



CAPITAL IMPROVEMENTS ADVISORY COMMITTEE
CITY COUNCIL CHAMBERS
757 North Galloway Avenue
August 22, 2022, 7:00 p.m.

AGENDA

- I. Election of a Chair and Vice Chair
- II. Approval of the minutes of the February 14, 2022, meeting.
- III. Review and consider the Capital Improvements Advisory Committee Semi-Annual Report for the period of January 1, 2022, through June 30, 2022.
- IV. Discuss upcoming calendar for the Impact Fee Ordinance Update.

Meeting Canceled

At the conclusion of business, the Chairman shall adjourn the meeting.

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

Conforme a la Sección 30.06 del Código Penal (entrada ilegal de persona titular de licencia con arma de fuego oculta), personas con licencia según el Sub-capítulo H, Capítulo 411, Código de Gobierno (ley de permiso para portar arma de fuego), no deben entrar a esta propiedad portando un arma de fuego oculta.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.

Conforme a la Sección 30.07 del Código Penal (entrada ilegal de persona titular de licencia con arma de fuego a la vista), personas con licencia según el Sub-capítulo H, Capítulo 411, Código de Gobierno (ley de permiso para portar arma de fuego), no deben entrar a esta propiedad portando una arma de fuego a la vista.

CERTIFICATE

I, Garrett Langford, Manager of Planning and Zoning for the City of Mesquite, Texas, hereby certify that the attached agenda for the Capital Improvements Advisory Committee meeting to be held on August 22, 2022, was posted on the bulletin boards at the Municipal Center and City Hall by August 19, 2022, before 6:00 p.m. and remained so posted until after the meeting. This notice was likewise posted on the City's website at www.cityofmesquite.com for a minimum of 72 hours prior to the meeting.

A handwritten signature in black ink, appearing to read "Garrett Langford", is written over a horizontal line.

Garrett Langford, AICP
Manager of Planning and Zoning

MINUTES OF THE CAPITAL IMPROVEMENTS ADVISORY COMMITTEE MEETING, HELD AT 7:00 P.M., FEBRUARY 14, 2022, 757 NORTH GALLOWAY AVENUE, MESQUITE, TEXAS

Present: Chairman Roger Melend, Vice-Chair Sheila Lynn, Claude McBride, Sherry Williams, Millie Arnold, Debbie Screws

Absent: Nancy Felix, Jim Andrews

Staff: Director of Planning & Development Services Jeff Armstrong, Principal Planner Johnna Matthews, Senior Planner Lesley Frohberg, Planner Ellen Soward, City Attorney David Paschall, Administrative Aide Devanee Winn

I. ELECTION OF COMMISSION OFFICERS.

a. In accordance with City Code, Article V, Division 2, Section 20-5205, the Committee shall make nominations and vote to elect the following Committee officer positions (to serve until December 31, 2022):

- Chairperson
- Vice-Chairperson

Commissioner Sherry Williams nominated Chairman Melend to act as Chairman for the Capital Improvement Advisory Committee; Commissioner McBride seconded; nomination carried 6-0.

Commissioner Arnold nominated Vice-Chair Lynn to act as Vice-Chair for the Capital Improvement Advisory Committee; Commissioner McBride seconded; nomination carried 6-0.

II. APPROVAL OF THE MINUTES OF THE AUGUST 9, 2021, MEETING.

A motion was made by Commissioner Arnold to approve the minutes as presented; Vice-Chair Lynn seconded; motion carried 6-0.

III. REVIEW AND CONSIDER THE CAPITAL IMPROVEMENTS ADVISORY COMMITTEE SEMI-ANNUAL REPORT FOR THE PERIOD OF JULY 1, 2021, THROUGH DECEMBER 31, 2021

Senior Planner Lesley Frohberg briefed the commission on the Impact Fee Study. There was no discussion. The Chair opened the public hearing. No one came up to speak. Chair closed the public hearing; Commissioner Williams made a motion to accept the report; Vice-Chair Lynn seconded. The motion passed 6-0.

IV. ADJOURNMENT

The meeting adjourned at 7:15 p.m.

Chairman Roger Melend



Capital Improvements Advisory Committee

Semi-Annual Report
January 1, 2022 – June 30, 2022

Mesquite Capital Improvements Advisory Committee

Roger Melend, Chair

Sheila Lynn, Vice-Chair

Mildred Arnold

Sherry Williams

Claude McBride

Dharma Dharmarajan

Debbie Screws

Jim Andrews, ETJ Representative

Staff Advisors

Jeff Armstrong, AICP, Director of Planning and Development Services

Garrett Langford, AICP, CNU-A, Manager of Planning and Zoning

Introduction

Section 395.058 of the Texas Local Government Code requires the City’s Capital Improvements Advisory Committee (CIAC) to file a semi-annual report to the City Council “with respect to the progress of the capital improvements plan and . . . any perceived inequities in implementing the plan or imposing the impact fee.” This report covers the period from January 1, 2022, through June 30, 2022, and fulfills the CIAC’s legislative obligations.

Ordinance History

Mesquite’s impact fee program formally commenced in 1996 with the adoption of the first roadway, water, and wastewater impact fee schedule. The City discontinued charging water and wastewater impact fees in 1998, and made other adjustments in 2001 and 2002 based on changes in Texas State law.

In 2003, the City updated its impact fee program, including the impact fee rate schedules, and rates took effect on January 1, 2004. Fee rates were amended again in 2005, and became effective December 1, 2005.

On August 1, 2015, the City adopted a new impact fee ordinance, updating roadway impact fees and instituting impact fees for both water and wastewater. However, the new fee structure for roadway impact fees and the impact fees for water and wastewater did not take effect until January 1, 2016.

In the fall of 2019, the City began the process of updating the roadway impact fee study to include areas that have been annexed into Mesquite since 2015. The update did not propose changes to the collection rates for roadway impact fees. The update was considered and approved at the January 21, 2020 City Council meeting.

In the Summer of 2021, the City began the process to adopt a new Water and Wastewater Impact Fee Study. It is anticipated that the new Water and Wastewater Impact Fee Study will be considered by October 2022.

A summary of impact fee legislation in the City since 1996 can be found in Table 1.

| Mesquite's Impact Fee Legislation | | |
|--|------------|--|
| 1996 | 2/29/1996 | Resolution 03-96: Re-established CIAC (originally established in Resolution 15-90 on 4-2-90) |
| | 5/6/1996 | Resolution 15-96: Land Use Assumptions Adopted |
| | 9/16/1996 | Ordinance 3111: Adopted water, wastewater and roadway impact fees |
| 1998 | 3/2/1998 | Ordinance 3213: Minor adjustments to definitions |
| | 9/21/1998 | Ordinance 3252: Discontinue water and wastewater impact fees |
| 2001 | 10/15/2001 | Roadway fees temporarily amended to comply with Senate Bill 242 |
| 2002 | 5/1/2002 | Roadway fees amended on a permanent basis to comply with Senate Bill 242 |
| 2003 | 3/3/2003 | Resolution 09-2003: Amend CIAC membership and terms |
| | 11/3/2003 | Ordinance 3615: Amend and update land use assumptions, CIP, service credits and fee rate schedule (effective 1/1/04) |
| 2005 | 11/21/2005 | Ordinance 3780: Amend the impact fee rate schedule (effective 12/1/05) |
| 2008 | 10/20/2008 | Ordinance 3999: Five year statutory update completed |
| 2015 | 6/15/2015 | City Council adopts Land use Assumptions and CIP |
| | 7/6/2015 | Ordinance 4366: Adopted update to Roadway Impact Fees and established Water and Sewer Impact Fees (ordinance effective 8/1/15; fees effective 1/1/16) |
| 2020 | 1/21/2020 | Ordinance 4756: Adopted update to Roadway Impact Fee Study including Land Use Assumptions and CIP. |

Table 1

Roadway Impact Fee Revenue

First Half of Calendar Year 2022 (January – June)

The City collected a total of **\$4,824,5026.62** in roadway impact fees in the first six months of calendar year 2022, This is an increase of over **\$4.2 million** from this period in 2021 and the total roadway impact fees collected in the all of 2020 and 2021 combined. Table 2 illustrates the total monthly roadway impact fee collections over the past six years.

Roadway Impact Fees Collected

| Month | CY 2017 | CY 2018 | CY 2019 | CY 2020 | CY 2021 | CY2022 |
|----------------------------|-----------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| January | \$0.00 | \$262,145.06 | \$55,511.47 | \$25,902.22 | \$144,060.98 | \$1,397,142.08 |
| February | \$76,236.03 | \$7,783.43 | \$55,944.00 | \$133,695.36 | \$87,560.89 | \$344,988.00 |
| March | \$304,164.56 | \$59,886.53 | \$150,850.53 | \$347,759.11 | \$230,240.64 | \$1,041,374.00 |
| April | \$124,137.28 | \$48,021.19 | \$50,664.28 | \$1,458,416.81 | \$17,133.37 | \$126,164.00 |
| May | \$79,019.95 | \$3,108.00 | \$42,323.93 | \$93,118.21 | \$31,080.00 | \$1,601,830.58 |
| June | \$37,296.00 | \$0.00 | \$29,994.71 | \$62,160.00 | \$96,348.00 | \$313,003.96 |
| First Half Activity | \$620,853.82 | \$380,944.21 | \$391,504.92 | \$2,027,933.50 | \$606,423.88 | \$4,824,502.62 |
| July | \$21,756.00 | \$46,620.00 | \$146,668.84 | \$48,940.64 | \$616,628.43 | |
| August | \$6,216.00 | \$71,484.00 | \$6,216.00 | \$27,909.84 | \$118,440.04 | |
| September | \$0.00 | \$19,313.72 | \$83,657.00 | \$43,512.00 | \$67,505.76 | |
| October | \$96,855.00 | \$65,980.57 | \$0.00 | \$42,144.48 | \$222,657.12 | |
| November | \$0.00 | \$25,943.38 | \$3,108.00 | \$52,836.00 | \$215,568.80 | |
| December | \$393,058.65 | \$0.00 | \$63,613.13 | \$359,533.44 | \$556,402.15 | |
| TOTAL | \$1,138,739.47 | \$610,285.88 | \$694,767.89 | \$2,626,053.88 | \$2,403,626.18 | |
| Monthly Avg. | \$94,894.96 | \$50,857.16 | \$57,897.32 | \$218,837.82 | \$200,302.18 | \$804,083.76 |

Table 2

Roadway Impact Fee by Service Area and Type

Impact fee rates are divided into two types: Residential and Commercial. The January 2020 roadway impact fee update assessed the maximum residential rates per service unit at \$1,097 for Service Area A, \$976 for Service Area B, and \$891 for Service Area C. However, the collection rate did not change from 2016, which was set at \$518 per service unit (equates to a fee of \$3,108 per single-family residence). Texas State law requires impact fees be assessed at the time of plat recording and collected when a building permit is issued for a lot. Impact fees for parcels platted after March 1, 1997, are assessed and collected upon issuance of a new building permit. The 2020 update allowed roadway impact fees to be waived for infill development or residential properties that were platted before March 1, 1997. The assessment may be at the highest rate authorized for each service area. The collection rate may be adjusted periodically by City Council but cannot exceed the authorized rate.

Commercial rates nearly doubled to \$1,001 per service unit, effective January 1, 2016. After studying the commercial fees charged by Mesquite's municipal competitors in the Dallas-Ft. Worth area, it was found that the new rate falls within the average of area impact fee rates.

When the new impact fee ordinance took effect on August 1, 2015, new service areas for roadway impact fees were established. However, the new rates did not become effective until January 1, 2016. With changes to Texas State enabling legislation, the number of roadway service areas was reduced from 15 to 3. See *Figure 1* for the current service area map.

**Roadway Impact Fees by Type & Service Area
(First Half of 2022)**

| Service Area | Commercial | Residential | Total |
|--------------|-----------------------|-----------------------|-----------------------|
| A | \$811,931.40 | \$112,995.96 | \$924,927.36 |
| B | \$1,237,586.26 | \$130,536.00 | \$1,368,122.26 |
| C | \$1,471,625.00 | \$1,059,828.00 | \$2,531,453.00 |
| TOTAL | \$3,521,142.69 | \$1,303,359.96 | \$4,824,502.62 |

Table 3

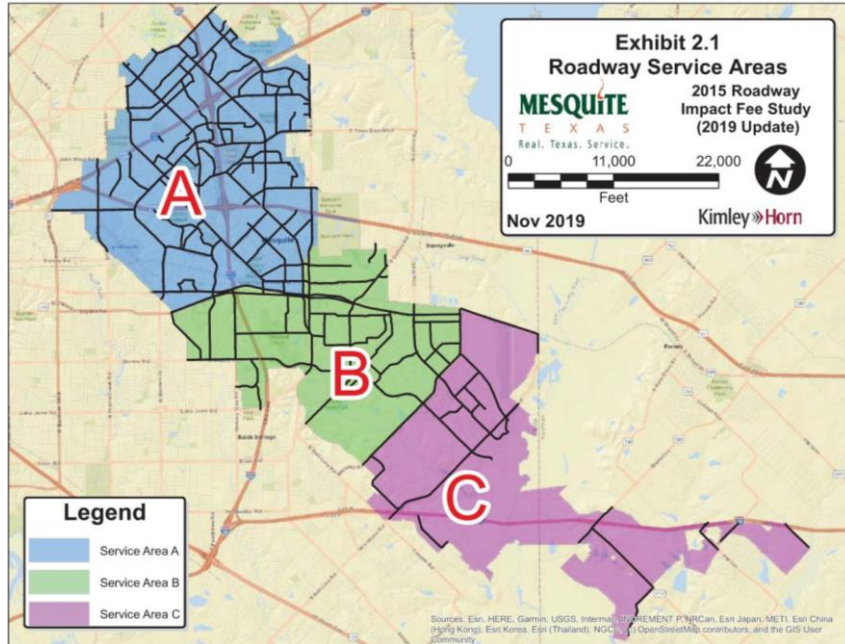


Figure 1: Service Area Map

In the first half of 2022, approximately 27% of all roadway impact fee revenue was generated from residential development and 73% generated from commercial development. This is significantly different than 2021 when residential impact fees accounted for nearly half of all roadway impact fees collected. However, actual dollars of residential collections have already exceeded residential collections for 2021, but with the significant number of large commercial developments started in the first half of 2022, the percentage of commercial fees increased dramatically.

Water and Wastewater Impact Fee Revenue

First Half of Calendar Year 2022 (January – June)

The City collected a total of **\$788,218.00** of water impact fees and **\$346,922.50** in wastewater impact fees in the first half of calendar year 2022. This represents an increase from first half of calendar year 2021. In the first half of calendar year 2021, the City collected **\$240,079.50** of water impact fees and **\$115,794.00** in wastewater impact fees during the

same period. Tables 4 and 5 illustrate the total monthly water and wastewater impact fee collections for calendar years 2017 through the first six months of 2022.

Water Impact Fees Collected

| Month | CY 2017 | CY 2018 | CY 2019 | CY 2020 | CY 2021 | CY 2022 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| January | \$0.00 | \$36,141.00 | \$13,768.00 | \$10,326.00 | \$57,653.50 | \$129,075.00 |
| February | \$30,978.00 | \$0.00 | \$27,536.00 | \$131,656.50 | \$43,025.00 | \$27,536.00 |
| March | \$80,026.50 | \$49,048.50 | \$58,514.00 | \$103,260.00 | \$15,489.00 | \$163,495.00 |
| April | \$81,747.50 | \$0.00 | \$64,507.50 | \$222,869.50 | \$34,420.00 | \$78,305.50 |
| May | \$41,304.00 | \$1,721.00 | \$28,396.50 | \$37,862.00 | \$15,489.00 | \$221,148.50 |
| June | \$20,652.00 | \$0.00 | \$38,722.50 | \$43,944.00 | \$74,003.00 | \$168,658.00 |
| First Half Activity | \$254,798.00 | \$86,910.50 | \$231,444.50 | \$549,918.00 | \$240,079.50 | \$788,218.00 |
| July | \$12,047.00 | \$24,094.00 | \$0.00 | \$43,885.50 | \$234,056.00 | |
| August | \$5,884.00 | \$30,978.00 | \$3,442.00 | \$40,443.50 | \$73,142.50 | |
| September | \$0.00 | \$33,559.50 | \$43,885.50 | \$28,923.00 | \$48,188.00 | |
| October | \$52,490.50 | \$40,443.50 | \$9,465.50 | \$25,815.00 | \$204,799.00 | |
| November | \$0.00 | \$23,751.50 | \$0.00 | \$27,536.00 | \$123,912.00 | |
| December | \$0.00 | \$0.00 | \$46,467.00 | \$76,584.50 | \$123,912.00 | |
| TOTAL | \$325,129.50 | \$239,737.00 | \$334,704.50 | \$793,105.50 | \$1,048,089.00 | |
| Monthly Avg. | \$27,094.13 | \$19,978.00 | \$27,892.04 | \$66,092.13 | \$87,340.75 | \$131,369.66 |

Table 4

Wastewater Impact Fees Collected

| Month | CY 2017 | CY 2018 | CY 2019 | CY 2020 | CY 2021 | CY 2022 |
|----------------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| January | \$0.00 | \$9,649.50 | \$7,352.00 | \$3,216.50 | \$28,489.00 | \$51,923.50 |
| February | \$14,244.50 | \$0.00 | \$14,694.00 | \$60,654.00 | \$22,975.00 | \$14,704.00 |
| March | \$30,327.00 | \$14,244.50 | \$19,299.00 | \$28,489.00 | \$8,271.00 | \$75,358.00 |
| April | \$36,300.50 | \$0.00 | \$27,453.00 | \$70,303.50 | \$9,190.00 | \$37,219.50 |
| May | \$17,461.00 | \$919.00 | \$12,866.00 | \$20,218.00 | \$8,271.00 | \$91,440.50 |
| June | \$11,028.00 | \$0.00 | \$18,380.00 | \$19,758.50 | \$38,598.00 | \$76,277.00 |
| First Half Activity | \$111,199.00 | \$24,813.00 | \$100,044.00 | \$202,639.50 | \$115,794.00 | \$346,922.50 |
| July | \$6,433.00 | \$12,866.00 | \$0.00 | \$18,839.50 | \$110,280.00 | |
| August | \$3,676.00 | \$16,542.00 | \$1,838.00 | \$19,299.00 | \$39,057.50 | |
| September | \$0.00 | \$15,623.00 | \$16,082.50 | \$13,785.00 | \$25,732.00 | |
| October | \$21,137.00 | \$19,299.00 | \$2,757.00 | \$13,785.00 | \$109,361.00 | |
| November | \$0.00 | \$8,271.00 | \$0.00 | \$17,344.00 | \$66,168.00 | |
| December | \$0.00 | \$0.00 | \$20,218.00 | \$41,238.00 | \$49,626.00 | |
| TOTAL | \$142,445.00 | \$97,414.00 | \$140,939.50 | \$326,930.00 | \$516,018.50 | |
| Monthly Avg. | \$11,870.42 | \$8,117.83 | \$11,744.96 | \$27,244.17 | \$43,001.54 | \$57,820.42 |

Table 5

Water and Wastewater Impact Fee by Service Area and Type

Water and wastewater impact fees have one service area each. The service areas include the entire Mesquite corporate limits, as well as much of Mesquite's Extra-territorial Jurisdiction (ETJ). Unlike roadway impact fees, water and wastewater impact fees may be assessed and collected in the ETJ.

Water and sewer impact fees are calculated based on the size of the water meter. In the case of water meters for irrigation only, no corresponding sewer impact fee is collected. Water impact fees are collected at the maximum assessable fee of \$1,721.00 per service unit. Wastewater impact fees are collected at the maximum assessable fee of \$919.00 per service unit. Even at their maximums, these fees remain below the rates charged by most cities in the Dallas-Ft. Worth area.

City Staff is in the process of preparing a new Water and Wastewater Impact Fee Study to meet Texas State law, which requires local impact fee programs to be evaluated every five years. Adoption of the new study is anticipated in October 2022.

Impact Fees in Annexed Areas of Kaufman County

Since August 2006, the City Council has annexed approximately 3 square miles into the city limits of Mesquite. The area is largely greenfield and is centered within the I-20 corridor in western Kaufman County, though development is beginning to occur. Prior to August 1, 2015, impact fees did not apply in the newly annexed area because there were no roadway projects approved for funding in the City's Capital Improvements Plan. When the new Impact Fee Ordinance became effective on August 1, 2015, roadway impact fees became assessable and collectible in these areas. As of January 1, 2016, water and wastewater impact fees are assessable in annexed areas, as well as the ETJ. The 2020 amendment to the Roadway Impact Fee Ordinance now allows the collection of impact fees in areas annexed after August 1, 2015.

The 5-Year Impact Fee Program Update

Texas State law requires local impact fee programs to be updated every five years. Prior to 2015, the last complete update was conducted in 2003. In 2008 the CIAC and City Council determined that land use assumptions had not changed since the 2003 update and that no further update was necessary. The latest update to water and sewer fees began in late 2013 and was adopted in 2015. The 2015 ordinance updated also updated roadway impact fees. A 2020 ordinance updated the roadway impact fee service areas to allow fees to be collected for areas annexed since 2015. The update did not change the collection rate. The City is in the process of drafting a new Water and Wastewater Impact Fee Study.

Conclusions

1. The roadway impact fee update, which was adopted in January 2020, included newly annexed areas into the impact fee service areas but did not change the collection rate.
2. The City has begun the process of updating the water and wastewater impact fee program.
3. Residential and commercial impact fee collections increased from the first half of 2021.
4. In 2021, the City issued 618 permits for new single-family homes. The City issued 493 permits for new single-family homes in the first six months of 2022. As anticipated, residential development has returned to the levels experienced prior to 2008. Therefore, the viability of the impact fee program is beginning to rely on residential developments while still receiving significant funds from commercial construction.
5. After six years of assessing and collecting impact fees at the current rates, there is no indication that impact fees have affected development .
6. There are no perceived inequities in the Mesquite impact fee program.