

CLEVELAND IMPACT FEE STUDY

WATER AND WASTEWATER SYSTEMS

Job No. 13392

PREPARED FOR



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- A. Land Use Assumptions Map
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- A. Texas Local Government Code - Chapter 395

1) Executive Summary

a) Background

The City of Cleveland (“City”) authorized Bleyl Engineering (“Bleyl”) to perform an Impact Fee Study for the City’s water and wastewater systems. The purpose of this report is to summarize the methodology used in the development and calculation of impact fees for the City. The methods used satisfy the requirements of Texas Local Government Code Section 395 for the establishment of water and wastewater impact fees. Chapter 395 requires the City to create and adopt Land Use Assumptions (“LUA”) and a Capital Improvements Plan (“CIP”) in association with the Impact Fee Study.

According to Chapter 395, “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.”

b) Land Use Assumptions

Estimating future land use plays a critical role in the calculation of impact fees. This study utilizes a Future Land Use Assumptions Map that was prepared by a committee consisting of representatives from Bleyl, the City of Cleveland, and developers in the area. This coalition met on November 18, 2024, and August 28, 2025, to discuss the current and future development plans within the City of Cleveland. The map details the anticipated locations of residential communities, commercial developments, and industrial developments. The City has elected to adopt a systemwide LUA in lieu of having multiple service areas in order to streamline the impact fee collection process.

c) Capital Improvement Plan

The CIP includes various projects that are expected to be necessary in the next ten years. Project eligibility was determined by Bleyl with assistance from City staff and utilization percentages were determined for each eligible project based on the estimated capacity required by new growth. The projected total costs for water and wastewater infrastructure improvements attributed to new growth through 2035 are:

- Water: \$30,506,589
- Wastewater: \$25,217,706

The City did not opt to conduct a detailed financial analysis, so a 50% credit will be applied to the eligible impact fee.

d) Impact Fee Calculation

Chapter 395 defines a Service Unit (“SU”) as, “A standardized measure of consumption 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”. The service unit projections provided in this report are based on the projected equivalent single-family connections (“ESFCs”). It was assumed that each

ESFC would be equivalent to the established 5/8-inch water meter service unit. For a development that requires a different size meter, a service unit equivalent is established at a multiplier based on its capacity with respect to the 5/8-inch meter. For the purpose of this study, the projected wastewater ESFC count was assumed to be equivalent to the projected water ESFC count. One ESFC is estimated to produce 360 gpd of water demand and 275 gpd of wastewater demand.

Table 1.1 shows the calculation of the maximum assessable water and wastewater impact fees.

Table 1.1: Maximum Assessable Impact Fees

Water Impact fee	
Total Eligible Capital Improvement Cost	\$30,506,589
50% Applied Credit	\$15,253,294
Total Eligible Impact Fee Cost	\$15,253,294
New Service Units	7,949
Maximum Allowable Water Impact Fee per Service Unit	\$1,919
Wastewater Impact Fee	
Total Eligible Capital Improvement Costs	\$25,217,706
50% Applied Credit	\$12,608,853
Total Eligible Impact Fee Cost	\$12,608,853
New Service Units	7,949
Maximum Allowable Wastewater Impact Fee per Service Unit	\$1,586
Total Maximum Allowable Water & Wastewater Impact Fee	\$3,505

2) Introduction

The City of Cleveland (“City”) is 45 miles northeast of Houston, Texas. The City owns and maintains groundwater supply facilities including wastewater supply utilities in the Liberty County area. The City does not currently have Impact Fees. The City hired Bleyl Engineering (“Bleyl”) to prepare an Impact Fee Study for the proposed new developments in the City.

The purpose of this report is to address the methodology used in the development and calculation of Impact Fees for the City. The methodology used herein satisfies the requirements of the Texas Local Government Code Section 395. The statutory authority for Impact Fees was established by the Texas Legislature in 1987 with the passage of Senate Bill 336 and is currently codified in Chapter 395, of the Texas Local Government Code as a means to allow government entities to reduce the financial impact new development has on its existing customer base and to provide a mechanism to allocate capital costs of this growth to future development.

The following is a summary of the key regulations and components of a municipal impact fee system, under the current Chapter 395 regulations:

An Impact Fee Committee (the “Committee”) must approve the entire plan, after which the City Council must do the same.

The Impact Fee, Land Use Assumptions, and Capital Improvements Plan must be updated a minimum of every 5 years.

The Land Use Assumptions must include a description of the service area and projections for changes in land uses, densities, intensities, and population over at least a 10-year period.

A Capital Improvements Plan shall include a description of the existing capital improvements in the service area, an analysis of the total capacity and current level of usage of the existing improvements, a description of the capital improvements and costs necessitated by new development based on the approved land use assumptions, a table establishing the demand per service unit and the equivalent number of service units for each land use, the projected number of service units due to new development, the projected demand for capital improvements over a 10-year period, and a plan for awarding credits for the portion of ad valorem tax and utility service revenue paid by new development during the planning period.

Public hearings must be held to consider the amendments to land use assumptions, capital improvements plan, or impact fee for the designated service area. Within 30 days after the date of the final public hearing, City Council shall approve or disapprove the land use assumptions and capital improvements plan and the impact fee. For developments in which a valid building permit is issued within one year after the adoption date of the impact fee ordinance, the City may *not* collect the impact fee on that development, assuming the development was platted before adoption of the impact fee ordinance.

Impact Fees **can** be used to pay for:

- Construction contract price
- Surveying and Engineering fees
- Land and easement acquisition costs
- Fees paid to the consultant preparing or updating the capital improvement plan (CIP)
- Projected interest charges and other finance costs for facilities expansions identified in the capital improvements plan

Impact fees **cannot** be used to pay for:

- Construction, acquisition, or expansion of public facilities or assets other than those identified in the capital improvements plan
- Repair, operation, or maintenance of existing or new capital improvements
- Upgrading, updating, expanding, or replacing existing capital improvements to serve existing development in order to meet stricter safety, efficiency, environmental, or regulatory standards

- Upgrading, updating, expanding, or replacing existing capital improvements to provide better service to existing development
- Administrative and operating costs of the political subdivision
- Principal payments and interest or other finance charges on bonds or other indebtedness, except as allowed above

3) Land Use Assumptions

The purpose of the LUA are to provide a basis for project requirements to support new development within the service area. This is used to project how many new equivalent service units will be added for the impact fee planning period and fairly allocate the resulting costs through the assessment of Impact Fees. The LUA map was prepared by a coalition consisting of Bleyl, the City, and developers in the area. The future LUA map is provided in **Exhibit A**. Table 3.1 below shows the service unit totals.

Table 3.1 – Service Unit Totals

Service Unit Totals	
Land Use	SUs
Residential	3,695
Commercial	2,107
Industrial	2,147
TOTAL	7,949

Where a land plan or contract exists, planning is based on those projections. In the absence of that information, growth is projected based on the following land use factors applied to large, undeveloped tracts within the City identified by the committee:

Land Use Factors:

- Single Family Residential: 4 lots/acre
- Commercial & Industrial: 1,200 gallons/day/acre

For single-family residential, 1 lot is considered 1 SU. For commercial and industrial, the number of acres is multiplied by 1,200 gallons/day/acre. This value is then divided by 360 gallons/day/connection to get the connection, or SU, count for that tract of land. Some tracts of land in the map may be partially developed, so a percentage undeveloped is applied to the calculations. These calculations are based on assumptions and are therefore approximations. The impact fee will ultimately be assessed based on the number and size of the required water meters.

The City elected to adopt systemwide land use assumptions in lieu of having multiple service areas for water and wastewater in order to streamline the process of tracking and assessing impact fees. Using multiple service areas results in varying impact fees for each service area and multiple accounts to track the collected impact fees, as a collected impact fee can only be applied to CIP projects within the respective service area. System-wide LUA allow for the City to collect a consistent impact fee from all new development within the City and apply funds to any projects included within the adopted CIP throughout the City’s entire water and wastewater systems.

4) Capital Improvements Plan

Impact fee legislation allows those projects necessitated by growth during the planning period to be included in the Impact Fee calculation. The list of projects for both water and wastewater will generally include four types of projects:

1. Expansion of systems to currently unserved areas,
2. Upgrading existing systems to handle future demands due to growth,
3. Additions to the existing systems for future demands due to growth, and
4. Upgrades or additions to existing systems to handle increased demand from redevelopment.

Each project is assigned a percentage related to new growth, which corresponds to the estimated capacity required by the new development resulting in one of the four types of projects stated above. The total CIP cost is then multiplied by this percentage to assign an Impact Fee that corresponds with the new developments' impacts to the system.

The 2025 percent utilization is the portion of a project's capacity needed to serve existing development. It is not included as part of the impact fee analysis. The 2035 percent utilization is the portion of the project's capacity that will be needed to serve the projected development in 2035. The 2025-2035 percent utilization is the difference between the projected 2035 percent utilization and the existing 2025 percent utilization. The portion of a project's total cost that is used to serve development projected to occur from 2025 to 2035 is calculated as the total cost multiplied by the 2025-2035 percent utilization. Only this portion of the cost is used in the impact fee analysis.

a) Existing Water and Wastewater Systems

The existing condition of the City's water distribution system is based on the 2021 Comprehensive Plan and other data provided by City staff. The City's water system is supplied by groundwater from local aquifers. Groundwater is supplied by six groundwater wells with a total rated pumping capacity of approximately 4 MGD. The City operates five water plants. The system also includes 3 elevated storage tanks with a total storage capacity of 1 MG and 5 ground storage tanks with a total storage capacity of 1.7 MG. Water line diameters range from 1.5 inches to 12 inches. A water system map of the existing facilities is provided in **Exhibit B**.

The existing condition of the City's wastewater collection system is based on the 2021 Comprehensive Plan and other data provided by City staff. The City currently operates three wastewater treatment facilities: the 0.95 MGD East Wastewater Treatment Plant ("WWTP"), the 0.75 MGD West WWTP, and the proposed MUD #1 WWTP. The wastewater collection system consists of over 50 miles of collector mains, interceptors, lift stations, and force mains. A wastewater system map of the existing facilities is provided in **Exhibit C**.

b) Water and Wastewater System Improvements

Projects were determined based on an evaluation of the existing systems and discussions with City staff. Only facility additions, expansions, and extensions warranted by new growth during the planning period are eligible. The City assisted Bleyl in the determination of utilization percentages for the construction projects.

The proposed 10-year impact fee eligible water and wastewater system projects and costs are summarized in **Tables 4.1 - 4.4** and project location maps are provided in **Exhibits D and E**. **Tables 4.1 and 4.3** show a 2025 percent utilization which relates to the project's capacity that is required to serve existing development and is not impact-fee-eligible. The 2035 percent utilization is an estimation of the portion of the project's capacity that will be required to serve new growth within the service area in 2035. The 2025-2035 percent utilization is an estimation of the portion of the project's capacity required to serve new development from 2025-2035. The impact-fee-eligible cost for each project is calculated as the total capital cost multiplied by the 2025-2035 percent utilization. Only this portion of the cost can be used to calculate maximum allowable impact fees.

c) Water Capital Improvements Plan

Table 4.1 – Water Capital Improvements Plan

Project No.	Description of Project	Percent Utilization			Cost	
		2025	2035	2025-2035	Capital Cost	Impact Fee Eligible Cost
Projects						
W.1	Highway 787 South Waterline	0%	100%	100%	\$ 3,395,250.00	\$ 3,395,250.00
W.2	Highway 105 Waterline	0%	100%	100%	\$ 1,184,490.00	\$ 1,184,490.00
W.3	US-59 Waterline	0%	100%	100%	\$ 447,930.00	\$ 447,930.00
W.4	Culberson St Waterline	0%	100%	100%	\$ 183,465.00	\$ 183,465.00
W.5	Willow Ave Waterline	0%	100%	100%	\$ 169,425.00	\$ 169,425.00
W.6	Lyle West Ave Waterline	0%	100%	100%	\$ 169,425.00	\$ 169,425.00
W.7	TX 573 Loop Waterline	0%	100%	100%	\$ 333,450.00	\$ 333,450.00
W.8	US-59 Overpass Waterline	0%	100%	100%	\$ 418,635.00	\$ 418,635.00

Water CIP continued on the next page.

W.9	County Road 319 Waterline	0%	100%	100%	\$ 739,462.50	\$ 739,462.50
W.10	FM 1010 Road Waterline	20%	100%	80%	\$ 254,731.50	\$ 203,785.20
W.11	Nevell Street Waterline	20%	100%	80%	\$ 278,086.50	\$ 222,469.20
W.12	Pinewood Trails Water Plant at Remote Well	0%	100%	100%	\$ 6,075,000.00	\$ 6,075,000.00
W.13	Dora Street Waterline	0%	100%	100%	\$ 143,910.00	\$ 143,910.00
W.14	Frances Street Waterline	0%	100%	100%	\$ 149,411.25	\$ 149,411.25
W.15	Helen to Doris St West Waterline	0%	100%	100%	\$ 173,441.25	\$ 173,441.25
W.16	Helen to Doris St East Waterline	0%	100%	100%	\$ 200,880.00	\$ 200,880.00
W.17	McKeller Ave Waterline	0%	100%	100%	\$ 185,051.25	\$ 185,051.25
W.18	E. 4th Street Waterline	0%	100%	100%	\$ 118,138.50	\$ 118,138.50
W.19	Center Ave Waterline	0%	100%	100%	\$ 287,988.75	\$ 287,988.75
W.20	Shell Ave Waterline	0%	100%	100%	\$ 308,745.00	\$ 308,745.00
W.21	Peach Ave Waterline	50%	100%	50%	\$ 115,722.00	\$ 57,861.00
W.22	Northside School Water Well	0%	100%	100%	\$ 1,215,000.00	\$1,215,000
W.23	US-59 North to County Line	0%	100%	100%	\$ 1,623,375.00	\$1,623,375
W.24	New Water Treatment Plant	0%	100%	100%	\$12,500,000	\$12,500,000

Table 4.2 – Water Project Descriptions

PROPOSED WATER PROJECTS		
NO.	PROJECT	DESCRIPTION
W.1	Highway 787 South Waterline	Approximately 22,000' of 12" waterline on Highway 787 from Campbell St to the airport.
W.2	Highway 105 Waterline	Approximately 6,300' of 12" waterline on Highway 105 from Wells Ave to the west.
W.3	US-59 Waterline	Approximately 2,300' of 12" waterline on US-59 from Mill St to Helen St.
W.4	Culberson St Waterline	Approximately 1,000' of 8" waterline on Culberson St from Parkhurst Ave to Jefferson Ave.
W.5	Willow Ave Waterline	Approximately 1,000' of 6" waterline on Willow Ave from Culberson St to Garner St.
W.6	Lyle West Ave Waterline	Approximately 1,000' of 6" waterline on Lyle West Ave from Culberson St to Garner St.
W.7	TX 573 Loop Waterline	Approximately 1,750' of 12" waterline on TX 573 from Wells Road to tie-in location near Lindley St.
W.8	US-59 Overpass Waterline	Approximately 850' of steel encased 12" waterline from the west side of US-59 to tie-in location with P.9.
W.9	County Road 319 Waterline	Approximately 3,950' of 12" waterline on County Road 319 from County Road 3190 to FM 1010 (Plum Grove Road).
W.10	FM 1010 Road Waterline	Approximately 1,600' of 8" waterline on FM 1010 from Isacks St to Arvon St.
W.11	Nevell Street Waterline	Approximately 1,650' of 8" waterline on Nevell St from N Franklin Ave to Peach Ave.
W.12	Pinewood Trails Water Plant at Remote Well	New water plant with Ground Storage Tank, Well, Booster Pumps.
W.13	Dora Street Waterline	Approximately 1,200' of 4" waterline on Dora St from Frances St to Doris St.
W.14	Frances Street Waterline	Approximately 1,200' of 4" waterline on Frances St from Jenney St to Michael St.
W.15	Helen to Doris St West Waterline	Approximately 1,200' of 6" waterline from Helen St to Doris St (west).
W.16	Helen to Doris St East Waterline	Approximately 1,200' of 8" waterline from Helen St to Doris St (east).
W.17	McKeller Ave Waterline	Approximately 1,400' of 6" waterline on McKeller Ave from E 2nd to E 5th St.
W.18	E. 4th Street Waterline	Approximately 675' of 6" waterline on E 4th St from N Travis Ave to Ross Ave.
W.19	Center Ave Waterline	Approximately 2,100' of 6" waterline on Center Ave from E 2nd to E 5th St.
W.20	Shell Ave Waterline	Approximately 1,900' of 8" waterline on Shell Ave from Culberson St to Garner St.
W.21	Peach Ave Waterline	Approximately 600' of 8" waterline on Peach Ave from Cleveland Municipal Court to Nevell St.
W.22	Northside School Water Well	New water well.
W.23	US-59 Waterline to Northern County Line	Approximately 10,000' of 12" waterline on US-59 from Hickory St to northern county line.
W.24	New Water Treatment Plant	New water treatment plant near Northside School.

d) Wastewater Capital Improvements Plan

Table 4.3 – Wastewater Capital Improvements Plan

Project No.	Project Title	Percent Utilization			Cost	
		2025	2035	2025-2035	Capital Cost	Impact Fee Eligible Cost
Projects						
WW.1	Highway 787 Lift Station	0%	100%	100%	\$4,443,525	\$4,443,525
WW.2	US-59 Sewer Main	0%	100%	100%	\$264,803	\$264,803
WW.3	Culberson St Sewer Main	0%	100%	100%	\$127,643	\$127,643
WW.4	Lyle W Ave Sewer Main	0%	100%	100%	\$129,836	\$129,836
WW.5	McKeller Ave Sewer Main	0%	100%	100%	\$176,074	\$176,074
WW.6	Lilley Ave Sewer Main	0%	100%	100%	\$169,830	\$169,830
WW.7	Helen to Doris St West Sewer Main	0%	100%	100%	\$158,490	\$158,490
WW.8	Helen to Doris St East Sewer Main	0%	100%	100%	\$165,915	\$165,915
WW.9	Michael St Sewer Main	0%	100%	100%	\$158,490	\$158,490
WW.10	Doris St Sewer Main	0%	100%	100%	\$140,940	\$140,940
WW.11	Frances St Sewer Main	0%	100%	100%	\$153,326	\$153,326

Wastewater CIP continued on the next page.

WW.12	Dora St Sewer Main	0%	100%	100%	\$143,640	\$143,640
WW.13	Mary Jo St Sewer Main	0%	100%	100%	\$140,940	\$140,940
WW.14	US-59 North Lift Station	0%	100%	100%	\$2,769,255	\$2,769,255
WW.15	East WWTP Expansion	0%	100%	100%	\$6,075,000	\$6,075,000
WW.16	BNSF WWTP Expansion	0%	100%	100%	\$10,000,000	\$10,000,000

Table 4.4 – Wastewater Project Descriptions

PROPOSED WASTEWATER PROJECTS		
NO.	PROJECT	DESCRIPTION
WW.1	Highway 787 Lift Station	\$1mil lift station, approximately 20,000' of 12" sewer gravity main and 4,000' of 8" sewer force main from the airport to Campbell St.
WW.2	US-59 Sewer Main	Approximately 1,700' of 12" sewer main on US-59 from Pate St to Hortense St.
WW.3	Culberson St Sewer Main	Approximately 875' of 8" sewer main on Culberson St from Maple Ave to pipeline easement.
WW.4	Lyle W Ave Sewer Main	Approximately 900' of 8" sewer main on Lyle W Ave from Garner St to pipeline easement.
WW.5	McKeller Ave Sewer Main	Approximately 1,350' of 8" sewer main on McKeller Ave from Second St to Fifth St.
WW.6	Lilley Ave Sewer Main	Approximately 1,100' of 8" sewer main on Lilley Ave from south of Fourth St to Fifth St.
WW.7	Helen to Doris St West Sewer Main	Approximately 1,200' of 8" sewer main from Helen St to Doris St (west).
WW.8	Helen to Doris St East Sewer Main	Approximately 1,200' of 8" sewer main from Helen St to Doris St (east).
WW.9	Michael St Sewer Main	Approximately 1,200' of 8" sewer main on Michael St from Helen St to Doris St.
WW.10	Doris St Sewer Main	Approximately 1,100' of 8" sewer main on Doris St from Jenney St to Michael St.
WW.11	Frances St Sewer Main	Approximately 1,100' of 8" sewer main on Frances St from Jenney St to Michael St.
WW.12	Dora St Sewer Main	Approximately 1,100' of 8" sewer main on Dora St from Jenney St to Michael St.
WW.13	Mary Jo St Sewer Main	Approximately 1,100' of 8" sewer main on Mary Jo St from Jenney St to Michael St.
WW.14	US-59 North Lift Station	\$1mil lift station, approximately 10,000' of 8" sewer gravity main and 4,000' of 8" sewer force main from northern county line to Birch St.
WW.15	East WWTP Expansion	500,000 gpd expansion of East WWTP.
WW.16	BNSF WWTP Expansion	Approximately 800,000 gpd expansion of BNSF WWTP.

5) Water and Wastewater Service Units and Demand

The development of the water and wastewater impact fee CIP for the City of Cleveland relies on several factors, the main factor being the assumptions about land use presented in **Exhibit A**.

a) Historical Usage

Historical annual water and wastewater data is provided by the City and is summarized in **Tables 5.1** and **5.2**.

i) Historical Water Demand

Table 5.1 - Historical Water Demand

Historical Water Production			
Year	Total Yearly Pumpage (MG)	Average Day Pumpage (MGD)	Percent Increase
2021	374	1.02	-
2022	390	1.07	4.3%
2023	474	1.30	21.5%
2024	488	1.34	3.0%

ii) Historical Wastewater Flows

Table 5.2- Historical Wastewater Flows

Historical Wastewater Flows					
Year	East WWTP Flow (MG)	West WWTP Flow (MG)	Total WWTP Flow (MG)	Annual Average Daily WWTP Flow (MGD)	Percent Increase
2021	147	108	255	0.70	-
2022	147	100	247	0.68	-3.1%
2023	145	109	254	0.70	2.8%
2024	177	113	290	0.79	14.2%

In order to estimate future wastewater demands, a ratio of water to sewer usage was established by comparing historical water and wastewater flows. It was determined that, on average, the City's wastewater flows equate to 61% of the City's water pumpage, as shown in **Table 5.3**.

Table 5.3 – Ratio of Historical Wastewater Flows to Water Production

Year	Pumpage (MG)	Wastewater Flows (MG)	Wastewater:Water Ratio
2021	374	255	68%
2022	390	247	63%
2023	474	254	54%
2024	488	290	59%
Average	432	262	61%

The estimated ratio can be used to estimate the amount of sewer demand each ESFC is projected to produce. Applying the ratio calculated in **Table 5.3**, each ESFC would be estimated to produce approximately 220 gpd of wastewater demand. However, the City and Bleyl agreed to apply a more conservative rate of 275 gpd per ESFC. The rate of 275 gpd per ESFC creates a wastewater to water ratio of approximately 76%. These flow estimations were used to project the City’s estimated water and sewer demand requirements at the end of the 10-year planning period.

iii) Existing Connections

When making projections for the impact fee planning period, it is important to note the current rate of growth within the City. **Table 5.4** provides existing connection counts in the City in 2025; the base year established for this study is 2025.

Table 5.4 – Existing Number of Connections

Land Use	Existing No. of Connections
Residential	2,614
Commercial	352
TRL	11
Apartment	26
Duplex	14
Total	3,017

Table 5.5 – Existing Connection Breakdown

Existing Connection Breakdown		
Land Use	No. of Conn.	% of Total
Residential	2,614	86.6%
Commercial	352	11.7%
TRL	11	0.4%
Apartment	26	0.9%
Duplex	14	0.5%
Total	3,017	100.0%

b) Projected Water and Wastewater Demands

Chapter 395 states that development of the impact fee must include an evaluation of the projected demand for capital improvements or facility expansions required by new service units projected over the period of time. The period of time being evaluated in this report is 10 years making the impact fee planning year 2035. Demands will be projected using the SUs projected in the LUA and typical TCEQ water demands, as well as sewer data from the City.

i) Water and Wastewater

The LUA map shows 7,949 new service units by 2035. If we multiply this number of service units by 360 gpd and perform a conversion, this results in an estimated water demand of 2.86 MGD in 2035, solely due to new service units from the LUA map. Using the 61% sewer ratio from **Table 5.3**, this would result in an estimated wastewater demand of 1.74 MGD in 2035, solely due to new service units from the LUA map. Using the 76% sewer ratio mentioned above, this would result in an estimated wastewater demand of 2.17 MGD in 2035, solely due to new service units from the LUA map.

c) Projected Service Units

In order to calculate the maximum assessable impact fees, a basis for establishing service units must be defined. The projected number of connections for each land use type was converted to ESFCs. An ESFC was assumed to be equivalent to a standard 5/8-inch residential water meter which is discussed further in the following section.

6) Water and Wastewater Impact Fee Analysis

According to Chapter 395 of the Texas Local Government Code, the maximum impact fee may not exceed the amount determined by dividing the cost of capital improvements required by the total number of service units attributed to new development during the impact fee eligibility period. A water service unit is defined as a service equivalent to a water connection for a single-family residence using a 5/8" meter. The American Water Works Association ("AWWA") provides a safe maximum operating capacity for each meter size. **Table 6.1** summarizes the service unit equivalent based on the safe maximum operating capacity of each meter compared to a 5/8" meter.

Table 6.1 Service Unit Equivalencies

Meter Size	Meter Type	Safe Maximum Operating Capacity ⁽¹⁾ (gpm)	Service Unit Equivalent
5/8"	Displacement	25	1
3/4"	Displacement	35	1.4
1"	Displacement	55	2.2
1-1/2"	Compound or Turbo	200	8
2"	Compound	200	8
2"	Turbo	250	10
3"	Compound	500	20
3"	Turbo	650	26
4"	Compound	1,000	40
4"	Turbo	1,250	50
6"	Compound	2,000	80
6"	Turbo	2,500	100
8"	Compound	3,000	120
8"	Turbo	3,500	140
10"	Compound	4,000	160
10"	Turbo	5,500	220

Table 6.2 summarizes the maximum assessable impact fees from the total eligible capital improvement costs.

Table 6.2 Maximum Assessable Impact Fees

Water Impact fee	
Total Eligible Capital Improvement Cost	\$30,506,589
50% Applied Credit	\$15,253,294
Total Eligible Impact Fee Cost	\$15,253,294
New Service Units	7,949
Maximum Allowable Water Impact Fee per Service Unit	\$1,919
Wastewater Impact Fee	
Total Eligible Capital Improvement Costs	\$25,217,706
50% Applied Credit	\$12,608,853
Total Eligible Impact Fee Cost	\$12,608,853
New Service Units	7,949
Maximum Allowable Wastewater Impact Fee per Service Unit	\$1,586
Total Maximum Allowable Water & Wastewater Impact Fee	\$3,505

Table 6.3 provides a summary of the calculated maximum assessable impact fee for each meter size.

Table 6.3 Maximum Assessable Impact Fees per Meter Size

Meter Size	Meter Type	Service Unit Equivalent	Impact Fee
5/8"	Displacement	1	\$3,505
3/4"	Displacement	1.4	\$4,907
1"	Displacement	2.2	\$7,711
1-1/2"	Compound or Turbo	8	\$28,041
2"	Compound	8	\$28,041
2"	Turbo	10	\$35,051
3"	Compound	20	\$70,102
3"	Turbo	26	\$91,133
4"	Compound	40	\$140,205
4"	Turbo	50	\$175,256
6"	Compound	80	\$280,409
6"	Turbo	100	\$350,511
8"	Compound	120	\$420,614
8"	Turbo	140	\$490,716
10"	Compound	160	\$560,818
10"	Turbo	220	\$771,125

Impact fees for water and sewer will both be charged based on the domestic water meter size. Irrigation meters can also be charged an impact fee for the **water fee only**. There is no impact fee charge for fire meters.

In the event an existing development re-develops and requires an additional or larger meter, an impact fee will be charged based on the size of the additional meter or the difference of the impact fees for the increase in size of the new meter. For example, if the existing development utilizes a 1" meter which requires an impact fee of \$7,711 and the redevelopment requires a 3" compound meter which requires an impact fee of \$70,102, the developer will be required to pay an impact fee of \$62,391.

The City has the ability to waive an impact fee in accordance with Chapter 395. **Table 6.4** provides a summary of impact fees in other cities for comparison.

Table 6.4 Maximum Assessable Impact Fees Comparable Cities

Year	City	Water	Wastewater	Combined
2025	City of Houston	\$2,091	\$1,746	\$3,837
2020	Jersey Village	\$3,026	\$1,664	\$4,690
2025	College Station	\$2,150	\$3,300	\$5,450
2019	Fulshear	\$2,488	\$3,599	\$6,087
2021	Portland	\$3,846	\$4,695	\$8,541
2020	Waco	\$1,804	\$3,574	\$5,378
2025	Magnolia	\$2,200	\$5,200	\$7,400
24-25	Tomball	\$6,618	\$8,069	\$14,687
2025	Shenandoah	\$585	\$3,089	\$3,674

7) Impact Fee Adoption

a) Public Hearings

In accordance with Chapter 395, in order for an impact fee to be adopted, two public hearings must be held: first to present the land use assumptions and capital improvement plan and the second to allow for discussion on imposition of the impact fee. The public hearings provide the opportunity for the public to provide comments. SB 1883 requires the LUA and CIP be made available to the public for 60 days before publication of the notice of public hearing.

b) Ordinance

Once the public hearing is held, the City has 30 days to approve or disapprove the presented land use assumptions, capital improvements plan, and impact fee via adoption of an ordinance, order, or resolution. Typically, the City Council will provide their decision immediately following the conclusion of the Public Hearing at the same Council Meeting.

c) Assessment and Collection

Upon adoption of the land use assumptions, capital improvements plan, and impact fee via adoption of an ordinance, order, or resolution the assessment and collection of impact fees will occur as follows:

For new developments that have been platted in accordance with the platting procedures of the City of Cleveland **before** the adoption of the impact fee; the City may not collect impact fees for any service units for which a valid building permit is issued within one year after the date of the adoption of the impact fee.

For new developments that are platted in accordance with the platting procedures of the City of Cleveland **after** adoption of the impact fee; impact fees shall be assessed before or at the time of recordation of the plat. The impact fees shall be collected at the time a building permit is issued.

For land platted outside the bounds that the City has authority to issue building permits, the fees shall be collected at the time an application for an individual meter connection to the City's water or wastewater system is filed.

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

Additionally, the landowner and the City can set, by agreement, the time and method of payment of assessed impact fees per **Sec. 395.018**.

d) Amendments to Land Use Assumptions, Capital Improvements Plan, Or Impact Fee

The political subdivision must update its LUA and CIP every at least every five years. The initial five-year period starts when the CIP and LUA are adopted. Any updates to the LUA or CIP must go through the Public Notice and Public Hearing procedures required with the initial adoption process.

The City may determine that updates are unnecessary to the CIP and LUA, however, the City must provide notice to the public in accordance with **Sec. 395.0575**. A public hearing is not required in the event the City determines no updates are necessary.

e) Advisory Committee

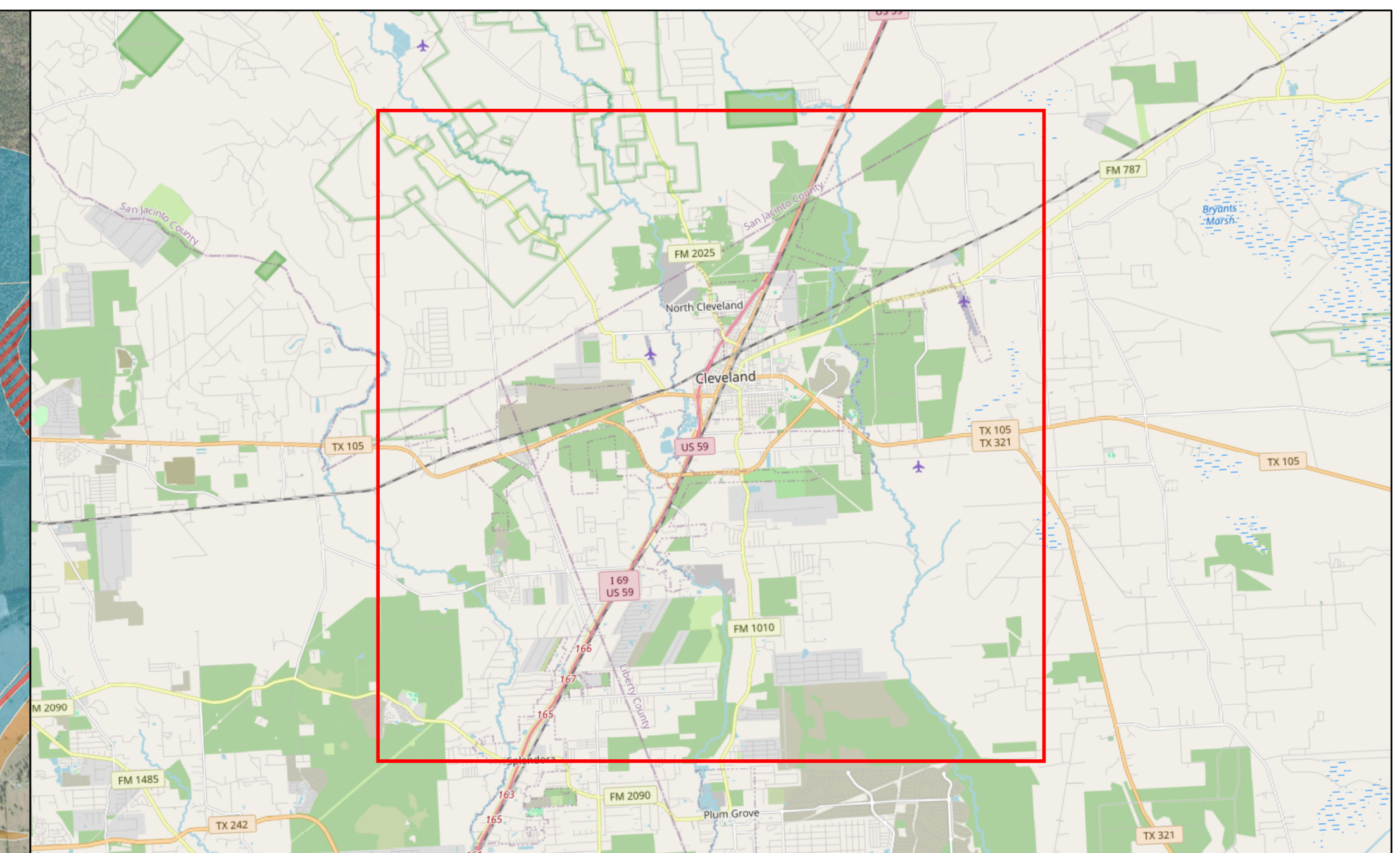
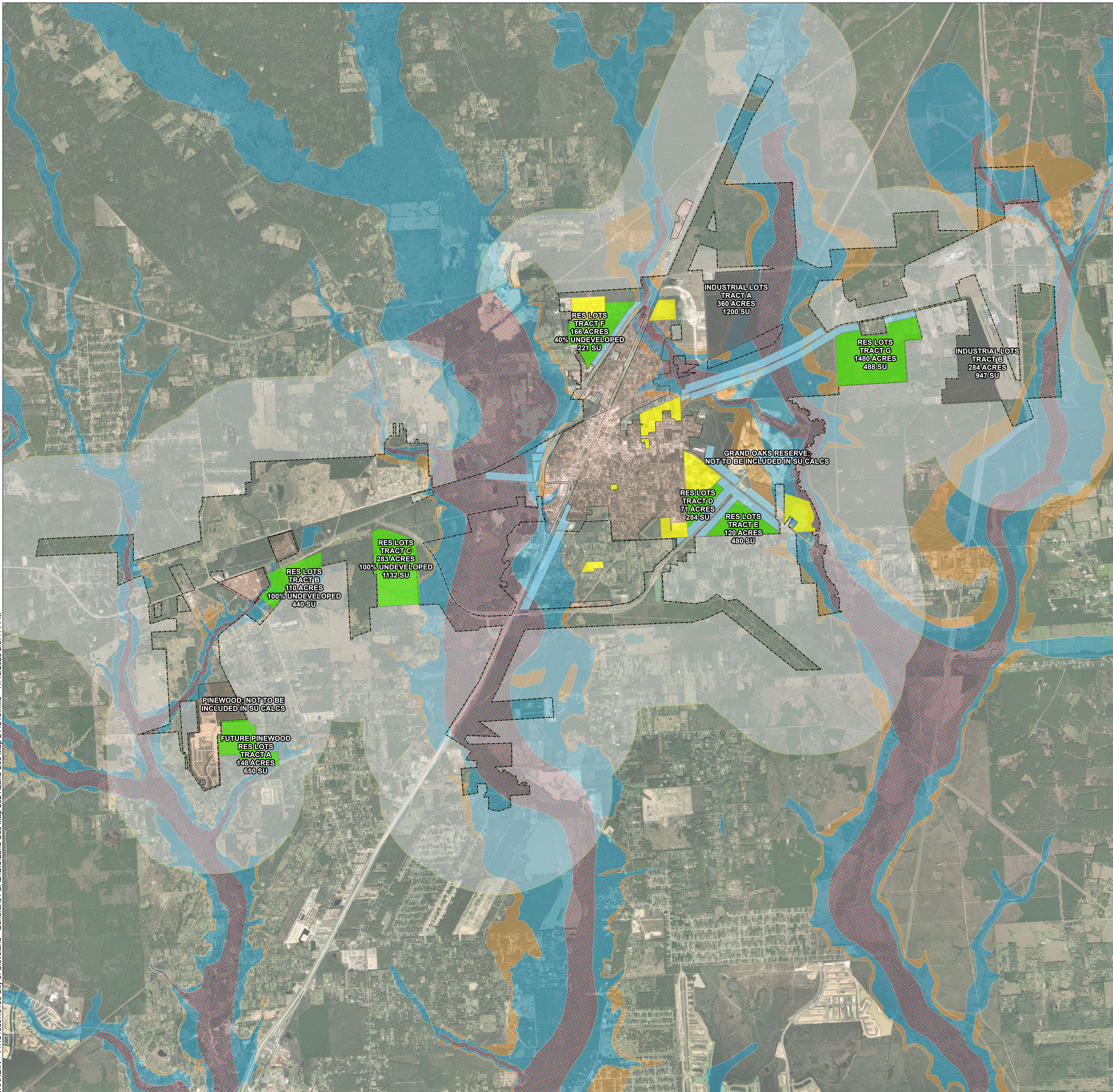
The role of the elected Advisory Committee during the impact fee collection period as described in **Sec. 395.058** is as follows:

- (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.

SB 1883 requires the Advisory Committee to be made up of at least 50% representatives of the real estate, development, or building industry who are not city officials.

Exhibit A

SHARDIN - F:\13100s\13130 City of Cleveland - General\04 CAD\GIS\Land Use Map 2024\Land Use Map 2024\GIS\Land Use Map - 11/18/2025 2:57:14 PM

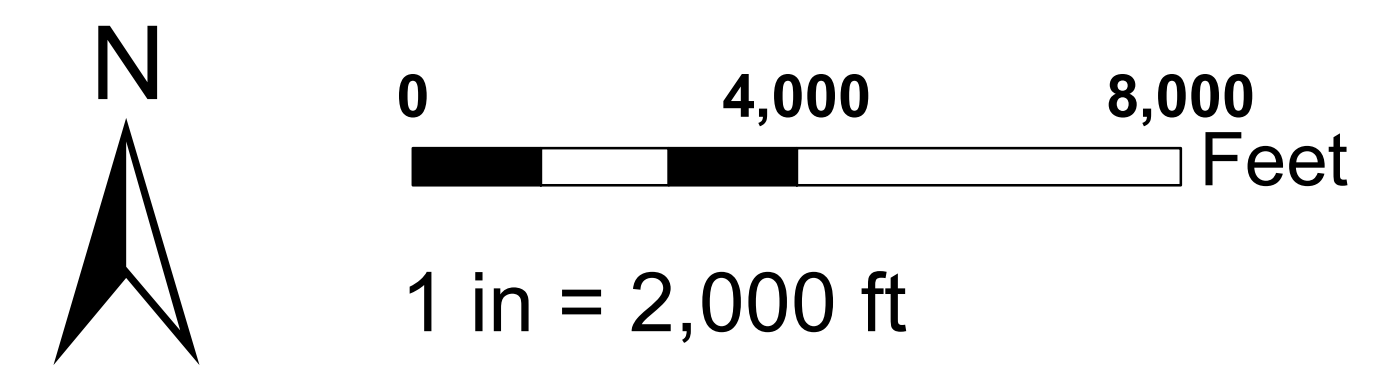


VICINITY MAP

LEGEND

- Category
- Built Out
 - Commercial
 - Industrial
 - Public
 - Residential Lots
 - City Limits
 - ETJ
 - FEMA Floodplain**
 - 100 Year Floodplain
 - 500 Year Floodplain
 - FLOODWAY

CITY OF CLEVELAND LAND USE MAP

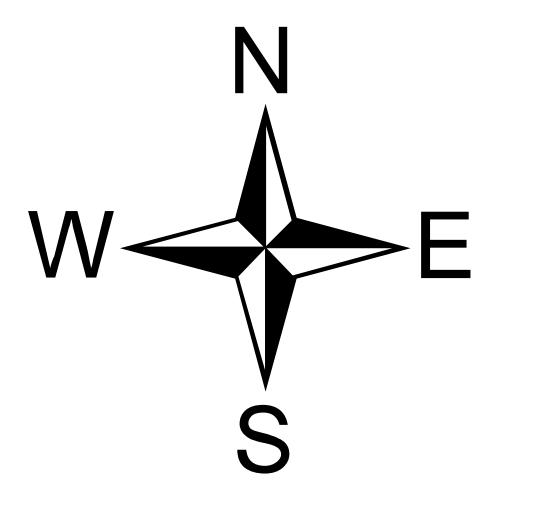


Date: 11/18/2025 Author: SBH Job No. 13130

BLEYL ENGINEERING
 PLANNING • DESIGN • MANAGEMENT
 TBPE Firm No. F-678

Exhibit B

CITY OF CLEVELAND WATER AERIAL EXHIBIT



0 800 1,600 3,200 Feet

Legend

Water Line Size (Inches)

- 0.8"
- 1"
- 1.3"
- 1.5"
- 2"
- 4"
- 6"
- 8"
- 10"
- 12"

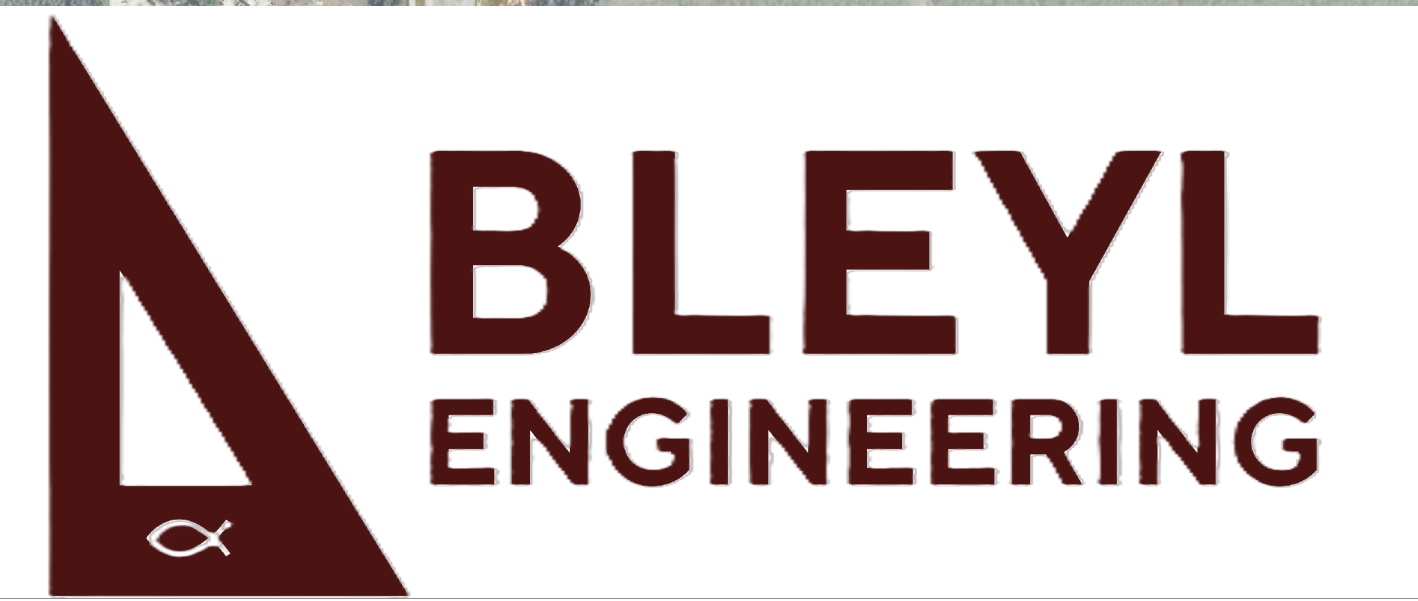
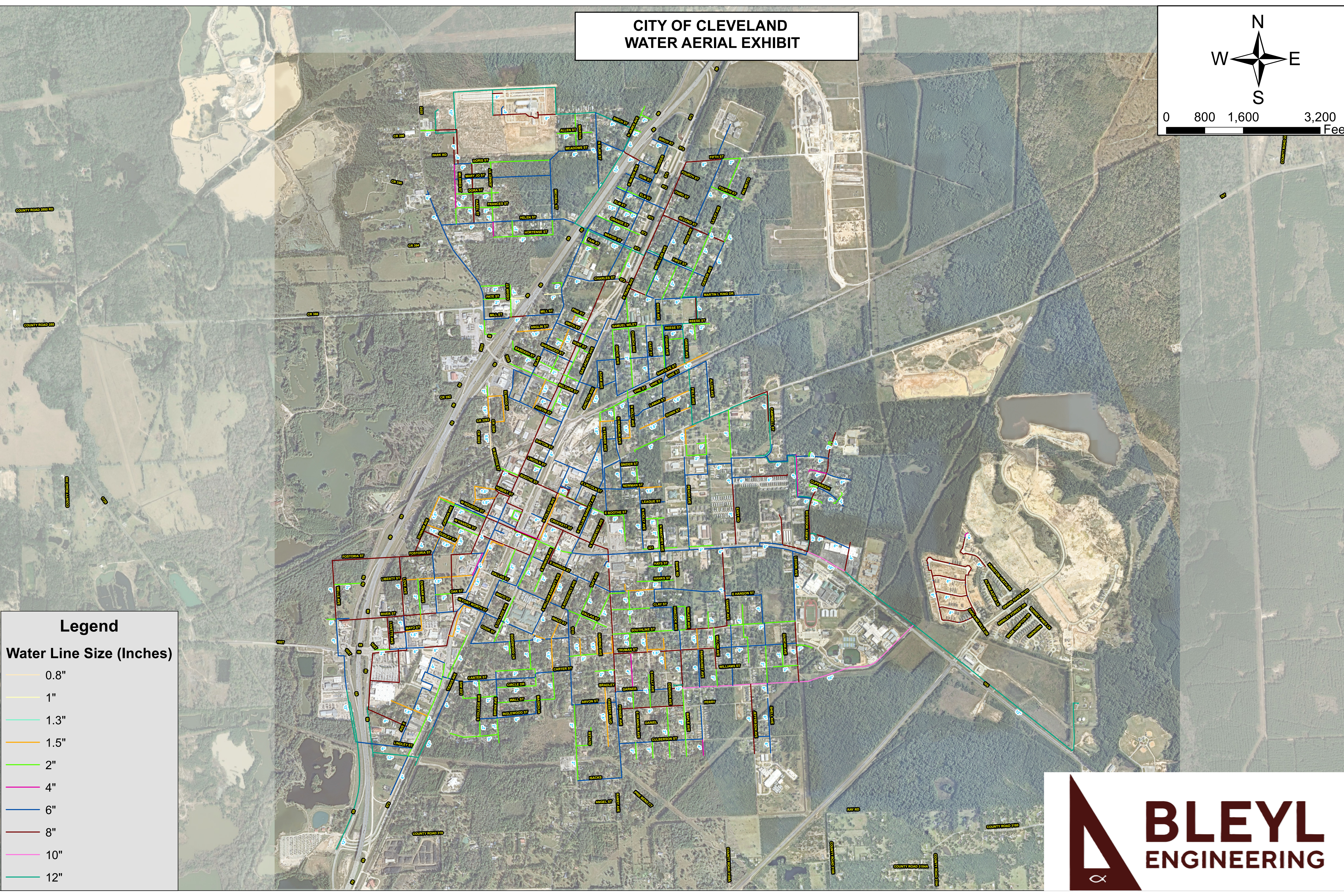
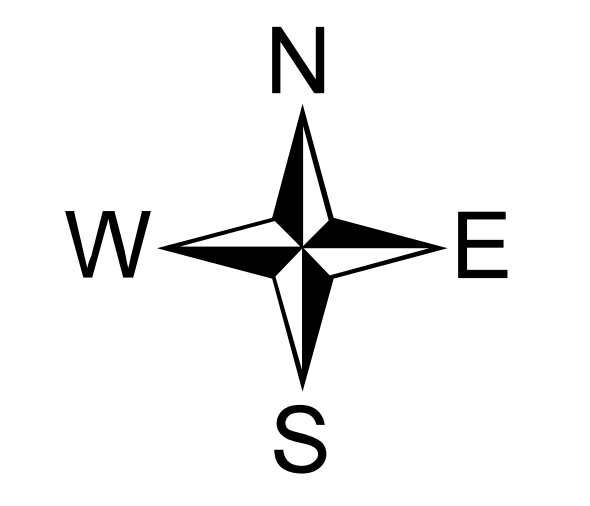
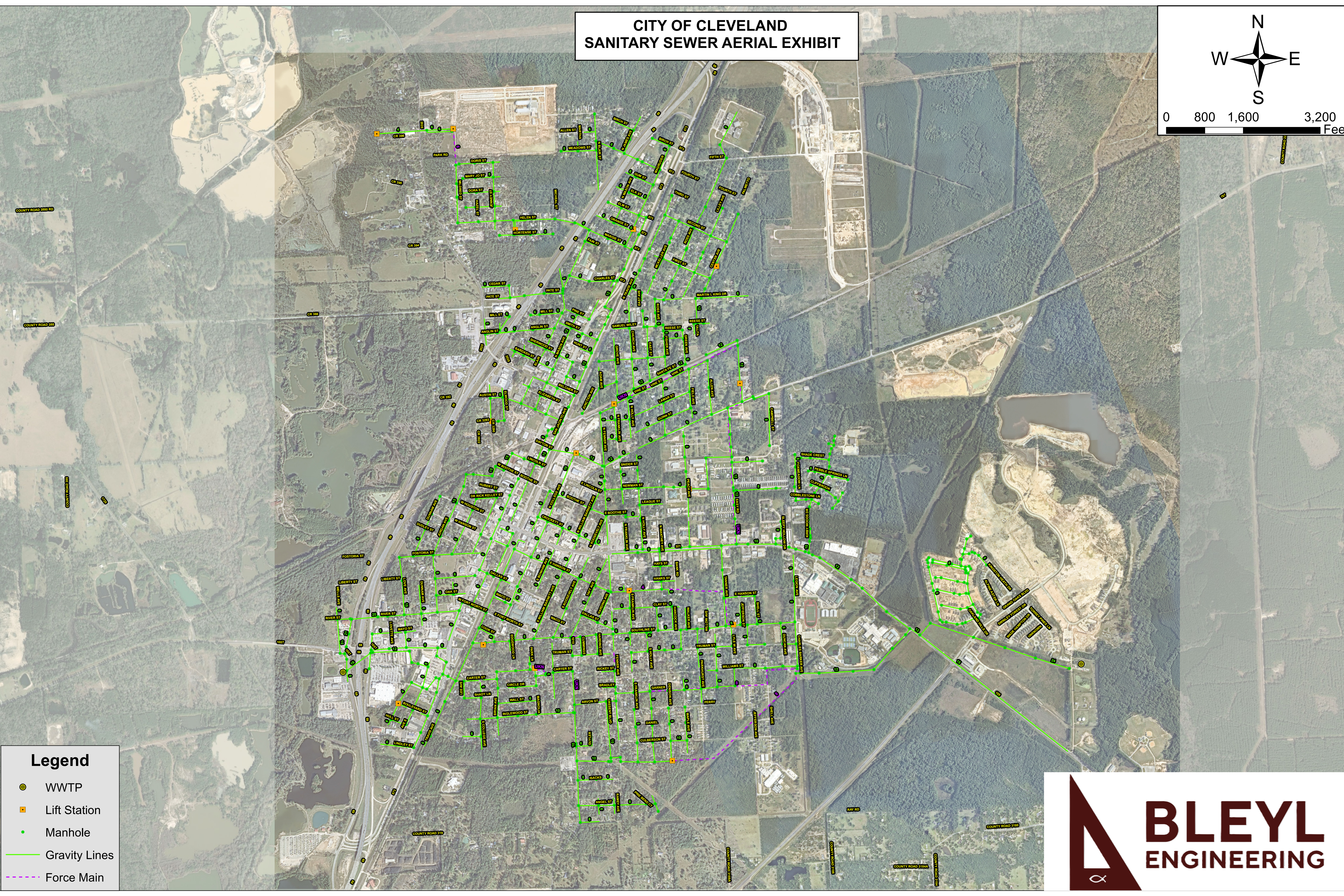


Exhibit C

CITY OF CLEVELAND SANITARY SEWER AERIAL EXHIBIT



0 800 1,600 3,200 Feet



Legend

- WWTP
- Lift Station
- Manhole
- Gravity Lines
- - - Force Main

BLEYL
ENGINEERING

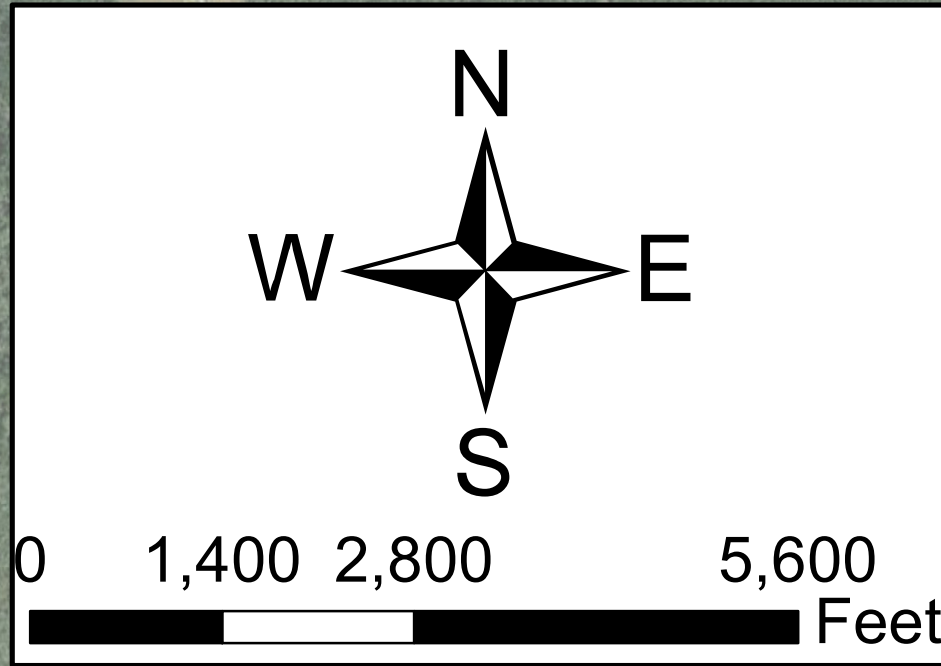
Exhibit D

Legend

- Water Treatment Plant
- Water Well
- Proposed Water

Size

- 0.8"
- 1"
- 1.3"
- 1.5"
- 2"
- 4"
- 6"
- 8"
- 10"
- 12"



NOTE: P.12 IS RESERVED FOR THE PINWOOD TRAILS WATER PLANT AT THE REMOTE WELL

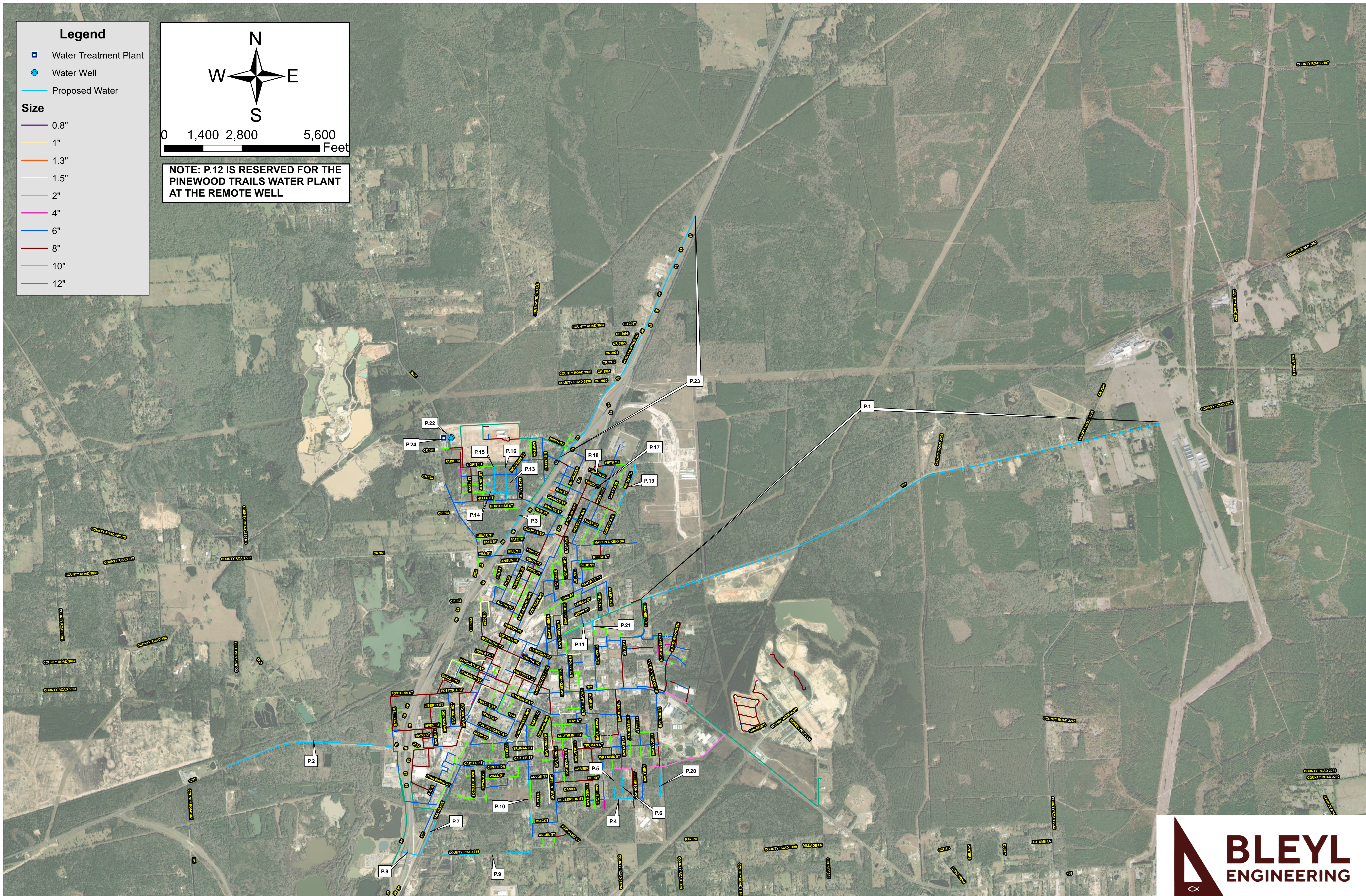
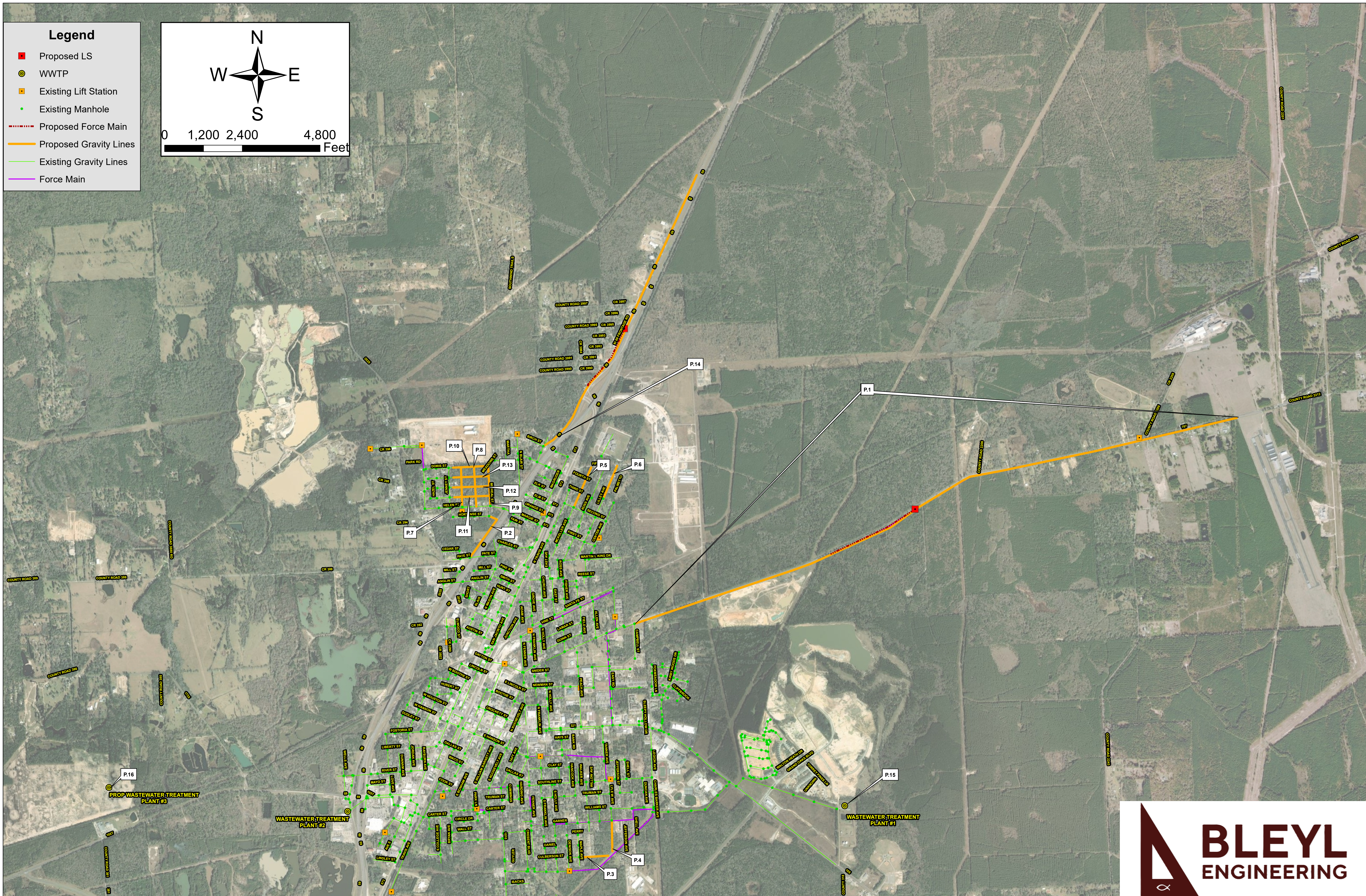
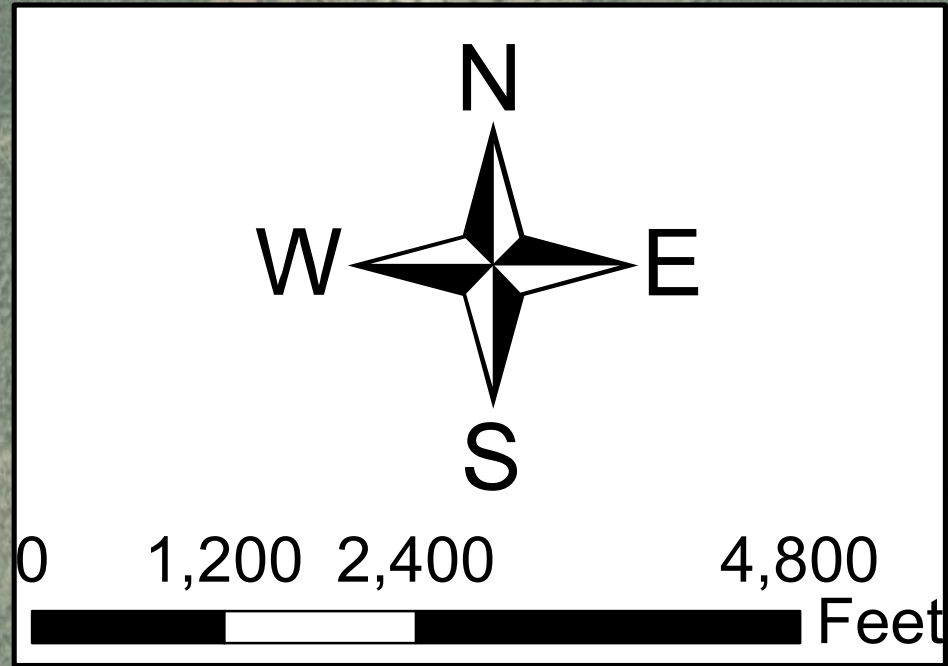


Exhibit E

Legend

- Proposed LS
- ⊙ WWTP
- Existing Lift Station
- Existing Manhole
- Proposed Force Main
- Proposed Gravity Lines
- Existing Gravity Lines
- Force Main



Attachment A



LOCAL GOVERNMENT CODE

TITLE 12. PLANNING AND DEVELOPMENT

SUBTITLE C. PLANNING AND DEVELOPMENT PROVISIONS APPLYING TO MORE THAN ONE
TYPE OF LOCAL GOVERNMENT

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) Except as provided by Section 218.204 and Subsection (b-1), political subdivisions may enact or impose impact fees on land within their corporate boundaries or extraterritorial jurisdictions only by complying with this chapter.

(b-1) A political subdivision may not enact or impose an impact fee on land within its 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.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 778 (S.B. 840), Sec. 3, eff. September 1, 2025.

Acts 2025, 89th Leg., R.S., Ch. 1026 (S.B. 2477), Sec. 2, eff. September 1, 2025.

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. (a) Political subdivisions and other governmental entities may pay impact fees imposed under this chapter.

(b) A school district is not required to pay impact fees imposed under this chapter unless the board of trustees of the district consents to the payment of the fees by entering a contract with the political subdivision that imposes the fees. The contract may contain terms the board of trustees considers advisable to provide for the payment of the fees.

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

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 250 (S.B. 883), Sec. 1, eff. May 25, 2007.

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. 395.0231. CONSERVATION AND REUSE CREDITS AGAINST WATER AND WASTEWATER FEES. (a) A political subdivision shall provide a credit against water and wastewater impact fees otherwise assessed to a development to a builder or developer for the construction, contribution, or dedication of an eligible facility, system, or product that results in water reuse, conservation, or savings.

(b) A facility, system, or product eligible for a credit under this section includes a facility, system, or product that:

(1) reduces per service unit water consumption, supply requirements, or necessary treatment and distribution infrastructure per service unit;

(2) decreases the need of wastewater collection and treatment facilities per service unit;

(3) diminishes the demand for stormwater and drainage facilities per service unit; or

(4) integrates practices or technologies that achieve water efficiency, reuse, or conservation performance that exceeds standard compliance requirements.

(c) A political subdivision that provides a credit under this section shall establish procedures for:

(1) calculating and applying the credits in a fair and consistent manner; and

(2) reviewing and approving credits under this section.

Added by Acts 2025, 89th Leg., 2nd C.S., Ch. 15 (S.B. 14), Sec. 1, eff. January 1, 2026.

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. At least 60 days 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.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 506 (S.B. 1883), Sec. 1, eff. September 1, 2025.

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. Approval of the imposition of an impact fee by a political subdivision requires an affirmative vote of two-thirds of the members of the governing body of the political subdivision.

(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.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 506 (S.B. 1883), Sec. 2, eff. September 1, 2025.

Sec. 395.0515. LIMITATION ON IMPACT FEE INCREASE. A political subdivision may not increase the amount of an impact fee for three years from the later of the date the fee was adopted or most recently increased, if applicable. Nothing in this section prohibits the political subdivision

from implementing an impact fee collection schedule that allows less than the maximum adopted impact fee to be collected or phased in up to the maximum adopted impact fee for a period not to exceed ten years, as authorized by this chapter.

Added by Acts 2025, 89th Leg., R.S., Ch. 506 (S.B. 1883), Sec. 3, eff. September 1, 2025.

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 120 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.
Amended by:

Acts 2025, 89th Leg., R.S., Ch. 506 (S.B. 1883), Sec. 4, eff. September 1, 2025.

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. At least 60 days 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.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 506 (S.B. 1883), Sec. 5, eff. September 1, 2025.

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 50 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 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.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 506 (S.B. 1883), Sec. 6, eff. September 1, 2025.

Sec. 395.059. INDEPENDENT FINANCIAL AUDIT. (a) Before a political subdivision may increase an existing impact fee or adopt a new impact fee for a service area where an impact fee had previously been adopted, the political subdivision must conduct an independent financial audit in accordance with this section.

(b) An independent financial audit conducted under this section must be performed by an independent auditor who:

(1) is a certified public accountant or public accountant licensed by the Texas State Board of Public Accountancy; and

(2) is not, and has not been during the 12 months preceding the commencement of the audit, under contract to provide any other service to the political subdivision or a related entity of the political subdivision.

(c) An independent financial audit conducted under this section must provide, if applicable, a detailed accounting of:

(1) the amount of funds collected from any impact fee imposed by the political subdivision in the service area;

(2) the amount of interest accumulated under Section 395.025 on impact fees collected by the political subdivision in the service area;

(3) any proposed capital improvements or facility expansions to be financed from an impact fee collected by the political subdivision in the service area that were not constructed, as described by Section 395.025, including the categories of each improvement and expansion;

(4) the amount of funds collected from impact fees by the political subdivision in the service area that have not been spent;

(5) each impact fee collected by the political subdivision in the service area;

(6) the allocation of each impact fee made to the political subdivision in the service area;

(7) any waived impact fees in the service area under Section 395.016(g);

(8) any requested refunds of impact fees in the service area under Section 395.025;

(9) any impact fees in the service area refunded under Section 395.025; and

(10) any errors or omissions of credits in impact fee calculations for impact fees in the service area.

(d) An independent financial audit conducted under this section must be submitted to the political subdivision and advisory committee described by Section 395.058. Before the political subdivision may increase an existing impact fee or adopt a new impact fee for a service area where an impact fee had previously been adopted, the political subdivision must hold a public hearing on the results of the audit received under this subsection.

(e) A political subdivision shall make available to the public on the political subdivision's Internet website an applicable independent financial audit at least 30 days before:

(1) the publication of notice required under Section 395.044; and

(2) the adoption of an order as required under Section 395.053.

(f) A political subdivision may use money collected from an impact fee to conduct an audit required under this section.

Added by Acts 2025, 89th Leg., R.S., Ch. 506 (S.B. 1883), Sec. 7, eff. September 1, 2025.

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.

(f) The attorney general may bring an action on behalf of a property owner to contest an impact fee or to recover a refund for an impact fee under Section 395.025.

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

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 506 (S.B. 1883), Sec. 8, eff. September 1, 2025.

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 Commission on Environmental Quality; or

(2) charged by an entity if the impact fees, charges, fees, assessments, or contributions are approved by the Texas Commission on Environmental Quality.

(b) Any district created under Article XVI, Section 59, or Article III, Section 52, of the Texas Constitution may petition the Texas Commission on Environmental Quality 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.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 986 (S.B. 766), Sec. 34, eff. September 1, 2025.

Sec. 395.081. FEES FOR ADJOINING LANDOWNERS IN CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality with a population of 115,000 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.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1043 (H.B. 3111), Sec. 5, eff. June 17, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 1163 (H.B. 2702), Sec. 100, eff. September 1, 2011.