

October 5, 2017

Mayor & City Council
City of North Richland Hills
North Richland Hills, TX

Re: Impact Fee Program

Mayor & Council:

The Capital Improvements Advisory Committee (CIAC) has been engaged in the process of updating the City's Impact Fee Program as required by Chapter 395 of the Texas Local Government Code. This chapter requires the CIAC to:

1. Advise and assist the Mayor & Council in adopting land use assumptions;
2. Review the Capital Improvements Plan and file written comments;
3. Monitor and evaluate the implementation of the Capital Improvements Plan;
4. File semiannual reports with respect to the progress of the Capital Improvements Plan and report to the Mayor and Council any perceived inequities in implementing the plan or imposing the impact fee; and
5. Advise the Mayor & Council of the need to update or revise the land use assumptions, Capital Improvements Plan, and Impact Fees.

Further, Chapter 395 requires the documentation of specific items to be completed at least every five (5) years for cities that desire to adopt/continue an Impact Fee Program. To comply with these requirements, the Committee has performed the following tasks:

1. Prepared, reviewed and approved updated Land Use Assumptions that encompass the geographic area within the boundaries of the City.
2. Prepared, reviewed and approved the impact fee program related to the Capital Improvements Plan for Water and Wastewater which will be necessary to serve the anticipated development in accordance with the Land Use Assumptions.
3. Using the information contained in the Land Use Assumptions and the Capital Improvements Plan, we have determined the maximum allowable Impact Fee charges for the next five-year period are as follows:
 - a. Water
 - b. Wastewater

These calculated Impact Fees are the maximum charges allowable per Meter Unit Equivalent (MUE). A comparison of these maximum allowable fees per MUE to the current impact fees per MUE is shown in the table below:

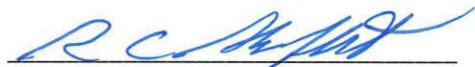
Utility	Maximum Allowable Fee per MUE	Current Impact Fee per MUE
Water	\$1,858.00	\$1,330.00
Wastewater	\$1,215.00	\$363.00

As the table indicates, these new maximum allowable fees are much greater than the currently charged amounts. Consequently, the CIAC recommends that the Council consider a "phasing in approach" for the adoption of the new impact fees.

In summary, as required by Chapter 395, Texas Local Government Code, the CIAC recommends that the City Council approve the updated Land Use Assumptions, the updated Capital Improvements Plans for Water and Wastewater and the above calculated Impact Fees per MUE based on those documents. However, as stated above the CIAC recommends that the Council consider a phased approach for the adoption of the new impact fees.

Should the CIAC be needed to provide any additional information to you or the Council related to this subject, we would be happy to do so at your convenience.

Respectfully,



Randall Shiflet, Chairman
Capital Improvements Advisory Committee