



CAPITAL IMPROVEMENTS ADVISORY COMMITTEE
CITY COUNCIL CHAMBERS
757 North Galloway Avenue
March 27, 2023, 7:00 p.m.

AGENDA

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, 2023):

- Chairperson
- Vice-Chairperson

II. Approval of the minutes of the September 12, 2022, meeting.

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

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 March 27, 2023, was posted on the bulletin boards at the Municipal Center and City Hall by March 24, 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.

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 6:30 P.M., SEPTEMBER 12, 2022, 757 NORTH GALLOWAY AVENUE, MESQUITE, TEXAS

Present: Vice-Chair Sheila Lynn, Claude McBride, Millie Arnold, Debbie Screws, Nellapalli Dharmarajan, Claude McBride, Jim Andrews

Absent: Chairman Roger Melend

Staff: Director of Planning & Development Services Jeff Armstrong, Planner John Cervantes, Deputy City Attorney Karen Strand, Administrative Aide Devanee Winn

NOTE: Official Timeline of Attendance is as follows;

CIAC Members Present at 6:35pm:

- #1 Mr. Nellapalli Dharmarajan
- #2 Millie Arnold
- #3 (Elizabeth Rodriguez-Ross Alternate Seated) ~~Roger Melend (CHAIR)(ABSENT)~~
- #4 ~~Sherry Williams (Resigned)~~
- #5 Claude McBride (ACTING CHAIR)
- #6 ~~Sheila Lynn (ABSENT until 6:55pm)~~
- #7 ~~Debbie Screws (ABSENT until 6:40pm)~~
- #8 Jim Andrews (ETJ)

CIAC Members Present at 6:40pm:

- #1 Mr. Nellapalli Dharmarajan
- #2 Millie Arnold
- #3 (Elizabeth Rodriguez-Ross Alternate Seated) ~~Roger Melend (CHAIR)(ABSENT)~~
- #4 ~~Sherry Williams (Resigned)~~
- #5 Claude McBride (ACTING CHAIR)
- #6 ~~Sheila Lynn (ABSENT)~~
- #7 Debbie Screws (Entered Meeting at 6:40pm)
- #8 ~~Jim Andrews (ETJ) – (Left Meeting at 6:40pm)~~

CIAC Members Present at 6:55pm:

- #1 Mr. Nellapalli Dharmarajan
- #2 Millie Arnold
- #3 (Elizabeth Rodriguez-Ross Alternate Seated) ~~Roger Melend (CHAIR)(ABSENT)~~
- #4 ~~Sherry Williams (Resigned)~~
- #5 Claude McBride (ACTING CHAIR)
- #6 Sheila Lynn (Entered Meeting at 6:55pm)
- #7 Debbie Screws
- #8 ~~Jim Andrews (ETJ) – (Still Absent)~~

I. APPROVAL OF THE MINUTES OF THE FEBRUARY 14, 2022, MEETING.

ACTION

Committee Member Arnold made a motion to APPROVE the minutes as presented; Committee Member Ross seconded; motion carried 4-1 with Committee Member Dharmajan abstaining.

II. REVIEW AND CONSIDER THE CAPITAL IMPROVEMENTS ADVISORY COMMITTEE SEMI-ANNUAL REPORT FOR THE PERIOD OF JANUARY 1, 2022, THROUGH JUNE 30, 2022

Director of Planning & Development Jeff Armstrong presented to the Committee.

DISCUSSION

Mr. Dharmajan needed clarification as to what the funds can actually be use for existing development or if this is just for new development. Mr. Armstrong gave a explanation that the funds are for new development.

PUBLIC HEARING

Mr. McBride opened the public hearing. No one came to speak. The public hearing was closed.

ACTION

Ms. Ross made a motion to APPROVE the Semi-Annual Report as presented; Ms. Arnold seconded; the motion carried 5-0.

III. 2022 Impact Fee Update Study: Review and recommendation of amendments to land use assumptions, water and wastewater capital improvements plan, and an impact fee.

PRESENTATION

Kimely–Horn presented to the Committee.

DISCUSSION

Committee discussed what would be an adequate fee. Committee members agreed on 50% of the maximum assessible.

PUBLIC HEARING

Vice-Chair Lynn opened the public hearing. No one came to speak. The public hearing was closed.

ACTION

Ms. Ross made a motion to adopt 50% of the 2022 Maximum Fee; Ms. Screws seconded; the motion carried 6-0.

Ms. Arnold made a motion to adopt the Study as presented; Ms. Ross seconded; the motion carried 6-0.

The CIAC meeting adjourned at 7:32 PM.

Vice-Chair Sheila Lynn



Capital Improvements Advisory Committee

Semi-Annual Report
July 1, 2022 – December 31, 2022

Mesquite Capital Improvements Advisory Committee

Roger Melend, Chair

Mildred Arnold, Vice-Chair

Sheila Lynn

Elizabeth Rodriguez-Ross

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 July 1, 2022, through December 31, 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 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

Calendar Year 2022

The City collected a total of **\$2,782,930.91** in roadway impact fees in the final six months of calendar year 2022, This is an increase of **\$379,304** from this period in 2021. For the year, **\$7,607,433.53** were collected, an increase of over **\$5.2 million** from calendar year 2021. This represents the most impact fee revenue ever collected in Mesquite in one year and as much as the five previous years 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	\$2,178,422.43
August	\$6,216.00	\$71,484.00	\$6,216.00	\$27,909.84	\$118,440.04	\$369,397.00
September	\$0.00	\$19,313.72	\$83,657.00	\$43,512.00	\$67,505.76	\$54,649.48
October	\$96,855.00	\$65,980.57	\$0.00	\$42,144.48	\$222,657.12	\$76,574.00
November	\$0.00	\$25,943.38	\$3,108.00	\$52,836.00	\$215,568.80	\$43,512.00
December	\$393,058.65	\$0.00	\$63,613.13	\$359,533.44	\$556,402.15	\$68,376.00
TOTAL	\$1,138,739.47	\$610,285.88	\$694,767.89	\$2,626,053.88	\$2,403,626.18	\$7,607,433.53
Monthly Avg.	\$94,894.96	\$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
(Second Half of 2022)**

Service Area	Commercial	Residential	Total
A	\$511,668.86	\$8,080.00	\$519,748.86
B	\$83,354.05	\$46,700.00	\$130,054.05
C	\$1,980,836.00	\$15,292.00	\$2,133,128.00
TOTAL	\$2,575,858.91	\$207,072.00	\$2,782,930.91

Table 3

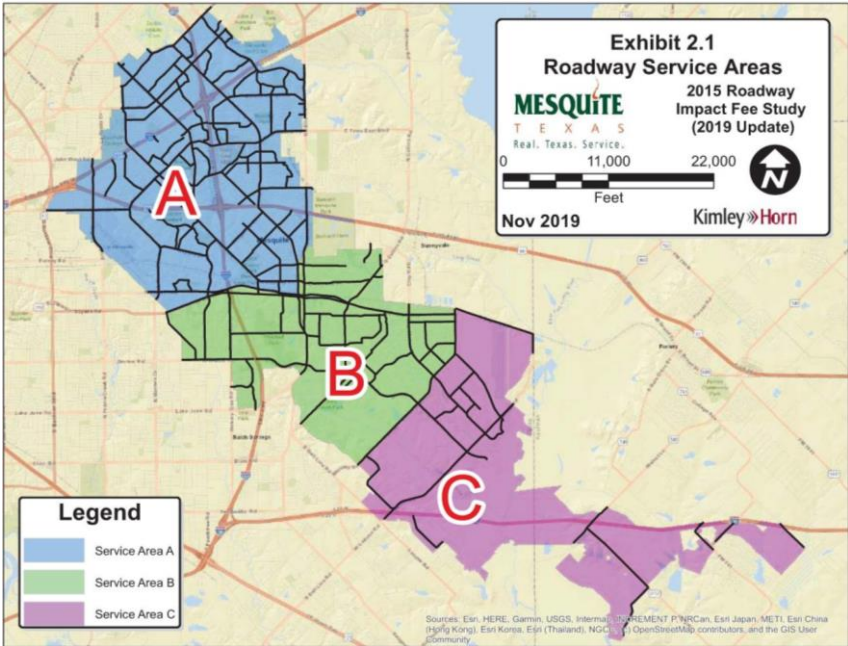


Figure 1: Service Area Map

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. In the second half of 2022, residential development only accounted for 7.4% of total roadway impact fees. 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 exceeded residential collections for 2021. This change is a result of several large

commercial projects that brought in large impact revenues and a slow down on new home permits in the second half of the year.

Water and Wastewater Impact Fee Revenue

Calendar Year 2022

The City collected a total of **\$1,022,274.00** of water impact fees and **\$451,229.00** in wastewater impact fees in calendar year 2022. This represents a slight decline from calendar year 2021. In calendar year 2021, the City collected **\$1,048,089.00** of water impact fees and **\$516,018.50** in wastewater impact fees. Tables 4 and 5 illustrate the total monthly water and wastewater impact fee collections for calendar years 2017 through 2022.

Water Impact Fees Collected						
Month	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
<i>January</i>	\$0.00	\$36,141.00	\$13,768.00	\$10,326.00	\$57,653.50	\$129,075.00
<i>February</i>	\$30,978.00	\$0.00	\$27,536.00	\$131,656.50	\$43,025.00	\$27,536.00
<i>March</i>	\$80,026.50	\$49,048.50	\$58,514.00	\$103,260.00	\$15,489.00	\$163,495.00
<i>April</i>	\$81,747.50	\$0.00	\$64,507.50	\$222,869.50	\$34,420.00	\$78,305.50
<i>May</i>	\$41,304.00	\$1,721.00	\$28,396.50	\$37,862.00	\$15,489.00	\$221,148.50
<i>June</i>	\$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
<i>July</i>	\$12,047.00	\$24,094.00	\$0.00	\$43,885.50	\$234,056.00	\$56,793.00
<i>August</i>	\$5,884.00	\$30,978.00	\$3,442.00	\$40,443.50	\$73,142.50	\$68,840.00
<i>September</i>	\$0.00	\$33,559.50	\$43,885.50	\$28,923.00	\$48,188.00	\$18,070.50
<i>October</i>	\$52,490.50	\$40,443.50	\$9,465.50	\$25,815.00	\$204,799.00	\$28,396.50
<i>November</i>	\$0.00	\$23,751.50	\$0.00	\$27,536.00	\$123,912.00	\$22,373.00
<i>December</i>	\$0.00	\$0.00	\$46,467.00	\$76,584.50	\$123,912.00	\$39,583.00
TOTAL	\$325,129.50	\$239,737.00	\$334,704.50	\$793,105.50	\$1,048,089.00	\$1,022,274.00
Monthly Avg.	\$27,094.13	\$19,978.00	\$27,892.04	\$66,092.13	\$87,340.75	\$85,189.50

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	\$23,434.50
August	\$3,676.00	\$16,542.00	\$1,838.00	\$19,299.00	\$39,057.50	\$27,570.00
September	\$0.00	\$15,623.00	\$16,082.50	\$13,785.00	\$25,732.00	\$7,352.00
October	\$21,137.00	\$19,299.00	\$2,757.00	\$13,785.00	\$109,361.00	\$12,866.00
November	\$0.00	\$8,271.00	\$0.00	\$17,344.00	\$66,168.00	\$11,947.00
December	\$0.00	\$0.00	\$20,218.00	\$41,238.00	\$49,626.00	\$21,137.00
TOTAL	\$142,445.00	\$97,414.00	\$140,939.50	\$326,930.00	\$516,018.50	\$451,229.00
Monthly Avg.	\$11,870.42	\$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. Commercial impact fee collections increased from 2021, while residential collections decreased.
4. Due to nation-wide economic issues, there was a small decrease in new single-family residential permits in 2022. Overall, residential development has returned to and exceeded the levels experienced prior to the 2008 recession. In 2023, at least one large subdivision will begin obtaining building permits which should result in an increase in the total number of single-family permits from 2022. Therefore, the viability of the impact fee program will rely more on residential developments while still receiving significant funds from commercial construction.
5. There is no indication that charging impact fees has affected development.
6. There are no perceived inequities in the Mesquite impact fee program.