



SEMI-ANNUAL REPORT (APRIL 2023)

CITY OF MIDLAND, TEXAS DEVELOPMENT IMPACT FEES

**Progress of Capital Improvement Plan for
Roadway and Utility Impact Fees**

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REPORT PURPOSE AND OVERVIEW

The City of Midland enacted Development Impact Fees per Ordinance No. 9960 in August of 2019. These impact fees became effective on October 1, 2019. A Capital Improvement Advisory Committee of the City of Midland was formed during that process and continues to meet to discuss and make recommendations related to the City's Impact Fee program.

The role of the advisory committee, per Sec. 395.058 of the Texas Local Government Code, is to do the following:

- | Advise and assist the political subdivision in adopting land use assumptions;
- | Review the capital improvements plan and file written comments;
- | Monitor and evaluate implementation of the capital improvements plan;
- | File semiannual reports with respect to the progress of the capital improvements plan and report to the political subdivision any perceived inequities in implementing the plan or imposing the impact fee; and
- | Advise the political subdivision of the need to update or revise the land use assumptions, capital improvements plan, and impact fee.

The first two of these roles were completed during the study and enactment phase. The final three roles are ongoing and contained within this document. This report serves to inform the CIAC and the political subdivision of the above required information.

Current members of the CIAC of the City of Midland are:

- | Jose Ortiz (City Staff);
- | Charles "Chuck" Harrington (City Staff);
- | Carl Craigo (City Staff);
- | Mark Payne (Developer/Home Builder);
- | Walter Pate (Architect);
- | Brian Sales (Realtor); and
- | Bill Scott (Commercial Realtor).

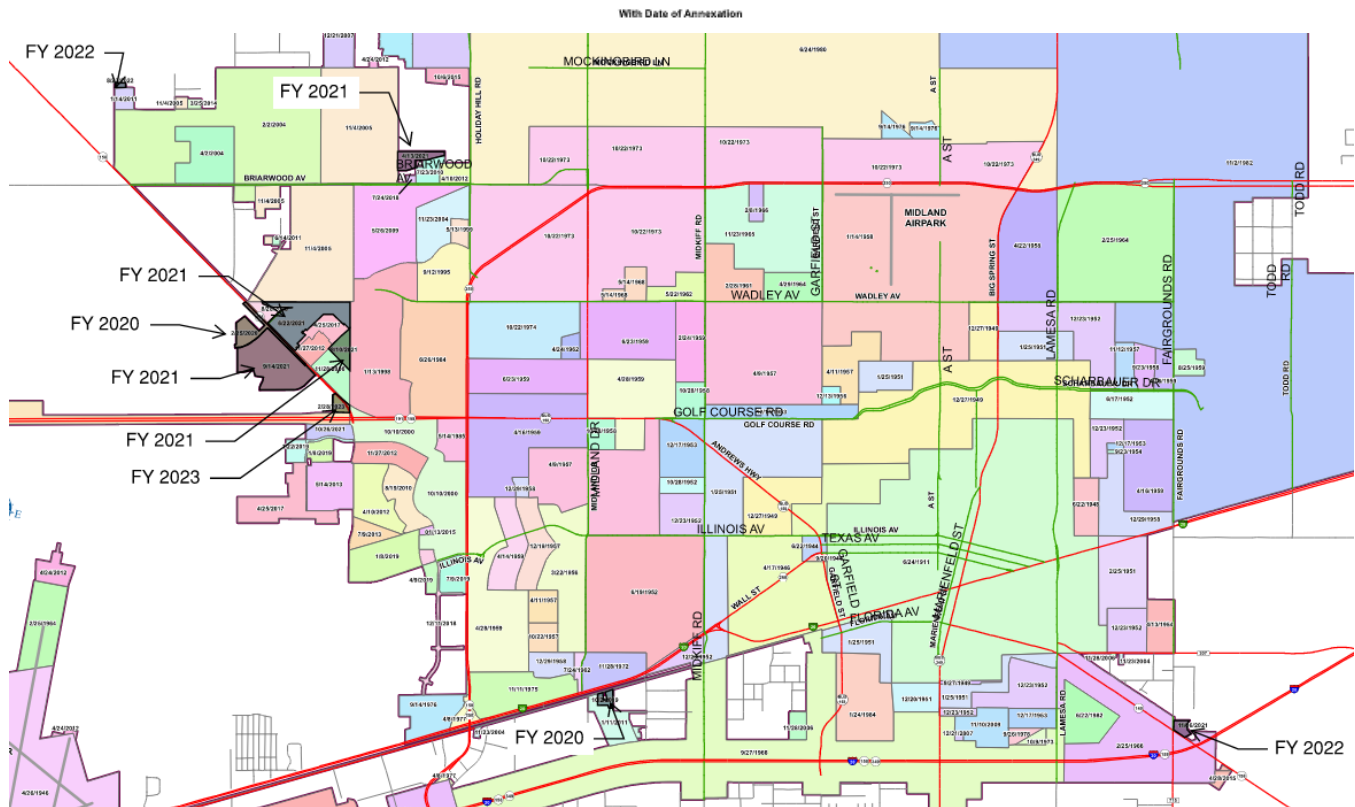
The City's impact fee program has now been active for 3.5 years. For developments that received final plat approval before the effective date, impact fees were not collected for two years on residential permits and for one year on commercial permits. Other projects received a final plat after the effective date and have been assessed fees at final plat and collected at the time of building permit as appropriate. Credits are available for residential housing equal to 25% of the applicable fee for 5 years from the effective date. Other credits are available to developers that install major water, wastewater, and roadway infrastructure that can be applicable across entire preliminary plats.

The City of Midland contains one service area (entire city) for both water and wastewater but contains 5 service areas for roadway impact fees. Collected fees must be spent within the service area in which they are collected, so each is tracked separately within this report.

DEVELOPMENT STATISTICS AND CHANGES

Fiscal Years runs from October 1st to September 30th. Since the beginning of the Development Impact Fees in Midland, nine (9) annexations have taken place, with one of those in the current fiscal year. (See Exhibit Below)

ANNEXATIONS



The number of plats by fiscal year, and the number of residential lots and other lots created in the City during that time are shown in the table below.

Fiscal Year	# of Approved Final Plat	# of Residential Lots	# of Non-Residential Lots (Includes MF)
FY 2020	59	1022	71
FY2021	41	511	29
FY2022	45	586	54
FY2023 (1 st Half)	17	139	14

FEES COLLECTED AND REMAINING

The following is a table of fee revenue and credits since the beginning of collections.

Impact Fee Revenue

	FY2020	FY2021	FY2022	FY2023 (2Q)	Total Combined
Roadway					
Service Area A	\$ -	\$215,917.44	\$1,029,133.96	\$264,243.65	\$1,509,295.05
Service Area B	\$21,131.08	\$453,081.83	\$663,398.74	\$113,604.89	\$1,251,216.54
Service Area C	\$212,012.83	\$416,463.01	\$280,065.06	\$220,194.96	\$1,128,735.86
Service Area D	\$106,517.24	\$596,058.24	\$422,983.29	\$84,638.01	\$1,210,196.78
Water	\$177,861.20	\$582,266.55	\$590,542.82	\$337,574.96	\$1,688,245.53
Wastewater	\$ -	\$507,161.37	\$465,736.48	\$198,336.27	\$1,171,234.12
Total Revenue to Date	\$517,522.35	\$2,770,948.44	\$3,451,860.35	\$1,218,592.74	\$7,958,923.88

Impact Fee Credits

	FY2020	FY2021	FY2022	FY2023 (2Q)	Total Combined
Roadway					
Service Area A	\$ -	\$ -	\$ -	\$ -	\$ -
Service Area B	\$2,059,761.23	\$ -	\$ -	\$ -	\$2,059,761.23
Service Area C	\$ -	\$ -	\$ -	\$ -	\$ -
Service Area D	\$ -	\$ -	\$ -	\$ -	\$ -
Water	\$927,450.00	\$ -	\$ -	\$ -	\$927,450.00
Wastewater	\$ -	\$ -	\$ -	\$ -	\$ -
Total Credits Given	\$2,987,211.23	\$ -	\$ -	\$ -	\$2,987,211.23

Impact Fees Spent/Encumbered

	FY2020	FY2021	FY2022	FY2023 (2Q)	Total Combined
Roadway					
Service Area A	\$ -	\$ -	\$ -	\$ -	\$ -
Service Area B	\$ -	\$ -	\$ -	\$ -	\$ -
Service Area C	\$ -	\$ -	\$ -	\$ -	\$ -
Service Area D	\$ -	\$ -	\$ -	\$ -	\$ -
Water	\$ -	\$ -	\$ -	\$ -	\$ -
Wastewater	\$ -	\$1,422,778.00	\$ -	\$ -	\$1,422,778.00
Total Spent/Encumbered	\$ -	\$1,422,778.00	\$ -	\$ -	\$1,422,788.00

The roadway and water credits in FY2020 are related to the Lone Star Trails Additions and the extension of water and pavement along Mockingbird and Fairgrounds Road to serve that area. The wastewater amounts spent/encumbered are related to the Wadley Sewer Extension. Midland's Department of Utilities paid for this project and that fund is being reimbursed by Impact Fees that get collected. Therefore, these fees are encumbered as shown.

Total Impact Fees Available to Spend are as follows:

Roadway:	
Service Area A	\$1,507,029.68
Service Area B	\$1,242,518.14
Service Area C	\$1,123,532.57
Service Area D	\$1,204,581.03
Water	\$1,674,517.97
Wastewater	\$(394,117.13)
Total	\$6,358,062.26

PROJECTS COMPLETED AND UPCOMING

Over the last three years, since the capital improvement plans were developed, several projects have been completed, sometimes by the use of impact fee funds, but often by developers, TxDOT, or other entities. In addition, several projects are currently under construction or currently in the design process. Below is a list of projects that fit these categories and possible projects to be undertaken.

Roadway Projects

Completed:

- Big Spring Street Widening & Medians (Mockingbird to SH349) – TxDOT & City Funds
- Midkiff/Loop250 Intersection Improvements – TxDOT Funds
- Lamesa/Stonebridge/Loop 250 Intersection Improvements – Developer Funds
- Cholla Road – County Funds
- Thomason/Illinois Roundabout – City Funds

Under Construction:

- Cuthbert/Garfield Roundabout – City Funds
- Wadley Extension (West to SH 158) – City Funds
- Fairgrounds (Loop 250 to Mockingbird) – City Funds
- Big Spring Improvements – TxDOT Funds

In Design:

- Wadley Widening ('A' St to 'I' St) – City & ARPA Funds
- Briarwood Widening – City Funds

Possible Impact Fee Projects:

- Service Area A – Briarwood Avenue (SH158 to Avalon)
- Service Area B – Todd Drive (Loop 250 to Mockingbird)
- Service Area C – Backage Road (Midkiff to Garfield)
- Service Area D – Todd Drive (BI-20 to Golf Course Road) & GCR (Todd to Scharbauer Drive)

Water Projects

Completed:

- Wadley Extension to SH158 – Developer Funds
- Cholla Road (TFE)
- Fairgrounds (Mockingbird to S. of Oxy Prkwy) – Developer Funds
- NE Elevated Storage Tank – City Funds
- Transmission Line to NE Tank – City Funds
- N. Fairgrounds
- Todd Drive Loop to BI-20 – Developer Funds
- New Pump Station for Emergency Water at Treatment Plant

Under Construction:

N/A

In Design:

N/A

Possible Impact Fee Projects:

- Water Lines w/ Projects B and D from Roadways

Wastewater Projects

Completed:

- | Wadley Extension to SH158 – City Funds & Impact Fee Funds
- | N. Big Spring (Shenandoah Ranch area) – Developer Funds

Under Construction:

- | Todd Road NE Sewer Line – City Funds & Impact Fee Funds
- | Briarwood Extension (West to SH 158)

In Design:

- | N/A

Possible Impact Fee Projects:

- | Sewer Lines w/ Project A from Roadways

Projects Recommended for Use of Impact Fees

During the last two committee meetings, staff presented upcoming projects that would be ideal for the use of the available Impact Fee Revenue. These projects are all on the original CIP lists and have the benefit of helping to open up land for future growth. Those projects are as follows:

Roadway Service Area A:

- | Briarwood Ave (Widening from Avalon to SH158) – Projects A15, A16, A17, & A18

Roadway Service Area B:

- | Todd Drive (New Location from Loop 250 to Mockingbird) – Project B20

Roadway Service Area C:

- | Backage Road for I-20 at Harris/Otis (New Location from Garfield to Midkiff) – Projects C4, C5, & C6

Roadway Service Area D:

- | Golf Course Road & Todd Drive (Widening from Scharbauer to BI-20) – Projects D5 & D15

Water CIP:

- | Thomason/Avalon – Projects C32 & C33

Wastewater CIP:

- | Thomason – Project C33

PERCEIVED INEQUITIES

The committee has discussed for several meetings the perceived inequity for Non-Profit Organizations, and what, if any, recommendation should be made for these entities, relative to the impact fees. Discussion has centered around a few ideas as follows:

- | Desire not to incentivize abuse of non-profit status simply to avoid impact fees.
- | Non-profit expansions that are generating traffic (trips) and use of water/sewer are contributing to the growth of these systems and should be subject to the same fees.
- | Ability of staff to analyze more specific traffic data for detailed uses expected by non-profits will eliminate overly burdensome impact fees from the more general table in the ordinance.

Therefore, no changes have been recommended for impact fees relative to non-profits.

As it relates to inflation and perceived inequity for housing, the committee has contemplated the existing reduction in fees for single family, duplex, and townhome permits as well as looking at what other cities have done relative to CDBG areas getting additional reductions. Recommendations for these elements will be made in advance of the 5-year update to the plan.

RECOMMENDED CHANGES

The CIAC has the ability and responsibility to make recommendations to the Midland City Council for any changes to the Impact Fee program that they feel are necessary. Those changes can be categorized into the following areas.

Land Use Assumptions

The original Land Use Assumptions were developed as part of the impact fee study in 2019. No significant modifications to the land use plans for the City of Midland have been made, and therefore, no changes to the impact fee land use assumptions are necessary at this time. Annexations that occur do add additional areas to the land use map, but none of those annexations require a change to the existing assumptions.

Capital Improvement Plan/Maps

The original capital improvement plans were developed as part of the impact fee study in 2019. Each project was identified, and costs were calculated as part of the study. As projects are completed (see previous section) or as projects get modified or added to the capital improvement plans, the CIAC can recommend new maps or project lists to comply with these changes. New projects could come from newly annexed areas or newly identified priorities. No significant modifications have been made to the maps previously, but several projects have been identified to be added as noted on the exhibits. It may be time to recommend new CIPs for the Council's approval.

Capital Improvement Plan Maps with noted changes are shown as Exhibit 'A'.

Base Fees

The original base impact fee rates were developed and approved as part of the impact fee study in 2019. These costs are based on service units also identified in the study and ordinance. The CIAC can recommend changes to these base fees. At this time, no changes are recommended to be considered, but the City is exploring clarifications and changes that could affect these fees in the future.

Priority Projects

Additionally, during the original impact fee study, the CIAC made some recommendations to the City Council about which projects in the CIP should be considered the highest priority to assist with opening additional development areas. The CIAC has the ability to make recommendations to modify what projects are considered "priority." No changes are anticipated at this time.

OTHER INFORMATION

The City of Midland was the first city in West Texas to implement development impact fees, but two other cities have recently followed suit.

The City of Lubbock adopted an impact fee ordinance in October of 2020. That ordinance assessed fees for water, wastewater, and roadways, but only allowed for collection of fees for roadway impacts. Beyond the standard 50% general credit/reduction of fees, the City of Lubbock granted another 50% reduction. The roadway impact fees are collected at a rate of 25% of the cost of the 10-year plan. Water and wastewater fees are not being collected at this time, but the study has been completed and approved, so the Council could revisit those fees later. The effective date of Lubbock's Impact Fee Ordinance was June 1, 2021.

The City of Odessa also adopted an impact fee ordinance in August of 2021. That ordinance assessed fees for water, wastewater, and roadways. For the water and wastewater fees, beyond the standard 50% general credit/reduction of fees, the City of Odessa granted another 50% reduction to single-family, duplex, and townhouse land uses and an additional 50% reduction (75% of the commercial rate) to CDBG projects. The City of Odessa approved roadway impact fees that were significantly less than the allowable rates, but still with non-residential uses with the highest fees, residential uses slightly lower, and CDBG projects the lowest. The effective date of Odessa's Impact Fee Ordinance was September 10, 2021.

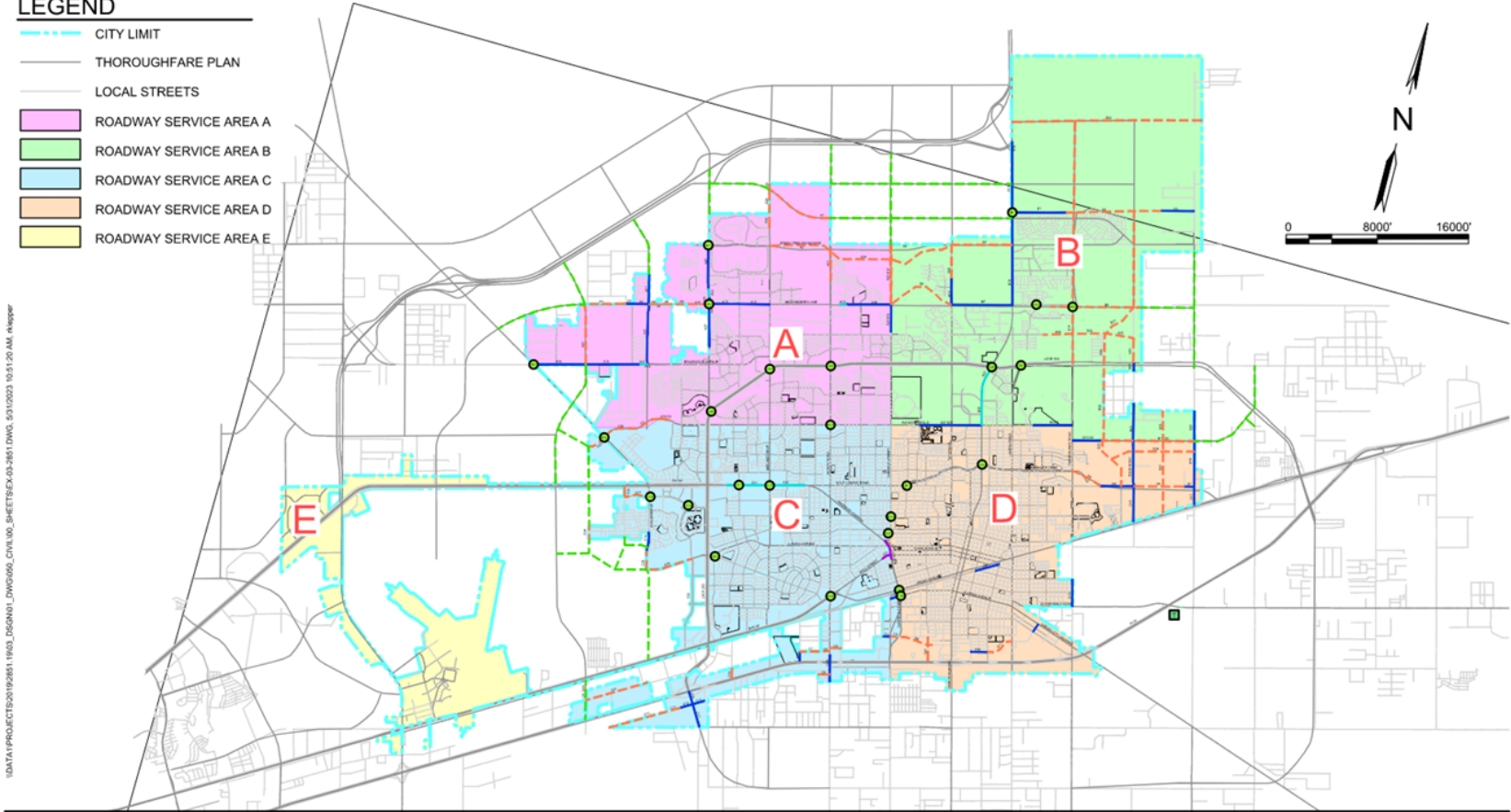
EXHIBIT A: CAPITAL IMPROVEMENT PLAN MAPS

ROADWAY CIP MAPS

LEGEND

- CITY LIMIT
- THOROUGHFARE PLAN
- LOCAL STREETS
- ROADWAY SERVICE AREA A
- ROADWAY SERVICE AREA B
- ROADWAY SERVICE AREA C
- ROADWAY SERVICE AREA D
- ROADWAY SERVICE AREA E

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Impact Fee
Capital Improvement Plan
City of Midland



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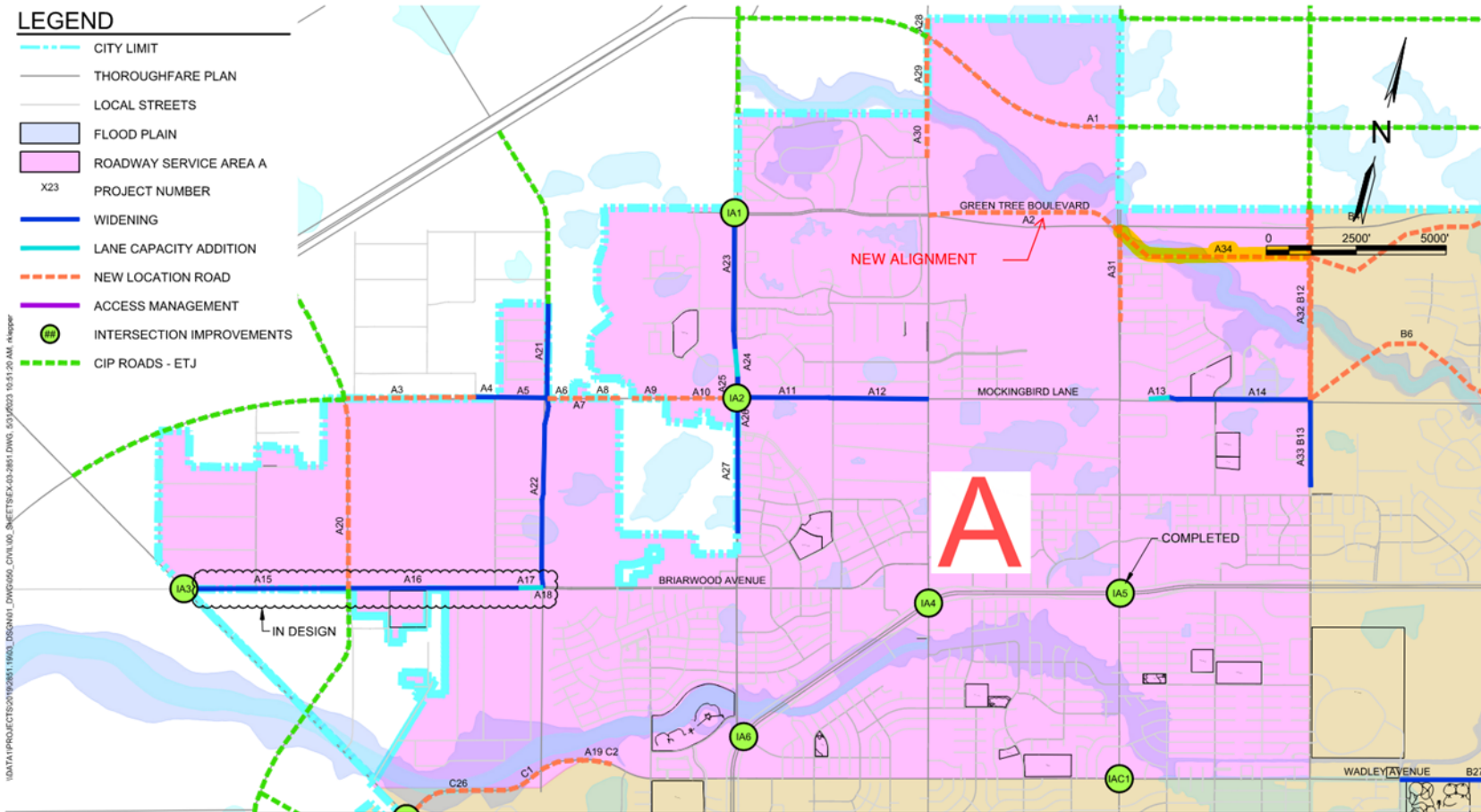
2023 CIP
Roadway Service Areas
Issue: 1.0
Date: 04/25/2023
Project No: 2851.19
Sheet: 1.0

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LEGEND

- CITY LIMIT
- THOROUGHFARE PLAN
- LOCAL STREETS
- FLOOD PLAIN
- ROADWAY SERVICE AREA A
- X23 PROJECT NUMBER
- WIDENING
- LANE CAPACITY ADDITION
- NEW LOCATION ROAD
- ACCESS MANAGEMENT
- INTERSECTION IMPROVEMENTS
- CIP ROADS - ETJ

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**Impact Fee
Capital Improvement Plan**
City of Midland



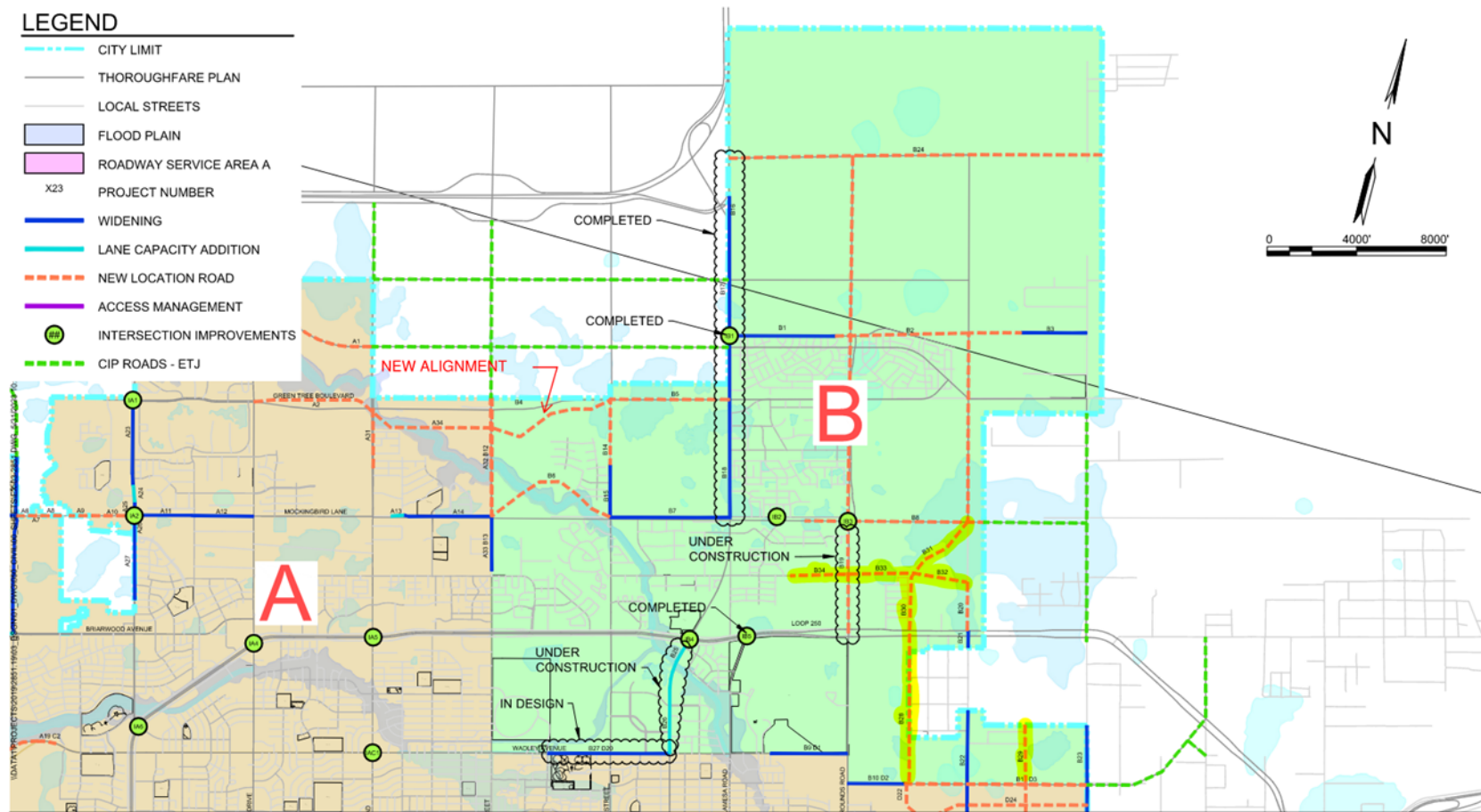
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**2023 CIP
Service Area "A"**
Issue: 1.0
Date: 04/25/2023
Project No: 2851.19
Sheet: 1.0

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LEGEND

- CITY LIMIT
- THOROUGHFARE PLAN
- LOCAL STREETS
- FLOOD PLAIN
- ROADWAY SERVICE AREA A
- X23 PROJECT NUMBER
- WIDENING
- LANE CAPACITY ADDITION
- NEW LOCATION ROAD
- ACCESS MANAGEMENT
- INTERSECTION IMPROVEMENTS
- CIP ROADS - ETJ



Impact Fee
Capital Improvement Plan
City of Midland



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2023 CIP
Service Area "B"

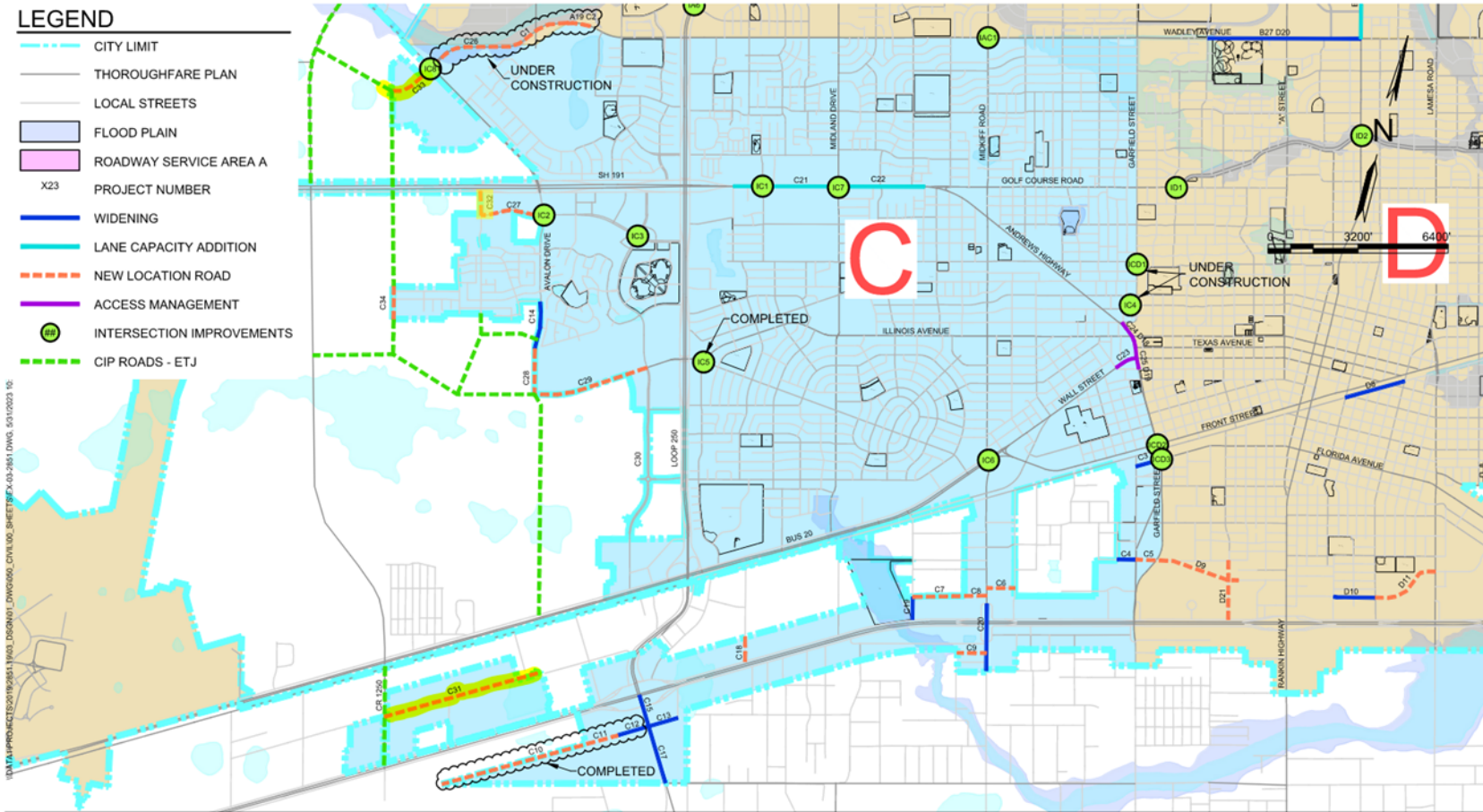
Issue: 1.0
Date: 04/25/2023
Project No: 2851.19
Sheet: 1.0

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LEGEND

- CITY LIMIT
- THOROUGHFARE PLAN
- LOCAL STREETS
- FLOOD PLAIN
- ROADWAY SERVICE AREA A
- X23 PROJECT NUMBER
- WIDENING
- LANE CAPACITY ADDITION
- NEW LOCATION ROAD
- ACCESS MANAGEMENT
- INTERSECTION IMPROVEMENTS
- CIP ROADS - ETJ

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**Impact Fee
Capital Improvement Plan**
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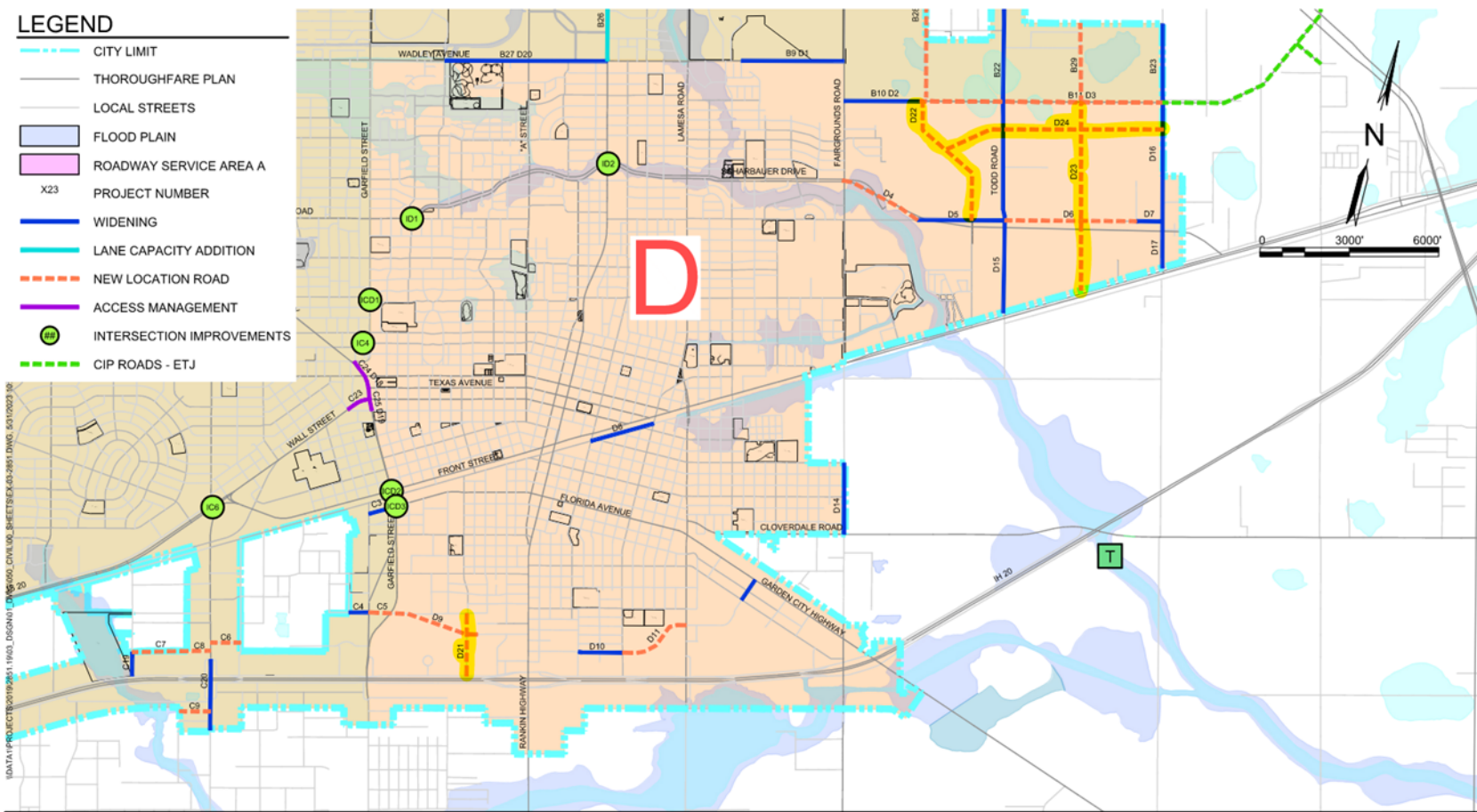
**2023 CIP
Service Area "C"**

Issue:	1.0
Date:	04/25/2023
Project No:	2851.19
Sheet:	1.0

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LEGEND

- CITY LIMIT
- THOROUGHFARE PLAN
- LOCAL STREETS
- FLOOD PLAIN
- ROADWAY SERVICE AREA A
- X23 PROJECT NUMBER
- WIDENING
- LANE CAPACITY ADDITION
- NEW LOCATION ROAD
- ACCESS MANAGEMENT
- INTERSECTION IMPROVEMENTS
- CIP ROADS - ETJ



Impact Fee
Capital Improvement Plan
City of Midland



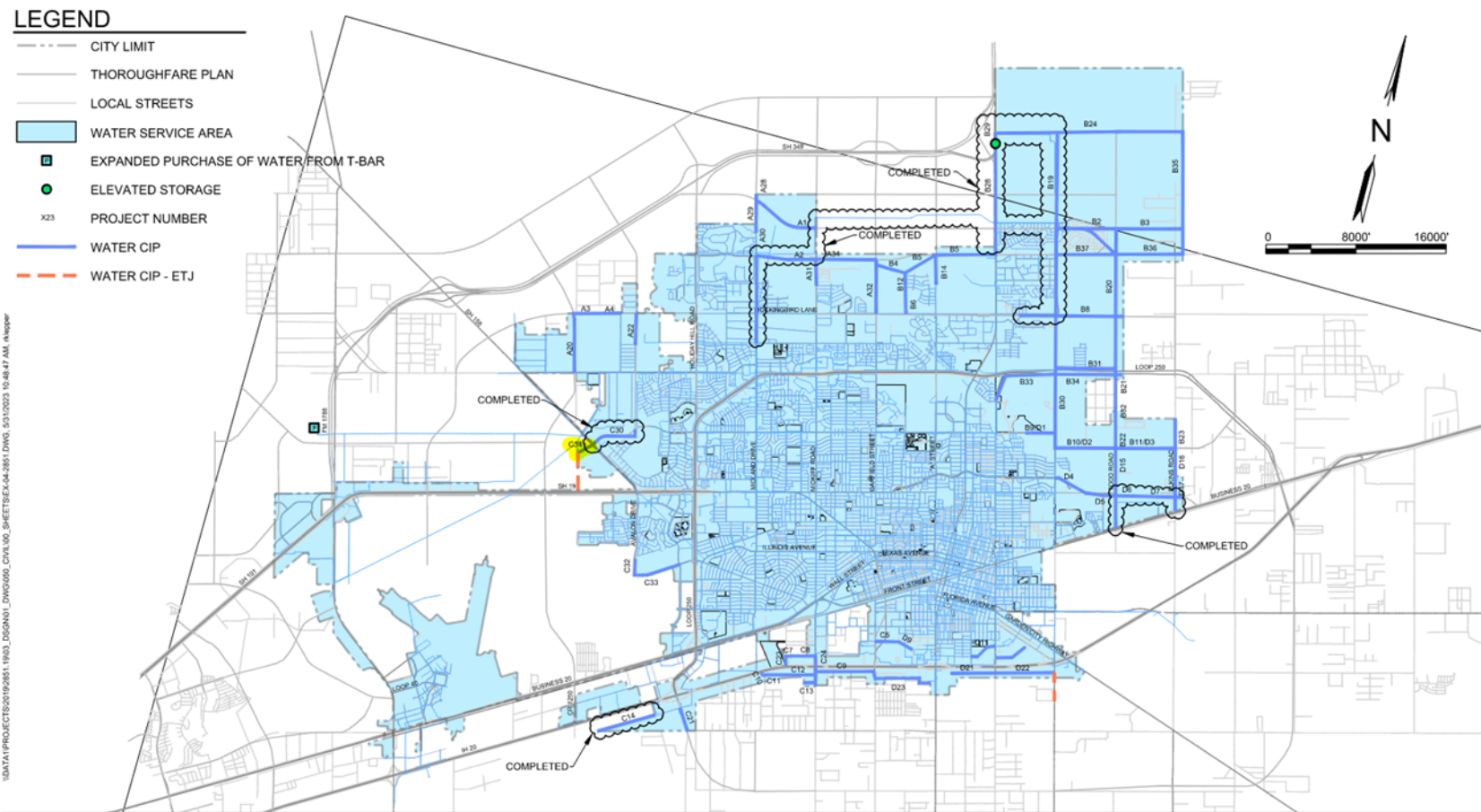
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2023 CIP
Service Area "D"

Issue: 1.0
Date: 04/25/2023
Project No: 2851.19
Sheet: 1.0

WATER CIP MAP

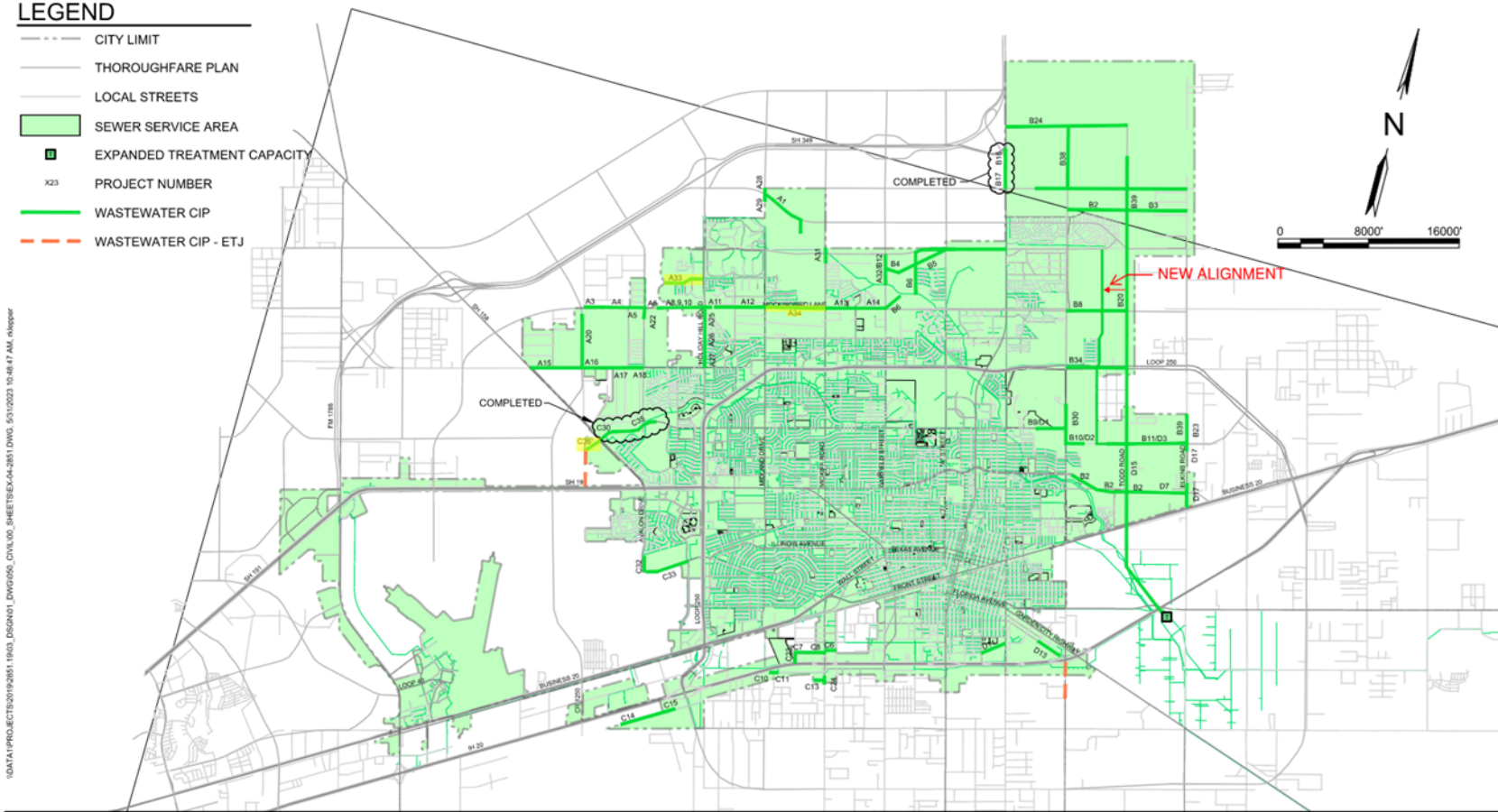


WASTEWATER CIP MAP

LEGEND

- CITY LIMIT
- THOROUGHFARE PLAN
- LOCAL STREETS
- SEWER SERVICE AREA
- EXPANDED TREATMENT CAPACITY
- X23 PROJECT NUMBER
- WASTEWATER CIP
- WASTEWATER CIP - ETJ

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Impact Fee
Capital Improvement Plan
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2023 CIP
Sewer Improvements

Issue: 1.0
Date: 04/25/2023
Project No: 2851.19
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