



Capital Improvements Advisory Committee

Semi-Annual Report
July 1, 2024 – December 31, 2024

Mesquite Capital Improvements Advisory Committee

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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, 2024, through December 31, 2024, 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 of adopting 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 2024

The City collected a total of **\$2,228,455** in roadway impact fees during the final six months of calendar year (CY) 2024, marking an increase of **\$1,446,128** compared to the same period in 2023. For the full calendar year, **\$3,993,634** was collected—an increase of **\$2,354,998** over 2023. This significant increase in collections is primarily attributed to the permitting of several large industrial and multifamily developments in 2024. As a result, 2024 recorded the second highest roadway impact fee collections in the City's history. Table 2 provides a breakdown of monthly roadway impact fee collections since CY 2019.

Roadway Impact Fees Collected						
Month	CY 2019	CY 2020	CY 2021	CY2022	CY2023	CY2024
January	\$55,511.47	\$25,902.22	\$144,060.98	\$1,397,142.08	\$22,138.00	\$558,675.00
February	\$55,944.00	\$133,695.36	\$87,560.89	\$344,988.00	\$40,404.00	\$187,929.00
March	\$150,850.53	\$347,759.11	\$230,240.64	\$1,041,374.00	\$84,733.00	\$239,156.00
April	\$50,664.28	\$1,458,416.81	\$17,133.37	\$126,164.00	\$138,230.00	\$342,353.00
May	\$42,323.93	\$93,118.21	\$31,080.00	\$1,601,830.58	\$233,908.00	\$245,692.00
June	\$29,994.71	\$62,160.00	\$96,348.00	\$313,003.96	\$210,362.00	\$191,383.00
First Half Activity	\$391,504.92	\$2,027,933.50	\$606,423.88	\$4,824,502.62	\$729,775.00	\$1,765,188.00
July	\$146,668.84	\$48,940.64	\$616,628.43	\$2,178,422.43	\$127,441.00	\$118,104.00
August	\$6,216.00	\$27,909.84	\$118,440.04	\$369,397.00	\$183,922.00	\$1,249,811.00
September	\$83,657.00	\$43,512.00	\$67,505.76	\$54,649.48	\$188,334.00	\$246,055.00
October	\$0.00	\$42,144.48	\$222,657.12	\$76,574.00	\$194,249.00	\$136,444.00
November	\$3,108.00	\$52,836.00	\$215,568.80	\$43,512.00	\$87,520.00	\$210,112.00
December	\$63,613.13	\$359,533.44	\$556,402.15	\$68,376.00	\$127,334.00	\$267,929.00
TOTAL	\$694,767.89	\$2,626,053.88	\$2,403,626.18	\$7,607,433.53	\$1,638,645.00	\$3,993,643.00
Monthly Avg.	\$57,897.32	\$218,837.82	\$200,302.18	\$633,952.79	\$136,553.75	\$332,803.58

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 vehicle mile for residential uses and \$259 per vehicle mile for nonresidential uses. (These collection rates equate to a fee of \$3,108 per single-family residence or \$20,440 for a 10,000-square-foot shopping center). Texas State law requires impact fees to 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.

In 2020, after studying the roadway impact fee collection rate charged by Mesquite's municipal competitors in the Dallas-Ft Worth area, it was found that the rates established in 2016 still fell within the average of area impact fee rates and were not changed.

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 2024)

Service Area	Commercial	Residential	Total
A	\$114,624.00	\$558,075.00	\$672,699.00
B	\$0.00	\$992,380.00	\$992,380.00
C	\$90,464.00	\$472,912.00	\$539,756.00
TOTAL	\$205,088.00	\$2,023,367.00	\$2,228,455.00

Table 3

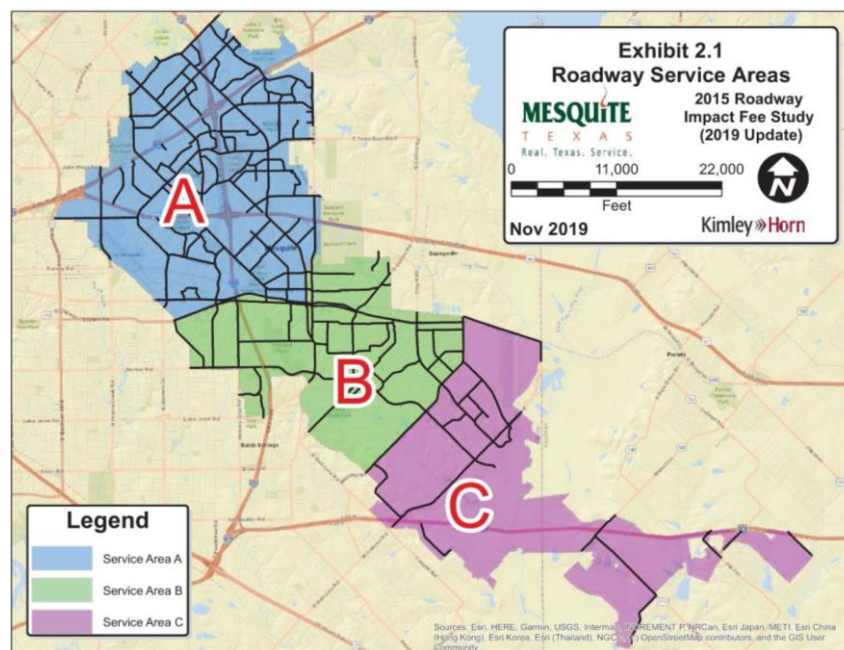


Figure 1: Service Area Map

Roadway impact fees are typically driven by residential development activity. However, in the first half of 2024, the City permitted some industrial developments, which led to a more balanced distribution of impact fee collections. During this period, approximately 58% of roadway impact fee revenue was generated by residential development, while 42% came from commercial/industrial development. In contrast, the second half of 2024 saw limited commercial permit activity, resulting in a shift back toward residential-driven collections. During this time, 91% of roadway impact fee revenue came from residential development, highlighting the continued significance of housing growth.

Water and Wastewater Impact Fee Revenue

July - December 2024

The City collected **\$1,919,404.25** in water impact fees and **\$1,314,424.25** in wastewater impact fees in the last six months of CY 2024. For all of 2024, the City collected a total of **\$3,499,341** in water impact fees and **\$2,351,307.75** in wastewater impact fees, which far exceeds what was collected for 2023, which was **\$1,862,150.00** in water impact fees and **\$1,023,685.50** in wastewater impact fees. Tables 4 and 5 illustrate the total monthly water and wastewater impact fee collections for CYs 2019 through 2024.

Water Impact Fees Collected						
<i>Month</i>	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
<i>January</i>	\$13,768.00	\$10,326.00	\$57,653.50	\$129,075.00	\$35,280.50	\$391,276.00
<i>February</i>	\$27,536.00	\$131,656.50	\$43,025.00	\$27,536.00	\$33,165.50	\$146,954.50
<i>March</i>	\$58,514.00	\$103,260.00	\$15,489.00	\$163,495.00	\$68,460.50	\$241,317.00
<i>April</i>	\$64,507.50	\$222,869.50	\$34,420.00	\$78,305.50	\$134,601.75	\$396,410.00
<i>May</i>	\$28,396.50	\$37,862.00	\$15,489.00	\$221,148.50	\$230,962.00	\$207,714.00
<i>June</i>	\$38,722.50	\$43,944.00	\$74,003.00	\$168,658.00	\$190,256.25	\$196,265.25
First Half Activity	\$231,444.50	\$549,918.00	\$240,079.50	\$788,218.00	\$692,726.50	\$1,579,936.75
<i>July</i>	\$0.00	\$43,885.50	\$234,056.00	\$56,793.00	\$153,809.50	\$130,153.00
<i>August</i>	\$3,442.00	\$40,443.50	\$73,142.50	\$68,840.00	\$189,797.00	\$811,733.25
<i>September</i>	\$43,885.50	\$28,923.00	\$48,188.00	\$18,070.50	\$179,682.50	\$261,399.75
<i>October</i>	\$9,465.50	\$25,815.00	\$204,799.00	\$28,396.50	\$273,636.50	\$137,474.50
<i>November</i>	\$0.00	\$27,536.00	\$123,912.00	\$22,373.00	\$118,485.50	\$234,024.50
<i>December</i>	\$46,467.00	\$76,584.50	\$123,912.00	\$39,583.00	\$253,830.50	\$344,619.25
TOTAL	\$334,704.50	\$793,105.50	\$1,048,089.00	\$1,022,274.00	\$1,862,150.00	\$3,499,341.00
Monthly Avg.	\$27,892.04	\$66,092.13	\$87,340.75	\$85,189.50	\$155,179.16	\$263,322.79

Table 4

Wastewater Impact Fees Collected

Month	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
<i>January</i>	\$7,352.00	\$3,216.50	\$28,489.00	\$51,923.50	\$16,542.00	\$227,833.00
<i>February</i>	\$14,694.00	\$60,654.00	\$22,975.00	\$14,704.00	\$21,874.50	\$105,957.50
<i>March</i>	\$19,299.00	\$28,489.00	\$8,271.00	\$75,358.00	\$42,387.50	\$159,634.00
<i>April</i>	\$27,453.00	\$70,303.50	\$9,190.00	\$37,219.50	\$67,166.50	\$278,310.00
<i>May</i>	\$12,866.00	\$20,218.00	\$8,271.00	\$91,440.50	\$115,385.75	\$134,707.50
<i>June</i>	\$18,380.00	\$19,758.50	\$38,598.00	\$76,277.00	\$114,376.00	\$130,441.50
First Half Activity	\$100,044.00	\$202,639.50	\$115,794.00	\$346,922.50	\$377,732.25	\$1,036,883.50
<i>July</i>	\$0.00	\$18,839.50	\$110,280.00	\$23,434.50	\$79,135.50	\$94,487.00
<i>August</i>	\$1,838.00	\$19,299.00	\$39,057.50	\$27,570.00	\$114,410.00	\$560,491.00
<i>September</i>	\$16,082.50	\$13,785.00	\$25,732.00	\$7,352.00	\$119,504.25	\$168,937.50
<i>October</i>	\$2,757.00	\$13,785.00	\$109,361.00	\$12,866.00	\$180,736.97	\$96,325.00
<i>November</i>	\$0.00	\$17,344.00	\$66,168.00	\$11,947.00	\$59,190.53	\$163,423.50
<i>December</i>	\$20,218.00	\$41,238.00	\$49,626.00	\$21,137.00	\$92,978.00	\$230,760.25
TOTAL	\$140,939.50	\$326,930.00	\$516,018.50	\$451,229.00	\$1,023,685.50	\$2,351,307.75
Monthly Avg.	\$11,744.96	\$27,244.17	\$43,001.54	\$37,602.42	\$85,307.13	\$195,942.31

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 the 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 wastewater.

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 and 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 and increased the water and wastewater fee collection rates.
3. The first half of 2023 saw a slowdown in new single-family residential (SFR) permitting activity but picked up significantly in the second half of the year. The increase in new SFR permitting continued through 2024. The City issued 695 permits for new SFR in 2024 compared to 511 in 2023, 581 in 2022, 611 in 2021, and 211 in 2020. A healthy impact fee program relies on residential development to consistently provide funds with supplemental amounts from commercial development. With residential development expected to be strong for the foreseeable future in Mesquite, the viability of the impact fee program will rely more on residential development while still receiving significant funds from commercial construction.
4. There is no indication that charging or increasing impact fees has affected development.
5. There are no perceived inequities in the Mesquite impact fee program.