



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 adoption of an ordinance of the City of Denton, Texas authorizing the execution of a Development Agreement with Legends Ranch Development, LLC, concerning the Legends Ranch Municipal Utility District of Denton County encompassing approximately 542.536 acres of land located north of U.S. Hwy 380, east of Nail Road, and west of Thomas J. Egan Road, within Division I of the Extraterritorial Jurisdiction of the City of Denton, Texas; and other related matters; and providing an effective date.

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. The outcomes of these terms are incorporated into the attached Development Agreement provided as Exhibit 2.

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, which is attached as Exhibit 3.

CONSIDERATIONS

Concept Plan

Provided as Exhibit 4 is the Master Concept Plan prepared by the applicant. While the entire development is approximately 542 acres, 496 acres are currently included in the MUD. There are two gas wells on the property. At a minimum single-family lots and amenity/park space shall be setback a minimum of 200 feet, measured from the gas well head. While not proposed to be included in the MUD, there is approximately 26 acres of the proposed development shown on the Concept Plan which is located within the City limits. The 26 acres that is located within the City has a Future Land Use designation of Agricultural. The Concept Plan intends for this area to be retail/commercial with some flood plain included within the 26 acres which may be dedicated to the City at a future date.

The proposed Development Agreement includes future Parkland dedication or public access of approximately 110-120 acres of floodplain under a separate agreement for extension of trails to the North as depicted in Exhibit 4.

In total, the Legends's Ranch Master Concept Plan contemplates the following:

GROSS ACREAGE	USE	INTENSITY		
496	Single-Family	Lots	Lot Count	Width
		1551	465	50'
			543	45'
			543	40'
45	Multifamily	320 units		

542 Acres

*Concept Plan reflects "Future Commercial"

26	Retail/Commercial	26 Acres (not included in the District) within City limits.
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The proposed agreement includes provisions for various public improvements at the expense of the District, which includes roadway, water, wastewater, and stormwater. The Petition (Section IX) establishes the ultimate cost of the proposed "public" improvements (water, storm and sanitary sewer facilities and services, and roads) to be approximately \$54,693,800.

The Agreement also contains provisions for a Fire Protection Agreement (FPA) between the District and the City of Denton which includes dedication of 2.5 acres of land for a future fire station. This FPA is similar to the FPA for The Meadows approved by Council January 25, 2022 and fiscally expands the City's

emergency services capability to areas which will ultimately require fire protection service regardless of the agreement.

RECOMMENDATION

Staff recommends approval of an Ordinance authorizing the execution of a Development Agreement between the City of Denton and Legends Ranch Municipal Utility District, LLC which includes the following conditions:

1. Public Safety

- a. An ILA and Fire Protection Plan between the Owner, Denton County or the fire service provider shall be approved prior to recording of a final plat.
- b. ILA between the District and the City;
 - i. Dedication 2.5 acres of land in the south east corner of the development for a future City fire station.
 - ii. One-time MUD fire services fee of \$300,000 paid to the City.
 - iii. The District will pay the City a one-time fee of \$250,000 for capital costs associated to the City's fire station located at the City airport.
 - iv. The District shall levy and collect a Fire Tax in the of \$0.16 per \$100 assessed valuation and to transfer the collected tax to the City annually.
 - v. Fire Services Capital Fee required for each individual unit; \$550 for each single-family residential lot and \$250 for each individual unit contained in multi-family buildings.

2. Utilities

- a. Water and Wastewater – The City will be the exclusive provider of water and wastewater service for the District at the same rates charged to other communities located outside of the City limits until such time the District is annexed into the City.
- b. The Developer will be responsible to design, construct all W/WW improvements in accordance with the City's adopted standards at the Developer's expense. The Developer will be responsible for Water/Wastewater impact fees and as well as any necessary dedications.
- c. The Developer will design, construct, and install, at Developer's expense, all off-site water facilities to connect to the On-Site Water Infrastructure to the City's water system.
- d. Storm water, Drainage, and Floodplain – The Developer will submit to the City Engineer a copy of the downstream assessment and Conditional Letter of Map Revision (CLOMR) prior to submitting to FEMA.
- e. Electric – The Developer will be served with the most cost-effective electric service provider. The City will be provided all bona fide offers to supply electricity distribution service to the District, if the City (DME) can provide a "substantially similar" offer, then the City will be the service provider for the District.
- f. Solid Waste/Recycling – The City is provided the opportunity to compete with other service providers to deliver solid waste/recycling services.

3. Roadways

- a. The Developer will submit to the City Engineer a full Traffic Impact Analysis prior to the submittal of a preliminary plat or submittal of the Civil Engineering Plans.
- b. The Developer will dedicate right-of-way within the District and for Jackson Road and Thomas J. Egan Road. Improvement to Jackson Road and Thomas J. Egan Road will be limited to the District's proportionate share based on the TIA.
- c. All Onsite roadways will be designed in accordance with the City's adopted standards. The design and construction will be at the Developer's expense.

4. Gas Well Setbacks

- a. Setbacks will be 200' measured from the well head to the nearest residential property line. This setback is an increase of 100' from the current minimum standard established by the International Fire Code, which governs in the ETJ. If any gas well is capped, the setback will be reduced from 200 feet to a radius of 20 feet.

5. Parks/Trails

- a. The Developer will coordinate with the City for the connections of the MUD trail network to the citywide trail network. The Developer has agreed to enter into a ILA for dedication of approximately 110-120 acres of floodplain for City ESA parkland and/or trails.

6. Building Permits

- a. All structures are required to be built to the City's adopted construction codes. The developer will follow the City's standard procedures for obtaining permit and inspections for all buildings.

RECOMMENDATION

Based upon the six (6) findings identified above, Staff recommends City Council approve an Ordinance authorizing the execution of a Development Agreement between the City of Denton and 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. Ordinance and Development Agreement
3. TCEQ Order Granting the Petition for Creation of Legends Ranch
4. Legends Ranch Conceptual Plan

Respectfully submitted:
Scott A. McDonald
Director, Development Services