EXHIBIT A

DRAFT

Determination of Maximum Capital Recovery Fee Update

2010–2020

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May 2013

Report

This document is released for the purpose of interim review under the authority of Jeffrey S. Peters, P.E. No.: 86347 May 2013

CDM Smith

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Executive Summary

ES-1 Introduction and Purpose

This report is prepared for the City of League City (City) as an update to the Capital Recovery Fees (CRF) for both water and wastewater. The contents of this report are based on the 2011 Water Master Plan and amended in 2013, 2012 Wastewater Master Plan and the City's Capital Improvement Plans (fiscal years 2011-2015, 2012-2016, and 2013-2017). The master plans provided the underlying engineering assumptions, the land use planning and the development of needed capital improvements that were used to update the CRFs. This study was performed in accordance with Texas Local Government Code (TLGC) – Section 395. This study updates the previous study by PBS&J performed in 2006 and follows the TLGC requirements concerning a five year update.

In general, this report is a conservative estimate of the maximum allowable CRF, following the previous study format. The primary costs of financing the construction have been included, as well as the cost of major transmission pipelines.

ES-2 Water

The Water Master Plan served to determine the capital needs for the water system due to growth, for the period of 2010 through 2020. The facilities included in this study were for water supply, pump stations, storage and water transmission pipelines. The water system capacity requirements were based on the land use assumptions contained in the Water Master Plan. **Table ES-1** compares the results of the 2006 study with the 2011 study.

WATER SYSTEM CRF SUMMARY						
	Previous CRF			Updated CRF		
Calculation Description	**2015**	**2005**	**2006**	**2020**	**2010**	**2011**
Proposed CIP			$117,411,000			$177,024,497
Allocation to CRF			$55,724,142			$33,255,019
Incremental EDUs						
2015-2005	69,567	27,882	41,685			
2020-2010				41,514	30,058	11,456
Proposed CIP Cost/EDU			$1,476			$2,903
Existing CIP Cost/EDU			26			0
Debt Service						
Issuance Costs			96			58
Interest			949			1693
Subtotal			$2,547			$4,654
Credit for Payback from Rates			(679)			(525)
Credit for Avoided Bond Costs			(467)			(914)
Maximum Allowable CRF			**$1,402**			**$3,215**

Table ES-1
Comparison of Maximum Allowable Water CRF

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The following illustrate the main differences between the 2006 CRF Study and the 2011 CRF Study:

1. The Water Master Plan Update (CDM Smith, 2011 and amended in 2013) projected the need for additional treated water supplies during the study period and thereafter, in order to keep pace with the expected growth.

2. The land use assumptions in the 2011 Water Master Plan Update used forecasted population from the 2009 CDS Market Research Study, updated for the actual 2010 population. The population under the previous CRF update for the years 2005 and 2015 were based on the City's Zoning Ordinance for 2005-2014.

The maximum allowable water CRF for a 3/4" water meter was determined to be $3,215 or a 129 percent increase from the 2006 study.

The CRF calculated by this study is the maximum allowable water fee. However, the City is not obligated to charge the full amount and can consider any amount up to the maximum, with the realization that the difference between the amount collected from the CRF and the capital required must be received from other sources, either water rate increases or other funding sources.

ES-3 Wastewater

The Wastewater Master Plan served to determine the capital needs for the wastewater system due to growth, for the period of 2010 through 2020. The facilities included in this study were for wastewater treatment, lift stations, force main and gravity and pipelines. The wastewater system capacity requirements were based on the land use assumptions contained in the Wastewater Master Plan. **Table ES-2** compares the results of the 2006 study with the 2011 study.

WASTEWATER SYSTEM CRF SUMMARY						
	Previous CRF			Updated CRF		
Calculation Description	**2015**	**2005**	**2006**	**2020**	**2010**	**2011**
Proposed CIP			$111,067,250			$94,015,299
Allocation to CRF			$55,034,508			$28,515,817
Incremental EDUs						
2015-2005	71,267	27,752	43,515			
2020-2010				41,514	30,058	11,456
Proposed CIP Cost/EDU			$1,397			$2,489
Existing CIP			$51,962,366			$28,550,266
Allocation to CRF			$25,050,601			$4,493,301
Existing CIP Cost/EDU			**$576**			**$392**

Table ES-2
Comparison of Maximum Allowable Wastewater CRF

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WASTEWATER SYSTEM CRF SUMMARY						
	Previous CRF			Updated CRF		
Calculation Description	2015	2005	2006	2020	2010	2011
Debt Service						
Issuance Costs			91			58
Interest			1,225			1,680
Subtotal			**$3,288**			**$4,619**
Credit for Payback from Rates			(225)			(1,293)
Credit for Avoided Bond Costs			(441)			(907)
Maximum Allowable CRF			**$2,621**			**$2,419**

Table ES-2
Comparison of Maximum Allowable Wastewater CRF - Continued

The following illustrate the main differences between the 2006 CRF Study and the 2011 CRF Study:

1. The Wastewater Master Plan Update of 2005 projected the need for additional wastewater treatment facilities during the study period and thereafter, in order to keep pace with the expected growth. The majority of the wastewater treatment facilities have now been constructed.

2. The land use assumptions in the 2012 Wastewater Master Plan Update used forecasted population from the 2009 CDS Market Research Study, updated for the actual 2010 population. The population under the previous CRF update for the years 2005 and 2015 were based on the City's Zoning Ordinance for 2005-2014.

The maximum allowable wastewater CRF for a 3/4" water meter was determined to be $2,419 which is approximately an eight percent decrease from the 2006 study.

The CRF calculated by this study is the maximum allowable wastewater fee. However, the City is not obligated to charge the full amount and can consider any amount up to the maximum, with the realization that the difference between the amount collected from the CRF and the capital required must be received from other sources, either wastewater rate increases or other funding sources.

ES-4 CRF Equivalents

The CRF is based on EDUs with one EDU equal to a single family connection with a 3/4" water meter. Single family equivalents are used for residential connections other than single family. Commercial rates are based on the water meter size and type, with equivalencies based on a factor, or multiplier of the single family rate. **Table ES-3** presents the maximum allowable water and wastewater CRF, with relevant residential and commercial connection types.

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Residential (All Values Rounded to nearest dollar)					
Type of Structure	**Single Family Equivalent Units**	**Water System CRF**		**Wastewater System CRF**	
Single Family	1.0	$3,215		$2,419	
Townhouse	0.8	$2,572		$1,935	
Condo/Apartment	0.8	$2,572		$1,935	
Mobile Homes	1.0	$3,215		$2,419	
Commercial (All Values Rounded to nearest dollar)					
Meter Size	**Eq. Size**	**Water System CRF**		**Wastewater System CRF**	
3/4"	1.0	$3,215		$2,419	Displacement
1"	1.667	$5,359		$4,032	Displacement
1 1/2"	3.333	$10,716		$8,063	Displacement
2"	5.333	$17,146		$12,901	Displacement
2"	5.333	$17,146		$12,901	Compound
2"	5.333	$17,146		$12,901	Turbine
3"	10.667	$34,294		$25,803	Compound
3"	11.667	$37,509		$28,222	Turbine
4"	16.667	$53,584		$40,317	Compound
4"	21.000	$67,515		$50,799	Turbine
6"	33.333	$107,166		$80,633	Compound
6"	43.333	$139,316		$104,823	Turbine
8"	53.333	$171,466		$129,013	Compound
8"	93.333	$300,066		$255,773	Turbine
10"	76.667	$246.484		$185,457	Compound
10"	140	$450,100		$338,660	Turbine
12"	176.667	$567,984		$427,357	Turbine

Table ES-3
Maximum CRF - Water and Wastewater Equivalents

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Section 1
Introduction

1.1 General

The City of League City (the City) owns and operates a water system and a wastewater system.

The water system consists of water transmission, distribution, pump stations and storage facilities. There are several potable wells, however, their capacity is limited. The majority of the potable water is purchased from the City of Houston's Southeast Water Purification Plant (SEWPP) through an agreement with the Gulf Coast Water Authority (GCWA) or directly from GCWA facilities.

The wastewater system consists of wastewater treatment, transmission, collection and lift stations.

The City collects capital recovery fees (CRFs) for both the water and wastewater systems in order to offset the costs of the systems needed for growth. The last study that updated the maximum allowable CRFs was performed by PBS&J in 2006.

The City provides water and wastewater service to local customers only. The service area is composed of residential, commercial and industrial developments in addition to open space development for parks, cemeteries and golf courses. The commercial and industrial development is primarily concentrated in the vicinity of I-45, State Highway 3 and FM 518.

The CRFs were calculated using the facility improvements that provide capacity for growth. Projects that serve existing customers, such as renewal and replacement projects, or those which are designed to meet regulatory requirements for existing customers, were not included in the calculation of the CRFs. The capital projects that were identified in this report were identified in either the Water Master Plan of 2011 and amended in 2013 by CDM Smith, the Wastewater Master Plan of 2012 by CDM Smith or the fiscal year 2013 Capital Improvement Plan budget prepared by the City.

The base CRF is for a 3/4" water meter, with larger size meters based on the hydraulic capacity of each size as a percent (factor) of the 3/4" meter. The relevant meter size CRFs are presented in the Executive Summary of this report.

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Section 2
Basis for CIP Development

2.1 Service Area

The City's geographic boundaries comprise the water and wastewater service areas.

2.2 Land Use Assumptions

CDM Smith utilized the land use assumptions provided by the City within the Water and Wastewater Master Plans. The required capacities were based on population projections for residential areas and the development of new acreage for commercial customers. The growth projections were based on a 2009 CDS Market Research Study adjusted for the actual 2010 census population.

The water system demand of 111 gallons per capita per day (gpcd) was used to project future needs. This was based on the 2008-2009 average day demand of 9.3 MGD divided by 83,560 people. The CRF is calculated based on an Equivalent Dwelling Unit (EDU), or the usage of a single-family customer with a 3/4″ meter. An EDU is therefore calculated as the gpcd times the number of people per household of 2.78, or 308 gallons per EDU. The factor of 2.78 people per household is taken from the 2010-2020 growth projection provided by the League City Planning Department.

The wastewater system demand of 71.3 gpcd was used to project future residential needs and 750 gallons per acre for commercial needs. This was based on the wastewater generation rates in Table 2-7 in the Wastewater Master Plan. The average of residential and commercial usage equals 84 gpcd in terms of population only. The EDU value for wastewater was therefore calculated to equal 233.5 gallons per EDU (2.78 people per household times 84 gpcd).

2.3 Population and EDU Projections

Table 2-1 presents the population projections developed in the Water and Wastewater Master Plans. The methodology used was discussed in these reports.

Year	2010	2015	2020	Buildout
Population	83,560	99,485	115,410	202,360

Table 2-1
Population Projections

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Section 3
Water Master Plan 2010 - 2020

In 2011, CDM Smith updated the previous water master plan prepared by PBS&J in 2005. The water master plan provided water system need projections from 2010 through a buildout period, with the facilities required for growth identified for this time period. This section presents the CIP needs from the water master plan for the period of 2010 through 2020.

3.1 Water Demands

The water demand projections were developed from the land use assumptions in the Water Master Plan. The use per EDU as calculated in **Section 2** was 308 gallons per day average. **Table 3-1** presents the number of EDUs projected, the average day demand and the max day demand. The average day demand is calculated as 111 gpcd times the population. The number of EDUs equals the average day demand divided by 308 gallons per day. Max day demand was determined to be twice average day demand.

Year	2010	2015	2020	Buildout
Population	83,560	99,485	115,410	202,360
EDUs	30,058	35,786	41,514	72,791
Average Day Demand	9.27	11.04	12.80	22.45
Max Day Demand	18.54	22.08	25.61	45.00

Table 3-1
Water Demands

3.2 Existing Water Facilities

The City purchases treated water from GCWA, with the majority of water actually coming from the City of Houston's SEWPP from an agreement that GCWA has with the City of Houston. The existing capacity from the SEWPP source is 16.5 MGD. An additional 5 MGD will be available once the City of League City has completed the construction of an extension of the Beamer Rd. pipeline. An additional 2 MGD comes from GCWA's Thomas Mackey Water Treatment Plant. The City has various wells; however, due to age and condition, only minimal capacity is currently available.

As such, to address short term future water needs, several water well supply projects are planned. It is intended that these wells will only provide 10% of the total yearly usage in order to stay compliant with Harris-Galveston Subsidence District requirements. At ultimate build-out it is assumed that reliable surface water sources will be secured and the wells will be phased out as they come to their end of service life. However, these wells may serve well into the future (including up to buildout) depending on the availability of surface water and pending costs.

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Table 3-2 summarizes the projected water demands by sub-service area. The incremental water demand was calculated by multiplying the population by 111 gallons per capita.

Residential Development	Incremental Population 2010 - 2020	Incremental Demand 2010 - 2020 (gal)
Autumn Lakes SF	950.76	105,486.82
Bay Colony SF	556.00	61,688.20
Bay Colony MF	372.60	41,339.97
Bay Colony West SF	2,198.98	243,976.60
Bay View SF	278.00	30,844.10
Beacon Island at South Shore Harbour MF	1,242.00	137,799.90
CenterPointe MF	1,863.00	206,699.85
Constellation Pointe SF	55.60	6,168.82
Cypress Bay SF	280.78	31,152.54
Hidden Lakes SF	1,278.80	141,882.86
Magnolia Creek SF	1,517.88	168,409.16
Mar Bella SF	2,460.30	272,969.92
River Bend MF	724.50	80,383.28
River Bend SF	152.90	16,964.26
Sedona, Sec. 2 SF	408.66	45,340.83
South Shore Harbour MF	1,132.29	125,627.58
Southwest PUDs MF	1,863.00	206,699.85
Southwest PUDs SF	8,062.00	894,478.90
Stone Creek SF	111.20	12,337.64
The Peninsula at Clear Lake SF	113.98	12,646.08
Township SF	214.06	23,749.75
Tuscan Lakes MF	1,020.51	113,225.58
Tuscan Lakes SF	1,292.70	143,425.42
Victory Lakes SF	152.90	16,964.26
Westover Park SF	1,184.28	131,395.87
Westwood SF	2,363.00	262,174.85
Total	***31,850.68***	***3,533,832.89***
MGD		***3.53***

Table 3-2
Projected Population Growth and Incremental Demand

A summary of the existing water facilities that will continue to be in use is presented on **Table 3-3**. The facilities highlighted in gray are to be retired from service once the new facilities are constructed.

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Facility Name	Water Treatment	Booster Pumps			Groundwater Wells		Ground Storage Tanks		Elevated Storage Tanks	
	MGD	No.	Capacity GPM	Firm GPM	No.	Capacity GPM	No.	Capacity Gallons	No.	Capacity Gallons
SEWPP	21.5									
Thomas Mackey WTP	2.0									
Alabama Elevated Tank[a]									1	-
Bay Ridge Booster Station[a]		1	-	-			1	-		
		2	-	-						
Brittany Bay Elevated Tank									1	2,000,000
Calder Road Booster Station		1	1,230	1,230			1	1,000,000		
		2	1,780	1,780			2	1,500,000		
		3	1,780	1,780						
		4	1,950	1,950						
		5	1,950							
Countryside Booster Station[a]		1	-	-			1	-		
		2	-	-						
		3	-	-						
		4	-							
Dickinson Booster Station[a]		1	-	-			1	-		
		2	-	-						
		3	-							
State Highway 3 Booster Station[c]		1	4,300	4,300			1	1,000,000		
		2	4,300	4,300						
		3	4,500	-						
		4	4,000	4,000						
Meadow Bend Booster Station[a]		1	-	-			1	-		
		2	-	-						
		3	-	-						
		4	-							
Northside Booster Station[b]		1	1,500	1,500			1	3,000,000		
		2	1,500	1,500			2	3,000,000		
		3	1,500	1,500						
		4	1,500							
South Shore Harbor Booster Station		1	1,180	1,180			1	1,000,000		
		2	1,180	1,180			2	1,000,000		
		3	1,870	1,870						
		4	1,870							
South Shore Elevated Tank									1	2,000,000
Third Street Water Plant[a]		1	-	-			1	-		
		2	-							
Walker Booster Station[a]		1	-	-			1	-		
		2	-							
Totals	**23.5**		**37,890**	**28,070**		**-**		**11,500,000**		**4,000,000**

Notes:
[a] The facilities highlighted in gray are recommended to be taken out of service once the new facilities and expansions have been constructed.
[b] The Northside Booster Station is currently under construction.
[c] Currently not operational, but is under construction.

Table 3-3
Existing Water Facilities

Table 3-4 presents the existing facilities in relation to the 2010 water system minimum requirements as defined by TCEQ. There are currently sufficient existing facilities, with no deficits shown.

Year 2010 Equivalent Development Units (EDUs)	=	30,058	
(9.27 MGD divided by 308 gal/EDU)			
WATER SUPPLY			
Supply Required = 0.427 gpm/EDU x 30,058 EDUs	=	12,835	gpm
	=	18.54	MGD[a]
Well Supply Available	=	3.50	MGD
Maximum Well Supply Available[d]	=	0.93	MGD
Required Surface Water Supply	=	17.61	MGD
Total Supply Available	=	24.43	MGD
Surplus /(Deficit) Surface Water Supply	**=**	**5.89**	
TOTAL STORAGE (GROUND PLUS ELEVATED)			
TCEQ Storage Required = 200 gal/EDU x 30,058 EDUs	=	6.01	MG
Recommended Storage	=	15.50	MG
Ground Storage Available[b]	=	11.50	MG
Elevated Storage Available	=	4.00	MG
Total Storage Available	=	15.50	MG
Surplus/(Deficit) Total Storage Available	**=**	**-**	**MG**
ELEVATED STORAGE			
TCEQ Storage Required = 100 gal/EDU x 30,058 EDUs	=	3.01	MG
Elevated Storage Available	=	4.00	MG
Surplus/(Deficit) Elevated Storage Available	**=**	**0.99**	**MG**
BOOSTER PUMPS			
Average Day Demand (ADD) = 308 gal/EDU x 30,058 EDUs	=	9.27[a]	MGD
Max Day Demand (MDD) = 2.00 x ADD	=	18.54[a]	MGD
Peak Hour Demand (PHD) = 1.68 x MDD	=	31.14	MGD
Capacity Required to Meet PHD	=	31.14	MGD
Firm Capacity Available[c]	=	28,070	gpm
	=	40.42	MGD
Double Pumping from Hwy 3 to Calder Rd	=	(5.36)	MGD
Surplus/(Deficit) Pump Capacity Available	**=**	**3.92**	**MGD**
	=	**2,722**	**gpm**

Notes:
[a] Due to rounding and to be consistent with **Table 3-1**, the number reflects that of **Table 3-1**.
[b] Storage includes Northside Booster Station which is under construction
[c] Includes State Highway 3 capacity though not operational
[d] 10% of annual average maximum to avoid significant penalties from H-G Subsidence District

Table 3-4
Water Facility Requirements - 2010

Water demands for 2020 and buildout were developed using the land use assumptions provided by the City in the Water Master Plan of 2011 and amended in 2013.

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Table 3-5 summarizes the water facilities proposed in the 2011 Water Master Plan and amended in 2013 to meet the needs in 2020. A comparison between the capacity of the existing and proposed facilities and the facility demands in 2020 is presented in **Table 3-6**.

Facility Name	Water Treatment	Booster Pumps			Groundwater Wells		Ground Storage Tanks		Elevated Storage Tanks	
	MGD	No	Capacity GPM	Firm GPM	No	Capacity GPM	No	Capacity Gallons	No.	Capacity Gallons
SEWPP	21.5									
Thomas Mackey WTP	2.0									
Thomas Mackey Expansion	5.0									
Brittany Bay Elevated Tank									1	2,000,000
Calder Road Booster Station		1	1,230	1,230	1	694[b]	1	1,000,000		
		2	1,780	1,780			2	1,500,000		
		3	1,780	1,780			1	3,000,000		
		4	1,950	1,950			1	3,000,000		
		5	1,950	1,950						
		6	1,950							
East Side Elevated Tank[a]					1	694[b]			1	2,000,000
State Highway 3 Booster Station		1	4,300	4,300			1	1,000,000		
		2	4,300	4,300			2	3,000,000		
		3	4,500	-			3	3,000,000		
		4	4,000	4,000						
		5	4,000	4,000						
Northside Booster Station		1	1,500	1,500	1	1,528	1	3,000,000		
		2	1,500	1,500			2	3,000,000		
		3	1,500	1,500						
		4	1,500							
South Shore Harbor Booster Station		1	1,180	1,180	1	694[b]	1	1,000,000		
		2	1,180	1,180			2	1,000,000		
		3	1,870	1,870			3	3,000,000		
		4	1,870	1,870						
		5	1,870							
South Shore Elevated Tank									1	2,000,000
West Side Elevated Tank[a]									1	2,000,000
New Water Wells					1	694[b]				
					1	694[b]				
					1	694[b]				
Totals	**28.5**		**45,710**	**35,890**		**5,692**		**26,500,000**		**8,000,000**

Note:
[a] New facility.
[b] For New/proposed wells that have no production data, we assumed them to be 694 gpm (1 MGD) in capacity until the quantity can be verified from well production tests during final design.

Table 3-5
Proposed Water Facilities - 2020

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Year 2020 Equivalent Development Units (EDUs) (12.80 MGD divided by 308 gal/EDU)	=	41,514	
WATER SUPPLY			
Supply Required = 0.427 gpm/EDU x 41,514 EDUs	=	17,726	gpm
	=	25.61[a]	MGD
Well Supply Available	=	8.20	MGD
Maximum Well Supply Available	=	1.28	MGD
Required Surface Water Supply	=	24.33	MGD
Total Supply Available[b]	=	28.78	MGD
Surplus /(Deficit) Surface Water Supply	=	3.17	
TOTAL STORAGE (GROUND PLUS ELEVATED)			
TCEQ Storage Required = 200 gal/EDU x 41,514 EDUs	=	8.30	MG
Recommended Min. Storage	=	28.50	MG
Ground Storage Available	=	26.50	MG
Elevated Storage Available	=	8.00	MG
Total Storage Available	=	34.50	MG
Surplus/(Deficit) Total Storage Available	=	6.00	MG
ELEVATED STORAGE			
TCEQ Storage Required = 100 gal/EDU x 41,514 EDUs	=	4.15	MG
Elevated Storage Available	=	8.00	MG
Surplus/(Deficit) Elevated Storage Available	=	3.85	MG
BOOSTER PUMPS			
Average Day Demand (ADD) = 308 gal/EDU x 41,514 EDUs	=	12.80[a]	MGD
Max Day Demand (MDD) = 2.00 x ADD	=	25.61[a]	MGD
Peak Hour Demand (PHD) = 1.68 x MDD	=	43.02	MGD
Capacity Required to Meet PHD	=	43.02	MGD
Firm Capacity Available	=	35,890	gpm
	=	51.68	MGD
Double Pumping from Hwy 3 to Calder Rd	=	(5.36)	MGD
Surplus/(Deficit) Pump Capacity Available	**=**	**3.30**	**MGD**
	=	**2,292**	**gpm**

Note:
[a] Due to rounding and to be consistent with **Table 3-1**, the number reflects that of **Table 3-1.**
[b] Includes an estimated 4 MGD from the proposed indirect reuse projects

Table 3-6
Water Facility Requirements - 2020

Table 3-7 summarizes the water facilities proposed in the Water Master Plan to meet the needs at buildout. A comparison between the capacity of the existing and proposed facilities and the facility demands at buildout is presented in **Table 3-8**.

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Facility Name	Water Treatment	Booster Pumps			Groundwater Wells		Ground Storage Tanks		Elevated Storage Tanks	
	MGD	No	Capacity GPM	Firm GPM	No	Capacity GPM	No	Capacity Gallons	No	Capacity Gallons
SEWPP	**21.5**									
Thomas Mackey WTP	**7.0**									
Brittany Bay Elevated Tank									1	2,000,000
Calder Road Booster Station		1	1,230	1,230			1	1,000,000		
		2	1,780	1,780			2	1,500,000		
		3	1,780	1,780			3	3,000,000		
		4	1,950	1,950			4	3,000,000		
		5	1,950	1,950						
		6	1,950	1,950						
		7	3,500	3,500						
		8	3,500	3,500						
		9	3,500	-						
East Side Elevated Tank									1	2,000,000
State Highway 3 Booster Station		1	4,300	4,300			1	1,000,000		
		2	4,300	4,300			2	3,000,000		
		3	4,500	-			3	3,000,000		
		4	4,000	4,000						
		5	4,000	4,000						
Northside Booster Station		1	1,500	1,500			1	3,000,000		
		2	1,500	1,500			2	3,000,000		
		3	1,500	1,500						
		4	1,500	1,500						
		5	1,500	-						
South Shore Harbor Booster Station		1	1,180	1,180			1	1,000,000		
		2	1,180	1,180			2	1,000,000		
		3	1,870	1,870			3	3,000,000		
		4	1,870	1,870			4	3,000,000		
		5	1,870	1,870						
		6	4,000	4,000						
		7	4,000	4,000						
		8	4,000	4,000						
		9	4,000							
South Shore Elevated Tank									1	2,000,000
West Side Elevated Tank									1	2,000,000
Totals	**28.5**		**73,710**	**60,210**		**-**		**29,500,000**		**8,000,000**

Table 3-7
Proposed Water Facilities - Buildout

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Buildout Equivalent Development Units (EDUs) (22.45 MGD divided by 308 gal/EDU)	=	72,791	
WATER SUPPLY			
Supply Required = 0.427 gpm/EDU x 72,791 EDUs	=	31,081.76	gpm
	=	45.00[a]	MGD
Well Supply Available[b]	=	0	MGD
Maximum Well Supply Available[b]	=	0	MGD
Required Surface Water Supply	=	45.00	MGD
Total Supply Available	=	27.50	MGD
Surplus /(Deficit) Surface Water Supply	=	(17.50)	
TOTAL STORAGE (GROUND PLUS ELEVATED)			
TCEQ Storage Required = 200 gal/EDU x 72,791 EDUs	=	14.56	MG
Recommended Storage	=	37.50	MG
Ground Storage Available	=	29.50	MG
Elevated Storage Available	=	8.00	MG
Total Storage Available	=	37.50	MG
Surplus/(Deficit) Total Storage Available	=	-	MG
ELEVATED STORAGE			
TCEQ Storage Required = 100 gal/EDU x 72,791 EDUs	=	7.28	MG
Elevated Storage Available	=	8.00	MG
Surplus/(Deficit) Elevated Storage Available	=	0.72	MG
BOOSTER PUMPS			
Average Day Demand (ADD) = 308 gal/EDU x 72,791 EDUs	=	22.45[a]	MGD
Max Day Demand (MDD) = 2.00 x ADD	=	45.00[a]	MGD
Peak Hour Demand (PHD) = 1.68 x MDD	=	75.60	MGD
Capacity Required to Meet PHD	=	75.60	MGD
Firm Capacity Available	=	60,210	gpm
	=	86.70	MGD
Double Pumping from Hwy 3 to Calder Rd	=	(10.81)	MGD
Surplus/(Deficit) Pump Capacity Available	**=**	**0.29**	**MGD**
	=	**201**	**gpm**

Note:
[a] Due to rounding and to be consistent with **Table 3-1**, the number reflects that of **Table 3-1**.
[b] The long range master plan does not include the use of well water for supply. It is assumed long term reliable surface water supplies will be secured by buildout.

Table 3-8
Water Facility Requirements - Buildout

Table 3-9 presents the CIP that contains projects identified as being needed between 2010 and 2020 as well as through buildout.

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CDM Smith Project No.[a]	CIP Category	Total
Projects for 10-Year CIP (2010 - 2020)		
1	Beamer Road 24" Water Line Extension	$4,660,000
2	Northside (Beamer Rd) Booster Plant Improvements - Phase I	$8,580,000
3	Highway 3 Booster Plant Improvements - Phase I	$19,650,000
4	South Shore Booster Plant Improvements - Phase I	$6,750,000
5	New 36" Line - Highway 3 to South Shore	$10,930,000
6	Relocation and Resize 42" Line on SH3	$43,600,000
7	New 24" Distribution Line - FM 518 to Alderwood	$1,360,000
8	Calder Road Booster Plant Improvements - Phase I	$10,010,000
9	New East Side Elevated Storage Tank	$3,150,000
10	New Water Wells	$17,310,000
11	24" Water Lines Parallel with LC Pkwy & Maple Leaf Dr	$1,580,000
12	Expansion of TMWTP	$18,000,000
13	Reclaimed Water Pipelines	$15,100,000
14	DSWWTP Reclaimed Water Pump Station	$2,900,000
15	New 24" Trunk Lines - South East Service Area	$4,110,000
16	New 24" Trunk Line - Walker Plant to Louisiana	$4,000,000
17	New 18" Trunk Line - Bay Area Boulevard	$6,760,000
18	New West Side EST & 18" Line	$4,490,000
19	New 24" Trunk Line - SSH Plant to FM 2094	$1,150,000
20	New 24" Water Lines to West Side	$5,610,000
21	New 8" Line - Cross Colony to Mary Lane	$230,000
	Water Meter Replacement Program	$9,939,086
	Countryside Pump Station and Well	$1,711,150
	Water System Improvements – CDBG-DR Grant	$2,363,228
	Waterline Upgrades & Replacement	$6,170,000
	SEWPP Treatment Improvements	$1,461,463
	Storz Hydro - Connectors	$1,009,500
	FM 646 Widening – H45 to FM1266	$203,082
	Water Master Plan	$279,540
	Reclaimed Water Master Plan	$99,957
	Subtotal	**$213,167,006**

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Projects for Buildout		
22	Highway 3 Booster Plant Improvements - Phase II	$3,280,000
23	South Shore Booster Plant Improvements - Phase II	$9,180,000
24	Calder Road Booster Plant Improvements - Phase II	$11,210,000
25	Upsize to 24" - Calder Road to I-45	$596,000
26	Upsize to 18" - Bay Area to Palomino along Main Street	$1,360,000
27	Northside (Beamer Rd) Booster Plant Improvements - Phase II	$1,730,000
28	New 24" Line - Calder BS to South West Development	$4,760,000
29	New 24" Line - North/South Line in South West Development	$524,000
	Subtotal	**$32,640,000**
	Total	**$245,807,006**

Notes:
[a] Project number taken from 2011 Water Master Plan and as amended in 2013
[b] Excluded from CRF calculations (almost all renewal related)

Table 3-9
Water System Proposed CIP, Preliminary Cost Estimate

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Section 4
Wastewater Master Plan 2010 - 2020

In 2011, CDM Smith updated the previous wastewater master plan prepared by CDM Smith in 2006. The wastewater master plan provided wastewater system need projections from 2010 through a buildout period, with the facilities required for growth identified for this time period. This section presents the CIP needs from the wastewater master plan for the period of 2010 through 2020.

4.1 Wastewater Demands

The wastewater demand projections were developed from the land use assumptions in the Wastewater Master Plan. The use per EDU as calculated in **Section 2** was 198 gallons per day average. **Table 4-1** presents the number of EDUs projected, the average day flow and the peak 2-hour flow. The average day flow is calculated as 71.3 gpcd times the population and commercial equals 750 gallons per acre, with an average of 84 gpcd in terms of population only. The number of EDUs equals the average day flow divided by 234 gallons per day.

Year	2010	2020	Buildout
Population	83,560	115,410	202,360
EDUs	30,058	41,514	72,791
Average Day Flow	7.02	9.86	18.00
Peak 2-hour Flow	21.76	30.57	55.80

Table 4-1
Wastewater Demands

4.2 Existing Wastewater Facilities

The City currently operates two wastewater treatment plants (WWTPs); Dallas Salmon WWTP and Countryside WWTP. The Countryside WWTP will be retired once the new Southwest Water Reclamation Facility (SWWRF) is completed.

Table 4-2 summarizes the projected wastewater flows by sub-service area. The incremental wastewater flow was calculated by multiplying the population by 71.3 gallons per capita and the commercial acreage by 750 gallons per acre.

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Residential and Commercial Development	Incremental Residential Population 2010 - 2020	Incremental Residential Demand 2010 - 2020 (gal)	Incremental Commercial Acres 2010 - 2020	Incremental Commercial Demand 2010 - 2020 (gal)
Autumn Lakes SF	950.76	67,789.19		
Bay Colony SF	556.00	39,642.80		
Bay Colony MF	372.60	26,566.38		
Bay Colony West SF	2,198.98	156,787.27	52	39,000
Bay View SF	278.00	19,821.40		
Cypress Bay SF	280.78	108,500.00	12	9,000
Hidden Lakes SF	1,278.80	91,178.44	35	26,250
Magnolia Creek SF	1,517.88	108,224.84	31	23,250
Southwest PUDs MF	1,863.00	132,831.90	50	37,500
Southwest PUDs SF	8,062.00	574,820.60		
Westover Park SF	1,184.28	84,439.16	13	9,750
Westwood SF	2,363.00	168,481.90	41	30,750
Beacon Island at South Shore Harbour MF	1,242.00	88,554.60		
CenterPointe MF	1,863.00	132,831.90	80	60,000
Constellation Pointe SF	55.60	3,964.28		
Home Depot/Target Shopping Center			20	15,000
Mar Bella SF	2,460.30	175,419.39	72.94	54,705
River Bend MF	724.50	51,656.85	20	15,000
River Bend SF	152.90	10,901.77		
Sedona, Sec. 2 SF	408.66	29,137.46		
South Shore Harbour MF	1,132.29	80,732.28	11	8,250
Stone Creek SF	111.20	7,928.56		
The Peninsula at Clear Lake SF	113.98	8,126.77		
Township SF	214.06	15,262.48		
Tuscan Lakes MF	1,020.51	72,762.36	100	75,000
Tuscan Lakes SF	1,292.70	92,169.51		
Victory Lakes SF	152.90	10,901.77	67	50,250
Wycoff Business Park			25	18,750
Totals	**31,850.68**	**2,359,433.87**	**629.94**	**472,455**
MGD		**2.36**		**0.47**

Table 4-2
Projected Population Growth and Incremental Demand

A summary of the existing wastewater facilities that will continue to be in use is presented on **Table 4-3**.

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Facilities	Current Permitted Capacity (MGD)	Projected Flows (MGD)		
		2010	2020	Buildout
Dallas Salmon WWTP				
Average Daily Flow	12	6.50	7.94	11.10
Peak 2-hour Flow	36	20.15	24.61	34.30
Southwest WRF				
Average Daily Flow	4	0.52[a]	1.92	6.90
Peak 2-hour Flow	12	1.61[a]	5.95	21.50

Note:
[a] Flow treated at Countryside WWTP before construction of SWWRF.

Table 4-3
Wastewater Facility Capacities and Projected Flows

Table 4-4 presents the planned expansion of several lift stations.

CDM Smith Project No.[a]	Project Description	Expansion/ Modification	2010 Flow		2020 Flow		Buildout Flow	
			GPM	EDU	GPM	EDU	GPM	EDU
7	West Main Lift Station	Expansion	1,200	7,400	1,200	7,400	3,500	21,583
8	Hobbs Rd. Lift Station	Expansion	N/A		900	5,500	900	5,550

Note:
[a] Project number taken from 2012 Wastewater Master Plan.

Table 4-4
Lift Station Projects - Projected Capacity

4.3 Proposed Wastewater Facilities

Wastewater demands for 2020 and buildout were developed using the land use assumptions provided by the City in the Wastewater Master Plan of 2012.

Table 4-5 presents the CIP that contains projects identified as being needed between 2010 and 2020 as well as through buildout.

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CDM Smith Project No.[a]	CIP Category	Total
Projects for 10-Year CIP (2010 - 2020)		
	Southwest WRF - 4.0 MGD ADF	$34,798,416
	Dallas Salmon WWTP - 4.5 MGD ADF Expansion	$25,620,464
	Butler Rd LS & Force Main Improvement (24" replace with 30")	$2,253,533
1	Countryside & FW 11 LS/FM Upgrades & WWTP Demo[b]	$3,337,150
2	FW 10 & CS #2 Lift Station Force Main to divert flow from Dallas Salmon WWTP to new Southwest WRF[b]	$1,673,725
3	Force Main (12") from Bay Colony to 14-15 Lift Station[b]	$1,461,000
4	Calder Rd. - new 30" Gravity Lines[b]	$5,180,000
7	West Main LS and Force Main Improvements	$1,901,072
8	New Hobbs Rd LS	$610,500
	Shellside Sanitary Sewer Line[b]	$716,411
	Reuse Improvements – Phase I	$1,215,150
	Reuse Utility System	$4,722,288
	54" Gravity Sewer - South from SW WRF to FW6 (Far W)	$3,090,000
	36" Gravity Sewer - North from SW WRF to FW6 (Far W)	$1,076,000
	42" Gravity Sewer - East from SW WRF to FW6 (Far W 7,8,9)	$3,151,000
	FW8 LS & 12" FM to SW WRF (Far W 8)	$1,580,000
	FW9 LS & 12" FM to SW WRF (Far W 9)	$1,280,000
	36" Gravity Sewer - East from SW WRF to FW7,8,9 (Far W)	$3,970,000
	30" Gravity Sewer - West from SW WRF to FW1,2,3 (Far W)	$659,000
	27" (2530 lf) & 24" (3850 lf) Gravity Sewer - West from SW WRF to FW1,2,3 (Far W)	$2,487,000
	27" (4430 lf) & 24" (2595 lf) Gravity Sewer - West from SW WRF to FW4,5 (Far W)	$2,939,000
	FW5 LS & 12" FM to SW WRF (Far W 4,5)	$1,225,000
	FW4 LS & 12" FM to SW WRF (Far W 4,5)	$1,078,000
	Wastewater Master Plan	$358,876
	Subtotal	**$106,383,585**
Projects for Buildout		
5	Southwest WRF – Expansion to 7.0 MGD ADF	$27,050,000
6	Extend 10" Force Main from Harbor Park LS1 to East Main LS	$210,000
	Subtotal	**$27,260,000**
	Total	**$133,643,585**

Notes:
[a] Project number taken from 2012 Wastewater Master Plan.
[b] Excluded from CRF calculations (renewal related and prevent surcharging).
[c] Where applicable, project costs have been updated/coordinated with the 2013-2017 CIP.

Table 4-5
Wastewater System Proposed CIP, Preliminary Cost Estimate

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Section 5
Maximum Capital Recovery Fee (CRF) Determination

5.1 Technical Basis for Maximum CRF Calculation

The calculation of the CRF fees must meet the requirements of Local Government Code, Chapter 395. The following sections present the calculations that meet the requirements of Chapter 395.

5.1.1 Service Area Definitions

The City only provides service within its boundaries. This service area was examined in both the Water and Wastewater Master Plans, with the growth projected based on the land use assumptions contained within those plans. The capital improvements that were needed to meet that growth are contained within the Water and Wastewater Master Plans and utilized in calculating the maximum allowable CRF.

5.1.2 Population Projections

There has been a growth slowdown since the previous CRF calculations. The updated projection in the Water and Wastewater Master Plans of 2011 indicate that the City is approximately 41 percent developed and that it will be approximately 57 percent developed by 2020. The population projections were presented in **Table 2-1**.

5.1.3 System Demand

The water and wastewater usage in 2009 was used to develop projected water and wastewater demand in the Water and Wastewater Master Plans. This usage was then used to project the CIP needs for 2010, 2020 and buildout.

5.1.4 Conversion Table – Water and Wastewater

The CRF is billed and collected in a unit of measure called an EDU, which relates the various customer types and meter sizes to that of a single family dwelling with a 5/8" water meter. Ordinance No. 2006-72 established the existing charge per EDU for both water and wastewater. **Appendix A** contains Ordinance No. 2006-72. It should be noted that moving forward, the City's smallest meter size is ¾".

5.1.5 Facilities Funded by CRF

The CRF is a fee that was established to enable growth in a community to pay for itself. Capital projects that qualify for inclusion in the calculation of the CRF fee must provide capacity for new customers and be of general benefit. The term that the project must be of general benefit is meant to exclude those project costs that benefit only a local area, such as a lift station or gravity lines that provides service only to a given subdivision.

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5.1.6 Capital Improvement Plan (CIP)

CIP projects that qualify for inclusion in the calculation of the CRF contain the following:

1. For existing capital improvements, the total capacity, existing usage and committed usage were analyzed.

2. The description and costs for the CIP projects are identified for those that provide capacity for new development in the service area, based on the land use assumptions from the Water and Wastewater Master Plans.

3. Tables that define capacity for each type of infrastructure.

4. The projected EDUs that can be provided for new development, based on the land use assumptions for the service area using generally accepted engineering or planning criteria.

5. The projected demand for the next ten years per the service units identified for the facilities.

The CIP project costs may include the relevant construction costs, engineering fees, fees for preparation of the CRF fees, as well as the interest and finance costs for the projects.

Tables 3-2 and **4-2** combine the City provided land use assumptions from the Water and Wastewater Master Plans with the demand factors for water (111 gpcd) and wastewater (71.3 gpcd and 750 gal/acre). The time frame presented is for 2010 and 2020, which is the 10-year study period as required by Chapter 395.

Tables 3-9 and **4-5** present the CIP, as presented in the Water and Wastewater Master Plans. The existing 2011-2015 Capital Improvement Plans (CIP), 2012-2016 CIP, and 2013-2017 CIP for Water and Wastewater from the City were reviewed, with several projects eliminated as a result of the modeling that was done. Also, there were several projects in the City's CIP that were included in **Tables 3-9** and **4-5** that do not provide additional capacity to the water and wastewater systems. The projects presented on **Tables 3-9** and **4-5** include those that are required for the 10-year study period and separately those required for buildout. The costs are in 2012 dollars.

5.2 CRF Methodology Calculation

The methodology being used is called the "Equity Residual" approach. In other words, new customers are expected to pay for their share of the equity investment owned by existing customers. The legal requirements under Chapter 395 are being met by this approach as well as meeting the cash requirements of the water and wastewater systems.

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Once the original equity payment has been made through the CRF, the ongoing costs of capital are collected through the normal water and wastewater user fees. It is important to calculate the CRF properly, in order to collect only once for the given capital costs, but still fully recover the costs of capital.

5.2.1 Capital Cost of Service Elements

Construction costs are the major element of the CRF. These costs are allocated based on the EDUs that are relative to the demands of each component of the water and wastewater facilities.

In addition to the construction costs, interest and bond issuance costs are both attributed to the cost of the facility when debt service is the funding source. Issuance costs are relatively small when compared to that of interest, which can effectively double the cost of the facility.

5.2.2 Cost of Service Recovery Methods

The "Equity Residual" methodology recognizes that debt service is a primary funding source for capital recovery. The concept is that future customers will partially pay for their own cost of service with the normal payment of their water and wastewater user fees with a portion of those fees equal to the remaining debt service being paid by existing customers. The other portion of the costs of service (for capital) is paid for through the CRF. Therefore, existing customers will be paying their fair share of the costs of service as will future customers.

5.2.3 Existing EDUs, System Equity and Remainder Debt

Existing customers have historically paid for their share of capital only through user fees. This occurred prior to the adoption of CRF fees. Those existing customers as well as subsequent customers thus have equity in the water and wastewater systems as a result of paying for capital through water and wastewater user fees. These same existing customers also must pay for the remaining debt service amounts owed. These two components, equity and remainder debt service equal the total payments of each customer's full cost of service.

5.2.4 Future Customer Cost of Service

Future customers pay not only for construction costs, but also for the issuance costs and interest when projects are bonded (similar to the component costs paid for by existing customers through their debt service payments).

5.2.5 Rate Structure Fairness

The concept being used in the "Equity Residual" methodology is thus that the existing customers pay for facilities for existing needs and future customers pay for the costs of the debt service for future needs.

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This is accomplished by setting the total payback of debt service for future customers to the same amount of total payback as for existing customers. The remainder debt service per EDU is the same for existing customers and future customers. This equalization is performed with the use of the CRF fee that collects this "System Equity," or remaining cost of service.

5.2.6 Equity Residual and Equity Contribution for Future Customers

There are two major components to this concept; 1) debt service equal to that of the existing customers (with construction costs, issuance and interest) and 2) the payback of the remaining cost of service (with construction costs, issuance and interest). This is termed "System Equity." If the construction costs included in the System Equity are paid for up-front in cash, there would be no issuance costs or interest costs. This remaining construction cost or residual would be the actual payment needed to provide fairness between existing and future customers. This residual amount is what is included in the CRF.

5.3 CRF Calculation

5.3.1 Eligible CIP Costs

Eligible CRF projects were presented on **Tables 3-9** and **4-5**. With the exception of those projects that were footnoted as being for renewal only, the balance of the projects are general benefit facilities that provide capacity for the projected growth during the study period. Existing facilities were examined to determine the current use per EDU as well as the projected use during the study period. The CIP for these facilities were then prorated to calculate the value applicable only to the study period. A similar calculation was performed for new facilities, with only the portion of the facility capacity used during the study period allocated to the CRF. Thus, it is only the costs that are applicable to growth during the study period that have been used in the calculation of the CRF. The allocation of CIP costs to the CRF is presented on **Tables 5-1** through **5-4**.

A summary of the eligible CRF costs is presented on **Tables 5-5** and **5-6**. These costs do include engineering and miscellaneous costs and are presented in terms of their EDU values.

5.3.2 Costs of Borrowing

Chapter 395 allows for the inclusion of bond issuance costs and interest in the calculation of the CRF provided that the fees are used for the repayment of debt service on the eligible projects in the CIP.

Table 5-7 presents the costs per EDU inclusive of issuance costs and interest. The issuance costs are assumed to be two percent of the borrowed amount. The interest amount is based on 20 year repayment at five percent interest, with the interest cumulative for the life of the bond.

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5.3.3 Credits

In order to provide equity between the existing and future customers, there is a credit for the value of future debt service that will be repaid in user fees. There is also a credit that realizes that with an up-front CRF payment, there will be avoided issuance costs and interest. These elements were taken into consideration in calculating the maximum CRF.

5.3.3.1 Existing Customer Debt Service Payback

Table 5-8 presents the current debt service outstanding principal balances per revenue bond. The existing debt was allocated between water and wastewater then multiplied by the percent equal to the utility system's existing EDUs divided by the buildout EDUs with this amount equal to the Existing Customer Payback column. The Existing Customer Payback amount is then divided by the number of existing EDUs to arrive at the cost per EDU.

The Debt Service Payback amount is equal to the Existing Customer Payback per EDU times the percent relative to the interest cost percent. To arrive at interest cost percents, the debt service allocation between water and wastewater was calculated as outstanding principal and interest amounts. The cumulative interest amount was divided by the outstanding principal amount, with the water system interest percent of principal equal to 37.43 percent and for wastewater, 37.6 percent.

5.3.3.2 Avoided Issuance Costs and Interest

Table 5-9 presents the calculation of the avoided costs for the new CIP element. The percent of the total CIP estimated to be attributable to borrowing was 52.2 percent for the combination of the water and wastewater systems. This was developed from the funding sources shown for the City's 2011-2015 CIP, with adjustments for projects eliminated in the Water and Wastewater Master Plans. There was also an adjustment for the issuance costs (bond amount minus principal amount), from **Table 5-7** times 52.2 percent.

5.4 Maximum CRF Calculation

Table 5-9 calculates the maximum CRF as being the Debt Service Payback amount from **Table 5-7** less the Debt Service Payback credits from **Table 5-8** and less the Credit Avoided Bonding costs from the column on this table. The maximum allowable water CRF is $3,215 and the maximum allowable wastewater CRF is $2,419.

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CDM Smith Project No.[a]	Project Names	Pipeline Capacity (MGD)[b]	2010 Current ADD (MGD)	2020 Projected ADD (MGD)	Buildout Projected ADD (MGD)
1	Beamer Rd. Water Line Extension (24")	5.00	-	2.50	3.50
	Upgrade Existing SH3 42" Conveyance Line	40	16.50	20.61	40
5	36" Line from SH3 BS to South Shore BS	28.80	-	5.80	17.30
8	Trunk Line from Walker WP to Louisiana				
	300 lf of 12"	4.00	-	3.60	3.60
	1,600 lf of 16"	5.60	-	3.60	4.00
	17,500 lf of 24"	5.60	-	3.60	4.00
10	24" Distribution Line - FM518 to Alderwood	5.20	0.30[c]	1.50	2.20
11	Trunk Lines along Bay Area Blvd. (18")	7.20	-	1.90	1.20[d]
13	Trunk Line from South Shore BS to FM2094 (18")	3.50	-	1.60	1.60
14	24" Water Line // to League City Pkway	2.60	-	0.70	1.00
15	New Water Lines to West Side (24")	3.00	-	0.50	1.10
20	24" Line from Calder BS to East	11.90	2.20[c]	3.80[c]	6.90
21	Southeast Service Area Trunk Lines				
	11,000 lf of 24"	5.80	-	2.90	2.50[d]
	4,350 lf of 16"	4.80	-	2.40	1.00[d]
	4,860 lf of 8"	1.00	-	0.50	0.50
22	Upsize to 18" - Bay Area to Palomino along Main St	4.00	0.30[c]	0.40[c]	1.20
24	24" Line from Calder BS to SW Development	6.00	-	-	4.40
25	24" North-South Line in SW Development	5.20	-	-	2.30

Notes:
[a] Project number taken from 2011 Water Master Plan.
[b] Defined as highest instantaneous flow through segment for any modeling scenario where minimum pressures are still met.
[c] Average demand through the existing segment, since the improvement does not exist yet.
[d] Decreased demand due to other projects added for buildout.

Table 5-1
Summary of Water Demands for Proposed CIP Water Lines

DRAFT

Improvements	Design Capacity (EDU's)	EDU Requirement 2010	EDU Requirement 2020	EDU Growth Requirement	Cost	Impact Fee Allocation	Cost per EDU
Plant Facilities							
Water Treatment	72,791	30,058	41,514	11,456	$18,000,000	$2,832,878	
Water Supply	72,791	30,058	41,514	11,456	$43,615,000	$6,864,220	
Water Supply	72,791	30,058	41,514	11,456	17,310,000	$2,724,284	
Total Storage (GST + Elevated)	41,514	30,058	41,514	11,456	$32,980,000	$9,100,999	
Total Plant Facilities					**$111,905,000**	**$21,522,381**	**$1,879**
Trunk Lines							
Beamer Rd. Water Line Extension (24")	16,234	-	8,117	8,117	$4,660,000	$2,330,000	
Relocate and Resize 42" Line on SH3	64,840	26,747	33,407	6,661	$43,600,000	$4,479,005	
Trunk Lines – South East Service Area (24")							
11,000 if of 24"	18,831		9,416	9,416	$2,913,000	$1,456,500	
4,350 if of 16"	15,584		7,792	7,792	$768,000	$384,000	
4,860 if of 8"	3,247		1,623	1,623	$429,000	$214,500	
Trunk Lines along Bay Area Blvd. (18")	23,377	-	6,169	6,169	$6,760,000	$1,783,889	
New Water Lines to West Side (24")	9,740	-	1,623	1,623	$5,610,000	$935,000	
Total Trunk Lines					**$64,740,000**	**$11,582,894**	**$1,011**
Water & Reclaimed Water Master Plans					**$379,497**	**$149,744**	**$13**
Total					**$177,024,497**	**$33,255,019**	**$2,903**

Table 5-2
Prorated Cost of Proposed CIP Water Projects

DRAFT

Improvements	Design Capacity (EDUs)	EDU Growth Requirement	Cost	Impact Fee Allocation	Cost per EDU
Wastewater Projects					
Dallas Salmon WWTP - Influent LS/Headworks	72,791	11,456	$5,436,000	$855,529	$74.68
Dallas Salmon WWTP - Beltpress Addition	72,791	11,456	$500,000	$78,691	$6.87
North Service Area Lift Station, Gravity & Service Lines	72,791	11,456	$4,200,000	661,005	$57.70
Southeast General Benefit Sanitary Sewer	72,791	11,456	$4,970,766	782,310	$68.29
18" Gravity Sewer on Palomino Rd.	72,791	11,456	$617,000	97,105	$8.48
24" Gravity Sewer on Palomino Rd.	72,791	11,456	$1,228,000	193,265	$16.87
12" Parallel Gravity Sewer along FM518	72,791	11,456	$290,800	45,767	$3.99
MUD#6 Lift Station	72,791	11,456	$537,500	84,593	$7.38
MUD#6 FM	72,791	11,456	$483,000	76,016	$6.64
West Main to MUD #6 FM	72,791	11,456	$1,155,000	181,776	$15.87
12" GS Webster LS/30" GS on Hewitt	72,791	11,456	$556,200	87,536	$7.64
24" FM on Hewitt	72,791	11,456	$714,000	112,371	$9.81
36":GS on Hewitt	72,791	11,456	$1,607,000	252,913	$22.08
Magnolia Creek FM Diversion	72,791	11,456	$320,000	50,362	$4.40
Bayridge Sanitary Sewer System Rehab	72,791	11,456	$1,400,000	220,335	$19.23
Westover Park LS	72,791	11,456	$250,000	39,346	$3.43
Westover Park FM	72,791	11,456	$331,000	52,093	$4.55
21" Westover Park GS	72,791	11,456	$612,000	96,318	$8.41
Magnolia Creek LS	72,791	11,456	$250,000	39,346	$3.43
Magnolia Creek FM	72,791	11,456	$1,161,000	182,721	$15.95
42" GS on Dickenson	72,791	11,456	$885,000	139,283	$12.16
24" GS on S. Detention	72,791	11,456	$916,000	144,162	$12.58
12" GS on E. Detention	72,791	11,456	$130,000	20,460	$1.79
Total			**$28,550,266**	**$4,493,301**	**$392**

Table 5-3
Prorated Cost of Existing CIP Wastewater Projects

DRAFT

Improvements	Design Capacity (EDUs)	EDU Requirement 2010	EDU Requirement 2020	EDU Growth Requirement	Cost	Impact Fee Allocation	Cost per EDU
Plant Facilities							
Southwest WRF - 4.0 MGD	17,129	1,927	5,113	3,186	$34,798,416	$6,472,505	
Dallas Salmon WWTP - 4.5 MGD Expansion	19,270	21,411	30,104	8,693	$25,620,464	11,557,676	
West Main LS and Force Main Improvements	21,583	7,400	7,400	-	$1,901,072	-	
New Hobbs Rd LS	5,550	-	5,550	5,550	$610,000	610,500	
Total Plant Facilities					**$62,930,452**	**$18,640,681**	**$1,627**
Force Main & Gravity Lines							
Butler Rd. LS Force Main Improvement (24" replace with 30")	22,953	10,614	11,704	1,090	2,253,533	107,057	
Reuse Improvements – Phase I – 5,000 LF of 12”	12,987	N/A	1,055	1,055	1,215,150	98,729	
Reuse Utility System – 35,500 LF of 12”:	12,987	N/A	1,055	1,055	4,722,288	383,676	
54" Gravity Sewer - South from SWWRF to FW 6	5,199	N/A	2,254	2,254	3,090,000	1,339,279	
36" Gravity Sewer - North from SWWRF to FW 6	1,851	N/A	2,035	2,035	1,076,000	1,183,398	
42" Gravity Sewer - East from SWWRF to FW 6 (Far W 7,8,9)	2,304	N/A	1,817	1,817	3,151,000	2,485,080	
FW 8 LS & 12" FM to SWWRF (Far W 8)	3,264	N/A	109	109	1,580,000	52,778	
FW 9 LS & 12" FM to SWWRF (Far W 9)	3,264	N/A	109	109	1,280,000	42,757	
36" Gravity Sewer - East from SWWRF to FW 7,8,9	1,851	N/A	545	545	3,970,000	1,169,532	
30" Gravity Sewer - West from SWWRF to FW 1,2,3	1,178	N/A	909	909	659,000	508,472	
27" & 24" Gravity Sewer - West from SWWRF to FW 1,2,3 (Far W)	955	N/A	363	363	2,487,000	946,378	
27" & 24" Gravity Sewer - West from SWWRF to FW 4,5 (Far W)	955	N/A	363	363	2,939,000	1,118,378	
FW 5 LS & 12" FM to SWWRF (Far W 4,5)	3,264	N/A	363	363	1,225,000	136,399	
FW 4 LS & 12" FM to SWWRF (Far W 4,5)	3,264	N/A	363	363	1,078,000	120,032	
Total Force Main & Gravity Lines					**$30,725,971**	**$9,691,946**	**$846**
Wastewater Master Plan					**$358,876**	**$183,190**	**$16**
Total					**$94,015,299**	**$28,515,817**	**$2,489**

Table 5-4
Prorated Cost of Proposed CIP Wastewater Projects

DRAFT

Item	Total Costs	Cost Allocation 2010 - 2020	Cost/EDU
Existing Facilities [a]	$0	$0	$0
Proposed CIP	$177,024,497	$33,255,019	$2,903
Note: [a] The current CIP has no projects other than those in the proposed CIP.			

Table 5-5
Water Eligible CRF Costs

Item	Total Costs	Cost Allocation 2010 - 2020	Cost/EDU
Existing Facilities [a]	$28,550,266	$4,493,301	$392
Proposed CIP	$94,015,299	$28,515,817	$2,489
Note: [a] The current CIP has no projects other than those in the proposed CIP.			

Table 5-6
Wastewater Eligible CRF Costs

Item	Principal Cost	Bond Amount[a]	Interest[b]	Debt Service Payback
Water				
CIP 2010 - 2020	$2,903	$2,961	$1,693	$4,654
Wastewater				
CIP 2010 - 2020	$2,881	$2,939	$1,680	$4,619
Notes: [a] The costs of issuance were estimated at 2%. [b] Bond terms were assumed to be 20 years at 5% interest.				

Table 5-7
Debt Service per EDU

DRAFT

	Total Amount	% Existing Customers	Existing Customer Payback	Capital Payback per Existing EDU	Debt Service Payback per Existing EDU
Water					
2002 Revenue Bonds	$2,580,000	41.29%	$1,065,282	$35	$49
2004 Revenue Bonds	$6,121,900	41.29%	$2,527,733	$84	$116
2005 Revenue Bonds	$6,065,000	41.29%	$2,504,239	$83	$114
2008 Revenue Bonds	$0	41.29%	$0	$0	$0
2009 Revenue Bonds	$0	41.29%	$0	$0	$0
2011 Revenue Bonds	$13,040,000	41.29%	$5,384,216	$179	$246
Total Water	**$27,806,900**		**$11,481,469**	**$382**	**$525**
Wastewater					
2002 Revenue Bonds	$0	41.29%	$0	$0	$0
2004 Revenue Bonds	$4,433,100	41.29%	$1,830,427	$61	$84
2005 Revenue Bonds	$0	41.29%	$0	$0	$0
2008 Revenue Bonds	$26,775,000	41.29%	$11,055,398	$368	$506
2009 Revenue Bonds	$37,200,000	41.29%	$15,359,880	$511	$703
2011 Revenue Bonds	$0	41.29%	$0	$0	$0
Total Wastewater	**$68,408,100**		**$28,245,704**	**$940**	**$1,293**

Table 5-8
Debt Service Credits

	Debt Service	Credit Debt Service Payback thru Rates	Eligible Recovery Costs	Credit Avoided Bonding Costs	Maximum Capital Recovery Fee per EDU
Water	$4,654	($525)	$4,129	($914)	$3,215
Wastewater	$4,619	($1,293)	$3,226	($907)	$2,419
Total Maximum CRF					**$5,634**

Table 5-9
Calculation of Maximum Water and Wastewater CRF

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Appendix A
City of League City Ordinance No. 2006-7

DRAFT

CDM Smith

APPENDIX A

City of League City Ordinance No. 2006-72

ORDINANCE NO. 2006-72

AN ORDINANCE AMENDING ORDINANCE NO. 99-81 APPROVING UPDATED LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN FOR WATER AND WASTEWATER FACILITIES, AND AMENDING IMPACT FEES PURSUANT TO THE TEXAS LOCAL GOVERNMENT CODE SECTION 395.052.

WHEREAS, the City of League City, Texas first adopted Impact Fees for new development in 1983 pursuant to Ordinance No. 83-41 in accordance with applicable law; and

WHEREAS, by Ordinance No. 85-51, the City of League City amended Ordinance No. 83-41 in order to modify and amplify the Capital Recovery Fee requirements applicable to persons and entities developing property in the City; and

WHEREAS, by Ordinance No. 89-33, the City of League City amended Ordinances Nos. 83-41 and 85-51, however the capital improvements envisioned by Ordinance No. 89-33 addressed only water supply, treatment and distribution facilities, and wastewater collection and treatment facilities, and only authorized capital recovery fees as (a) water fee per unit of development, and (b) wastewater fee per unit of development; and

WHEREAS, Ordinance No. 94-41 adopted on April 19, 1994 did not amend the capital recovery fee adopted in Ordinance No. 89-33; and

WHEREAS, Ordinance No. 99-81 adopted on January 11, 2000 amended the capital recovery fees adopted in Ordinance No. 89-33;

WHEREAS, Section 395.052 of the Texas Local Government Code requires that the land use assumptions and capital improvement plan for which an impact fee is imposed shall be reviewed, evaluated, and updated at least every five years; and

WHEREAS, the City has hired the engineering firm of PBS&J, formerly Espey, Huston & Associates, to update the land use assumptions, the capital improvement plan and to determine whether the maximum impact fees which may be assessed for the water and wastewater components of the impact fee should be amended; and

WHEREAS, PBS&J has filed a report with the City, entitled Determination of Maximum Capital Recovery Fee Update 2005-2014, as revised in January 1999, a true and correct copy of which is attached as Exhibit "A" and make a part of this ordinance; and

WHEREAS, in accordance with the provisions of Chapter 395 of the Texas Local Government Code, Sections 395.052 and 395.058, the City Council of the City of League City determined to appoint the Planning and Zoning Commission to act as the Capital Improvements Advisory Committee, (Committee), for the purpose of updating the land use assumptions, capital improvements, and impact fees and determined that the appointment of such Committee complied in all respects to the provisions of law; and

WHEREAS, the Committee has reviewed the PBS&J report and has filed its written comments on the proposed amendments to the land use assumptions, capital improvements plan, and impact fees as required by law, before the fifth business day before the date of the public hearing, for which notice was properly provided by the League City City Council within 60 days after the date it received the update of the land use assumptions and capital improvements plan, in accordance with sections 395.053 and 395.056 of the Texas Local Government Code, a true and correct copy of which comments are attached as Exhibit "B"; and

WHEREAS, on June 27, 2006, the City held a public hearing on the update of the land use assumptions, capital improvements plan, and amendment of impact fees and all required public hearings have been publicized and held in accordance with law; and

WHEREAS, the City of League City has met all of the legal requirements and prerequisites for implementation of impact fees in accordance with Chapter 395 of the Texas Local Government Code; and

WHEREAS, the City Council of the City of League City finds and determines its legislative intent to enable the provisions of Chapter 395 of the Texas Local Government Code and has determined to approve the amendments to the Impact Fees within 30 days after the date of the public hearings on the subject amendments in compliance with section 395.057;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEAGUE CITY, STATE OF TEXAS:

Section 1. The facts and opinions in the preamble of this Ordinance are true and correct.

Section 2. The Determination of Maximum Capital Recovery Fee Update 2005-2014 is approved and adopted.

Section 3. The combined rate of $4,023.25 per single family equivalent connection shall be maintained with the rate for water being $1,401.77 and $2,621.48 for sewer. Distribution of demands based on water records yields the following:

a. Residential

Type of Structure	Single Family Equivalent Fee Units
Single Family Residential	1
Townhouse	0.6
Condominium/Apartment	0.6
Mobile Homes	1

b. Commercial/Industrial

Commercial/Industrial rates will be determined by the size and type of water meter purchased for the property as follows:

Meter Size and Type		Single Family Equivalent Fee units
¾" x 5/8"	simple	1
¾"	simple	1.5
1"	simple	2.5
1 ½"	simple	5
2"	simple	8
2"	compound	8

2"	turbine	10
3"	compound	16
3"	turbine	24
4"	compound	25
4"	turbine	42
6"	compound	50
8"	compound	80
6"	turbine	92
10"	compound	115
8"	turbine	160
10"	turbine	250
12"	turbine	330

Section 4. Section 114-164 of the Code of Ordinances of the City of League City, Texas is amended to provide as follows:

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(a) Capital Recovery Fees shall be as follows:

EDU Equivalencies for Various Types and Sizes of Water Meter						
Water Impact Fee Amount per EDU -						$1,401.77
Wastewater Impact Fee Amount per EDU -						$2,621.48
Meter Type		Meter Size	Continuous Duty Maximum Rate (gpm)	Ratio to 5/8" Meter (Equiv. # of EDU's)	Fee for Water	Fee for Wastewater
Simple		5/8" x 3/4"	10	1	$1,401.77	$2,621.48
Simple		3/4"	15	1.5	$2,102.66	$3,932.22
Simple		1"	25	2.5	$3,504.43	$6,553.70
Simple		1½"	50	5	$7,008.85	$13,107.40
Simple		2"	80	8	$11,214.16	$20,971.84
Compound		2"	80	8	$11,214.16	$20,971.84
Turbine		2"	100	10	$14,017.70	$26,214.80
Compound		3"	160	16	$22,428.32	$41,943.68
Turbine		3"	240	24	$33,642.48	$62,915.52
Compound		4"	250	25	$35,044.25	$65,537.00
Turbine		4"	420	42	$58,874.34	$110,102.16
Compound		6"	500	50	$70,088.50	$131,074.00
Turbine		6"	920	92	$128,962.84	$241,176.16
Compound		8"	800	80	$112,141.60	$209,718.40
Turbine		8"	1,600	160	$224,283.20	$419,436.80
Compound		10"	1,150	115	$161,203.55	$301,470.20
Turbine		10"	2,500	250	$350,442.50	$655,370.00
Turbine		12"	3,300	330	$462,584.10	$865,088.40

(b) Credit for prior fees. If water and sewer service had been supplied to the new development prior to the effective date of this section, a credit shall be applied to reduce the impact fee due according to the following schedule:

EDU Equivalencies for Various Types and Sizes of Water Meter						
Water Impact Fee Amount per EDU -						$1,401.77
Wastewater Impact Fee Amount per EDU -						$2,621.48
Meter Type		Meter Size	Continuous Duty Maximum Rate (gpm)	Ratio to 5/8" Meter (Equiv. # of EDU's)	Fee for Water	Fee for Wastewater
Simple		5/8" x 3/4"	10	1	$1,401.77	$2,621.48
Simple		3/4"	15	1.5	$2,102.66	$3,932.22
Simple		1"	25	2.5	$3,504.43	$6,553.70
Simple		1½"	50	5	$7,008.85	$13,107.40
Simple		2"	80	8	$11,214.16	$20,971.84
Compound		2"	80	8	$11,214.16	$20,971.84
Turbine		2"	100	10	$14,017.70	$26,214.80
Compound		3"	160	16	$22,428.32	$41,943.68
Turbine		3"	240	24	$33,642.48	$62,915.52
Compound		4"	250	25	$35,044.25	$65,537.00
Turbine		4"	420	42	$58,874.34	$110,102.16
Compound		6"	500	50	$70,088.50	$131,074.00
Turbine		6"	920	92	$128,962.84	$241,176.16
Compound		8"	800	80	$112,141.60	$209,718.40
Turbine		8"	1,600	160	$224,283.20	$419,436.80
Compound		10"	1,150	115	$161,203.55	$301,470.20
Turbine		10"	2,500	250	$350,442.50	$655,370.00
Turbine		12"	3,300	330	$462,584.10	$865,088.40

(c) Deposit of fees. All funds collected under this section shall be deposited in interest-bearing accounts clearly identifying the category of capital improvements or facility expansions within the service area for which the fee was adopted. All interest earned in the accounts shall be considered funds of the account.

Section 5. All ordinances and agreements and parts of ordinances and agreements in conflict herewith are hereby repealed to the extent of the conflict only.

APPROVED first reading the 11th day of July, 2006.

APPROVED second reading the 25th day of July, 2006.

PASSED AND ADOPTED the 25th day of July, 2006.

JERRY SHULTS,
Mayor

ATTEST:

Barbara F. Long

BARBARA F. LONG,
City Secretary

Appendix B
Existing Revenue Bonds Outstanding – Sept. 30, 2010

DRAFT

CDM Smith

APPENDIX B

Existing Revenue Bonds Outstanding - Sept. 30, 2010

Revenue Bonds - Debt Service Outstanding	Feb. 15, 2011	Feb. 15, 2012	Feb. 15, 2013	Feb. 15, 2014	Feb. 15, 2015	Feb. 15, 2016	Feb. 15, 2017	Feb. 15, 2018	Feb. 15, 2019	Feb. 15, 2020	Feb. 15, 2021	Feb. 15, 2022	Feb. 15, 2023	Feb. 15, 2024
Series 2002 RB														
Principal	215,000	215,000	215,000	215,000	215,000	215,000	215,000	215,000	215,000	215,000	215,000	215,000		
Interest	124,163	114,165	104,006	93,740	83,205	72,455	61,598	50,579	39,453	28,219	16,931	5,644		
Series 2004 RB														
Principal	510,000	535,000	560,000	585,000	610,000	635,000	660,000	690,000	720,000	750,000	785,000	820,000	855,000	900,000
Interest	436,068	412,555	387,918	362,155	337,555	313,735	288,153	261,153	232,593	202,364	170,410	136,295	100,283	62,100
Series 2005 R Ref B														
Principal	655,000	645,000	635,000	630,000	615,000	600,000	590,000	580,000	565,000	550,000				
Interest	222,041	196,886	172,118	147,641	123,550	100,040	77,013	54,374	32,218	10,643				
Series 2008 RB														
Principal			1,255,000	2,475,000	2,320,000	2,000,000	1,625,000	1,430,000	1,230,000	1,030,000	1,935,000	1,720,000	1,715,000	1,480,000
Interest	1,160,856	1,160,856	1,135,756	1,061,156	965,256	878,856	806,356	745,256	692,056	646,213	583,850	506,181	432,116	361,300
Series 2009 RB														
Principal			545,000	1,445,000	1,465,000	1,480,000	1,500,000	1,525,000	1,550,000	1,580,000	1,605,000	1,635,000	1,665,000	1,700,000
Interest	1,606,689	1,606,689	1,598,514	1,568,664	1,525,014	1,478,989	1,428,689	1,373,845	1,314,251	1,251,651	1,187,951	1,123,151	1,055,486	984,396
Series 2011 RB														
Principal		565,000	570,000	570,000	580,000	585,000	590,000	600,000	605,000	620,000	630,000	645,000	660,000	670,000
Interest	277,956	507,319	490,294	473,194	455,944	438,469	420,475	401,506	381,925	361,244	338,581	313,869	287,769	260,331
Total Principal														
Total Interest														
Interest Divided by Principal														

Revenue Bonds - Debt Service Outstanding	Feb. 15, 2025	Feb. 15, 2026	Feb. 15, 2027	Feb. 15, 2028	Feb. 15, 2029	Feb. 15, 2030	Feb. 15, 2031	Feb. 15, 2032	Feb. 15, 2033	Feb. 15, 2034	Balance at 9/30/2010	Water	Wastewater
Series 2002 RB													
Principal											2,580,000	2,580,000	
Interest											794,158	794,158	
Series 2004 RB													
Principal	940,000										10,555,000	6,121,900	4,433,100
Interest	21,150										3,724,487	2,160,202	1,564,285
Series 2005 R Ref B													
Principal											6,065,000	6,065,000	
Interest											1,136,524	1,136,524	
Series 2008 RB													
Principal	1,245,000	1,980,000	1,775,000	1,560,000							26,775,000		26,775,000
Interest	296,875	216,250	122,375	39,000							11,810,564		11,810,564
Series 2009 RB													
Principal	1,735,000	1,775,000	1,815,000	1,860,000	1,910,000	1,965,000	2,020,000	2,080,000	2,140,000	2,205,000	37,200,000		37,200,000
Interest	910,318	832,428	750,745	662,500	568,250	471,375	371,750	269,250	163,750	55,125	24,159,470		24,159,470
Series 2011 RB													
Principal	685,000	700,000	715,000	735,000	750,000	770,000	795,000				13,040,000	13,040,000	
Interest	231,109	200,375	167,644	133,206	97,000	59,000	19,875				6,317,085	6,317,085	
Total Principal												27,806,900	68,408,100
Total Interest												10,407,969	25,723,755
Interest Divided by Principal												37.43%	37.60%

Appendix C
Texas Local Government Code – Section 395

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APPENDIX C

Texas Local Government Code - Section 395

LOCAL GOVERNMENT CODE

CHAPTER 395. FINANCING CAPITAL IMPROVEMENTS REQUIRED BY NEW DEVELOPMENT IN MUNICIPALITIES, COUNTIES, AND CERTAIN OTHER LOCAL GOVERNMENTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 395.001. DEFINITIONS. In this chapter:

(1) "Capital improvement" means any of the following facilities that have a life expectancy of three or more years and are owned and operated by or on behalf of a political subdivision:

(A) water supply, treatment, and distribution facilities; wastewater collection and treatment facilities; and storm water, drainage, and flood control facilities; whether or not they are located within the service area; and

(B) roadway facilities.

(2) "Capital improvements plan" means a plan required by this chapter that identifies capital improvements or facility expansions for which impact fees may be assessed.

(3) "Facility expansion" means the expansion of the capacity of an existing facility that serves the same function as an otherwise necessary new capital improvement, in order that the existing facility may serve new development. The term does not include the repair, maintenance, modernization, or expansion of an existing facility to better serve existing development.

(4) "Impact fee" means a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development. The term includes amortized charges, lump-sum charges, capital recovery fees, contributions in aid of construction, and any other fee that functions as described by this definition. The term does not include:

(A) dedication of land for public parks or payment in lieu of the dedication to serve park needs;

(B) dedication of rights-of-way or easements or construction or dedication of on-site or off-site water distribution, wastewater collection or drainage facilities, or streets, sidewalks, or curbs if the dedication or construction is required by a valid ordinance and is necessitated by and attributable to the new development;

(C) lot or acreage fees to be placed in trust funds for the purpose of reimbursing developers for oversizing or constructing water or sewer mains or lines; or

(D) other pro rata fees for reimbursement of

water or sewer mains or lines extended by the political subdivision.

However, an item included in the capital improvements plan may not be required to be constructed except in accordance with Section 395.019(2), and an owner may not be required to construct or dedicate facilities and to pay impact fees for those facilities.

(5) "Land use assumptions" includes a description of the service area and projections of changes in land uses, densities, intensities, and population in the service area over at least a 10-year period.

(6) "New development" means the subdivision of land; the construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure; or any use or extension of the use of land; any of which increases the number of service units.

(7) "Political subdivision" means a municipality, a district or authority created under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution, or, for the purposes set forth by Section 395.079, certain counties described by that section.

(8) "Roadway facilities" means arterial or collector streets or roads that have been designated on an officially adopted roadway plan of the political subdivision, together with all necessary appurtenances. The term includes the political subdivision's share of costs for roadways and associated improvements designated on the federal or Texas highway system, including local matching funds and costs related to utility line relocation and the establishment of curbs, gutters, sidewalks, drainage appurtenances, and rights-of-way.

(9) "Service area" means the area within the corporate boundaries or extraterritorial jurisdiction, as determined under Chapter 42, of the political subdivision to be served by the capital improvements or facilities expansions specified in the capital improvements plan, except roadway facilities and storm water, drainage, and flood control facilities. The service area, for the purposes of this chapter, may include all or part of the land within the political subdivision or its extraterritorial jurisdiction, except for roadway facilities and storm water, drainage, and flood control facilities. For roadway facilities, the service area is limited to an area within the corporate boundaries of the political subdivision and shall not exceed six miles. For storm water, drainage, and flood control facilities, the service area may include all or part of the land within the political subdivision or its

extraterritorial jurisdiction, but shall not exceed the area actually served by the storm water, drainage, and flood control facilities designated in the capital improvements plan and shall not extend across watershed boundaries.

(10) "Service unit" means a standardized measure of consumption, use, generation, or discharge attributable to an individual unit of development calculated in accordance with generally accepted engineering or planning standards and based on historical data and trends applicable to the political subdivision in which the individual unit of development is located during the previous 10 years.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 1989, 71st Leg., ch. 566, Sec. 1(e), eff. Aug. 28, 1989; Acts 2001, 77th Leg., ch. 345, Sec. 1, eff. Sept. 1, 2001.

SUBCHAPTER B. AUTHORIZATION OF IMPACT FEE

Sec. 395.011. AUTHORIZATION OF FEE. (a) Unless otherwise specifically authorized by state law or this chapter, a governmental entity or political subdivision may not enact or impose an impact fee.

(b) Political subdivisions may enact or impose impact fees on land within their corporate boundaries or extraterritorial jurisdictions only by complying with this chapter, except that impact fees may not be enacted or imposed in the extraterritorial jurisdiction for roadway facilities.

(c) A municipality may contract to provide capital improvements, except roadway facilities, to an area outside its corporate boundaries and extraterritorial jurisdiction and may charge an impact fee under the contract, but if an impact fee is charged in that area, the municipality must comply with this chapter.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.012. ITEMS PAYABLE BY FEE. (a) An impact fee may be imposed only to pay the costs of constructing capital improvements or facility expansions, including and limited to the:

(1) construction contract price;

(2) surveying and engineering fees;

(3) land acquisition costs, including land purchases, court awards and costs, attorney's fees, and expert witness fees; and

(4) fees actually paid or contracted to be paid to an independent qualified engineer or financial consultant preparing or updating the capital improvements plan who is not an employee

of the political subdivision.

(b) Projected interest charges and other finance costs may be included in determining the amount of impact fees only if the impact fees are used for the payment of principal and interest on bonds, notes, or other obligations issued by or on behalf of the political subdivision to finance the capital improvements or facility expansions identified in the capital improvements plan and are not used to reimburse bond funds expended for facilities that are not identified in the capital improvements plan.

(c) Notwithstanding any other provision of this chapter, the Edwards Underground Water District or a river authority that is authorized elsewhere by state law to charge fees that function as impact fees may use impact fees to pay a staff engineer who prepares or updates a capital improvements plan under this chapter.

(d) A municipality may pledge an impact fee as security for the payment of debt service on a bond, note, or other obligation issued to finance a capital improvement or public facility expansion if:

(1) the improvement or expansion is identified in a capital improvements plan; and

(2) at the time of the pledge, the governing body of the municipality certifies in a written order, ordinance, or resolution that none of the impact fee will be used or expended for an improvement or expansion not identified in the plan.

(e) A certification under Subsection (d)(2) is sufficient evidence that an impact fee pledged will not be used or expended for an improvement or expansion that is not identified in the capital improvements plan.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 1995, 74th Leg., ch. 90, Sec. 1, eff. May 16, 1995.

Sec. 395.013. ITEMS NOT PAYABLE BY FEE. Impact fees may not be adopted or used to pay for:

(1) construction, acquisition, or expansion of public facilities or assets other than capital improvements or facility expansions identified in the capital improvements plan;

(2) repair, operation, or maintenance of existing or new capital improvements or facility expansions;

(3) upgrading, updating, expanding, or replacing existing capital improvements to serve existing development in order to meet stricter safety, efficiency, environmental, or regulatory standards;

(4) upgrading, updating, expanding, or replacing existing capital improvements to provide better service to

existing development;

(5) administrative and operating costs of the political subdivision, except the Edwards Underground Water District or a river authority that is authorized elsewhere by state law to charge fees that function as impact fees may use impact fees to pay its administrative and operating costs;

(6) principal payments and interest or other finance charges on bonds or other indebtedness, except as allowed by Section 395.012.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.014. CAPITAL IMPROVEMENTS PLAN. (a) The political subdivision shall use qualified professionals to prepare the capital improvements plan and to calculate the impact fee. The capital improvements plan must contain specific enumeration of the following items:

(1) a description of the existing capital improvements within the service area and the costs to upgrade, update, improve, expand, or replace the improvements to meet existing needs and usage and stricter safety, efficiency, environmental, or regulatory standards, which shall be prepared by a qualified professional engineer licensed to perform the professional engineering services in this state;

(2) an analysis of the total capacity, the level of current usage, and commitments for usage of capacity of the existing capital improvements, which shall be prepared by a qualified professional engineer licensed to perform the professional engineering services in this state;

(3) a description of all or the parts of the capital improvements or facility expansions and their costs necessitated by and attributable to new development in the service area based on the approved land use assumptions, which shall be prepared by a qualified professional engineer licensed to perform the professional engineering services in this state;

(4) a definitive table establishing the specific level or quantity of use, consumption, generation, or discharge of a service unit for each category of capital improvements or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, and industrial;

(5) the total number of projected service units necessitated by and attributable to new development within the service area based on the approved land use assumptions and calculated in accordance with generally accepted engineering or planning criteria;

(6) the projected demand for capital improvements or facility expansions required by new service units projected over a reasonable period of time, not to exceed 10 years; and

(7) a plan for awarding:

(A) a credit for the portion of ad valorem tax and utility service revenues generated by new service units during the program period that is used for the payment of improvements, including the payment of debt, that are included in the capital improvements plan; or

(B) in the alternative, a credit equal to 50 percent of the total projected cost of implementing the capital improvements plan.

(b) The analysis required by Subsection (a)(3) may be prepared on a systemwide basis within the service area for each major category of capital improvement or facility expansion for the designated service area.

(c) The governing body of the political subdivision is responsible for supervising the implementation of the capital improvements plan in a timely manner.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 2, eff. Sept. 1, 2001.

Sec. 395.015. MAXIMUM FEE PER SERVICE UNIT. (a) The impact fee per service unit may not exceed the amount determined by subtracting the amount in Section 395.014(a)(7) from the costs of the capital improvements described by Section 395.014(a)(3) and dividing that amount by the total number of projected service units described by Section 395.014(a)(5).

(b) If the number of new service units projected over a reasonable period of time is less than the total number of new service units shown by the approved land use assumptions at full development of the service area, the maximum impact fee per service unit shall be calculated by dividing the costs of the part of the capital improvements necessitated by and attributable to projected new service units described by Section 395.014(a)(6) by the projected new service units described in that section.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 3, eff. Sept. 1, 2001.

Sec. 395.016. TIME FOR ASSESSMENT AND COLLECTION OF FEE. (a) This subsection applies only to impact fees adopted and land platted before June 20, 1987. For land that has been platted in accordance with Subchapter A, Chapter 212, or the subdivision or platting procedures of a political subdivision before June

20, 1987, or land on which new development occurs or is proposed without platting, the political subdivision may assess the impact fees at any time during the development approval and building process. Except as provided by Section 395.019, the political subdivision may collect the fees at either the time of recordation of the subdivision plat or connection to the political subdivision's water or sewer system or at the time the political subdivision issues either the building permit or the certificate of occupancy.

(b) This subsection applies only to impact fees adopted before June 20, 1987, and land platted after that date. For new development which is platted in accordance with Subchapter A, Chapter 212, or the subdivision or platting procedures of a political subdivision after June 20, 1987, the political subdivision may assess the impact fees before or at the time of recordation. Except as provided by Section 395.019, the political subdivision may collect the fees at either the time of recordation of the subdivision plat or connection to the political subdivision's water or sewer system or at the time the political subdivision issues either the building permit or the certificate of occupancy.

(c) This subsection applies only to impact fees adopted after June 20, 1987. For new development which is platted in accordance with Subchapter A, Chapter 212, or the subdivision or platting procedures of a political subdivision before the adoption of an impact fee, an impact fee may not be collected on any service unit for which a valid building permit is issued within one year after the date of adoption of the impact fee.

(d) This subsection applies only to land platted in accordance with Subchapter A, Chapter 212, or the subdivision or platting procedures of a political subdivision after adoption of an impact fee adopted after June 20, 1987. The political subdivision shall assess the impact fees before or at the time of recordation of a subdivision plat or other plat under Subchapter A, Chapter 212, or the subdivision or platting ordinance or procedures of any political subdivision in the official records of the county clerk of the county in which the tract is located. Except as provided by Section 395.019, if the political subdivision has water and wastewater capacity available:

(1) the political subdivision shall collect the fees at the time the political subdivision issues a building permit;

(2) for land platted outside the corporate boundaries of a municipality, the municipality shall collect the fees at the time an application for an individual meter connection to

the municipality's water or wastewater system is filed; or

(3) a political subdivision that lacks authority to issue building permits in the area where the impact fee applies shall collect the fees at the time an application is filed for an individual meter connection to the political subdivision's water or wastewater system.

(e) For land on which new development occurs or is proposed to occur without platting, the political subdivision may assess the impact fees at any time during the development and building process and may collect the fees at either the time of recordation of the subdivision plat or connection to the political subdivision's water or sewer system or at the time the political subdivision issues either the building permit or the certificate of occupancy.

(f) An "assessment" means a determination of the amount of the impact fee in effect on the date or occurrence provided in this section and is the maximum amount that can be charged per service unit of such development. No specific act by the political subdivision is required.

(g) Notwithstanding Subsections (a)-(e) and Section 395.017, the political subdivision may reduce or waive an impact fee for any service unit that would qualify as affordable housing under 42 U.S.C. Section 12745, as amended, once the service unit is constructed. If affordable housing as defined by 42 U.S.C. Section 12745, as amended, is not constructed, the political subdivision may reverse its decision to waive or reduce the impact fee, and the political subdivision may assess an impact fee at any time during the development approval or building process or after the building process if an impact fee was not already assessed.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 1997, 75th Leg., ch. 980, Sec. 52, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 345, Sec. 4, eff. Sept. 1, 2001.

Sec. 395.017. ADDITIONAL FEE PROHIBITED; EXCEPTION. After assessment of the impact fees attributable to the new development or execution of an agreement for payment of impact fees, additional impact fees or increases in fees may not be assessed against the tract for any reason unless the number of service units to be developed on the tract increases. In the event of the increase in the number of service units, the impact fees to be imposed are limited to the amount attributable to the additional service units.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.018. AGREEMENT WITH OWNER REGARDING PAYMENT. A political subdivision is authorized to enter into an agreement with the owner of a tract of land for which the plat has been recorded providing for the time and method of payment of the impact fees.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.019. COLLECTION OF FEES IF SERVICES NOT AVAILABLE. Except for roadway facilities, impact fees may be assessed but may not be collected in areas where services are not currently available unless:

(1) the collection is made to pay for a capital improvement or facility expansion that has been identified in the capital improvements plan and the political subdivision commits to commence construction within two years, under duly awarded and executed contracts or commitments of staff time covering substantially all of the work required to provide service, and to have the service available within a reasonable period of time considering the type of capital improvement or facility expansion to be constructed, but in no event longer than five years;

(2) the political subdivision agrees that the owner of a new development may construct or finance the capital improvements or facility expansions and agrees that the costs incurred or funds advanced will be credited against the impact fees otherwise due from the new development or agrees to reimburse the owner for such costs from impact fees paid from other new developments that will use such capital improvements or facility expansions, which fees shall be collected and reimbursed to the owner at the time the other new development records its plat; or

(3) an owner voluntarily requests the political subdivision to reserve capacity to serve future development, and the political subdivision and owner enter into a valid written agreement.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.020. ENTITLEMENT TO SERVICES. Any new development for which an impact fee has been paid is entitled to the permanent use and benefit of the services for which the fee was exacted and is entitled to receive immediate service from any existing facilities with actual capacity to serve the new service units, subject to compliance with other valid regulations.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28,

1989.

Sec. 395.021. AUTHORITY OF POLITICAL SUBDIVISIONS TO SPEND FUNDS TO REDUCE FEES. Political subdivisions may spend funds from any lawful source to pay for all or a part of the capital improvements or facility expansions to reduce the amount of impact fees.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.022. AUTHORITY OF POLITICAL SUBDIVISION TO PAY FEES. Political subdivisions and other governmental entities may pay impact fees imposed under this chapter.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.023. CREDITS AGAINST ROADWAY FACILITIES FEES. Any construction of, contributions to, or dedications of off-site roadway facilities agreed to or required by a political subdivision as a condition of development approval shall be credited against roadway facilities impact fees otherwise due from the development.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.024. ACCOUNTING FOR FEES AND INTEREST. (a) The order, ordinance, or resolution levying an impact fee must provide that all funds collected through the adoption of an impact fee shall be deposited in interest-bearing accounts clearly identifying the category of capital improvements or facility expansions within the service area for which the fee was adopted.

(b) Interest earned on impact fees is considered funds of the account on which it is earned and is subject to all restrictions placed on use of impact fees under this chapter.

(c) Impact fee funds may be spent only for the purposes for which the impact fee was imposed as shown by the capital improvements plan and as authorized by this chapter.

(d) The records of the accounts into which impact fees are deposited shall be open for public inspection and copying during ordinary business hours.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.025. REFUNDS. (a) On the request of an owner of the property on which an impact fee has been paid, the political subdivision shall refund the impact fee if existing facilities are available and service is denied or the political subdivision has, after collecting the fee when service was not available, failed to commence construction within two years or service is

not available within a reasonable period considering the type of capital improvement or facility expansion to be constructed, but in no event later than five years from the date of payment under Section 395.019(1).

(b) Repealed by Acts 2001, 77th Leg., ch. 345, Sec. 9, eff. Sept. 1, 2001.

(c) The political subdivision shall refund any impact fee or part of it that is not spent as authorized by this chapter within 10 years after the date of payment.

(d) Any refund shall bear interest calculated from the date of collection to the date of refund at the statutory rate as set forth in Section 302.002, Finance Code, or its successor statute.

(e) All refunds shall be made to the record owner of the property at the time the refund is paid. However, if the impact fees were paid by another political subdivision or governmental entity, payment shall be made to the political subdivision or governmental entity.

(f) The owner of the property on which an impact fee has been paid or another political subdivision or governmental entity that paid the impact fee has standing to sue for a refund under this section.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 1997, 75th Leg., ch. 1396, Sec. 37, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 7.82, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 345, Sec. 9, eff. Sept. 1, 2001.

SUBCHAPTER C. PROCEDURES FOR ADOPTION OF IMPACT FEE

Sec. 395.041. COMPLIANCE WITH PROCEDURES REQUIRED. Except as otherwise provided by this chapter, a political subdivision must comply with this subchapter to levy an impact fee.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.0411. CAPITAL IMPROVEMENTS PLAN. The political subdivision shall provide for a capital improvements plan to be developed by qualified professionals using generally accepted engineering and planning practices in accordance with Section 395.014.

Added by Acts 2001, 77th Leg., ch. 345, Sec. 5, eff. Sept. 1, 2001.

Sec. 395.042. HEARING ON LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN. To impose an impact fee, a political subdivision must adopt an order, ordinance, or resolution establishing a public hearing date to consider the land use assumptions and capital improvements plan for the designated

service area.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 5, eff. Sept. 1, 2001.

Sec. 395.043. INFORMATION ABOUT LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN AVAILABLE TO PUBLIC. On or before the date of the first publication of the notice of the hearing on the land use assumptions and capital improvements plan, the political subdivision shall make available to the public its land use assumptions, the time period of the projections, and a description of the capital improvement facilities that may be proposed.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 5, eff. Sept. 1, 2001.

Sec. 395.044. NOTICE OF HEARING ON LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN. (a) Before the 30th day before the date of the hearing on the land use assumptions and capital improvements plan, the political subdivision shall send a notice of the hearing by certified mail to any person who has given written notice by certified or registered mail to the municipal secretary or other designated official of the political subdivision requesting notice of the hearing within two years preceding the date of adoption of the order, ordinance, or resolution setting the public hearing.

(b) The political subdivision shall publish notice of the hearing before the 30th day before the date set for the hearing, in one or more newspapers of general circulation in each county in which the political subdivision lies. However, a river authority that is authorized elsewhere by state law to charge fees that function as impact fees may publish the required newspaper notice only in each county in which the service area lies.

(c) The notice must contain:

(1) a headline to read as follows:

"NOTICE OF PUBLIC HEARING ON LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN RELATING TO POSSIBLE ADOPTION OF IMPACT FEES"

(2) the time, date, and location of the hearing;

(3) a statement that the purpose of the hearing is to consider the land use assumptions and capital improvements plan under which an impact fee may be imposed; and

(4) a statement that any member of the public has the right to appear at the hearing and present evidence for or against the land use assumptions and capital improvements plan.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 5, eff. Sept. 1, 2001.

Sec. 395.045. APPROVAL OF LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN REQUIRED. (a) After the public hearing on the land use assumptions and capital improvements plan, the political subdivision shall determine whether to adopt or reject an ordinance, order, or resolution approving the land use assumptions and capital improvements plan.

(b) The political subdivision, within 30 days after the date of the public hearing, shall approve or disapprove the land use assumptions and capital improvements plan.

(c) An ordinance, order, or resolution approving the land use assumptions and capital improvements plan may not be adopted as an emergency measure.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 5, eff. Sept. 1, 2001.

Sec. 395.0455. SYSTEMWIDE LAND USE ASSUMPTIONS. (a) In lieu of adopting land use assumptions for each service area, a political subdivision may, except for storm water, drainage, flood control, and roadway facilities, adopt systemwide land use assumptions, which cover all of the area subject to the jurisdiction of the political subdivision for the purpose of imposing impact fees under this chapter.

(b) Prior to adopting systemwide land use assumptions, a political subdivision shall follow the public notice, hearing, and other requirements for adopting land use assumptions.

(c) After adoption of systemwide land use assumptions, a political subdivision is not required to adopt additional land use assumptions for a service area for water supply, treatment, and distribution facilities or wastewater collection and treatment facilities as a prerequisite to the adoption of a capital improvements plan or impact fee, provided the capital improvements plan and impact fee are consistent with the systemwide land use assumptions.

Added by Acts 1989, 71st Leg., ch. 566, Sec. 1(b), eff. Aug. 28, 1989.

Sec. 395.047. HEARING ON IMPACT FEE. On adoption of the land use assumptions and capital improvements plan, the governing body shall adopt an order or resolution setting a public hearing to discuss the imposition of the impact fee. The public hearing must be held by the governing body of the political subdivision to discuss the proposed ordinance, order, or resolution imposing an impact fee.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 5, eff. Sept. 1, 2001.

Sec. 395.049. NOTICE OF HEARING ON IMPACT FEE. (a) Before the 30th day before the date of the hearing on the imposition of an impact fee, the political subdivision shall send a notice of the hearing by certified mail to any person who has given written notice by certified or registered mail to the municipal secretary or other designated official of the political subdivision requesting notice of the hearing within two years preceding the date of adoption of the order or resolution setting the public hearing.

(b) The political subdivision shall publish notice of the hearing before the 30th day before the date set for the hearing, in one or more newspapers of general circulation in each county in which the political subdivision lies. However, a river authority that is authorized elsewhere by state law to charge fees that function as impact fees may publish the required newspaper notice only in each county in which the service area lies.

(c) The notice must contain the following:

(1) a headline to read as follows:

"NOTICE OF PUBLIC HEARING ON ADOPTION OF IMPACT FEES"

(2) the time, date, and location of the hearing;

(3) a statement that the purpose of the hearing is to consider the adoption of an impact fee;

(4) the amount of the proposed impact fee per service unit; and

(5) a statement that any member of the public has the right to appear at the hearing and present evidence for or against the plan and proposed fee.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 5, eff. Sept. 1, 2001.

Sec. 395.050. ADVISORY COMMITTEE COMMENTS ON IMPACT FEES. The advisory committee created under Section 395.058 shall file its written comments on the proposed impact fees before the fifth business day before the date of the public hearing on the imposition of the fees.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 5, eff. Sept. 1, 2001.

Sec. 395.051. APPROVAL OF IMPACT FEE REQUIRED. (a) The political subdivision, within 30 days after the date of the public hearing on the imposition of an impact fee, shall approve

or disapprove the imposition of an impact fee.

(b) An ordinance, order, or resolution approving the imposition of an impact fee may not be adopted as an emergency measure.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 5, eff. Sept. 1, 2001.

Sec. 395.052. PERIODIC UPDATE OF LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN REQUIRED. (a) A political subdivision imposing an impact fee shall update the land use assumptions and capital improvements plan at least every five years. The initial five-year period begins on the day the capital improvements plan is adopted.

(b) The political subdivision shall review and evaluate its current land use assumptions and shall cause an update of the capital improvements plan to be prepared in accordance with Subchapter B.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 6, eff. Sept. 1, 2001.

Sec. 395.053. HEARING ON UPDATED LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN. The governing body of the political subdivision shall, within 60 days after the date it receives the update of the land use assumptions and the capital improvements plan, adopt an order setting a public hearing to discuss and review the update and shall determine whether to amend the plan.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.054. HEARING ON AMENDMENTS TO LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN, OR IMPACT FEE. A public hearing must be held by the governing body of the political subdivision to discuss the proposed ordinance, order, or resolution amending land use assumptions, the capital improvements plan, or the impact fee. On or before the date of the first publication of the notice of the hearing on the amendments, the land use assumptions and the capital improvements plan, including the amount of any proposed amended impact fee per service unit, shall be made available to the public.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.055. NOTICE OF HEARING ON AMENDMENTS TO LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN, OR IMPACT FEE. (a) The notice and hearing procedures prescribed by Sections 395.044(a) and (b) apply to a hearing on the amendment of land use assumptions, a capital improvements plan, or an impact fee.

(b) The notice of a hearing under this section must contain the following:

(1) a headline to read as follows:

"NOTICE OF PUBLIC HEARING ON AMENDMENT OF IMPACT FEES"

(2) the time, date, and location of the hearing;

(3) a statement that the purpose of the hearing is to consider the amendment of land use assumptions and a capital improvements plan and the imposition of an impact fee; and

(4) a statement that any member of the public has the right to appear at the hearing and present evidence for or against the update.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 345, Sec. 7, eff. Sept. 1, 2001.

Sec. 395.056. ADVISORY COMMITTEE COMMENTS ON AMENDMENTS. The advisory committee created under Section 395.058 shall file its written comments on the proposed amendments to the land use assumptions, capital improvements plan, and impact fee before the fifth business day before the date of the public hearing on the amendments.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.057. APPROVAL OF AMENDMENTS REQUIRED. (a) The political subdivision, within 30 days after the date of the public hearing on the amendments, shall approve or disapprove the amendments of the land use assumptions and the capital improvements plan and modification of an impact fee.

(b) An ordinance, order, or resolution approving the amendments to the land use assumptions, the capital improvements plan, and imposition of an impact fee may not be adopted as an emergency measure.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.0575. DETERMINATION THAT NO UPDATE OF LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN OR IMPACT FEES IS NEEDED. (a) If, at the time an update under Section 395.052 is required, the governing body determines that no change to the land use assumptions, capital improvements plan, or impact fee is needed, it may, as an alternative to the updating requirements of Sections 395.052-395.057, do the following:

(1) The governing body of the political subdivision shall, upon determining that an update is unnecessary and 60 days before publishing the final notice under this section, send notice of its determination not to update the land use assumptions, capital improvements plan, and impact fee by

certified mail to any person who has, within two years preceding the date that the final notice of this matter is to be published, give written notice by certified or registered mail to the municipal secretary or other designated official of the political subdivision requesting notice of hearings related to impact fees. The notice must contain the information in Subsections (b)(2)-(5).

(2) The political subdivision shall publish notice of its determination once a week for three consecutive weeks in one or more newspapers with general circulation in each county in which the political subdivision lies. However, a river authority that is authorized elsewhere by state law to charge fees that function as impact fees may publish the required newspaper notice only in each county in which the service area lies. The notice of public hearing may not be in the part of the paper in which legal notices and classified ads appear and may not be smaller than one-quarter page of a standard-size or tabloid-size newspaper, and the headline on the notice must be in 18-point or larger type.

(b) The notice must contain the following:

(1) a headline to read as follows:

"NOTICE OF DETERMINATION NOT TO UPDATE LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN, OR IMPACT FEES";

(2) a statement that the governing body of the political subdivision has determined that no change to the land use assumptions, capital improvements plan, or impact fee is necessary;

(3) an easily understandable description and a map of the service area in which the updating has been determined to be unnecessary;

(4) a statement that if, within a specified date, which date shall be at least 60 days after publication of the first notice, a person makes a written request to the designated official of the political subdivision requesting that the land use assumptions, capital improvements plan, or impact fee be updated, the governing body must comply with the request by following the requirements of Sections 395.052-395.057; and

(5) a statement identifying the name and mailing address of the official of the political subdivision to whom a request for an update should be sent.

(c) The advisory committee shall file its written comments on the need for updating the land use assumptions, capital improvements plans, and impact fee before the fifth business day before the earliest notice of the government's decision that no

update is necessary is mailed or published.

(d) If, by the date specified in Subsection (b)(4), a person requests in writing that the land use assumptions, capital improvements plan, or impact fee be updated, the governing body shall cause an update of the land use assumptions and capital improvements plan to be prepared in accordance with Sections 395.052-395.057.

(e) An ordinance, order, or resolution determining the need for updating land use assumptions, a capital improvements plan, or an impact fee may not be adopted as an emergency measure. Added by Acts 1989, 71st Leg., ch. 566, Sec. 1(d), eff. Aug. 28, 1989.

Sec. 395.058. ADVISORY COMMITTEE. (a) On or before the date on which the order, ordinance, or resolution is adopted under Section 395.042, the political subdivision shall appoint a capital improvements advisory committee.

(b) The advisory committee is composed of not less than five members who shall be appointed by a majority vote of the governing body of the political subdivision. Not less than 40 percent of the membership of the advisory committee must be representatives of the real estate, development, or building industries who are not employees or officials of a political subdivision or governmental entity. If the political subdivision has a planning and zoning commission, the commission may act as the advisory committee if the commission includes at least one representative of the real estate, development, or building industry who is not an employee or official of a political subdivision or governmental entity. If no such representative is a member of the planning and zoning commission, the commission may still act as the advisory committee if at least one such representative is appointed by the political subdivision as an ad hoc voting member of the planning and zoning commission when it acts as the advisory committee. If the impact fee is to be applied in the extraterritorial jurisdiction of the political subdivision, the membership must include a representative from that area.

(c) The advisory committee serves in an advisory capacity and is established to:

(1) advise and assist the political subdivision in adopting land use assumptions;

(2) review the capital improvements plan and file written comments;

(3) monitor and evaluate implementation of the capital improvements plan;

(4) file semiannual reports with respect to the

progress of the capital improvements plan and report to the political subdivision any perceived inequities in implementing the plan or imposing the impact fee; and

(5) advise the political subdivision of the need to update or revise the land use assumptions, capital improvements plan, and impact fee.

(d) The political subdivision shall make available to the advisory committee any professional reports with respect to developing and implementing the capital improvements plan.

(e) The governing body of the political subdivision shall adopt procedural rules for the advisory committee to follow in carrying out its duties.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

SUBCHAPTER D. OTHER PROVISIONS

Sec. 395.071. DUTIES TO BE PERFORMED WITHIN TIME LIMITS. If the governing body of the political subdivision does not perform a duty imposed under this chapter within the prescribed period, a person who has paid an impact fee or an owner of land on which an impact fee has been paid has the right to present a written request to the governing body of the political subdivision stating the nature of the unperformed duty and requesting that it be performed within 60 days after the date of the request. If the governing body of the political subdivision finds that the duty is required under this chapter and is late in being performed, it shall cause the duty to commence within 60 days after the date of the request and continue until completion.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.072. RECORDS OF HEARINGS. A record must be made of any public hearing provided for by this chapter. The record shall be maintained and be made available for public inspection by the political subdivision for at least 10 years after the date of the hearing.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.073. CUMULATIVE EFFECT OF STATE AND LOCAL RESTRICTIONS. Any state or local restrictions that apply to the imposition of an impact fee in a political subdivision where an impact fee is proposed are cumulative with the restrictions in this chapter.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.074. PRIOR IMPACT FEES REPLACED BY FEES UNDER THIS CHAPTER. An impact fee that is in place on June 20, 1987, must

be replaced by an impact fee made under this chapter on or before June 20, 1990. However, any political subdivision having an impact fee that has not been replaced under this chapter on or before June 20, 1988, is liable to any party who, after June 20, 1988, pays an impact fee that exceeds the maximum permitted under Subchapter B by more than 10 percent for an amount equal to two times the difference between the maximum impact fee allowed and the actual impact fee imposed, plus reasonable attorney's fees and court costs.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.075. NO EFFECT ON TAXES OR OTHER CHARGES. This chapter does not prohibit, affect, or regulate any tax, fee, charge, or assessment specifically authorized by state law.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.076. MORATORIUM ON DEVELOPMENT PROHIBITED. A moratorium may not be placed on new development for the purpose of awaiting the completion of all or any part of the process necessary to develop, adopt, or update land use assumptions, a capital improvements plan, or an impact fee.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 441, Sec. 2, eff. Sept. 1, 2001.

Sec. 395.077. APPEALS. (a) A person who has exhausted all administrative remedies within the political subdivision and who is aggrieved by a final decision is entitled to trial de novo under this chapter.

(b) A suit to contest an impact fee must be filed within 90 days after the date of adoption of the ordinance, order, or resolution establishing the impact fee.

(c) Except for roadway facilities, a person who has paid an impact fee or an owner of property on which an impact fee has been paid is entitled to specific performance of the services by the political subdivision for which the fee was paid.

(d) This section does not require construction of a specific facility to provide the services.

(e) Any suit must be filed in the county in which the major part of the land area of the political subdivision is located. A successful litigant shall be entitled to recover reasonable attorney's fees and court costs.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.078. SUBSTANTIAL COMPLIANCE WITH NOTICE REQUIREMENTS. An impact fee may not be held invalid because the

public notice requirements were not complied with if compliance was substantial and in good faith.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989.

Sec. 395.079. IMPACT FEE FOR STORM WATER, DRAINAGE, AND FLOOD CONTROL IN POPULOUS COUNTY. (a) Any county that has a population of 3.3 million or more or that borders a county with a population of 3.3 million or more, and any district or authority created under Article XVI, Section 59, of the Texas Constitution within any such county that is authorized to provide storm water, drainage, and flood control facilities, is authorized to impose impact fees to provide storm water, drainage, and flood control improvements necessary to accommodate new development.

(b) The imposition of impact fees authorized by Subsection (a) is exempt from the requirements of Sections 395.025, 395.052-395.057, and 395.074 unless the political subdivision proposes to increase the impact fee.

(c) Any political subdivision described by Subsection (a) is authorized to pledge or otherwise contractually obligate all or part of the impact fees to the payment of principal and interest on bonds, notes, or other obligations issued or incurred by or on behalf of the political subdivision and to the payment of any other contractual obligations.

(d) An impact fee adopted by a political subdivision under Subsection (a) may not be reduced if:

(1) the political subdivision has pledged or otherwise contractually obligated all or part of the impact fees to the payment of principal and interest on bonds, notes, or other obligations issued by or on behalf of the political subdivision; and

(2) the political subdivision agrees in the pledge or contract not to reduce the impact fees during the term of the bonds, notes, or other contractual obligations.
Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 2001, 77th Leg., ch. 669, Sec. 107, eff. Sept. 1, 2001.

Sec. 395.080. CHAPTER NOT APPLICABLE TO CERTAIN WATER-RELATED SPECIAL DISTRICTS. (a) This chapter does not apply to impact fees, charges, fees, assessments, or contributions:

(1) paid by or charged to a district created under Article XVI, Section 59, of the Texas Constitution to another district created under that constitutional provision if both districts are required by law to obtain approval of their bonds by the Texas Natural Resource Conservation Commission; or

(2) charged by an entity if the impact fees, charges, fees, assessments, or contributions are approved by the Texas Natural Resource Conservation Commission.

(b) Any district created under Article XVI, Section 59, or Article III, Section 52, of the Texas Constitution may petition the Texas Natural Resource Conservation Commission for approval of any proposed impact fees, charges, fees, assessments, or contributions. The commission shall adopt rules for reviewing the petition and may charge the petitioner fees adequate to cover the cost of processing and considering the petition. The rules shall require notice substantially the same as that required by this chapter for the adoption of impact fees and shall afford opportunity for all affected parties to participate.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 82(a), eff. Aug. 28, 1989. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 11.257, eff. Sept. 1, 1995.

Sec. 395.081. FEES FOR ADJOINING LANDOWNERS IN CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality with a population of 105,000 or less that constitutes more than three-fourths of the population of the county in which the majority of the area of the municipality is located.

(b) A municipality that has not adopted an impact fee under this chapter that is constructing a capital improvement, including sewer or waterline or drainage or roadway facilities, from the municipality to a development located within or outside the municipality's boundaries, in its discretion, may allow a landowner whose land adjoins the capital improvement or is within a specified distance from the capital improvement, as determined by the governing body of the municipality, to connect to the capital improvement if:

(1) the governing body of the municipality has adopted a finding under Subsection (c); and

(2) the landowner agrees to pay a proportional share of the cost of the capital improvement as determined by the governing body of the municipality and agreed to by the landowner.

(c) Before a municipality may allow a landowner to connect to a capital improvement under Subsection (b), the municipality shall adopt a finding that the municipality will benefit from allowing the landowner to connect to the capital improvement. The finding shall describe the benefit to be received by the municipality.

(d) A determination of the governing body of a municipality, or its officers or employees, under this section

is a discretionary function of the municipality and the municipality and its officers or employees are not liable for a determination made under this section.
Added by Acts 1997, 75th Leg., ch. 1150, Sec. 1, eff. June 19, 1997.

Sec. 395.082. CERTIFICATION OF COMPLIANCE REQUIRED. (a) A political subdivision that imposes an impact fee shall submit a written certification verifying compliance with this chapter to the attorney general each year not later than the last day of the political subdivision's fiscal year.

(b) The certification must be signed by the presiding officer of the governing body of a political subdivision and include a statement that reads substantially similar to the following: "This statement certifies compliance with Chapter 395, Local Government Code."

(c) A political subdivision that fails to submit a certification as required by this section is liable to the state for a civil penalty in an amount equal to 10 percent of the amount of the impact fees erroneously charged. The attorney general shall collect the civil penalty and deposit the amount collected to the credit of the housing trust fund.
Added by Acts 2001, 77th Leg., ch. 345, Sec. 8, eff. Sept. 1, 2001.