



CAPITAL IMPROVEMENTS ADVISORY COMMITTEE
CITY COUNCIL CHAMBERS
757 North Galloway Avenue
August 28, 2023, 7:00 p.m.

AGENDA

- I. Approval of the minutes of the March 27, 2023, meeting.
- II. Review and consider the Capital Improvements Advisory Committee Semi-Annual Report for the period of January 1, 2023, through June 30, 2023.

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 segun el Sub-capitulo H, Capitulo 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 segun el Sub-capitulo H, Capitulo 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 28, 2023, was posted on the bulletin boards at the Municipal Center and City Hall by August 25, 2023, 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.

Garrett Langford, AICP
Manager of Planning and Zoning

MINUTES

March 27, 2023

CAPITOL IMPROVEMENTS ADVISORY COMMITTEE

**City Hall
City Council Chambers
757 North Galloway Avenue
Mesquite, Texas**

CITY OF MESQUITE, TEXAS

REGULAR MEETING

ATTENDANCE: COMMITTEE (REGULAR MEMBERS AND ALTERNATES)

| POSITION NO. | REGULAR MEMBER NAME | ATTENDANCE |
|---------------------|------------------------------|---|
| Position No. 1 | Mr. Nellapalli Dharmarajan | <input type="checkbox"/> Present In-Person <input checked="" type="checkbox"/> Absent |
| Position No. 2 | Ms. Millie Arnold | <input checked="" type="checkbox"/> Present In-Person <input type="checkbox"/> Absent |
| Position No. 3 | Mr. Roger Melend | <input checked="" type="checkbox"/> Present In-Person <input type="checkbox"/> Absent |
| Position No. 4 | Ms. Elizabeth Rodriguez-Ross | <input checked="" type="checkbox"/> Present In-Person <input type="checkbox"/> Absent |
| Position No. 5 | Mr. Claude McBride | <input checked="" type="checkbox"/> Present In-Person <input type="checkbox"/> Absent |
| Position No. 6 | Ms. Sheila Lynn | <input checked="" type="checkbox"/> Present In-Person <input type="checkbox"/> Absent |
| Position No. 7 | Ms. Debbie Screws | <input checked="" type="checkbox"/> Present In-Person <input type="checkbox"/> Absent |

| CIAC Member | ATTENDANCE |
|--------------------|---|
| Ken Blackington | <input type="checkbox"/> Present In-Person <input checked="" type="checkbox"/> Absent |

| ALTERNATE NO. | ALTERNATE NAME | ATTENDANCE |
|----------------------|-----------------------|--|
| Alternate No. 1 | Rick Cumby | <input checked="" type="checkbox"/> Present In-Person <input type="checkbox"/> Absent (* Attendance Required: <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes) |
| Alternate No. 2 | Dr. Michael Fulton | <input checked="" type="checkbox"/> Present In-Person <input type="checkbox"/> Absent (* Attendance Required: <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes) |

ATTENDANCE NOTES:

NOTE: Alternate Committee Member Dr. Fulton was seated for Member Dharmarajan who was not in attendance.

ATTENDANCE: STAFF

| | | |
|------------------|------------------------------------|---|
| Jeff Armstrong | Director of Planning & Development | <input checked="" type="checkbox"/> Present In-Person |
| Garrett Langford | Manager of Planning and Zoning | <input checked="" type="checkbox"/> Present In-Person |
| Johna Cervantes | Planner | <input checked="" type="checkbox"/> Present In-Person |
| Jalyn Porchay | Planner | <input checked="" type="checkbox"/> Present In-Person |
| Karen Strand | Deputy City Attorney | <input checked="" type="checkbox"/> Present In-Person |

BOARD BUSINESS

1. ROLL CALL

Planner Jalyn Porchay took a roll call and declared a quorum was present.

2. 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, 2023):

- Chairperson
- Vice-Chairperson

ACTION

Commissioner McBride made a motion to nominate Roger Melend as the Chairman of the CIAC Committee; Member Arnold seconded; the motion carried 7-0.

Commissioner Lynn made a motion to nominate Millie Arnold to Vice-Chair of the CIAC Committee; Member McBride seconded; the motion carried 7-0.

CONSENT AGENDA**3. MINUTES.**

Discuss and consider approval of the minutes for the September 12, 2022, meeting.

ACTION

A motion was made by Member Lynn to **APPROVE** the minutes as presented; Member Rodriguez-Ross seconded; the motion carried 7-0.

4. Review and consider the Capital Improvements Advisory Committee Semi-Annual Report for the period of July 1, 2022, through December 31, 2022.**PRESENTATION**

Director of Planning & Development Services Jeff Armstrong presented the Semi-Annual Report to the Committee.

ACTION

Alternate Member Fulton made a motion to **APPROVE** the report as presented; member Screws seconded; the motion carried 7-0.

Chairman Melend adjourned the meeting at 7:20 PM.

Chairman Roger Melend



Capital Improvements Advisory Committee

Semi-Annual Report
January 1, 2023 – June 30, 2023

Mesquite Capital Improvements Advisory Committee

Roger Melend, Chair

Mildred Arnold, Vice-Chair

Sheila Lynn

Claude McBride

Dharma Dharmarajan

Debbie Screws

Ken Blackington, 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, 2023, through June 30, 2023, 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 roadway 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 updated the roadway impact fee study to include areas that had 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. The new study was approved on October 17, 2022, after which new fees went into effect.

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

| Mesquite's Impact Fee Legislation | | |
|--|------------|---|
| 1990 | 4/2/1990 | Resolution 15-90: Original establishment of the Capital Improvements Advisory Committee (CIAC) |
| 1996 | 2/29/1996 | Resolution 03-96: Re-established CIAC |
| | 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. |
| 2021 | 9/7/2021 | Resolution 48-2021: Repealed Resolutions No. 15-90, 03-96, and 09-2003 regarding CIAC membership and general committee regulations |
| | | Ordinance 4894: Establishing CIAC membership and general committee regulations by ordinance in Mesquite City Code, Chapter 20 – Boards, Commission, and Committees, Art. V Div. 2 – Capital Improvements Advisory Committee. |
| 2022 | 10/17/2022 | Ordinance 4993: Adopted update to Water and Wastewater Impact Fee Study including Land Use Assumptions and CIP. |

Table 1

Roadway Impact Fee Revenue

January – June 2023

The City collected a total of **\$729,775** in roadway impact fees in the first six months of calendar year 2023, This is an decrease of **(\$4,094,276)** from the same period in 2022. Though this is a significant decrease year over year from 2022, it is a 20% increase over the first six months of 2021. Note that 2022 was an exceptional year, with collections three times higher than the next highest year in the history of the program. Table 2 illustrates the total monthly roadway impact fee collections over the past six years.

| Roadway Impact Fees Collected | | | | | | |
|--------------------------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Month | CY 2018 | CY 2019 | CY 2020 | CY 2021 | CY2022 | CY2023 |
| January | \$262,145.06 | \$55,511.47 | \$25,902.22 | \$144,060.98 | \$1,397,142.08 | \$22,138.00 |
| February | \$7,783.43 | \$55,944.00 | \$133,695.36 | \$87,560.89 | \$344,988.00 | \$40,404.00 |
| March | \$59,886.53 | \$150,850.53 | \$347,759.11 | \$230,240.64 | \$1,041,374.00 | \$84,733.00 |
| April | \$48,021.19 | \$50,664.28 | \$1,458,416.81 | \$17,133.37 | \$126,164.00 | \$138,230.00 |
| May | \$3,108.00 | \$42,323.93 | \$93,118.21 | \$31,080.00 | \$1,601,830.58 | \$233,908.00 |
| June | \$0.00 | \$29,994.71 | \$62,160.00 | \$96,348.00 | \$313,003.96 | \$210,362.00 |
| First Half Activity | \$380,944.21 | \$391,504.92 | \$2,027,933.50 | \$606,423.88 | \$4,824,502.62 | \$729,775.00 |
| July | \$46,620.00 | \$146,668.84 | \$48,940.64 | \$616,628.43 | \$2,178,422.43 | |
| August | \$71,484.00 | \$6,216.00 | \$27,909.84 | \$118,440.04 | \$369,397.00 | |
| September | \$19,313.72 | \$83,657.00 | \$43,512.00 | \$67,505.76 | \$54,649.48 | |
| October | \$65,980.57 | \$0.00 | \$42,144.48 | \$222,657.12 | \$76,574.00 | |
| November | \$25,943.38 | \$3,108.00 | \$52,836.00 | \$215,568.80 | \$43,512.00 | |
| December | \$0.00 | \$63,613.13 | \$359,533.44 | \$556,402.15 | \$68,376.00 | |
| TOTAL | \$610,285.88 | \$694,767.89 | \$2,626,053.88 | \$2,403,626.18 | \$7,607,433.53 | |
| Monthly Avg. | \$50,857.16 | \$57,897.32 | \$218,837.82 | \$200,302.18 | \$633,952.79 | |

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 2023)**

| Service Area | Commercial | Residential | Total |
|--------------|---------------------|---------------------|---------------------|
| A | \$190,690.00 | \$40,400.00 | \$231,090.00 |
| B | \$5,300.00 | \$295,260.00 | \$300,560.00 |
| C | \$14,753.00 | \$183,372.00 | \$198,125.00 |
| TOTAL | \$210,743.00 | \$519,032.00 | \$729,775.00 |

Table 3

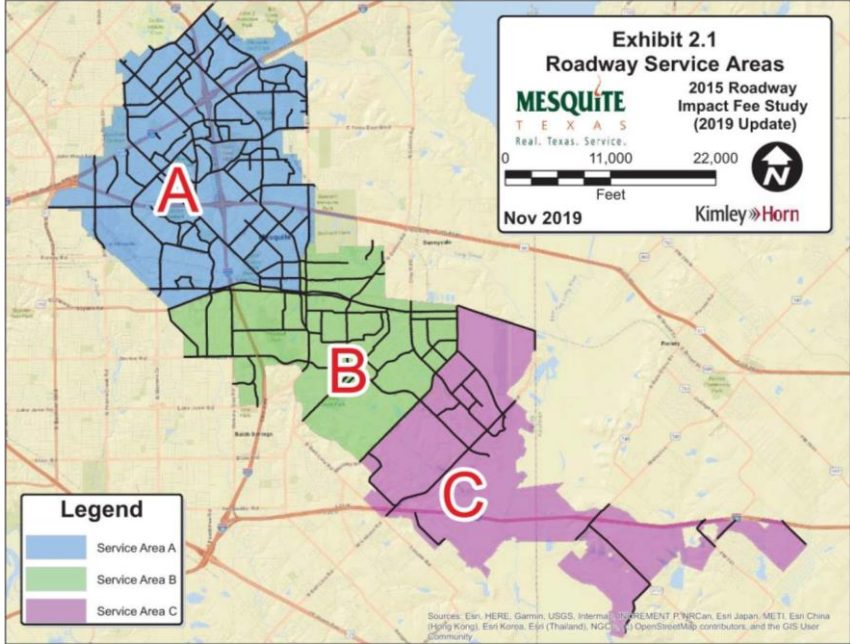


Figure 1: Service Area Map

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. The first

half of 2023 saw the opposite, where 71% of collections were residential and 29% commercial. This change is a result of two factors, one being fewer large commercial projects started so far in 2023 and the other, being the opening to two large residential subdivisions, Solterra and Polo Ridge.

Water and Wastewater Impact Fee Revenue

January - June 2023

The City collected **\$692,726.50** of water impact fees and **\$377,732.25** in wastewater impact fees the first six months of calendar year 2023. This represents a slight decline for water impact fees and a slight increase for sewer impacts fees over the same period in calendar year 2022. The first half of calendar year 2022, the City collected **\$788,218.00** of water impact fees and **\$346,922.50** in wastewater impact fees. Tables 4 and 5 illustrate the total monthly water and wastewater impact fee collections for calendar years 2018 through the first half of 2023.

| Water Impact Fees Collected | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|
| Month | CY 2018 | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 |
| January | \$36,141.00 | \$13,768.00 | \$10,326.00 | \$57,653.50 | \$129,075.00 | \$35,280.50 |
| February | \$0.00 | \$27,536.00 | \$131,656.50 | \$43,025.00 | \$27,536.00 | \$33,165.50 |
| March | \$49,048.50 | \$58,514.00 | \$103,260.00 | \$15,489.00 | \$163,495.00 | \$68,460.50 |
| April | \$0.00 | \$64,507.50 | \$222,869.50 | \$34,420.00 | \$78,305.50 | \$134,601.75 |
| May | \$1,721.00 | \$28,396.50 | \$37,862.00 | \$15,489.00 | \$221,148.50 | \$230,962.00 |
| June | \$0.00 | \$38,722.50 | \$43,944.00 | \$74,003.00 | \$168,658.00 | \$190,256.25 |
| First Half Activity | \$86,910.50 | \$231,444.50 | \$549,918.00 | \$240,079.50 | \$788,218.00 | \$692,726.50 |
| July | \$24,094.00 | \$0.00 | \$43,885.50 | \$234,056.00 | \$56,793.00 | |
| August | \$30,978.00 | \$3,442.00 | \$40,443.50 | \$73,142.50 | \$68,840.00 | |
| September | \$33,559.50 | \$43,885.50 | \$28,923.00 | \$48,188.00 | \$18,070.50 | |
| October | \$40,443.50 | \$9,465.50 | \$25,815.00 | \$204,799.00 | \$28,396.50 | |
| November | \$23,751.50 | \$0.00 | \$27,536.00 | \$123,912.00 | \$22,373.00 | |
| December | \$0.00 | \$46,467.00 | \$76,584.50 | \$123,912.00 | \$39,583.00 | |
| TOTAL | \$239,737.00 | \$334,704.50 | \$793,105.50 | \$1,048,089.00 | \$1,022,274.00 | |
| Monthly Avg. | \$19,978.00 | \$27,892.04 | \$66,092.13 | \$87,340.75 | \$85,189.50 | |

Table 4

Wastewater Impact Fees Collected

| Month | CY 2018 | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 |
|----------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| January | \$9,649.50 | \$7,352.00 | \$3,216.50 | \$28,489.00 | \$51,923.50 | \$16,542.00 |
| February | \$0.00 | \$14,694.00 | \$60,654.00 | \$22,975.00 | \$14,704.00 | \$21,874.50 |
| March | \$14,244.50 | \$19,299.00 | \$28,489.00 | \$8,271.00 | \$75,358.00 | \$42,387.50 |
| April | \$0.00 | \$27,453.00 | \$70,303.50 | \$9,190.00 | \$37,219.50 | \$67,166.50 |
| May | \$919.00 | \$12,866.00 | \$20,218.00 | \$8,271.00 | \$91,440.50 | \$115,385.75 |
| June | \$0.00 | \$18,380.00 | \$19,758.50 | \$38,598.00 | \$76,277.00 | \$114,376.00 |
| First Half Activity | \$24,813.00 | \$100,044.00 | \$202,639.50 | \$115,794.00 | \$346,922.50 | \$377,732.25 |
| July | \$12,866.00 | \$0.00 | \$18,839.50 | \$110,280.00 | \$23,434.50 | |
| August | \$16,542.00 | \$1,838.00 | \$19,299.00 | \$39,057.50 | \$27,570.00 | |
| September | \$15,623.00 | \$16,082.50 | \$13,785.00 | \$25,732.00 | \$7,352.00 | |
| October | \$19,299.00 | \$2,757.00 | \$13,785.00 | \$109,361.00 | \$12,866.00 | |
| November | \$8,271.00 | \$0.00 | \$17,344.00 | \$66,168.00 | \$11,947.00 | |
| December | \$0.00 | \$20,218.00 | \$41,238.00 | \$49,626.00 | \$21,137.00 | |
| TOTAL | \$97,414.00 | \$140,939.50 | \$326,930.00 | \$516,018.50 | \$451,229.00 | |
| Monthly Avg. | \$8,117.83 | \$11,744.96 | \$27,244.17 | \$43,001.54 | \$37,602.42 | |

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. For subdivisions platted prior to adoption of the new Impact Fee Ordinance in October 2022, 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. Collections for subdivisions platted after October 2022, will be \$3,879.50 for water and \$2,904.50 for waste water.

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. Water and sewer fees began in 2015. The 2015 ordinance update 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. In 2022, a new water and wastewater study was completed. A new ordinance and fees were approved.

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 completed an update of the water and wastewater impact fee program in 2022.
3. New housing development was slow to begin 2023, but picked up significantly beginning in April. 71.1% of roadway impact fees collected the first half of 2023 were for residential development, which is a desirable proportion. A healthy impact fee program relies on residential development to consistently provide funds with supplemental amounts from commercial development.
4. There is no indication that charging impact fees has affected development.
5. There are no perceived inequities in the Mesquite impact fee program.