

Capital Improvements Advisory Committee (CIAC)
Virtual Meeting via Webex
February 10, 2021
3:00 p.m.

Participants:

City Staff

Michael Marrero, City Manager
Cindy Muncy, Asst. City Manager
Thomas Kerr, Dir. of Public Works/Utilities
Vanessa Ramirez, Deputy Dir. Public Works
Yervand Hmayakyan, City Engineer
Joe Tucker, Asst. City Engineer
Hal Feldman, Traffic Engineer
Fara Hernandez, CIP Coordinator
Gloria Gonzalez, Utilities Contract Supervisor
Gayla Sanders, Utilities Project Coordinator

Kimley-Horn & Associates

April Rose Escamilla
Jeff Whitacre

CIAC Members

John Landgraf
Mike Withrow
Filiberto Gonzales
Joe Hurt
Dr. James Goates

Absent

Rev. Quincy L. Randall
Richard Pierce

Others Present

Wesley Burnett

Due to COVID-19 precautions, the CIAC meeting was held via Webex.

1. Call to Order

Mr. Landgraf called the meeting to order at 3:07 p.m.

2. Approve minutes from the January 13, 2021 CIAC meeting

CIAC

Mr. Landgraf asked for a motion to approve the minutes from the January 13, 2021 CIAC meeting. Mr. Gonzales made a motion to approve and seconded by Mr. Hurt. Motion passed unanimously.

3. Discuss funding of past New Development Infrastructure

City Staff

Mr. Marrero thanked everyone for their time and commitment to the process. The CIAC has asked how the City has funded new development projects in the past. The projects for the last 15 years were reviewed, and a breakdown was provided.

Ms. Ramirez reviewed the graph that was provided to the CIAC. She stated that in the last 15 years, 91% has been funded by debt issuance. The total new development for the last 15 years was \$23,664,000. Out of that \$21.4 million was provided by debt issuance. Smaller projects were done through supplemental, general construction and water/sewer general construction. Ms. Ramirez stated that the current projects total \$35.9 million and 100% of that is funded out of the debt issuance and only 3 of those projects in which only the design portion has been funded totals \$47,020,000. Mr. Marrero stated that this one year of current projects will eclipse all the prior years of projects funded which again is about \$47 million.

Mr. Landgraf asked if the \$47 million was in addition to the \$35 million. Ms. Ramirez stated that he was correct. Dr. Goates asked if debt issuance was \$90 million. Ms. Muncy stated that it was \$93 million. Dr. Goates stated that with the \$23.6 million from the past 15 years makes the debt issuance around \$116 million. Ms. Muncy stated that the debt from the past was used for projects other than new development. Those projects were repair maintenance, fire stations and other various projects but broke down by what was considered new development. A portion of the \$93 million just issued went to the fire station, animal control and the amount going towards new development is the \$35.9 million.

Mr. Landgraf stated that the \$35.9 million was the only amount that could go towards impact fees which is why the amount was broken down in the graph. Ms. Muncy confirmed.

Mr. Landgraf thanks the staff and asked if there were any more questions. He was not aware that 91% was debt issuance. Dr. Goates stated that he was not surprised. Mr. Landgraf thought the water/sewer fund contributed more to capital improvements. Ms. Muncy stated that the Operations budget has money that goes to the repairs and replacement from deterioration. It is not a large budget and is trying to increase it. Any major repairs and replacements such as meter and valve issues have been done out of debt issuance as well. A large debt

issue in 2007 covered a lot of water/sewer that was needed, and that money is gone. There was some new development from the 2007 issuance, but a majority went to major repairs and replacement.

4. Impact Fee Study Presentation and Discussion

Kimley-Horn

Mr. Landgraf turned the meeting over to Kimley-Horn to give their presentation.

Mr. Whitacre stated that the first few slides are a recap and should go through that relatively fast before jumping into the more detailed slides. Mr. Whitacre proceeded to recap the information provided in previous meetings. The presentation today would review the service units, impact fee calculations, sample calculations and impact fee comparisons to other cities.

Service Units:

Service units' measures consumption attributable to individual unit of development. Water and wastewater utilize water meter size which is defined as a base water meter diameter of $\frac{3}{4}$ inch. Roadway utilizes vehicle-mile which is defined as one vehicle to travel one mile.

Mr. Whitacre explained the sizes of water meters in residential ($\frac{3}{4}$ ") and shopping areas (2"). He explained the roadway service units and the two variables that are considered when calculating vehicle-mile. The calculations provided will not have to be calculated manually instead a spreadsheet will be provided to insert numbers. The average vehicle-mile for each residence in Odessa is 2.97 miles and 7.53 vehicle-miles for every 1,000 square feet shopping center.

Impact Fee Calculations: Mr. Whitacre provided the formula to determine maximum assessable impact fee calculation. He explained the water/wastewater calculations and determined that the maximum assessable impact fee per service unit for water totaled \$778 ($\frac{3}{4}$ -inch base meter) and wastewater totaled \$1,662 ($\frac{3}{4}$ -inch base meter).

Mr. Landgraf asked if the \$1,662 for wastewater on a $\frac{3}{4}$ inch base is a 4-inch service tap for sewer?

Mr. Whitacre stated that they base the wastewater on the water meter and pay the wastewater based on the water meter pulled. Mr. Landgraf stated that two fees are paid, water and sewer, both based on $\frac{3}{4}$ inch meter or square footage. Mr. Whitacre confirmed and stated that some house might have two water meters (irrigation) and those houses would pay for irrigation or water meter and only pay one wastewater fee.

Mr. Whitacre stated that the roadway calculation is similar. He reviewed service area 1, 2 and 3. The amounts are a combination of cost and growth. He provided a sample calculation for a 1 1/2-inch water meter. He stated that roadway calculations are slightly different. A Land Use/Vehicle-Mile Equivalency table is used. He reviewed a sample calculation for a multi-family mid-rise and provided the three steps to calculate. He asked if there were any questions.

Mr. Whitacre reviewed some comparisons for calculated maximum fees for Odessa and the adopted fees of other cities for single family. Also included are cities that do not have impact fees.

Mr. Marrero asked what Midland's total maximum fee that they could charge. Mr. Whitacre stated that Midland adopted roughly 50%.

Mr. Whitacre reviewed impact fee comparisons for multi-family mid-rise, general office and light industrial.

Mr. Landgraf asked how Lubbock finances their water and sewer projects. Mr. Whitacre stated that it is through their rates and fees. They figured they can cover needs by raising base rates by a quarter or a nickel. Mr.

Landgraf asked if fees could be a part of the discussion with Council. Mr. Whitacre stated that they are looking for feedback on impact fees and comments related to them. Mr. Marrero stated that Lubbock has annual fee increases and fund projects overtime that are tied to those rate increases.

Mr. Whitacre continued with his review on the impact fee comparisons of light industrial and retail shopping center. He stated that roads are expensive and traffic signals range around \$300,000-\$400,000.

He reviewed the schedule for the next few months. There are two actions, the study and the impact fee rates and recommendations are needed for both.

Mr. Landgraf turned over to the committee for discussion. He stated that the big challenge today is to understand the calculated fees. Mr. Whitacre stated that his meeting is to focus on the technical aspect.

Dr. Goates asked Mr. Landgraf what it would cost to build a 5,000 square foot building and asked if \$200 per square foot would be high or low. Mr. Withrow stated that \$200 was about right. Dr. Goates stated that impact fees charged would be \$51,000 on a \$1,000,000 building. He stated that Midland would charge \$17,000. He wanted to confirm that he was reading the chart correctly. Mr. Whitacre confirmed that was correct but reminded the committee that Midland cut their number in half. Mr. Marrero stated what is allowed but from a practical standpoint it is probably not what would be charged. Dr. Goates asked if under single family the size of the house is considered. Mr. Whitacre stated it is not. Mr. Landgraf stated that the difference in values between Betenbough and Tuscan built homes was large but there is not a huge difference on $\frac{3}{4}$ inch and 1-inch water meter. Mr. Whitacre stated that the water meter would change between the two, but the roadway impact fee would not. Mr. Landgraf stated that the water meter size does not significantly change when

comparing a 1,500 square foot house with a 5,000 square foot house. Mr. Whitacre stated that there is more traffic generated from smaller, starter homes than larger estate lots.

Mr. Withrow asked if roadway and wastewater fees could be varied based on service area 1, 2 and 3. His concern is some of the areas where affordable housing is being built may not be affordable when adding an additional \$2-3 per square foot. Mr. Whitacre stated that fees can be varied in each service area. When referring to Affordable Housing, as defined by the federal government, impact fees are not paid. When referencing workforce housing it is a policy decision if the city has one to apply.

Dr. Goates asked if Waco had service areas or if it was an average. Mr. Whitacre stated that it was an average. Mr. Landgraf asked Mr. Marrero if affordable housing was distinguished that would be impacted. Mr. Marrero stated that affordable housing is defined as any home that is built for the sole purpose of providing affordable housing to persons earning less than 80% of the median income. The dollar value at the time was probably around \$140,000. A house cannot be built for that amount currently, but a number could be applied to define affordable housing. Mr. Landgraf stated that Council would say then that they are not subject to impact fees. Mr. Marrero stated that along those lines, it was good to also think about what to do in the case of low-income housing tax credits i.e. apartment complexes. Mr. Landgraf stated that any being worked on now would not be affected. Mr. Landgraf asked if a different rate could be set for affordable housing projects. Mr. Whitacre stated that it has not been done in a city before but would have to defer to the City Attorney. There are opportunities to vary rates.

Dr. Goates stated that it could drive projects to certain areas if changed. Mr. Landgraf agreed, and it may or may not be favorable. Ms. Ramirez stated that if there are specific topics to bring back at next meeting, we can provide information. Mr. Landgraf stated that the City could look into how impact fees could be structured based on Odessa's definition of affordable housing. Ms. Ramirez stated that we could provide the committee with what the impact is, what is allowed statutorily, what is allowed legally and what the impact of that would be. Mr. Gonzales stated that looking at Midland's Service Area A the cost would be a one-time \$3000 fee which would calculate to be about \$8-10 more monthly to the consumer. Mr. Whitacre stated that it was roadway only and did not include water and wastewater. Water and wastewater are roughly about \$2,500 more. Mr. Gonzales stated that monthly it would be around \$15-16 to the consumer.

Mr. Whitacre stated that in development process there is a 1-year grace period after ordinance is passed. He asked for any other questions.

Dr. Goates stated that he would like to receive the information from staff regarding affordable housing. Ms. Ramirez stated that we would get that information to them either before the next meeting or at the March 2, 2021 meeting. Mr. Landgraf stated that any further questions should be filtered to Ms. Ramirez and Ms. Hernandez to gather the information for the committee. He asked the committee to do their homework and analyze what impact the impact fees will have on the community.

Mr. Marrero stated that he has wanted Jeff and Kimley-Horn staff to present the Impact Fee 101 presentation to Council and it has been on hold. As they may be aware Council member Thompson has been out and we are scheduled to have the Impact Fee 101 for Council on March 2. The Impact Fee 101 will provide some details as to what it is and how it works.

Mr. Landgraf requested that they be notified of the virtual meeting. It would be beneficial for some of the members to attend. Ms. Ramirez stated we plan on taking the comments and recommendations from the CIAC regarding the LUA and IFCIP to the next council meeting after the Impact Fee 101 presentation, as well as ask the Council to set the public hearing.

5. Discuss questions/comments from the CIAC

John Landgraf, Chair

Mr. Landgraf asked for any other questions and if not will continue on with homework.

6. Adjourn

There being no further business, Mr. Landgraf asks for a motion to adjourn. Dr. Goates moved to close and seconded by Mr. Withrow. All being in favor, the meeting adjourned at 4:20 p.m.

ATTEST:

APPROVED:

Filiberto Gonzales, Secretary

John Landgraf, Chair