



CAPITAL IMPROVEMENTS ADVISORY COMMITTEE  
CITY COUNCIL CHAMBERS  
757 North Galloway Avenue  
February 12, 2018 6:30 p.m.

AGENDA

- I. Approval of the minutes of the July 10, 2017, meeting.
- II. Review and consider the Capital Improvements Advisory Committee semi-annual report for period ending December 31, 2017.

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.

**MINUTES OF THE CAPITAL IMPROVEMENTS ADVISORY COMMITTEE MEETING, HELD AT 7:00 P.M., JULY 10, 2017, 757 NORTH GALLOWAY AVENUE, MESQUITE, TEXAS**

**Present:** Chairman Ronald Abraham, Vice Chair Mike Potter, Commissioners Janice Bell, Jennifer Vidler, Jim Andrews, Sergio Garcia and Sherry Williams

**Absent:** Dharma Dharmarajan

**Staff:** Assistant Director of Planning and Development Services Jeff Armstrong, Manager of Planning and Zoning Garrett Langford, Planner Lauren Simcic, Planner Johnna Mathews Assistant City Attorney Cindy Steiner, Senior Administrative Secretary Devanee Winn

**I. APPROVAL OF THE MINUTES OF THE FEBRUARY 13, 2017, MEETING.**

A motion was made by Mr. Garcia and seconded by Mr. Potter to approve the minutes of February 13, 2017. The motion passed unanimously.

**II. REVIEW AND CONSIDER THE CAPITAL IMPROVEMENTS ADVISORY COMMITTEE SEMI-ANNUAL REPORT FOR PERIOD ENDING JUNE 30, 2017.**

Jeff Armstrong presented the semiannual report. Contents of the report and general information about impact fees were discussed by the Committee.

A motion was made by Ms. Vidler and seconded by Ms. Bell to accept the semi-annual report and forward it to the City Council. The motion passed unanimously.

**III. ADJOURNMENT**

The meeting adjourned at 7:12 p.m.

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**Ronald Abraham, Chairman**

# Capital Improvements Advisory Committee

## Semiannual Report

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Through December 31, 2017



**MESQUITE CAPITAL IMPROVEMENTS ADVISORY COMMITTEE**

Ronald Abraham, Chair

N.N. Dharmarajan  
Sergio Garcia  
Yolanda Shepard  
Vacant, Developer  
representative

Jennifer Vidler  
Sherry Williams  
Vacant  
Jim Andrews (ETJ rep.)

**STAFF ADVISORS**

Richard G. Gertson, AICP, Director of Planning and Development Services  
Jeff Armstrong, AICP, Assistant Director of Planning and Development Services  
Garrett Langford, AICP, CNU-A, Manager of Planning and Zoning  
Johnna Matthews, Planner

## **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, 2017, through December 31, 2017, 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 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.

In 2015, the City adopted a new impact fee ordinance, updating roadway impact fees and instituting impact fees for both water and waste water. The ordinance took effect on August 1, 2015. However, the new fee structure for roadway impact fees and the impact fees for water and sewer did not take effect until January 1, 2016.

Below is a summary of impact fee legislation in the City since 1996.

1996	2/29/1996	<b>Resolution 03-96:</b> Re-established CIAC (originally established in Resolution 15-90 on 4-2-90)
	5/6/1996	<b>Resolution 15-96:</b> Land Use Assumptions Adopted
	9/16/1996	<b>Ordinance 3111:</b> Adopted water, wastewater and roadway impact fees
1998	3/2/1998	<b>Ordinance 3213:</b> Minor adjustments to definitions
	9/21/1998	<b>Ordinance 3252:</b> 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	<b>Resolution 09-2003:</b> Amend CIAC membership and terms
	11/3/2003	<b>Ordinance 3615:</b> Amend and update land use assumptions, CIP, service credits and fee rate schedule (effective 1/1/04)
2005	11/21/2005	<b>Ordinance 3780:</b> Amend the impact fee rate schedule (effective 21/1/05)
2008	10/20/2008	<b>Ordinance 3999:</b> Five year statutory update completed
2015	6/15/2015	City Council adopts Land use Assumptions and CIP
	7/6/2015	<b>Ordinance 4366:</b> Adopted update to Roadway Impact Fees and established Water and Sewer Impact Fees (ordinance effective 8/1/15; fees effective 1/1/16)

## Impact Fee Revenue - Roadway

### ▪ Calendar Year 2017

The City collected a total of **\$1,138,739.47** in roadway impact fees calendar year 2017. This is a \$759,406 increase over the same period last year and more than was collected in the last three years combined. Roadway impact fee revenue was just over \$100,000 lower in the second half of the year than the first half. The following table illustrates the total monthly roadway impact fee collections over the past four years.

Month	CY 2014	CY 2015	CY 2016	CY 2017
January	\$ -	\$ 67,830.54	\$ 1,040.25	\$ -
February	\$ -	\$ 16,804.08	\$ 73,317.33	\$ 76,236.03
March	\$ 2,449.50	\$ 17,092.18	\$ 2,584.00	\$ 304,164.56
April	\$ 9,586.75	\$ 6,591.12	\$ 5,507.82	\$ 124,137.28
May	\$ -	\$ 34,692.05	\$ 145,105.93	\$ 79,019.95
June	\$ 8,077.89	\$ 369.00	\$ 10,644.78	\$ 37,296.00
First Half Activity	\$ 20,114.14	\$ 143,378.97	\$ 238,200.11	\$ 620,853.82
July	\$ 4,156.67	\$ 13,182.24	\$ 1,732.20	\$ 21,756.00
August	\$ 6,867.79	\$ 70,519.34	\$ 44,980.47	\$ 6,216.00
September	\$ 14,709.95	\$ 58,859.34	\$ 18,937.04	\$ -
October	\$ 26,055.75	\$ 15,515.66	\$ 41,294.96	\$ 96,855.00
November	\$ 5,464.98	\$ 5,090.71	\$ 27,972.00	\$ -
December	\$ -	\$ 8,238.90	\$ 6,216.00	\$ 393,058.65
<b>TOTAL</b>	<b>\$ 77,369.28</b>	<b>\$ 314,785.16</b>	<b>\$ 379,332.78</b>	<b>\$ 1,138,739.47</b>
<b>Monthly Average</b>	<b>\$ 6,447.44</b>	<b>\$ 26,232.10</b>	<b>\$ 31,611.07</b>	<b>\$ 94,894.96</b>

## Roadway Impact Fee by Service Area and Type

Impact fee rates are divided into two types: Residential and Commercial. Beginning January 2016 residential rates are assessed at \$1,090 per service unit (equates to a fee of \$3,108 per single-family residence). Through the end of 2015, residential rates were \$947 per service unit except where limited by law.<sup>1</sup> State law requires that impact fees be *assessed* at the time of plat recording and *collected* when a building permit is issued for a lot. Impacts fees for parcels platted prior to adoption of the impact fee program are both assessed and collected upon issuance of a new building permit. The assessment may be at the highest rate authorized for each service area. The collection rate is adjusted periodically by the City Council but may not exceed the authorized rate.

Commercial rates were 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 region, it was found that the new rate falls within the average of area impact fee rates.

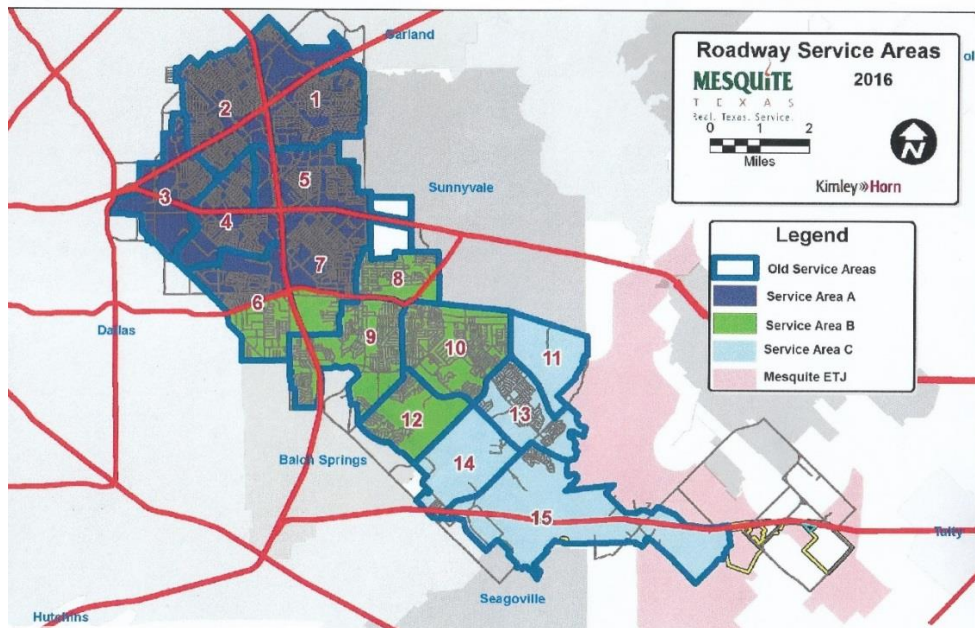
<sup>1</sup> This translates into \$2,699 per dwelling unit (\$947 x 2.85 service units per dwelling unit).

A new impact fee ordinance took effect on August 1, 2015. At that time new service areas for roadway impact fees were established. However, the new rates did not become effective until January 1, 2016. With changes to State enabling legislation, the number of roadway service areas was able to be reduced from 15 to 3. See Exhibit “A” for service area map.

**Roadway Impact Fee Collections by Type and Service Area CY2017**

Service Area	Commercial	Residential	Total
A	\$ 505,625.73	\$ 45,896.33	\$ 551,522.06
B	\$ 17,002.76	\$ 3,108.00	\$ 20,110.76
C	\$ 393,058.65	\$ 174,048.00	\$ 567,106.65
<b>TOTAL</b>	<b>\$ 915,687.14</b>	<b>\$ 223,052.33</b>	<b>\$ 1,138,739.47</b>

Exhibit A



In 2017, approximately 20% of all impact fee revenue was generated from residential development. Residential impact fee collection as a percentage of overall collections have remained low since the home lending crisis began in 2008. Residential impact fees were 19% of overall roadway impact fees collected in 2016, nearly all of which came in the second half of the year. In 2017, roadway impact fee collections for residential uses improved slightly relative to commercial fee collections. Over the final two months of 2017, no residential impact fees were collected. This was due to all lots of Hagan Hill Phase 1 having permits and Phase 2 not yet ready for permits to be issued. Early in 2018, permitting for homes in Phase 2 will commence. The Ashley Furniture project alone generated over \$393,000 in impact fees. If this project is removed from the calculations, residential collections would have been 43% of all roadway impact fee revenue.

## **Impact Fee Revenue – Water and Wastewater**

### ▪ *Calendar Year 2017*

The City collected **\$325,129.50** of water impact fees in CY2017 and **\$142,445** in wastewater impact fees during the same period. This represents a year over year increase of 68% and 100% respectively. The following tables illustrate the total monthly water and wastewater impact fee collections for calendar years 2016 and 2017.

#### **WATER**

<b>Month</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>
January	\$ 0.00	\$ 0.00		
February	\$ 35,444.50	\$ 30,978.00		
March	\$ 0.00	\$ 80,026.50		
April	\$ 0.00	\$ 81,747.50		
May	\$ 45,606.50	\$ 41,304.00		
June	\$ 15,146.00	\$ 20,652.00		
First Half Activity	\$ 96,197.00	\$ 254,798.00	\$ -	\$ -
July	\$ 3,442.00	\$ 12,047.00		
August	\$ 1,721.00	\$ 5,884.00		
September	\$ 0.00	\$ 0.00		
October	\$ 52,958.50	\$ 52,490.50		
November	\$ 33,580.50	\$ 0.00		
December	\$ 6,023.50	\$ 0.00		
<b>TOTAL</b>	<b>\$ 193,901.50</b>	<b>\$ 325,129.50</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Monthly Avg.</b>	<b>\$ 16,148.56</b>	<b>\$ 27,094.13</b>	<b>\$ -</b>	<b>\$ -</b>

#### **WASTEWATER**

<b>Month</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>
January	\$ 0.00	\$ 0.00		
February	\$ 11,947.00	\$ 14,244.50		
March	\$ 0.00	\$ 30,327.00		
April	\$ 0.00	\$ 36,300.50		
May	\$ 14,704.00	\$ 17,461.00		
June	\$ 919.00	\$ 11,028.00		
First Half Activity	\$ 27,570.00	\$ 111,199.00	\$ -	\$ -
July	\$ 1,838.00	\$ 6,433.00		
August	\$ 919.00	\$ 3,676.00		
September	\$ 0.00	\$ 0.00		
October	\$ 19,758.50	\$ 21,137.00		
November	\$ 17,920.50	\$ 0.00		
December	\$ 3,216.50	\$ 0.00		
<b>TOTAL</b>	<b>\$ 71,222.50</b>	<b>\$ 142,445.00</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Monthly Avg.</b>	<b>\$ 5,935.21</b>	<b>\$ 11,870.42</b>	<b>\$ -</b>	<b>\$ -</b>



## **Water and Wastewater Impact Fee by Service Area and Type**

Water and wastewater impact fees have only one service area each. The service area for each includes 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 \$1721 per service unit. Wastewater impact fees are collected at the maximum assessable fee of \$919 per service unit. Even at their maximums, these fees remain below the rates charged by most cities in the Dallas/Fort Worth area.

## **Economic Development Incentive Programs**

The City of Mesquite has several options available in its economic development toolbox for attracting and retaining business. In appropriate cases, incentives may include the rebate of impact fees. The City provided economic development incentives for water and sewer impact fees for Ashley Furniture in 2017. The incentives totaled \$43,885.50 for water and \$23,434.50 for sewer impact fees.

## **Impact Fees in Annexed Areas of Kaufman County**

Since August 2006, the City Council has annexed approximately 2.8 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. 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 the recently annexed areas, as well as the ETJ. To date, no impact fees have been collected in this area.



## **The 5-Year Impact Fee Program Update**

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 began in late 2013 and was adopted in 2015. The 2015 ordinance updated roadway impact fees and established water and sewer impact fees.

## **Conclusions**

1. With the completion of the 5-year update in 2015, the City of Mesquite Impact Fee Program is in conformance with all the provisions of State law.
2. Residential impact fee collections have continued to improve. Residential collections are expected to increase over the next few years.
3. Although single-family residential development has begun to increase, it is still well below the level of development that Mesquite experienced prior to 2008. Therefore, the viability of the impact fee program will continue to be heavily dependent upon commercial construction.
4. After the two years of assessing and collecting roadway impact fees at the new rates and the commencement of water and wastewater impact fees, there is no indication that either the increased or the additional fees have affected development.
5. There are no perceived inequities in the Mesquite impact fee program.