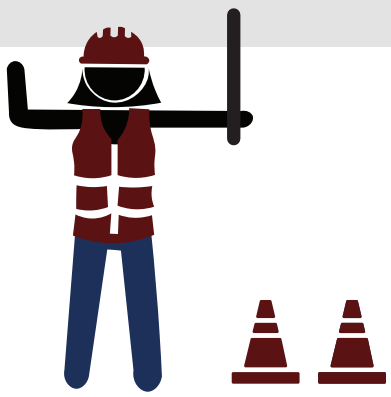


Examples of the issues identified include a health clinic and a real estate office that were assigned incorrect RMF tiers due to land use misclassification; a storage facility whose full square footage was omitted from the tier calculation; and a financial institution that was mistakenly categorized as a walkin bank rather than a corporate headquarters, resulting in an underestimated VMT.

Notably, only 9 of the 65 exceptions were the result of fee determination errors made by Planning & Development staff, representing just 3% of the 282 records reviewed. This relatively low error rate supports the conclusion that the majority of discrepancies likely stem from outdated assumptions or implementation errors introduced during the original tier assignment process, which was carried out by a consultant engaged by the City to support the initial rollout of the RMF program.

Process Reminder!

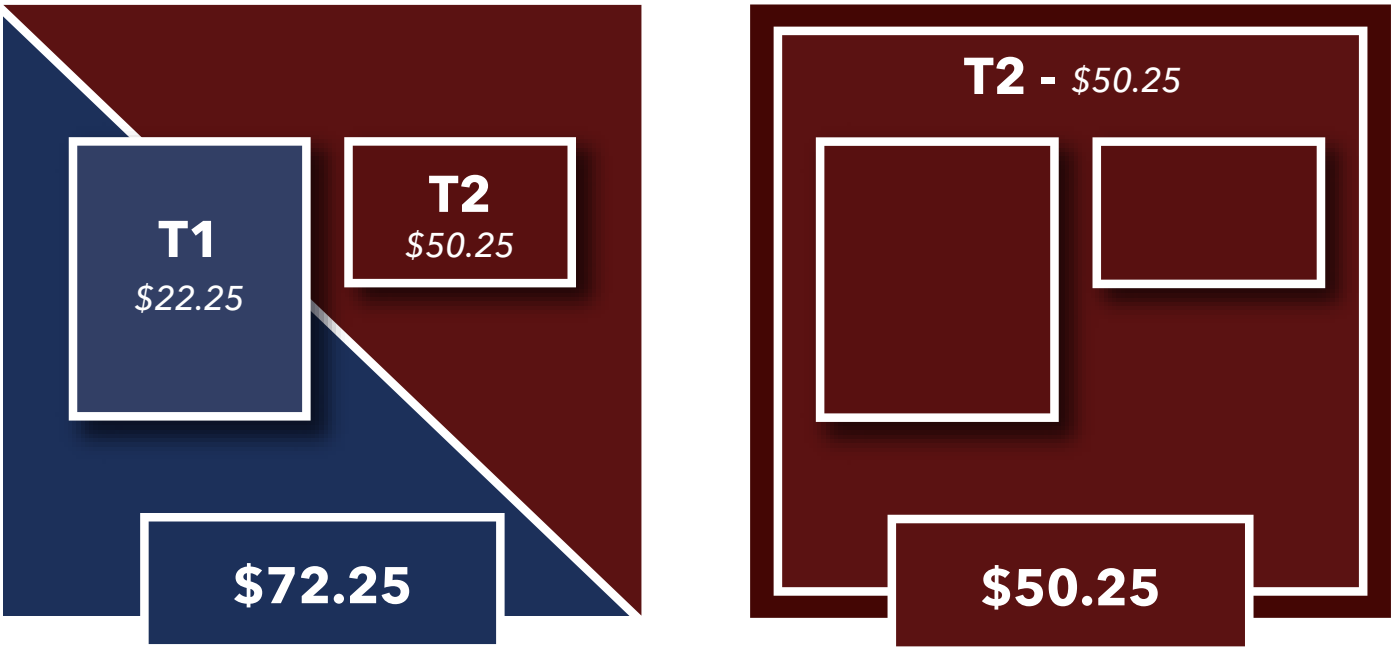
The **UCS appeals process** serves as a key control by allowing customers to appeal Roadway Maintenance Fees that could be consolidated across multiple utility accounts or are based on inaccurate property characterization, supporting timely error correction and equitable fee application.



In addition to these findings, we identified 19 sets of accounts associated with the same owner and use—typically across adjacent properties or multiple tenants located on the same parcel—that could be consolidated under a single billing structure. The current practice by UCS and PDS staff is to bill the real property owner rather than individual tenants, where feasible. However, in several instances, we observed tenants being billed despite the property owner having an active account in the Utility Billing System. These inconsistencies increase the risk of inequitable treatment among similar properties, as some tenants are billed while others in comparable situations are not (See **Figure 6** on the following page).

Figure 6: Impact of Non-Consolidated Roadway Maintenance Fee Assessments

Assessing the Roadway Maintenance Fee across multiple accounts for a single property—rather than consolidating charges under one account—can result in higher cumulative fees. In this example, the property shown on the left pays $22 more per month despite being under single ownership, because the fee is assessed across multiple accounts rather than based on the property's overall traffic impact. Customers may appeal situations like this when multiple accounts or classifications result in charges that do not accurately reflect a property's total roadway impact.



City-owned properties are not exempt from the RMF, as Council opted to include them to demonstrate the City's contribution to roadway maintenance; however, we found 10 City-owned park properties currently charged under commercial RMF tiers, despite lacking applicable land use designations or supporting developmental unit data. All parks were uniformly assigned to Tier 3, regardless of differences in acreage or developed facilities. Greater consistency could be achieved if the City opts to continue charging park properties by aligning tier assignments with each property's actual characteristics.

Appendix A: Management's Response

The following summarizes the recommendations issued through this report. The auditors found that staff and the Departments were receptive and willing to make improvements to controls where needed. Management has provided their response to each recommendation.

Risk: Medium to High	**1. Conduct a Review of Commercial Tier Assignments** - Utility Customer Service and Planning and Development Services should conduct a full review of commercial tier assignments to correct legacy errors and ensure accurate classification based on land use and development data. Aspects of this review could include the following: confirming that properties are assigned based on current land use and correct development unit counts; ensuring real property owners are consistently assessed instead of tenants, when feasible; and verifying that City-owned properties are assigned tiers aligned with Institute of Transportation Engineers guidance.	Concur	**Expected Completion:** Fall 2025
Plan of Action: Management concurs. UCS and PDS will jointly conduct a comprehensive review of all commercial tier assignments. This effort will be supported by updated GIS data and cross-checked with building permit and zoning information to ensure consistency.			**Responsibility:** UCS & PDS
Risk: Medium	**2. Improve Public Awareness of the Roadway Maintenance Fee and Appeals Process** - The low volume of formal appeals since the program's implementation may be indicative of limited public awareness rather than the absence of discrepancies. Therefore, Utility Customer Service should partner with the Public Communications Office to improve public understanding of the Roadway Maintenance Fee and how to appeal it. Potential options to expand outreach include: (1) simplifying the website to provide clearer explanations of the fee and appeal process; or (2) coordinating broader outreach efforts through the Public Communications Office.	Concur	**Expected Completion:** Summer 2025
Plan of Action: Management concurs. UCS is working with the Public Communications Office to improve outreach and clarity regarding the Roadway Maintenance Fee on the cstx.gov website.			**Responsibility:** UCS
Risk: Low	**3. Consider Periodic Reviews to Maintain Accurate Tier Assignments** - As an additional mitigating control, Planning and Development Services may consider implementing a structured, periodic review process for commercial tier assignments. This review process could help ensure land use data and development unit values remain current, and that misclassifications – such as over or under assessed accounts – are identified and addressed. Additional considerations during the review could include (1) verifying that real property owners, rather than individual tenants, are assessed consistently and (2) validating the appropriateness of exempt property classifications in accordance with the ordinance.	Concur	**Expected Completion:** Every 5 Years
Plan of Action: Management concurs. PDS will conduct periodic reviews of commercial tier assignments every five years.			**Responsibility:** PDS

Appendix B: Process and Internal Control Assessment

Roadway Maintenance Fee Program Process:

1. **(Beginning of Process)** A new building permit application is submitted for a commercial or residential property, either for a new building or a remodel of an existing property. As part of the review process, the property must be assessed a Roadway Maintenance Fee (RMF) tier.[12]
2. A "Roadway Impact Review" automatically generates in the Central Square software. These reviews are processed by the Transportation & Mobility division, currently assigned to the Transportation Planning Administrator.
3. The Transportation Planning Administrator determines the property use to assign a ITE land use code.
4. Is the property use clear enough to make a determination?
    a. **No:** Proceed to Step 5.
    b. **Yes:** Proceed to Step 6.
5. Transportation Planning Administrator consults possible uses identified in the most recently published Roadway Impact Fee Study and uses in the most current edition of the ITE Trip General Manual.
6. The Transportation Planning Administrator applies the selected land use to the permit application in *Central Square*.
7. Upon the completion of the initial review of the property's use by the Transportation Planning Administrator, a "Roadway Impact in GIS" review is automatically created by *Central Square* and assigned to the Development Coordination division.
8. The Development Coordination reviewer conducts an analysis of the previously completed Roadway Impact Review on the "Custom Screens" page in *Central Square*.
9. The Development Coordination reviewer assesses whether all the information within the land-use review is accurate and alerts the Transportation Planning Administrator if anything needs corrective action.
10. The Development Coordination reviewer utilizes the Roadway Maintenance Fee Tier Calculator[13] to calculate the assigned tier for the given property.
11. The Development Coordination reviewer chooses the determined land use from a drop-down menu in the "Land Use" column of the Tier Calculator.
12. Is the application for a remodel or new property?
    a. **Remodel:** Proceed to step 13.
    b. **New Property:** Proceed to step 14.
13. The reviewer locates the developmental unit value using the property's information in BCAD or from the "Custom Screens" tab in *Central Square*. Proceed to Step 15.
14. The reviewer locates the development unit value using the property's associated parcel information or site plans found in BCAD and GIS, or by retrieving information entered by the property owner in *Central Square*. Proceed to step 15.
15. The Development Coordination reviewer enters the number of development units into the Tier Calculator. Based on this input, the calculator assigns an appropriate RMF tier using the property's characteristics (e.g., land use, vehicle miles traveled, and development units).
16. The Development Coordination reviewer inputs the properties RMF tier into GIS.
17. The Development Coordination reviewer returns to *Central Square*, changes the status of the review to "Complete", and enters the tier determination into the "Remarks" section of the completed review.
18. The Development Coordination reviewer contacts the Customer Services Supervisor at Utility Customer Service (UCS) to inform them of RMF tier changes or additions.
19. UCS staff determines whether the site associated with a permanent[14] customer utility account is new or a remodel.

[12]An RMF tier refers to the assigned billing category under the City's RMF program. Each property is assigned a tier based on its characteristics and estimated roadway impact—as either a Single-Family residence, a Multi-Family residence, or one of five commercial property tiers.
[13]The Tier Calculator is a formula-based tool developed by a consultant during the implementation of the Roadway Maintenance Fund. It was designed to assist Planning and Development staff in assigning RMF tiers in accordance with the City's Fee Schedule.
[14]Permanent customer utility accounts are designated after construction and contracting work on a given site have been completed and a Certificate of Occupancy has been issued for the property.

a. If the site is a commercial remodel,[15] proceed to step 20.

b. If the site is new, proceed to step 21.

20. UCS staff is notified by Development Coordination staff that changes have been made to a site's RMF tier classification. Proceed to step 25.
21. UCS staff begins work on the permanent customer utility account to finalize characteristics[16] relevant to automated billing.
22. UCS staff locates the permit associated with the customer utility account in *Central Square* and launches its site profile in GIS
23. UCS staff identifies the RMF tier categorization in the "RMTier" line under the address point in GIS.
    a. If RMF tier assignment is present, proceed to step 25.
    b. If RMF tier assignment is not present, proceed to step 24.
24. UCS staff reaches out to Development Coordination staff and requests an RMF tier assignment for the address.
25. UCS staff manually enter the assigned RMF tier from GIS into the customer's account in C2M, the utility billing system, as a characteristic.
26. UCS collections process begins **(End of Process)**.

Roadway Maintenance Fee Program Internal Controls:

- The RMF Tier Calculator displays a corresponding development unit type based on the selected land use, providing direction for data entry during the tier assignment process.
- Input controls in Central Square ensure that land-use categories are selected from a list of the most up-to-date and applicable categories, according to the most recent Roadway Impact Fee Survey and ITE Trip Generation Manual releases.
- The automation of RMF determination workflow in the within Central Square ensures the RMF is consistently applied and not omitted during the Impact Fee review process.
- A secondary review by Development Coordination helps identify inaccuracies before the tier calculation process begins and serves as a quality control measure.
- The Tier Calculator is a formula-based tool developed by a consultant to help streamline the RMF tier assignment process for Planning and Development staff to help comply with the City's ordinance.
- Comparison of developmental unit values to city and county records aims to ensure the accuracy of RMF tier assigned.
- When a property has differing development unit values across sources such as Central Square, GIS, or site plans, the reviewer compares the resulting tier assignments to assess impact and help prevent incorrect RMF tier assignment.
- An automated email from GIS notifies UCS of RMF tier changes, allowing them to update the customer account for the property and ensure the correct fee is applied.
- For multi-unit shopping centers, the Development Coordination reviewer consolidates tenant-submitted square footage to calculate the total roadway impact. Although individual tenants report data, only the property owner is billed. The reviewer updates GIS to list the building as a single utility account and records the tenants separately.
- The spreadsheet will automatically display the associated development unit type (i.e., dwelling units, beds, square feet, etc.).
- Each fiscal year, Utility Customer Service manually updates the RMF tier fee amounts in C2M to reflect the revised rates (e.g., increasing the NR1 fee from $20.35 to $21.50 in FY24). This allows UCS to execute a mass update across all applicable accounts, ensuring accurate billing based on the new fee schedule by October 1st.

[15]UCS staff are only notified by PDS when the RMF tier on a commercial location is adjusted. A commercial property may experience RMF tier updates for a variety of reasons, such as a remodel that changes the land use categorization or the approval of a tier-change appeal.
[16]Characteristics are components of utility customer accounts that are directly associated with line items for service billing. For example: the "Roadway Maintenance Fee" tier assignment characteristic is billed as the "Roadway Maintenance Fee" line item on a customer's monthly utility bill

- C2M includes a system control that prevents billing when a Roadway Maintenance Fee service agreement is active on an account, but no RMF tier has been assigned. In such cases, the system will block billing and generate a notification to UCS.

I hereby certify that the process narratives, corresponding flow charts, and internal controls described within accurately reflect my understanding of the process for determining the Roadway Maintenance Fee for City of College Station property.

Print Name: Tiffany Romero Date: July 11, 2025

Sign Name:  Title: Staff Assistant

Print Name: Jason Schubert Date: July 11, 2025

Sign Name:  Title: Transportation Planning Administrator

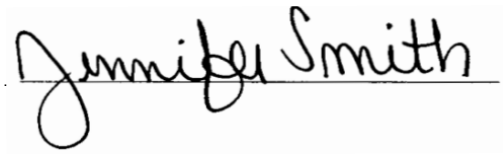
Print Name: Anthony Armstrong Date: July 11, 2025

Sign Name:  Title: Director of Planning and Development

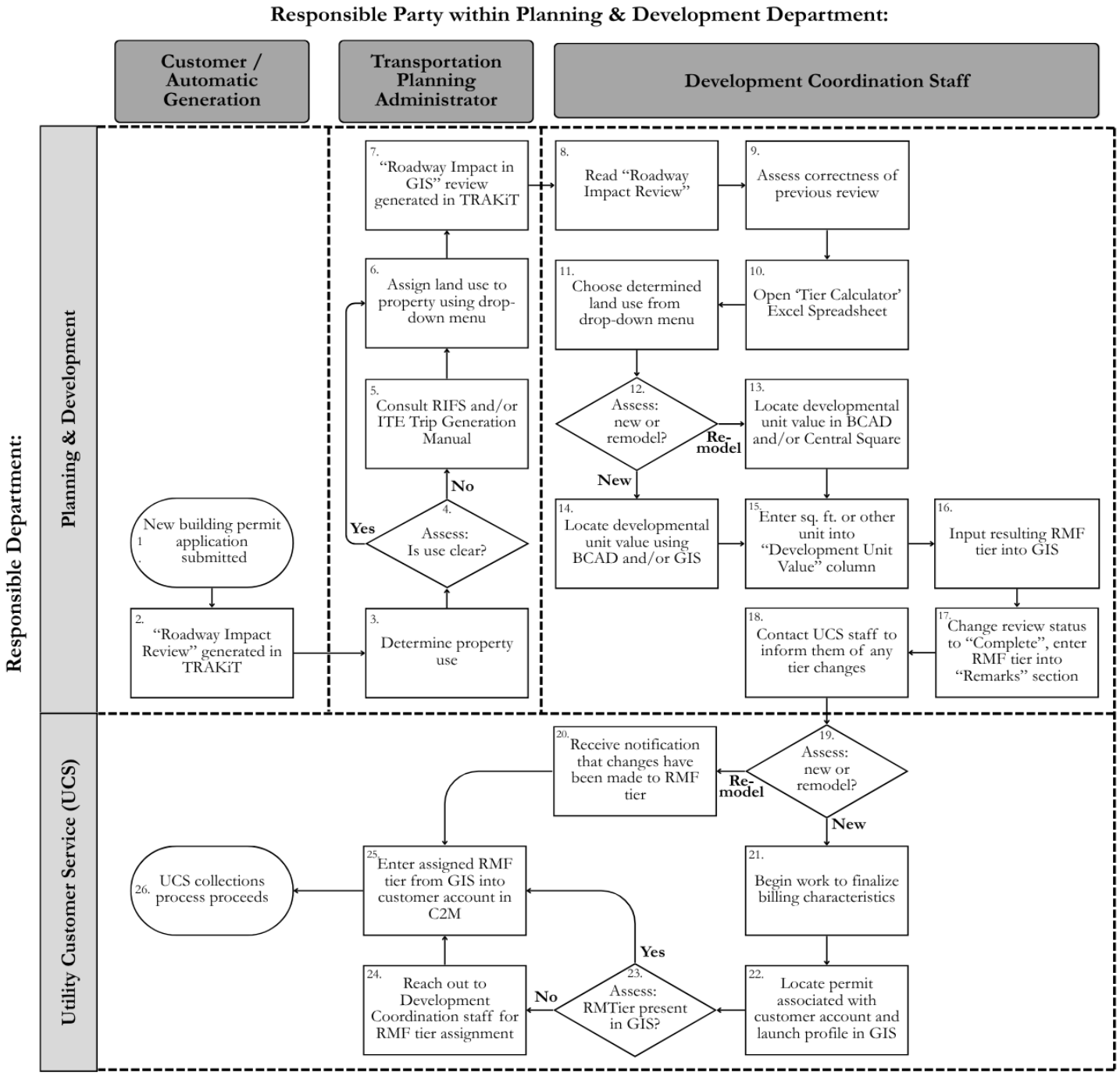
Print Name: Carol Rodriguez Date: July 10, 2025

Sign Name:  Title: Customer Service Supervisor

Print Name: Jennifer Smith Date: July 10, 2025

Sign Name:  Title: Utility Office Manager

Roadway Maintenance Fee Program Process Flowchart:



Appendix C: Audit Methodology

The Internal Auditor's Office conducted an evaluation of the City's Roadway Maintenance Fee, focusing on four key areas: (1) the design of the fee ordinance, (2) the use of generated revenue, (3) controls over the fee assessment process, and (4) the appeals process and related procedures. This report outlines the audit subobjectives within each of these categories, along with the methodology used to gather sufficient evidence to address each subobjective question.

Ordinance Alignment with Legal and Industry Standards: Is the City's Roadway Maintenance Fee ordinance designed in a manner that complies with Texas statutes, case law, and recognized best practices for municipal fee structures?

1. **Comparison to Texas Cities** - What differences in structure, methodology, and revenue practices that may inform potential changes in fee design can be identified between College Station's Roadway Maintenance Fee and those of other Texas cities?
    a. Conducted independent research to identify 14 Texas municipalities that assess roadway maintenance fees, validated through review of publicly available city ordinances, budgets, and related documentation.
    b. Collected comparative data from the 14 Texas municipalities, including 2023 population size, program inception year, fee amounts, and FY23 revenue generated from roadway maintenance fees. Verified the accuracy of municipal data through cross-referencing with official sources such as city ordinances, adopted fee schedules, and published budgets.
    c. Compiled benchmark data into a comparative table and evaluated the City's current practices against those of other Texas municipalities to assess alignment with standard municipal approaches to roadway maintenance fees and identify potential areas for improvement.
2. **Adherence to Legal Standards** - Does the Roadway Maintenance Fee align with established legal standards for municipal user fees based on a review of Texas statutes, case law, home rule authority, and authoritative guidance from the U.S. Department of Transportation and the Texas City Attorney's Association?
    a. Reviewed relevant Texas constitutional provisions, statutes, and case law to identify legal authorities and limitations governing municipal fee programs, with particular emphasis on home rule powers and the legal distinction between fees and taxes.
    b. Analyzed legal and regulatory guidance from the Texas City Attorneys Association and the U.S. Department of Transportation to identify criteria for lawful municipal user fees and assess risks that could lead to reclassification as a tax. Compared the City's ordinance language and related practices against these criteria to evaluate alignment with established standards.
    c. Evaluated the ordinance's indirect cost allocations—specifically General & Administrative and Utility Customer Service reimbursements—which carry legal risk if misapplied, to determine whether their purpose, methodology, and allocation percentages align with authoritative legal guidance and public sector best practices for municipal user fees.
    d. Consulted with the City Attorney's Office to validate interpretations, address areas of potential legal exposure, and incorporate context on prior legal review or precedent relevant to the RMF program.

Roadway Expenditures: Are Roadway Maintenance Fee revenues being used solely for their intended purpose and in accordance with applicable laws and the City's ordinance?

1. Coordinated with Budget staff to identify all purchase orders and purchasing card transactions charged to the two primary expenditure accounts – Professional Services–Contract Labor (5315) and Street Maintenance (5209) – from FY2017 through FY2024. This resulted in a complete population of 369 transactions (364 purchase orders and 5 purchasing card transactions).
2. Reconciled the queried transaction records against Tyler Munis expenditure totals and reviewed all related journal entries and year-end accruals to ensure data integrity. Minor variances were traced to timing differences or reclassifications, and all discrepancies were substantiated through supporting documentation.

3. Applied Cochran's formula for finite populations to determine the appropriate sample size. A sample of 189 transactions was selected using simple random sampling, providing a 95% confidence level and ±5% margin of error. A statistical approach was used to ensure results could be reliably projected to the full population and to mitigate the risk of overreliance (e.g., concluding all expenditures comply with user fee restrictions when untested transactions could include non-roadway or impermissible administrative costs). The reviewed transactions represent approximately 51% of all purchases and 59% of total funds expended during the audit period.

    a. Using a 95% confidence level (Z = 1.96), a ±5% margin of error (e = 0.05), and an estimated population proportion (p) of 0.5 to account for maximum variability, the initial sample size for an infinite population was calculated as:

    - $n_0 = \frac{Z^2 \cdot p \cdot (1-p)}{e^2}$
    - $n_0 = \frac{1.96^2 \cdot 0.5 \cdot (1-0.5)}{0.05^2}$
    - $n_0 = \frac{3.8416 \cdot 0.25}{0.0025}$
    - $n_0 = 384.16$

    b. Since the actual population (N) is finite (369), the sample size was adjusted using the finite population correction formula:

    - $n = \frac{n_0}{1+\frac{n_0-1}{N}}$
    - $n = \frac{384.16}{1+\frac{384.16-1}{369}}$
    - $n = \frac{384.16}{2.0385}$
    - $n \approx 189$

4. Reviewed supporting documentation for each of the 189 sampled transactions – including purchase orders, invoices, and item descriptions – to determine whether the expenditure aligned with the allowable uses established in the City's ordinance and the U.S. Department of Transportation's Transportation Utility Fee Primer, which outlines appropriate uses of roadway maintenance revenues (e.g., pavement preservation, curbs, signage, and stormwater-related infrastructure).
5. Based on the statistically valid sample and absence of non-compliant expenditures, results were extrapolated to the entire population of RMF transactions. This approach allows for reasonable inference that overall spending patterns from FY17 to FY24 aligned with the ordinance and applicable legal standards for municipal user fees.

Roadway Maintenance Fee Determinations: Are internal controls and business processes sufficient to ensure fees are accurately calculated, properly classified, and billed in compliance with the ordinance?

1. Developed a process narrative and internal control assessment of the Roadway Maintenance Fee determination process (see **Appendix B**) by interviewing staff from Utility Customer Service (UCS) and Planning and Development Services (PDS), reviewing internal policies and procedures, and conducting a walkthrough of the end-to-end process.
2. Conducted a risk assessment of Roadway Maintenance Fee determinations by first selecting a judgmental sample of 40 properties across key categories: Single-Family residential, Multi-Family residential, commercial, and exempt. Reviewed the accuracy of each fee assignment by evaluating GIS data, UCS billing records, and Brazos Central Appraisal District (BCAD) property information to identify areas with elevated risk of misclassification. Interviewed PDS and UCS staff to validate findings. Based on the results, determined that a statistical sample of commercial properties was necessary to evaluate overall fee determination accuracy. Examples of risk identified are as follows:

» **Tier Reversals:** Identified an instance where adjacent properties, such as a clinic and an office building, appeared to have their RMF tiers mistakenly switched, indicating a possible classification error.

» **Land Use Misclassification:** Observed cases where properties were assigned to incorrect land use categories, such as medical or dental offices being classified under general office space, resulting in inaccurate vehicle miles traveled (VMT) calculations and fee assignments.

» **Incomplete Square Footage Calculations:** Noted properties, including a self-storage facility, where the full square footage was not accounted for in the developmental unit calculation, leading to underestimation of vehicle miles traveled and an inappropriately low fee tier.

3. Reviewed all properties marked as exempt in the City's GIS system and identified three that were incorrectly excluded from Roadway Maintenance Fee billing. These included active, developed properties that did not meet the ordinance criteria for exemption. Findings were verified through discussions with Planning & Development and Utility Customer Service staff, and the exceptions were formally provided to the departments for correction.

4. Identified 1,059 commercial accounts with active RMF service points in the UCS C2M utility billing system. To assess whether these properties were appropriately tiered under the RMF structure, selected a statistically valid sample of 282 accounts using Cochran's formula for finite populations, ensuring a 95% confidence level and ±5% margin of error. A statistical approach was used to enable projection of results to the full population and to mitigate the risk of overreliance (e.g., assuming all accounts are accurately billed when untested records may contain errors or non-compliance).

   a. Using a 95% confidence level (Z = 1.96), a ±5% margin of error (e = 0.05), and an estimated population proportion (p) of 0.5 to account for maximum variability, the initial sample size for an infinite population was calculated as:

   - $n_0 = \frac{Z^2 \cdot p \cdot (1-p)}{e^2}$
   - $n_0 = \frac{1.96^2 \cdot 0.5 \cdot (1-0.5)}{0.05^2}$
   - $n_0 = \frac{3.8416 \cdot 0.25}{0.0025}$
   - $n_0 = 384.16$

   b. Since the actual population (N) is finite (1,059), the sample size was adjusted using the finite population correction formula:

   - $n = \frac{n_0}{1+\frac{n_0-1}{N}}$
   - $n = \frac{384.16}{1+\frac{384.16-1}{1,059}}$
   - $n = \frac{384.16}{1.36}$
   - $n \approx 282$

5. For the statistical sample of 282 commercial properties, recalculated the Roadway Maintenance Fee by consulting the City's Land Use/Vehicle Mile Equivalency Table (LUVMET) in Appendix E. Determined the appropriate land use category for each property through publicly available information, BCAD and GIS records, and testimony from Planning and Development Services (PDS) staff. Identified the applicable developmental unit (e.g., gross floor area, employees, or rooms) and the corresponding VMT rate per unit.

6. Determined the developmental unit (DU) value for each property by reviewing BCAD records, site plans when available, GIS measurement tools, and publicly available property information, in accordance with the fee assessment process outlined by PDS in Appendix B. Recalculated the total VMT for each property using the formula: VMT = VMT per DU × DU. Compared the recalculated VMT against each property's last UCS bill for FY24 to assess whether the assigned RMF tier resulted in overbilling or underbilling.

7. Reviewed sampled properties for instances where multiple service points could be consolidated under a single account, consistent with the City's practice of billing one real property owner per parcel when feasible. Evaluated whether consolidation would result in a change to the assigned RMF tier and assessed the net impact on the total billed amount to determine if the current billing approach led to overcharges or undercharges.
    - » For example, this included cases where a single business operated across two adjacent parcels but was billed separately for each, or where multiple tenants at the same parcel were each charged the fee despite a real property owner being available for consolidated billing.
8. Shared all findings with PDS as a quality control measure to validate the accuracy of our recalculations and interpretations. Obtained staff testimony regarding concurrence with the results. The conclusions presented in this report reflect the agreed-upon exceptions between the Internal Audit Office and departmental staff.

Customer Appeals: Is the customer appeals process effective, consistently applied, and compliant with ordinance requirements for resolving billing issues and exemption requests?

1. Reviewed the City ordinance, internal policies and procedures, and authoritative guidance from the U.S. Department of Transportation and the Texas City Attorneys Association to identify criteria and recommended practices for administering appeals related to roadway maintenance fees.
2. Interviewed Utility Customer Service (UCS) staff to document how the Roadway Maintenance Fee appeals process is administered, including the roles, procedures, and authorities in place since program inception.
3. Reviewed the complete population of the 21 appeal records submitted from FY17 through FY24 to assess consistency, frequency, and resolution status. Compared the number of appeals to the total population of residential and commercial UCS accounts with active RMF service points to determine the relative frequency of appeals. Identified trends in appeal types and outcomes to evaluate whether decisions aligned with ordinance criteria.
4. Examined ordinance language to identify allowable grounds for exemption or billing adjustments, and traced each appeal to the corresponding provision. For cases with incomplete or unclear documentation, triangulated information using historical tier assignments, GIS land-use data, appraisal records, and utility bills to assess resolution accuracy.
5. Reperformed fee assessments for appealed properties by recalculating commercial tier assignments, examining appraisal and GIS land-use records, and evaluating alignment with ordinance criteria. Shared results with PDS and UCS staff to confirm the accuracy of appeal outcomes.

Appendix D: Roadway Maintenance Fee Ordinance

Sec. 40-4. - Roadway maintenance fee.

(a) *Definitions.* The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

Category or *categories* means one of 65 categories recognized in Table 1: Land Use Codes of the ITE Trip Generation Handbook 3rd Edition determined from the land uses of the nonresidential customers.

City limits means the City limits of College Station as they exist on the effective date of the ordinance from which this section is derived and as they may be amended from time to time.

Roadway maintenance fee means the fee that is established by this section which is assessed against, and collected from, owners or occupants of benefitted property within City limits for the purpose of planning, constructing, operating, monitoring and maintaining the transportation system of the City.

Tier means one of five tiers established per trip factor index calculations and the monthly base rate established for each tier.

Transportation system or *road system* means the structures, traffic controls, streets and other facilities in the public right-of-way, such as bridges, sidewalks and alleys which are dedicated to the use of motor vehicles, transit, bicycles and pedestrians, all of which are owned and/or controlled in whole by the City and which are dedicated to the transportation system service of the City, including provisions for additions, improvements and extensions to such system.

Utility customer means the holder of a City utility account or the person, firm, partnership, joint venture, association, corporation, governmental entity or other entity responsible for the payment of the road maintenance fee.

(b) *Establishment and revision of roadway maintenance fee.*

(1) The City Council hereby establishes a roadway maintenance fee to be paid by utility customers within the City limits. Such roadway maintenance fee shall be set in amounts which will provide sufficient funds to properly maintain the transportation system.

(2) Collection of the roadway maintenance fee against each benefitted property shall be made by a monthly charge to be added to the utility customer's utility bill for such property.

(3) The City Council has established a fee schedule based upon the cost of maintaining the transportation system as shown in Exhibit A which is attached to the ordinance from which this section is derived and incorporated by reference herein. Such fee schedule may be amended by the City Council based upon changes in the cost of maintaining the transportation system.

(c) *Transportation fund.*

(1) A separate fund shall be created effective January 1, 2017, known as the roadway maintenance fund. All roadway maintenance fees shall be deposited in the roadway maintenance fund. It shall not be necessary for the expenditures from the roadway maintenance fund to specifically relate to any particular property from which the roadway maintenance fees were collected.

(2) An annual report of the roadway maintenance fund and the roadway maintenance fee program will be provided to the City Council.

(d) *Findings.*

(1) The number of motor vehicle trips and the average length of those trips generated by a benefitted property may reasonably be used to estimate the apportioned cost of the transportation system attributable to a benefitted property.

(2) The characteristics and use of a benefitted property may reasonably be used to estimate the number and length of motor vehicle trips generated by the benefitted property.

(3) Based on the best available data, the method of imposing the roadway maintenance fee reasonably apportions the cost of the transportation system among the benefitted properties.

(4) It is reasonable and equitable to impose a set monthly road maintenance fee per each benefitted property.

(5) It is reasonable and equitable to use trip generation rates for benefitted property from the Trip Generation Manual, 9th Edition, published by the Institute of Transportation Engineers. Further, it is reasonable and equitable to use trip lengths derived from travel model statistics of the area to yield a vehicle-mile service unit generation for specific land uses.

(6) It is reasonable and equitable to consider trip generation rates from the City's 2015 Roadway Impact Fee Study in determining the trip factor used for each benefitted property.

(e) *Determination of fee.*

(1) Collection of the roadway maintenance fee shall be based on each benefitted property's reasonably equitable share in the total number of vehicle miles generated by all property within the City limits. The reasonably equitable share depends on the type of land use and the calculated vehicle miles per development unit (also referred to as Transportation Demand Factor) provided in the Land Use/Vehicle-Mile Equivalency Table (LUVMET) in Attachment A of the ordinance from which this section is derived.

(2) The trip generation rates listed in the LUVMET are derived from the Trip Generation Manual, 9th Edition, published by the Institute of Transportation Engineers, and are the number of trips anticipated to and from a benefitted property per its land use and established units during the p.m. peak hour.

(3) For applicable nonresidential land uses, the trip generation rate is reduced to account for "pass-by trips" to obtain trip rates.

(4) Trip rates are multiplied by the average trip length (miles) specific to the land use category to obtain the transportation demand factor expressed as vehicle miles per development unit for each land use category.

(5) Each benefitted property is assigned a land use category identified in the LUVMET, and the size of the benefitted property in terms of number of development units is obtained from appraisal district property tax records or other reliable sources, as applicable.

(6) For each benefitted property, the transportation demand factor from the LUVMET is multiplied by the number of development units to calculate the transportation demand generated by that benefitted property in terms of vehicle miles.

(7) The reasonably equitable share of each benefitted property in the total roadway maintenance fee per billing period is calculated as a function of the transportation demand generated by a benefitted property to the total transportation demand generated by all benefitted properties.

(f) *Billing and collection of fee.* The roadway maintenance fee shall be billed and collected with the monthly utility bill. All such bills shall be rendered monthly and shall be due upon receipt.

(g) *Recovery of unpaid fee.* Any roadway maintenance fee due hereunder which is not paid when due may be recovered in action at law by the City. In addition to any other remedies or penalties provided by this section or this Code, failure of any utility customer to pay the roadway maintenance fee promptly when due shall subject such utility customer to the discontinuance of utility services provided by the City.

(h) *Administration; rules and regulations.* The City Manager or designee shall be responsible for the administration of this section. The City Manager or designee shall be responsible for developing rules, regulations and procedures for the administration of fees and the consideration of petitions for modification and appeals pertaining to the fees charged hereunder; developing maintenance programs; and establishing transportation system criteria and standards for the operation and maintenance of the transportation system.

(i) *Disposition of fees and charges.*

(1) The roadway maintenance fee shall not be used for the general government proprietary purposes of the City, except to pay for the equitable share of the cost of accounting, management and government thereof.

(2) Other than as described above, the roadway maintenance fee shall be used solely to pay for the costs of operation, administration, planning, engineering, development of guidelines and controls, inspection, maintenance, repair, improvement, renewal, replacement and reconstruction of the transportation system and costs incidental thereto.

(j) *Exemption.*

(1) The City reserves the right to exempt properties from provisions of this section through Council action.

(2) The following properties are exempted from the provisions of this section:

a. Property owned by the College Station Independent School District.

b. Property owned by Texas A&M University.

c. Property owned by the Texas A&M University System.

(k) *Appeals.*

(1) A utility customer may appeal the roadway maintenance fee established herein pursuant to the procedure set forth in this section and as set out in any process developed by the City Manager pursuant to Subsection (h) of this section.

(2) An appeal shall be in writing and submitted to the City Manager or designee within 14 calendar days after the date of the public utility billing statement containing the matter to be disputed.

(3) Appeals may be submitted for the following reasons:

a. The utility customer's exempt property has been assessed a roadway maintenance fee;

b. A roadway maintenance fee for the utility customer's benefitted property is assessed in duplicate on multiple utility accounts;

c. A roadway maintenance fee is assessed to the utility customer's property outside the City limits;

d. A roadway maintenance fee assessed against the utility customer's benefitted property is incorrect due to improper property characterization, such as land use, building square footage or other relevant property characterization; or

e. A roadway maintenance fee is assessed for a benefitted property unaffiliated to the utility customer's utility account.

(4) The City Manager or designee shall render a written decision on such appeals within a reasonable time after receipt of a timely written notice of appeal from the utility customer. This decision will be final.

(5) During all periods of appeal the utility customer shall be responsible for payment of roadway maintenance fee charges in full.

(6) A utility customer appealing the roadway maintenance fee may not receive a refund resulting from the appeal except for a road maintenance fee paid within six months of the date of the utility customer's notice of appeal.

(l) *Periodic review of rates.* The City Council will periodically review this section and the roadway maintenance fee and shall be obligated to review them no later than in the first month following the third anniversary date of the ordinance from which this section is derived.

(Ord. No. 2016-3833, pt. 1(exh. A(11-14)), 11-10-2016)

b. Sec. 40-4. Roadway Maintenance Fee.

LAND USE/VEHICLE-MILE-EQUIVALENCY TABLE

	ITE Land Use Code	Land Use Category	Develop. Unit	Veh-Mi Per Dev-Unit	Trip Gen Rate (PM)	Pass- by Rate	Pass-by Source	Trip Rate	Adj. Trip Length (mi)
PORT AND TERMINAL	030	Truck Terminal	Acre	26.20	6.55			6.55	4.00
INDUSTRIAL	110	General Light Industrial	1,000 SF GFA	3.88	0.97			0.97	4.00
INDUSTRIAL	120	General Heavy Industrial	1,000 SF GFA	2.72	0.68			0.68	4.00
INDUSTRIAL	130	Industrial Park	1,000 SF GFA	3.40	0.85			0.85	4.00
INDUSTRIAL	150	Warehousing	1,000 SF GFA	1.28	0.32			0.32	4.00
INDUSTRIAL	151	Mini-Warehouse	1,000 SF GFA	1.04	0.26			0.26	4.00
RESIDENTIAL	210	Single-Family Detached Housing	Dwelling Unit	4.00	1.00			1.00	4.00
RESIDENTIAL	220	Apartment/Multi-family	Dwelling Unit	2.48	0.62			0.62	4.00
RESIDENTIAL	230	Residential Condominium /Townhome	Dwelling Unit	2.08	0.52			0.52	4.00
RESIDENTIAL	240	Mobile Home Park / Manufactured Housing	Dwelling Unit	2.36	0.59			0.59	4.00
RESIDENTIAL	251	Senior Adult Housing-Detached	Dwelling Unit	1.08	0.27			0.27	4.00
RESIDENTIAL	252	Senior Adult Housing-Attached	Dwelling Unit	1.00	0.25			0.25	4.00
RESIDENTIAL	254	Assisted Living	Beds	0.88	0.22			0.22	4.00
LODGING	310	Hotel	Room	1.20	0.60			0.60	2.00
LODGING	320	Motel / Other Lodging Facilities	Room	0.94	0.47			0.47	2.00
RECREATIONAL	432	Golf Driving Range	Tee	2.50	1.25			1.25	2.00
RECREATIONAL	430	Golf Course	Acre	0.60	0.30			0.30	2.00
RECREATIONAL	495	Recreational Community Center	1,000 SF GFA	5.48	2.74			2.74	2.00
RECREATIONAL	465	Ice Skating Rink	1,000 SF GFA	4.72	2.36			2.36	2.00
RECREATIONAL	431	Miniature Golf Course	Hole	0.66	0.33			0.33	2.00

	ITE Land Use Code	Land Use Category	Develop. Unit	Veh-Mi Per Dev-Unit	Trip Gen Rate (PM)	Pass- by Rate	Pass-by Source	Trip Rate	Adj. Trip Length (mi)
RECREATIONAL	445	Multiplex Movie Theater	Screens	27.28	13.64			13.64	2.00
RECREATIONAL	491	Racquet / Tennis Club	Court	6.70	3.35			3.35	2.00
INSTITUTIONAL	560	Church	1,000 SF GFA	1.10	0.55			0.55	2.00
INSTITUTIONAL	565	Day Care Center	1,000 SF GFA	13.82	12.34	44%	B	6.91	2.00
INSTITUTIONAL	522	Primary/Middle School (1-8)	Students	0.32	0.16			0.16	2.00
INSTITUTIONAL	530	High School	Students	0.26	0.13			0.13	2.00
INSTITUTIONAL	540	Junior / Community College	Students	0.24	0.12			0.12	2.00
INSTITUTIONAL	550	University / College	Students	0.34	0.17			0.17	2.00
MEDICAL	630	Clinic	1,000 SF GFA	19.53	5.18			5.18	3.77
MEDICAL	610	Hospital	1,000 SF GFA	3.51	0.93			0.93	3.77
MEDICAL	620	Nursing Home	Beds	0.83	0.22			0.22	3.77
MEDICAL	640	Animal Hospital/Veterinary Clinic	1,000 SF GFA	9.90	4.72	30%	B	3.30	3.00
OFFICE	714	Corporate Headquarters Building	1,000 SF GFA	5.64	1.41			1.41	4.00
OFFICE	710	General Office Building	1,000 SF GFA	5.96	1.49			1.49	4.00
OFFICE	720	Medical-Dental Office Building	1,000 SF GFA	13.46	3.57			3.57	3.77
OFFICE	715	Single Tenant Office Building	1,000 SF GFA	6.96	1.74			1.74	4.00
OFFICE	750	Office Park	1,000 SF GFA	5.92	1.48			1.48	4.00
COMMERCIAL: Automobile Related	942	Automobile Care Center	1,000 SF Occ. GLA	3.74	3.11	40%	B	1.87	2.00
COMMERCIAL: Automobile Related	843	Automobile Parts Sales	1,000 SF GFA	6.82	5.98	43%	A	3.41	2.00
COMMERCIAL: Automobile Related	944	Gasoline/Service Station	Vehicle Fueling Position	4.82	13.87	42%	A	8.04	0.60
COMMERCIAL: Automobile Related	945	Gasoline/Service Station w/ Conv Market	Vehicle Fueling Position	3.56	13.51	56%	B	5.94	0.60

	ITE Land Use Code	Land Use Category	Develop. Unit	Veh-Mi Per Dev-Unit	Trip Gen Rate (PM)	Pass- by Rate	Pass-by Source	Trip Rate	Adj. Trip Length (mi)
COMMERCIAL: Automobile Related	946	Gasoline/Service Station w/ Conv Market and Car Wash	Vehicle Fueling Position	3.66	13.86	56%	A	6.10	0.60
COMMERCIAL: Automobile Related	841	New Car Sales	1,000 SF GFA	4.20	2.62	20%	B	2.10	2.00
COMMERCIAL: Automobile Related	941	Quick Lubrication Vehicle Shop	Servicing Positions	6.22	5.19	40%	B	3.11	2.00
COMMERCIAL: Automobile Related	947	Self-Service Car Wash	Stall	1.99	5.54	40%	B	3.32	0.60
COMMERCIAL: Automobile Related	948	Automated Car Wash	Stall	5.08	14.12	40%	B	8.47	0.60
COMMERCIAL: Automobile Related	848	Tire Store	1,000 SF GFA	5.98	4.15	28%	A	2.99	2.00
COMMERCIAL: Dining	934	Fast Food Restaurant with Drive-Thru Window	1,000 SF GFA	32.66	32.65	50%	A	16.33	2.00
COMMERCIAL: Dining	933	Fast Food Restaurant without Drive-Thru Window	1,000 SF GFA	26.16	26.15	50%	B	13.08	2.00
COMMERCIAL: Dining	932	High Turnover (Sit-Down) Restaurant	1,000 SF GFA	11.22	9.85	43%	A	5.61	2.00
COMMERCIAL: Dining	931	Quality Restaurant	1,000 SF GFA	8.38	7.49	44%	A	4.19	2.00
COMMERCIAL: Dining	937	Coffee/Donut Shop with Drive-Thru Window	1,000 SF GFA	25.68	42.80	70%	A	12.84	2.00
COMMERCIAL: Other Retail	815	Free-Standing Discount Store	1,000 SF GFA	6.98	4.98	30%	C	3.49	2.00
COMMERCIAL: Other Retail	817	Nursery (Garden Center)	1,000 SF GFA	9.72	6.94	30%	B	4.86	2.00
COMMERCIAL: Other Retail	862	Home Improvement Superstore	1,000 SF GFA	2.42	2.33	48%	A	1.21	2.00
COMMERCIAL: Other Retail	880	Pharmacy/Drugstore w/o Drive-Thru Window	1,000 SF GFA	7.90	8.40	53%	A	3.95	2.00
COMMERCIAL: Other Retail	881	Pharmacy/Drugstore w/ Drive-Thru Window	1,000 SF GFA	10.10	9.91	49%	A	5.05	2.00
COMMERCIAL: Other Retail	820	Shopping Center	1,000 SF GLA	4.90	3.71	34%	A	2.45	2.00

	ITE Land Use Code	Land Use Category	Develop. Unit	Veh-Mi Per Dev-Unit	Trip Gen Rate (PM)	Pass- by Rate	Pass-by Source	Trip Rate	Adj. Trip Length (mi)
COMMERCIAL: Other Retail	850	Supermarket	1,000 SF GFA	12.14	9.48	36%	A	6.07	2.00
COMMERCIAL: Other Retail	864	Toy/Children's Superstore	1,000 SF GFA	6.98	4.99	30%	B	3.49	2.00
COMMERCIAL: Other Retail	875	Department Store	1,000 SF GFA	2.62	1.87	30%	B	1.31	2.00
COMMERCIAL: Other Retail	896	Video Rental Store	1,000 SF GFA	13.60	13.60	50%	B	6.80	2.00
SERVICES	911	Walk-In Bank	1,000 SF GFA	12.38	12.13	40%	B	7.28	1.70
SERVICES	912	Drive-In Bank	Drive-in Lanes	29.95	33.24	47%	A	17.62	1.70
SERVICES	918	Hair Salon	1,000 SF GLA	1.73	1.45	30%	B	1.02	1.70

ROADWAY MAINTENANCE FEE SCHEDULE

The roadway maintenance fees in this section are adjusted annually based upon the Consumer Price Index published by the U.S. Department of Labor, Bureau of Labor Statistics. Index adjustments cannot fall below zero.

	Vehicle Miles Traveled	Monthly Charge
Nonresidential		
Tier I	0 - 23.99	$22.25
Tier II	24.00 - 43.99	$50.25
Tier III	43.99 - 90.99	$96.75
Tier IV	91.00 - 223.99	$197.50
Tier V	224.00+	$323.75
Residential		
Single Family	Flat Fee/Dwelling Unit	$10.00
Multi-Family	Flat Fee/Dwelling Unit	$7.75

c. Sec. 40-11. Payment of bills.

i. All payments must be received by the Utility Customer Service Office on or before the due date to avoid late charges or penalties. Payments received after the due date are assessed a late charge or penalty equaling ten percent (10%) of the current monthly charges.

d. Sec. 40-12. Returned check fee.

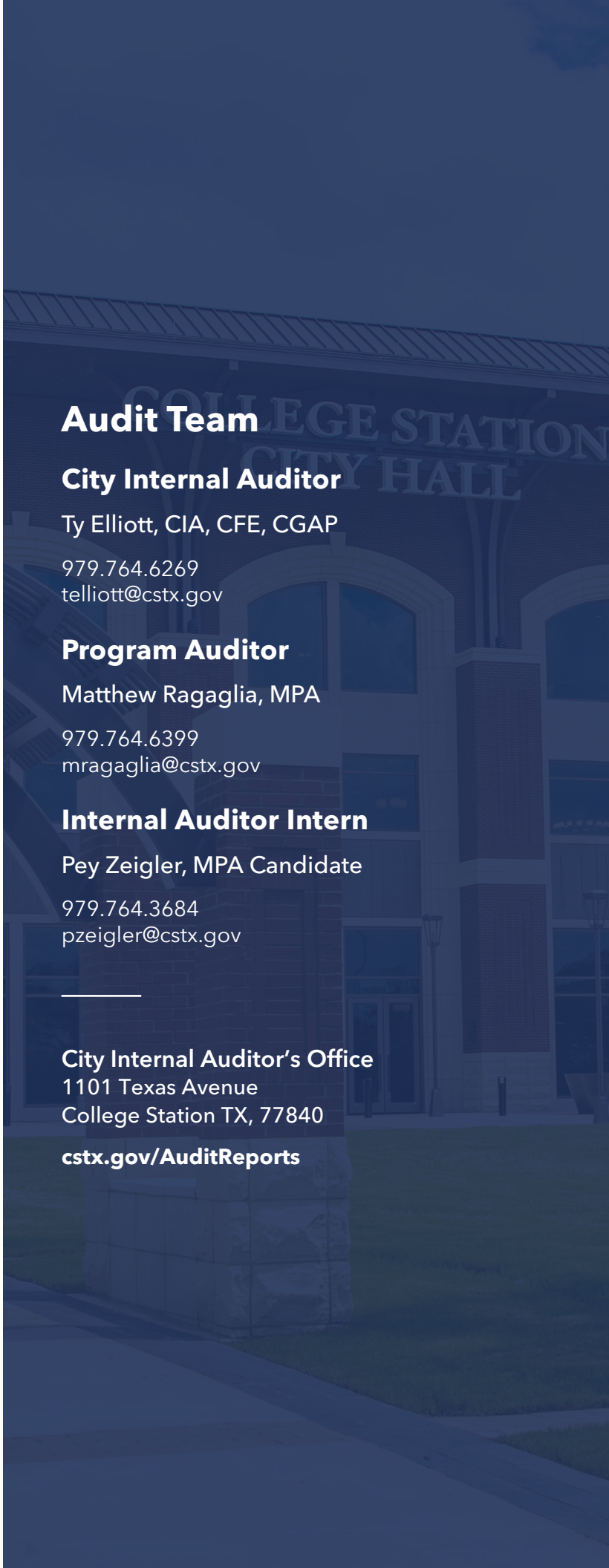
i. A fee of **$25.00** will be charged for each returned check used to pay any amount on a utility account. This fee is in addition to other fees owed to the City for utility services.

ii. Credit Card Charge Back Fee - **$27.55**

Auditor's Office Code of Ethics

We are committed to upholding the highest standards of ethics, professionalism, and public service. Our work is guided by the following core principles:

- **Integrity and Independence**
  We act with honesty, objectivity, and impartiality. To maintain public trust, we avoid real or perceived conflicts of interest and disclose any potential concerns before beginning audit work.
- **Accountability and Transparency**
  We promote accountability by conducting audits that are open, evidence-based, and clearly communicated. We disclose all relevant facts and findings to support informed decision-making.
- **Professionalism and Respect**
  We engage with auditees, colleagues, and the public respectfully and fairly. Our work culture values ethical behavior, diversity of thought, and collaboration.
- **Confidentiality and Responsible Use**
  We protect sensitive information and never use City resources or access for personal gain or harm. Responsible stewardship is essential to maintaining credibility.
- **Commitment to Quality and Service**
  We work in the public interest to improve City operations through timely, accurate, and constructive audits. We continually seek to enhance the quality and impact of our work.
- **Legal and Ethical Compliance**
  We comply with all applicable laws, regulations, and policies. We report any unethical, illegal, or discreditable behavior in accordance with City procedures and encourage an ethical organizational culture.
- **Supportive Audit Environment**
  We foster a culture where professional courage, transparency, and evidence-based reporting are supported—even when addressing sensitive or difficult issues.



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