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August 24, 2001

Mr. Ronald Young, P.E.
Director of Public Works
City of Euless
201 N. Ector Dr., Bldg. C
Euless, Texas 76039-3595

Re: Water and Sewer Impact Fee

Dear Mr. Young:

In accordance with your request, we have reviewed the City's 1999 Water and Sewer Impact Fee report to verify the maximum fee established. The fee was derived from a review of lines, storage facilities, pumping stations and the TRA component for treatment, distribution and collection. The maximum fee established for water was \$2,673.93 and \$184.50 for sewer.

The impact fees are governed by the State and during the past session revisions were made to the law. Those changes require that the City's current impact fee ordinance be revised to meet the new requirements. The revisions in the law generally are as follows:

1. The maximum impact fee that can be charged is 50% of the maximum fee established. An accounting process can be undertaken to establish a fee higher than 50%, but that will require accounting that includes the rate structure, an audit of the expenditure of the water and sewer funds and other similar financial records of the water and sewer funds.
2. The time of collection is set at the issuance of the building permit. Some cities collect at the time of platting.
3. The maximum period has been extended from three years to five years maximum. Your current program is automatically extended to five years.
4. The Mayor is required to certify that the fee meets Chapter 395 and send such certification to the Attorney General by September 30, 2001 and at the end of every fiscal year. That letter should be one sentence long and state "I certify that the City of Euless's impact fee is in compliance with Chapter 395, sincerely the mayor."

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If the current ordinance does not comply with the changes, it must be modified in order for the Mayor to certify its compliance to the Attorney General. A monetary penalty can be assessed to the City for non-compliance. That penalty is a percent of the over payment of the impact fee beyond the 50% maximum level established by the new law.

We are available at your convenience to discuss any questions you may have of our understanding of the changes in the impact fee law.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Birkhoff". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

John W. Birkhoff, P.E.