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AGENDA

The Capital Improvements Advisory Committee (CIAC) of the City of Sherman will hold a meeting Tuesday, December 14, 2021 at 4:00P.M. in the Council Chambers at 220 W. Mulberry to consider the following:

1. **CALL TO ORDER**

2. **APPROVE MINUTES OF THE AUGUST 18, 2020, CAPITAL IMPROVEMENTS ADVISORY COMMITTEE MEETING**

3. **REVIEW AND CONSIDER THE CAPITAL IMPROVEMENTS ADVISORY COMMITTEE SEMI-ANNUAL REPORT FOR 2021.**

4. **ANNOUNCEMENTS**

5. **ADJOURNMENT**

By direction of the Capital Improvements Advisory Committee of the City of Sherman.

Clay Mahone, Chairman ATTEST: Rob Rae, Secretary

Meetings of this advisory board are open to the public.

Note: The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time.

An unscheduled closed executive session may be held if the discussion of any of the above agenda items concems the purchase, exchange, lease or value of real property; or requires consultations with City Attorney.

Certification

I, the undersigned authority, do hereby certify that the above Agenda of the Special Called Meeting of the Capital Improvements Advisory Committee of the City of Sherman is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board, at City Hall, of said City of Sherman, Texas, a place convenient to the public and said notice was posted on December 9, 2021 at 4:00 p.m.and said time of posting was 72 hours before said meeting was convened or called to order.

Dated this 9th day of December, 2021

City of Sherman, Texas

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Patsy Reeves,
Development Services Coordinator

Sherman
CLASSIC TOWN. BROAD HORIZON.

Capital Improvements Advisory Committee (CIAC) **2.**

Meeting Date: 12/14/2021

Prepared By: Patsy Reeves, Development Services Coordinator

Issue:

APPROVE MINUTES OF THE AUGUST 18, 2020, CAPITAL IMPROVEMENTS ADVISORY COMMITTEE MEETING

List of Agenda Items:

Attachments

August 18, 2020 Draft Minutes

STATE OF TEXAS §

August 18, 2020

COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Regular Meeting of the Capital Improvements Advisory Committee (CIAC) and Planning and Zoning Commission of the City of Sherman, was begun and held on August 18, 2020.

MEMBERS PRESENT: CHAIRMAN MAHONE
COMMISSION MEMBERS: DOWNTAIN, WOOD, MANLEY, BACA, SIMS, DAVIS AND WHITAKER

MEMBERS ABSENT:

STAFF PRESENT: SCOTT SHADDEN, DIRECTOR OF DEVELOPMENTAL SERVICES ROB RAE, INCOMING DIRECTOR OF DEVELOPMENTAL SERVICES; CLINT PHILPOTT, ASSISTANT CITY MANAGER; WAYNE LEE, DIRECTOR OF ENGINEERING; ROBBY HEFTON, CITY MANAGER, TERRENCE STEELE, ASSISTANT CITY MANAGER; AND PATSY REEVES, DEVELOPMENTAL SERVICES COORDINATOR

CALL TO ORDER

CALL TO ORDER

Chairman Mahone of the Capital Improvement Advisory Committee and Planning and Zoning Commission called the meeting to order at 4:07 p.m.

APPROVE MINUTES

APPROVE MINUTES

The Capital Improvements Advisory Committee reviewed the minutes of the July 21, 2020 meeting. Motion by Commission Member Davis to approve the Minutes as written. Second by Commission Member Wood. All present voted AYE.
MOTION CARRIED.

RECEIVE PRESENTATION FROM KIMLEY-HORN AND ASSOCIATES, INC. ON THE DRAFT 2020 ROADWAY, WATER AND WASTEWATER IMPACT FEE STUDY

2020 DRAFT ROADWAY, WATER & WASTEWATER IMPACT FEE STUDY PRESENTATION

Jeff Whitacre, Vice President of Kimley-Horn and Associates, Inc., updated the Committee on the City Council Meeting from August 17, 2020. "We presented the public hearing from the land use assumptions and capital improvements plan that was looked at last time; the City Council approved that. Through the comments we rewrote a little of the assumptions from your comments, same numbers just to make it clearer; we adjusted the tables and we gave them a preview of the same presentation you will receive today."

We will go over the impact fee components, the maximum fee calculations and the results with sample calculations,

the overall fee decisions, comparisons, today's actions and the schedule.

Your responsibility is to advise and assist the City Council in adopting land use assumptions, review the capital improvements plans and file written comments on the proposed impact fees.

The impact fee components are: service areas, land use assumptions and capital improvements plans; which have all been completed. The maximum fee calculation and results with sample calculations are where we are today.

The formula used for the maximum fee calculation is a simple formula but takes a lot of detail to get there; it is the recoverable cost of capacity plans divided by the new service units of demand; so it is cost divided by growth. The capital improvement plans is cost and the land assumptions are growth. Every project is broken down into three costs; there is an existing cost, a ten-year growth cost and a beyond ten-year cost.

An example is an elevated storage tank, you might need ten percent of an elevated storage tank today, but we cannot charge future development that ten percent, there might be sixty percent you need in the next ten years, that sixty percent is what we included in the impact fee calculation, then there is another forty percent that is beyond the ten-year window.

The maximum fee calculation determines the maximum assessable fee per service unit; it is the amount of roadway infrastructure you will need in ten years for growth. Service Area 1 is to the north, Service Area 4 is the south, Service Area 4 is where you expect to have the most need for infrastructure because that is where the most growth is to occur; that is where the Planned Developments are.

Mr. Whitacre provided tables showing the maximum assessable fee per service area for roadways, water and wastewater. The cost of total impact fee for capital improvements plans attributable to growth, the percent of fee recoverable (50%, per State Law requirements, Chapter 395), the recoverable cost of total impact fee capital improvements plan, the recoverable cost of total impact fee for capital improvements plans plus financing, the service units, the maximum assessable impact fee per service unit per vehicle mile, water and wastewater meters providing the maximum assessable impact fee per land use; single family housing, multi-family, office, industrial and commercial.

This study calculates the maximum impact fee. The actual collection rate will be set based on the ordinance, but cannot exceed the maximum. The City Council should consider the following decisions on policy; rate setting – what percent of the calculated fee should be set, the average cost, should the fee be the same in all roadway services areas, should there be different fees for residential

and non-residential and when will the impact fees go into effect.

Mr. Whitacre provided some sample calculations to determine the maximum assessable fee per service unit in all service areas; staff recommended impact fees and comparisons for actual rates for Anna, Melissa, Princeton, Celina, McKinney and Prosper.

The staff recommendation is to charge $1,500 for roadway, $1,500 for water and $600 for wastewater for single-family detached housing for all Service Areas except Service Area 1 for a total impact fee of $3,600.

The City Council direction was to come back with something closer to Melissa ($5,266) and McKinney's ($5,257) rate or something in the middle.

Commissioner Manley asked if the staff recommended values were ever set up for single-family detached housing on a sliding scale based on square footage of the development or unit or has it always been a flat rate.

Mr. Whitacre explained, right now there is not a city in Texas that has an impact fee by square footage, there is one city that is looking at calculating square footage, what that city chose to do is charge a maximum fee, plus your smaller square footage and giving a reduction.

Rob Rae, Director of Development Services informed the committee that your concerns were brought up to the City Council yesterday that were shared at the last meeting. One of the comments from one of the Council Members was the traffic impact is the same whether they are an $800,000 house or a $100,000 house; the traffic impact is the same no matter what the value is.

Commissioner Downtain stated on the square footage, you might have more vehicles.

Mr. Whitacre explained, research has shown on single-family detached homes, there is another category for multi-family, apartments and duplexes, and sometimes when you have small cottage homes, we would suggest that those be calculated less than 1,200 square feet, more like a townhome, there is a townhome category that we could use. A single-family is more of a 1,500 to 2,000 square foot so they generate more than what State Law allows, because they have younger two working parents, a child that is in high school perhaps. From a technical standpoint, it makes sense what the Council stated the traffic is the same, but the City is not looking at doing this as an economic affordable housing policy. To my knowledge, no other city has adopted that based on square footage.

Commissioner Wood asked about the different service areas and cost. I thought Service Area 4 would be the most expensive, but it looks like it is Service Area 3.

Mr. Whitacre explained Service Area 4 has the most dollar projects, it has the most growth; it also has a few TXDOT projects. If you think about your cost per growth, the City is not paying one hundred percent on TXDOT projects; they are only paying a portion of that project so they are actually getting some benefit from that side; this actually helps to calculate the benefits in those Service Areas.

Commissioner Davis stated, "I guess I was wrong, because I figured in Service Area 3 there wasn't much happening so the few people that did get to incur a bigger cost. For example in Service Area 4, you have a 1,000 people incurring it instead of 100.

Mr. Whitacre explained Service Area 3 has some developable land, most of it is in the downtown area, but they are paying the average cost.

Chairman Mahone explained in Service Area 3, the downtown area is pretty much developed.

Mr. Whitacre explained if you look at the growth, Service Areas 1 and 2 are about the same, Service Area 3 has the lowest and Service Area 4 has the highest growth.

Mr. Rae explained the other thing that increased it is the U.S. Highway 75 project is split between Areas 2 and 3; that is a large project that is counted towards that calculation and when you have small growth in that same area you have that offset to cost.

Mr. Whitacre explained we are here today for comments to pass along to the City Council on the Impact Fee Study and on the Impact Fee Rate itself. The tables are a summation of the study.

Commissioner Manley stated, "this applies to new growth, right, green field sites, square footage that hasn't been developed previously, if someone tears down an old home in east Sherman and rebuilds it, this fee does not apply."

Mr. Whitacre responded, correct, or if someone tears down a home and builds two homes, they would pay for one home. If someone is renovating, it does not apply. This is for new development only; new traffic or new water usage generated.

Commissioner Manley stated, a perfect example would be there use to be a grocery store right across the street from Presco and now it is a fertilizer plant, they have different water needs than when it was a grocery store.

Mr. Whitacre explained the City Council has asked us to come back with an alternative recommendation.

Mr. Rae explained the City Council wants us to look at things higher. They thought the Staff recommendation was low.

Chairman Mahone explained where we end up or somewhere in between, that is totally up to the Council.

Mr. Whitacre explained we plan to brief the City Council on September 8, 2020 about the ordinance, so we would like to give them your comments before then. You could do as you did last time, give comments tonight or email Rob Rae directly and he will pass them to the City Council. The public hearing is September 21, 2020.

Chairman Mahone commented, I think it is important that we have these fees, I think it is important that new growth pays for new growth, that it is not put on all the existing taxpayers, but at the same time I think it is also important we stay competitive and still keep attracting new growth for that reason I would like to see it closer to what the Staff has recommended rather than the maximum side. We do have a review process where we can raise it later if we want to. I do not see a problem starting low and see what the market will bear and adjust as needed.

Commissioner Davis commented, "Sherman was running at 96 capacity for places to live about four years ago, if we are full up and people are trying to get here, you do not give them a deal, you charge them, but if we are at fifty percent and have empty houses everywhere, we need to cut some fees. I think we would need to look at you can charge fees if you have a desirable place to live; Sherman is because we do not have many vacancies. I do not want to run people off."

Chairman Mahone explained the reason we do not have many vacancies is that people are building. We want to continue to attract new buildings and new developments.

Commissioner Wood agreed, I like the conservative side a little more, just to maintain that attraction if they are teetering on the side to bring the growth to Anna rather than Denison or us and we can always adjust it later.

Mr. Whitacre explained if this is adopted September 21, 2020, we are required by law to review every six months to see what is going on, there is no action required every six months, but you get a chance to review.

Commissioner Davis asked Mr. Whitacre how often he saw the fees change.

Mr. Whitacre explained they are required by law to do a study every five years; that is often the time we see fee changes; many cities do not have fee changes. McKinney was one of the cities that has done what you suggested, starting low and move up. It is more common to adjust fees every five years.

Commissioner Davis asked if tax abatements become a negotiating thing with the City to get someone here; is that normal or is it set in stone.

Mr. Whitacre explained impact fees are a common discussion when negotiating.

Mr. Rae explained a discussion that happened last night was we will always require the impact fee, no matter what, but we cannot control Council or City Management from making other arrangements outside the impact fee. Our department and the water department will still collect the fees no matter what.

Mr. Whitacre explained sometimes they agree to get a credit towards their impact fee when infrastructure is built through an economic development agreement.

Commissioner Downtain asked to allow more time for their formal comments like we did last time; I would like more time to review.

Chairman Mahone explained like last time, the comments could be forwarded to Rob Rae or Patsy before the meeting on September 4th.

Commissioner Baca commented, I feel very strongly about having some type of sliding fee on the houses because I think that charging the same amount on a 1,200 square foot house and a 5,000 square foot house is a larger burden with the person on the small house, maybe other cities don't do it but they are paying a much larger percentage on a smaller house. I would like to see Council going that direction figuring out what that fee may look like.

Commissioner Davis commented, if I have a sixty-foot wide lot whether I build a 10,000 square foot house or a 1,000 square foot house, I have sixty foot of road in front of this house that needs built.

Commissioner Baca responded, that is true, but also someone with a 100,000 square foot house pays far less in City taxes than someone with a larger house; that is just how the taxes work.

Commissioner Manley commented, if I am a developer building a $225,000 house, $5,000, $6,000 impact fee cuts into my profit margin.

Commissioner Davis commented, every house is going to have it, so it is what it is. Nobody is going to under bid you because everybody has that fee.

Commissioner Manley commented, it is an incentive if they build it at all.

Chairman Mahone explained to be clear we do not all have to agree on the fee.

Mr. Whitacre agreed, the requirement is for comments from this group to the City Council.

Chairman Mahone thought they have all made very good points; they are all going to be on the record, you do not necessarily have to agree with those points, but at least the City Council will review those.

Commissioner Manley commented, focusing on single-family homes, I believe there ought to either be a sliding scale or a step function of some kind based on the square footage of the home or home value, so you don't run into a situation where you have a lower cost home that is paying a fee that makes it questionable if it is really a profitable project anymore. However, if someone is building a $750,000 house, the City can afford to recoup more funds out of that. I have no issue with fees on the higher end for industrial development, multi-family development, even for commercial strip centers erring on the higher end because we do have a lot of downtown available space for commercial development that it would be nice to incentive people to use opposed to building new.

Chairman Mahone agreed with David and Paul's comments based on a sliding scale for single family.

Commissioner Davis commented, we need to go up in fees.

Commissioner Downtain commented, and then reduce those on maybe the smaller square footage.

Commissioner Davis commented; go buy a house on the east side. I live in an older neighborhood that the streets are above the curb, my tax dollars are going to be spread to the new building or maybe I get to save some and bust my road down and make me a good road again; I am still paying taxes on it. What was the breakdown for an apartment building; it was ridiculously low?

Mr. Whitacre responded, $2,400. One thing to know it is not all apartment buildings; you have four-inch meters or different size meters.

Commissioner Davis stated it is on the high side, it is $2,400, and a four-inch meter drops it to unique amounts. Therefore, a person living in a three-bedroom apartment, he is just paying rent, the person that owns it pays the fee, but it reduces its significantly.

Commissioner Downtain did not understand the road number, if there are 148 dwelling units in apartments, is that not equivalent to 148 single-family dwellings.

Mr. Whitacre explained apartments have different work hours, the typical house generates ten trips a day, the typical apartment unit generates six trips a day, it would make sense the apartment would be sixty percent of what a single family would be; it captures the trip characteristics of an apartment and generates less trips. The trip generation comes from a national standard.

Commissioner Downtain stated maybe in more urban settings.

Commissioner Davis explained you do not have to run to the gas station to get gas for your mower or a box of nails because you are fixing a door.

Chairman Mahone asked if there were any other comments or a motion.

Mr. Rae explained they could make the same motion that was made the last time to provide the comments that were made in this meeting through the minutes and forward any other comments by August 31st to Rob Rae.

Commissioner Wood commented, I like the idea of being more conservative with single-family dwellings, but I would not mind seeing some more aggressive fees on revenue generating growth.

Mr. Rae explained the City Council meeting is September 8th, I believe the packet goes out on September 3rd so we may want to send an email out to get comments back from you by August 31st.

ACTION TAKEN.
Motion by Commission Member Wood to use the official minutes of this meeting as our comments to the City Council and anyone that has further comments may submit them by August 31, 2020 to the Development Services Department. Second by Commission Member Davis.

VOTING AYE: DAVIS, MAHONE, DOWNTAIN, MANLEY, SIMS, BACA, WOOD AND WHITAKER.
VOTING NAY: NONE
MOTION CARRIED

ANNOUNCEMENTS

ANNOUNCEMENTS

Rob Rae explained this would be the last CIAC meeting until it is adopted. After it is adopted, we will meet six months after that.

ADJOURNMENT
On Motion duly made and carried, the meeting adjourned at *4:47* p.m.

ADJOURNMENT

CHAIRMAN

SECRETARY