

**WATER DISTRICT REVIEW SHEET**

**CASE:** C12M-2017-0002, C12M-2017-0003, C12M-2017-0004, and C12M-2017-0005 Southeast Travis County Municipal Utility District Nos. 1-4

**PLANNING COMMISSION DATE:** May 23, 2017

**PROPOSED CHANGES:** Southeast Travis County Municipal Utility District Nos. 1-4 (MUDs) each submitted an application to amend the Consent Agreement between the City and the MUDs. The request is to amend the provisions of the Agreements relating to (1) affordable housing; (2) MUD bonding capacity; and (3) temporary use of pump and haul operations for untreated wastewater.

**APPLICANT/OWNER:** Southeast Travis County Municipal Utility District Nos. 1-4/Qualico CR, LP (Vera Massaro)

**AGENT:** Armbrust & Brown, PLLC (Amanda Morrow)

**LOCATION OF MUDs:** The Southeast Travis County MUD Nos. 1-4 are located in the City of Austin's limited purpose jurisdiction in southeastern Travis County (Council District 2).

**DESIRED DEVELOPMENT ZONE:** Yes

**WATERSHED:** Dry Creek

**ZONING:** PUD

**BACKGROUND:** In 2012, the City of Austin consented to the creation of the Southeast Travis County Municipal Utility District Nos. 1-4 (MUDs) (see the attached map). These MUDs are located in the City of Austin's limited purpose jurisdiction in southeastern Travis County (in District 2). The Consent Agreements incorporated terms and conditions regarding future development within the MUDs.

On April 13, 2017, Southeast Travis County Municipal Utility District Nos. 1-4 each submitted an application to amend the Consent Agreements between the City and the MUDs. The request is to amend the provisions of the Agreements relating to (1) affordable housing; (2) MUD bonding capacity; and (3) temporary use of pump and haul operations for untreated wastewater.

**Affordable Housing Request**

The developer's commitment to support the City's affordable housing goals was originally detailed in the Consent Agreement. City Council also approved PUD zoning for the area that included affordable housing provisions. In order for the language to be exactly the same, the Consent Agreement language will be replaced by the language used in the approved PUD ordinance. There is no substantial difference between the two versions.

**MUD Bonds Request**

The Southeast Travis County Municipal Utility District Nos. 1-4 (MUDs) have not yet issued bonds. MUD voters approved the issuance of bonds for system facilities, park and recreational facilities, and roads in

the amounts detailed in the following table. In accordance with the terms of the Consent Agreements, each MUD agreed that (1) the total principal amount of new money bonds would not exceed a specified amount without City Council approval; and (2) the MUD would sell the last issue of bonds on or before a specific date with each bond issuance amortized over a period that does not exceed 25 years from the date of issuance. The MUDs are requesting an amendment to the Consent Agreement to increase the bonding capacity (a cap on the total authorized amount) for each MUD and to extend the date to sell bonds. It should be noted that the increase in bonding capacity does not mean that all bond issuances are automatically approved by City Council. Each bond issuance will be reviewed by City staff, including financial staff, resulting in a separate City staff recommendation for City Council consideration.

	<u><b>MUD 1</b></u>	<u><b>MUD 2</b></u>	<u><b>MUD 3</b></u>	<u><b>MUD 4</b></u>
<b>Consent Agreement</b>	\$23,413,310 12/30/2023	\$36,525,278 12/30/2027	\$36,544,552 12/30/2029	\$39,141,209 12/30/2029
<b>Requested / Voter Approved</b>	\$31,106,650 12/30/2033	\$46,522,294 12/30/2037	\$60,745,544 12/30/2044	\$69,131,295 12/30/2044
<b>Difference</b>	\$7,693,340 10 years	\$9,997,016 10 years	\$24,200,992 15 years	\$29,990,086 15 years

#### **Temporary Pump and Haul Request**

MUD 1 is requesting an amendment to the Consent Agreement to allow temporary pump and haul operations for untreated wastewater for a specified 14 month period of time. Pump and haul services consist of using a pumper truck and pumping out untreated wastewater from a manhole or lift station, and transporting the wastewater for disposal and treatment to an existing City wastewater treatment plant. City Council Resolution No. 20080214-055 prohibits the use of pump and haul for untreated wastewater except in certain circumstances (i.e. operation and maintenance issues) of which do not apply in this situation. Pump and haul service is being requested because of delays related to the developer's design and construction of a new City wastewater treatment plant. The design of the wastewater treatment plant has been approved by the City. The wastewater treatment plant has been bid and will commence construction within the next 90 days. Internal water and wastewater infrastructure within the subdivisions is being constructed. Contracts for the lots in Section 1 through 5 of MUD 1 have been executed. Builders wish to start the construction and selling homes.

There is no request for pump and haul services for MUD Nos. 2- 4 because the City's new wastewater treatment plant serving these MUDs will be in operation by the time site development permits will be issued.

**SUMMARY STAFF RECOMMENDATION:** Staff recommends approval of the request as follows:

**(1) Affordable Housing: Staff agrees with this request and recommends approval of an amendment to the Consent Agreement that ensures that the affordable housing terms match those approved with PUD zoning.**

**(2) MUD Bonds: City staff recommends approval of the proposed MUD bond changes.** Bonding for the construction of streets were inadvertently not included in the original requests for bonding capacity. The inclusion of bonding for the construction of streets is standard (for example, the Pilot Knob MUDs have included the construction of streets in its calculation of bonding capacity. The cost estimates for streets between the Pilot Knob MUDs and the Southeast Travis County MUDs are similar.) Now that the MUD has obtained actual landscape architect cost estimates, the amount of bond funding capacity for parks is insufficient and needs to be increased. Additionally, the cost of wastewater infrastructure was underestimated for MUD Nos. 3-4. The projected ad valorem rate will remain the same with the increase of bonding capacity. The additional length of time prior to the last issuance of bonds seems reasonable to account for delays for the PUD and permitting processes, and allowance for potential changes in the market for new homes.

**(3) Temporary Pump and Haul: City staff recommends the use of temporary pump and haul services as prescribed.** The Developer has agreed to assume all financial and other liability for the use of pump and haul services. The Developer will also post fiscal security in an amount and form acceptable to the City. The Developer has agreed that after the expiration of the pump and haul period or when 100 lots have received water service (whichever is first), the City will not release certificates of occupancy or issue any new water meters for any structures or homes within MUD 1 until such time that the wastewater treatment plant has been conditionally accepted by the City. The City will not approve construction plans or site plan within Sections 6 through 9 until such time as the wastewater treatment plant is conditionally accepted by the City. Thereafter, the Developer can continue to plat as determined by the Developer. The estimated time period to complete construction of the wastewater treatment plant is reasonable.

**ATTACHMENTS:**

Exhibit A – Southeast Travis County MUD Nos. 1-4 Location Map

**CONSENT AGREEMENT AMENDMENT PROCESS:** An amendment to a consent agreement requires approval by the MUD's board and the City Council. The City Code requires, within 60 days of the written request and completion of an application, consent agreement amendments to be reviewed by City staff and boards and commissions, and sent to City Council for consideration. City Council must take action no later than the date of the second regular Thursday meeting of the City Council that is to be held after the date that City Council receives the recommendations. The application for the proposed amendment was submitted on April 13, 2017, and therefore, the due date for completing City staff and board and commission recommendations is June 12, 2017.

**WATER & WASTEWATER COMMISSION RECOMMENDATION:** On May 10, 2017 the WWW Commission recommended approval of a wording change regarding Affordable Housing, and to not recommend approval of any other contract changes on Commissioner Maia's motion with Commissioner Lee's second on a 6-1 vote. Chair Moriarty voting against and Commissioners Blanding and Parton abstained. Commissioners Kellough and Michel were absent.

**CITY COUNCIL DATE:** June 8, 2017







**ACTION:**

**CASE MANAGER:** Virginia Collier  
[Virginia.collier@austintexas.gov](mailto:Virginia.collier@austintexas.gov)

**PHONE:** (512)974-2022



## Southeast Travis County MUDs 1-4

-  Southeast Travis County MUDS 1-4
-  Counties
-  Austin Full Purpose
-  Austin Limited Purpose
-  Austin ETJ
-  Austin ETJ - Annex. and Devel. Agmt



0 0.25 0.5 1 Miles

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City of Austin PAZ  
May 2017