

**MINUTES - REGULAR MEETING
CAPTIAL IMPROVEMENTS ADVISORY COMMITTEE
CITY OF CORPUS CHRISTI
CITY HALL – 6TH FLOOR
1201 LEOPARD STREET
July 28, 2022
2:00 P.M.**

COMMITTEE MEMBERS:

Moses Mostaghasi - Chairman
George Laster
Trey Summers
John Holmgreen
Jesus Jimenez
Patricia Aitken

COMMITTEE MEMBERS:

Velda Tamez
Ann Mahaffey
Rudy Garza, Jr.
Alex Harris
Melody Nixon Bice
Hailey Gonzalez
Wendy Herman

I. Call to Order/Roll Call

The meeting was called to order and a quorum was established with Vice Chairman Munoz absent.

II. Approval of Minutes: May 19, 2022

A motion was made by Mr. Jimenez to approve the minutes listed above and it was seconded by Mr. Garza. The motion passed.

III. Approval of Absences: Melody Nixon-Bice – January 19, 2022 & George Laster – May 19, 2022

A motion was made by Ms. Herman to approve the absences listed above and it was seconded by Mr. Holmgreen. The motion passed.

IV. Public Comment: None.

At this point of the meeting, Mr. Holmgreen motioned to have meetings scheduled every six to eight weeks and it was seconded by Mr. Summers. The motion passed.

Mr. Holmgreen made a motion to have presentation documents provided to the Committee a week in advance of a meeting and printed for distribution the day of the meeting. The motion was seconded by Mr. Summers. After discussion the motion failed for lack of a majority vote.

Al Raymond, Director of Development Services, assured the Committee that moving forward, he will do his best to commit to the goal of providing materials a week in advance of a meeting. He said that a tentative schedule of dates and agenda subjects have been drafted for the remainder of the year which will make providing documents easier. The schedule/appointment of meetings, up to January of 2023, will be sent to the Committee after this meeting.

A moment was also taken to introduce new Committee members, Wendy Herman, Hailey Gonzalez and Tricia Aitken. It was determined that an orientation will be scheduled soon for these members to bring them up to speed on past meeting discussions.

V. Review of Trust Funds & Mission/Goal of the Committee

VI. Discussion or Possible Action: Presentation Comparing the Functionality of Trust Funds vs. Impact fees for a Sample Subdivision/Development.

Kim Keefer, Pape-Dawson Engineers, presented items "V & VI" for the record as shown above. She began the presentation by stating the goal of Master Planning and the Impact Fee Study. For review, she briefly went over activities of the Committee over the past several months and the process of land use assumptions and master planning. For the topic at hand, she presented the example map which is being used for this presentation. The map uses an example of a low-density, residential development (100 acres with 400 units), which incorporates the Master Plans and how it will be funded (Trust Fund vs. Impact Fees).

Ms. Keefer explained the existing Trust Fund Regulations (Unified Development Code Section 8.5) for the following: Water Arterial Transmission and Grid Mains; Water Distribution Main; Wastewater Trunk System; Wastewater Collection lines. The Trust Fund does not account for Streets, Curb, Gutter, Sidewalks, Stormwater Infrastructure; Water/Wastewater Treatment facilities, storage tanks, pump stations and similar regional or City-wide infrastructure. Fees collected for Trust Funds were explained. Fees are calculated based on the number of lots and the acreage of the development and the larger fee applies. Pro-Rata Fees based on the length of existing water / wastewater lines adjacent to the development and surcharge fees for utility taps are also deposited in the trust funds. She also gave examples of when the Water/Wastewater Trust Fund fees can be used versus when the Capital Improvement Program (CIP)/Bonds (supported by rates) must be used. She then described the Trust Fund process beginning with a plat application for a development through construction/acceptance of public improvements by the City; explained how reimbursement agreements can be utilized by developers during that process. The order of Reimbursement is determined according to the date the Reimbursement Agreement is approved by City Council. This discussion also illustrated when trust funds were collected, construction costs paid by the developer and reimbursement received from the City.

Ms. Keefer used the example map/development she presented earlier for Water, Wastewater and Roadway Master Plans (onsite & offsite) and discussed examples were presented for funding of offsite water line extensions (UDC 8.5.1) and offsite wastewater extensions (UDC 8.5.2) The process that would be followed should demands on the Trust Funds exceed available capital. Developers would be reimbursed as funds were deposited in the trust funds, in the order agreements were approved by Council. Alternately, credit for lot or acreage fees could be requested on adjacent developments with those amounts being deducted from the outstanding Reimbursement Agreement balance.

At this time, a question arose regarding whether a land developer or the rate payer is responsible for expanding treatment facilities or general maintenance. Identified improvements for existing facilities are not paid by the Trust Fund/Impact Fees but by rates paid by the user. The Master Plan will identify CIP projects related to growth. If a project is not identified in the Master Plan (MP) then it is not eligible to be used by either funding source. It was reiterated that Impact fees can only be used for expansion/improvements for new growth.

Ms. Keefer referred back to the example map to illustrate the Trust Fund timeline for developer costs after reimbursement agreements have been completed. The City covers the remainder of costs from CIP funds; Water and Wastewater treatment are City costs (rates paid by the user). She also explained how reimbursement funds are collected to be paid to the developer (more acre/lots of development).

Next, Ms. Keefer went over the Master Plans for Streets. For Streets, bond funds are used for City participation. She referred back to the example map to illustrate the funding timeline for developer costs for Streets with the City covering the remainder of costs from CIP funds (property taxes that support the Bond program). The City covers 30% of offsite construction cost for required infrastructure. Discussion took place whether the participation funding was on-site or off-site. The City may request that streets systems be oversized to accommodate additional development; the City participates at 100% of the differential cost to oversize.

Discussion took place regarding the exclusion of the Stormwater Trust Fund in the UDC. This portion of the UDC was stricken and a funding mechanism was not set up. Hypothetically, if Trust Funds are determined to continue as a funding mechanism, City Council may reinstate this Trust Fund in the UDC; there is currently no statute governing the use of Trust Funds.

During this time, discussion occurred regarding the equity of Trust Fund reimbursements to developers; equity of rates paid by the user. Ms. Keefer proceeded with the remainder of the presentation regarding Impact Fees. According to a recent report by the Texas Real Estate Research Center (Texas A&M University, Technical Report #2348, June 2022), the average per-Housing unit fee for a suburban-style development in Texas is \$10,845 per unit. For perspective, if the average price for a single-family home is \$220,000, then the average impact fee is 4.9%. In a 30-year mortgage at 4%, this represents \$52/month. It was noted by a committee member that latest information put the average price of a home at \$317,000.

The majority of cities in Texas that collect impact fees, do so prior to issuance of a building permit. These costs are typically paid by the builder as each unit is developed. Impact fee credits can be realized for infrastructure construction that is included in the Master Plans. Infrastructure oversizing can be realized through an agreement between the municipality and developer depending on the size/type of infrastructure and timing of the proposed development.

Using the average impact fee (each MP service) from similar cities in Texas, Ms. Keefer used the example development of 400 units to calculate the total amount of the impact fee per unit. She also provided funding timelines comparing when the City collects the Impact Fee, e.g., at the time of plat submittal or when the building permit is issued. Also, in this scenario, the City will cover remaining costs but from Impact Fee and CIP funds. Discussion took place regarding the appropriate time to collect the impact fee and who would be responsible for paying that fee. The Committee will be making recommendations on both of these decisions with ultimate policy adoption by City Council. In summary, Ms. Keefer compared the benefits and drawbacks between Trust Funds and Impact fees.

VII. Future Agenda Items

- Possibility of providing the option to conduct future meetings via WebEx
- Future meetings to be held at 11:30 a.m.

VIII. Director's Report: None.

IX. Adjournment

There being no further business to discuss, the meeting adjourned at 4:20 p.m.