City of Georgetown Municipal Utility District Policy

(Approved by City Council July 24, 2018)

The City of Georgetown finds that the purpose of a Municipal Utility District (MUD) is to assist in closing the financial gap when a development is seeking to exceed minimum City standards, provide a robust program of amenities, and/or where substantial off-site infrastructure improvements are required that would serve the MUD and surrounding properties.

The following policies are to be used in guiding the consideration and action on requests for creation and operation of all proposed special districts, including amendments. These policies are reinforced in Section 13.10 of the UDC.

POLICY 1: Basic Requirements for Creation of MUDs

MUDs are an appropriate tool to allow urban level density neighborhoods in locations supported by the 2030 Comprehensive Plan within the city limits. The City may alternatively consider Extraterritorial Jurisdiction (ETJ) MUDs where the City may annex the property in the future. *Before consenting to the creation of a district, the City Council should consider whether the creation of the district is feasible, practicable, and necessary for the provision of the proposed services and would be a benefit to the land, and therefore warrants the City's consent, consistent with the other considerations in this policy.*

A. *The City's **basic requirements** for creation of a MUD shall be that:*

1. *Quality Development.* The development meets or exceeds the intent of the development, infrastructure, and design standards of City codes;
2. *Extraordinary Benefits.* The development provides extraordinary public benefits that advance the vision and goals of the Comprehensive Plan, such as, but not limited to, extension, financial contribution, and/or enhancement of master planned infrastructure, diversity of housing, and enhanced parks, trails, open space, and recreational amenities that are available to the public;
3. *Enhance Public Service and Safety.* The development enhances public services and optimizes service delivery through its design, dedication of sites, connectivity, and other features.
4. *City Exclusive Provider.* The development further promotes the City as the exclusive provider of water, sewer, solid waste, and electric utilities;
5. *Fiscally Responsible.* The development is financially feasible, doesn't impair the City's ability to provide municipal services, and would not impose a financial burden on the citizens of Georgetown in the event of annexation;
6. *Finance Plan.* The developer(s) contributes financially to cover a portion of infrastructure expenses without reimbursement by the MUD or the City and as reflected in conditions placed on the issuance of bonds by the district;
7. *Annexation.* The development will not impair the City's future annexation of the MUD or adjacent property or impose costs not mutually agreed upon.

POLICY 2: Provide examples of "unique factors justifying [MUD] creation or amendments" to guide determinations made in the UDC

Consistent with past Council actions, require the construction of specific regional infrastructure improvements consistent with the City's comprehensive plan and master plans and that are beneficial to the City. Examples include:

a. The acceleration of master planned public infrastructure improvements, including but not limited to, wastewater interceptors, treatment plants, and major transportation improvements, that not only provide a benefit to the developed property, but also to other surrounding properties.

b. Conservation subdivision design that clusters development in low impact areas and maintains existing topography, scenic views, natural drainage flows and wildlife habitat.

c. Regional trail connections located across the development, as well as off-site, to fill in gaps in the City and County trail system.

POLICY 3: Address provision of public services, and address public safety matters in the Consent Agreement

a. Require MUD to provide facilities to enhance public services and optimize locations for service delivery.

b. Require donation of land to City or ESD (as applicable) for new fire station or other public safety facility as determined by the City.

c. If the City provides fire protection services within the MUD, require payment of Fire SIP fee (or similar fee) to fund fire station construction and operations.

d. Require roadway design to enhance access and reduce response times to properties located outside of the MUD.

e. If located outside of the City Limits, then the MUD consent agreement may, at the City's discretion, include an interlocal agreement ("ILA") to contract with the City of Georgetown for fire, police, and solid waste services on terms acceptable to the City.

f. An ETJ MUD may provide a maintenance program approved by the City's Transportation Department that is consistent with City standards and should include appropriate consultation with the County Engineer.

POLICY 4: Address utility service issues, and include those utility service provisions in the Consent Agreement

a. Require all utility facilities that service the MUD to be consistent with the Utilities Master Plan.

b. Require of the MUD that the City be the water, sewer and electric service provider where it is located within the city's single or multiple certificated service area.

c. Require the cost to relocate any existing utility infrastructure to be borne by the developer and/or MUD, not the City.

d. Limit cost-sharing on MUD off-site improvements to only those circumstances where the necessity for the improvement is so great that limited CIP funds are appropriate for overall system wide improvements that benefit multiple properties (i.e., regional improvements that the City can afford to participate in).

e. Address water and wastewater rates. Generally, rates for in-City MUD customers should be the same as the rates for other in-City customers, and the rates for ETJ MUDs customers should be the same as for other out of City customers.

f. Require specific water conservation techniques that will be used to minimize demand levels including xeriscaping, low impact development ("LID"), rainwater harvesting, grey water reuse and other strategies in consultation with GUS.

g. Require all MUDs and their residents, whether in the City or in the ETJ, to comply with City of Georgetown water conservation and drought contingency plan-related ordinances.

h. For all MUDS, require impact fees to be assessed at the time of final plat approval [note: Impact fee payments are eligible for reimbursement by the MUD]. For ETJ MUDS, require payment of impact fees at the time the final plat is approved. For in-City MUDS, require payment of impact fees no later than the time of building permit issuance. However, utility capacity reservation shall not occur until impact fees are paid.

i. Address rates, treatment capacity, utility and other easements necessary for City services, capacity for dwelling units, gallons per day usage for water and wastewater, water, wastewater and electric infrastructure, permitting and design, and fiscal surety.

POLICY 5: Specify the amount of debt intended to be issued, the purpose of the debt, and the debt service schedule, and include those financial provisions in the Consent Agreement

a. Require a maximum bond issuance amount and schedule, including refunding bonds issued by the district, unless otherwise agreed to by the City, to comply with the following requirements, provided such requirements do not generally render the bonds unmarketable:

    1. Maximum maturity of 25 years for any one series of bonds; and
    2. The last Bond issuance shall be not later than the date that is ten (10) years after the date of the first Bond issuance.

b. Require all City property and land to be exempted from all MUD taxes, assessments, charge, fees and fines of any kind.

c. Establish a maximum tax rate of $0.55/$100 of assessed valuation for in-city MUDs and a maximum tax rate of $0.95/$100 of assessed valuation for ETJ MUDs.

d. Limit debt issuance to capital infrastructure and related costs, for in-city and ETJ MUDs; on and off-site water and wastewater infrastructure; stormwater infrastructure; roads, bridges, and related transportation infrastructure; and parks, trails, and recreational facilities.

e. To the extent possible, debt should be structured to retire nonresidential lands first so they can be annexed, if an ETJ MUD. Where multiple MUDs are established for a large project, nonresidential lands should be included in the first MUD created.

f. A table summarizing the overlapping tax rate of all existing taxing entities (city, county, school district, MUD, ESD, etc.) and the proposed MUD tax, demonstrating the total anticipated tax rate over the life of the MUD.

POLICY 6: Address future municipal annexation of the MUD, when located in the ETJ

a. Allow the City to set rates for water and/or sewer services for land that is in the MUD at the time of annexation that are different from rates charged to other areas of the City consistent with the provisions of Section 54.016(h) of the Water Code to compensate city for assumption of MUD debt.

b. This section shall apply to a District created as an ETJ MUD that is annexed into the city limits. At the City's option, a "limited district" may be continued in existence after annexation to maintain amenities or services beyond what the City typically provides for neighborhoods similarly situated. In such cases an ETJ MUD shall enter into a SPA stating conditions on which MUD will be converted to a limited district that will continue to exist following full purpose annexation. Concurrently with the MUD’s confirmation election, the MUD shall hold election on proposition to levy an O&M tax per Section 49.107 of the Water Code to provide funds to operate the limited district following full purpose annexation by the city; the MUD shall have no right to issue bonds until proposition to levy an O&M tax is approved.

POLICY 7: Require development in a MUD to exceed minimum UDC land use and development standards, and address the land use provisions in the Consent Agreement or related agreement

a. Require higher development and design standards for residential and nonresidential land uses to promote a superior development. Examples include, but are not limited to:

    1. Enhanced architectural standards; such as higher percentages of masonry on exterior walls and variations in floor plans; and

    2. Improved materials for signage, such as masonry bases.

b. Age restricted developments shall not exceed 10% of the net developable land area and 10% of the total housing units within the MUD.

c. Prohibit certain other land uses such as Correctional Facility; Personal Services Restricted as defined the Unified Development Code, Chapter 16, of Title 17 of the Georgetown City Code of Ordinances, and others as determined by City Council.

d. Ensure the City will benefit financially from commercial/retail land uses in developments with ETJ MUDs.

    i. All efforts should be made to exclude commercial/retail land area from an ETJ MUD in favor of full-purpose annexation, or a SPA should be required allowing the City to collect sales taxes from the area.

    ii. The Strategic Partnership Agreement should provide that the City is entitled to receive up to 100% of the sales taxes collected, and that none of those taxes should be shared with the MUD unless special circumstances exist.

    iii. City should retain site plan review to current City standards for uses other than one- and two-family residential uses.

e. Require a diversity of housing offered within the district that is consistent with the Future Land Use Plan.

f. Require public school location(s) to be provided, if desired by the applicable School District. Location(s) of school sites should be in a central, walkable location within a residential neighborhood away from a collector or arterial roadway identified in the Overall Transportation Plan (OTP).

g. Require a land use plan to be attached to the Consent Agreement, and require major amendments to a MUD land use plan be reviewed by the Planning & Zoning Commission and approved by the City Council.

h. Require all in-City MUDs to submit a Planned Unit Development Application and all ETJ MUDs to submit a Development Agreement Application, concurrent with the development of a consent agreement, to memorialize development standards.

POLICY 8: Require development in a MUD to exceed UDC parkland requirements (not just meet UDC standards or less than UDC standards), and address parkland provisions in the Consent Agreement

a. Require a park or series of parks open to the general public within the MUD in the size and location approved by the Parks and Recreation Board.

b. Require installation and maintenance of park facilities improvements.

c. Require maintenance access to be provided, when needed.

d. Require connections to regional trail network and adjacent uses such as schools.

e. Require regional trail network to be a minimum of 10 feet in width.

f. Require usable trailheads with off-street parking and ADA compliant trails.

g. Require financial contributions to regional park facilities such as Westside Park or Garey Park (depending on the location of the MUD).

h. Prohibit roads through parkland in a manner that subtracts from net usable park land.

i. Require provision of security and maintenance program.

j. Require protection and perpetuation of unique features on a particular site that should be maintained as open space whether for environmental, conservation or scenic views.

POLICY 9: Address transportation issues and include transportation provisions in the Consent Agreement

a. May require completion of a Traffic Impact Analysis (TIA) and construction and/or funding of both on- and off-site improvements identified in the TIA, including roadways identified in the City's Overall Transportation Plan (OTP), pursuant to Section 12.09 of the UDC

b. Require dedication of right-of-way, inclusion of bike lanes, sidewalks, and aesthetically-pleasing streetscapes consistent with the OTP and City street design standards.

c. Require residential subdivisions to be designed with increased connectivity, reduced cul-de-sacs, short block lengths, additional stub outs to adjacent properties, except where developed as a conservation subdivision pursuant to Chapter 11 of the UDC.

d. Require creative stormwater management and water quality solutions to be provided such as low impact development ("LID") to minimize any downstream impacts.

POLICY 10: City Operations Compensation Fee

A fee shall be assessed for each residential unit within a district, located within the City's ETJ, equal to the proportion of City operations attributed to serving residents of the district. The fee shall be calculated as follows:

B = Total General Fund budget for the fiscal year in which the consent application is filed.

P = The estimated population of the City at the time the consent application is filed.

H= The estimated average household size within the City at the time the consent application is filed.

D = The percentage of City services used by district residents. This percentage shall be adopted by the City annually as a part of the City's budget adoption process.

Y = Number of years of duration of the district.

R = Discount rate. This rate shall be adopted by the City annually as a part of the city's budget adoption process.

PV = Present Value.

City Operations Compensation Fee = PV(R,Y,-((B /(P /H)) * D))

Example: B = $24,000,000 P = 41,000 H = 2.8 D = 15%

Y = 20 R = 6% Fee = 2,819

Miscellaneous Provisions

Where not otherwise specifically addressed in this Policy, the procedures in Unified Development Chapter 13 shall prevail.