



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Department of Development Services

CM: David Gaines

DATE: June 28, 2022

SUBJECT

Consider approval of a resolution of the City Council of the City of Denton, Texas consenting to the creation of Legends Ranch Municipal Utility District of Denton County, which lies within the extraterritorial jurisdiction of the City of Denton.

BACKGROUND:

Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution authorizes the creation of special districts that function as independent, limited governments. A Municipal Utility District (MUD) is another type of special district and Chapter 54 of the Texas Water Code provides specific regulations for the creation of a MUD.

The purpose of a MUD is to provide a developer an alternate way to finance infrastructure, such as water, sewer, drainage, and road facilities through the issuance of refunding bonds. Managed by a Board elected by property owners within the MUD, a MUD may issue bonds to reimburse a developer for authorized improvements. The MUD will utilize property tax revenues and user fees to repay the debt. As the MUD pays off its debt, more of its tax revenue can be directed to other services.

A MUD can be created by either:

1. the Texas Legislature following adoption of a district creation bill; or
2. the Texas Commission on Environmental Quality (TCEQ) following a petition and consent process described in the Texas Water Code.

A MUD established by TCEQ is initiated by a property owner submitting a Petition for Consent to Creation of a Political Subdivision in the Extraterritorial Jurisdiction. These MUDs are governed by both Section 54.016 of the Texas Water Code and Section 42.042 of the Texas Local Government Code. For property located in the City's ETJ to be included in a MUD, a request for City Council consent is required prior to creation as part of the TCEQ process.

In September of 2019 staff met with the petitioner regarding their development proposal and intention of seeking a MUD. As part of that meeting, staff expressed a concern with the intensity of the development, the creation of a MUD, and future annexation of a large development that was not built under the Denton Development Code and Code of Ordinances. At that time, the petitioner stated that their intention was to just inform the City of what they were planning, and they were not seeking approval from the City.

On February 14, 2020, the City received a Petition for Consent from Legends Ranch Development, LLC to create a 496.136 acre MUD in the City's ETJ Division I through the TCEQ process identified above. The

property lies within the City’s Certificate of Convenience and Necessity (CCN) area for both water and wastewater. The Petition was considered by Council on May 12, 2020 and Consent was not granted.

Following the Petitioners inability to obtain Consent from the City, staff and the representatives of Legends Ranch MUD have been meeting to develop terms which would be acceptable for the City to consider consenting to the Petition.

On June 8, 2022, the City received an Order Granting the Petition for Creation of Legends Ranch Municipal Utility District of Denton County from the Texas Commission on Environmental Quality.

RECOMMENDATION

If City Council moved forward to Approve the terms of the Agreement with Legends Ranch, Staff recommends City Council approve a Resolution authorizing Consent to the Creation of Legends Ranch Municipal Utility District LLC of Denton County.

PRIOR ACTION

Date	Council, Board, Commission	Request	Action
February 14, 2020			Received: Petition for Consent from Legends Ranch Development, LLC
April 30, 2020	City Council Work Session	MUD Policy Discussion	Proceed with formal consideration for May 5, 2020
May 5, 2020	City Council	Interim MUD Policy	Approved
May 12, 2020	City Council	Request for Consent - Legends Ranch	Refuse Consent
Related and immediately adjacent			
January 25, 2022	City Council	Fire Protection Agreement - The Meadows (MUD#16)	Approved
June 8, 2022			Received: Order Granting the Petition for Creation of Legends Ranch Municipal Utility District of Denton County.

EXHIBITS

1. Agenda Information Sheet
2. Resolution

Respectfully submitted:
 Scott A. McDonald
 Director, Development Services