

# MUDs IN BLANCO COUNTY

## COMMUNITY MEETING

**TUESDAY, APRIL 6, 6-7PM**  
**FREE -JOIN BY ZOOM OR IN PERSON**

With growth, Blanco County is starting to see something new - Municipal Utility Districts (“MUDs”). MUDs can foster rapid subdivision development with severe impacts on our community’s finances, natural resources, and quality of life. Join us to learn more about this pressing matter from a panel of experts.

**To attend via Zoom, go here:**  
**<https://tinyurl.com/BlancoMUD>**

**Passcode: BlancoMUD**

**Or attend in person at the Gem of the Hills**

**2233 US-281, Blanco, TX**



Tonight's objective is to get more informed:

- What is a MUD, WCID, other Special Districts
- Why do they matter?
- What can we do to accentuate the positives and minimize the negatives?



- Milan Michalec - Intro to MUDs and WCIDs
- Council Member Deda Divine - Blanco MUD No. 1 update
- Lauren Ice - Best Practices for Communities
- Judge Kirsten Cohoon - Experience from Boerne
- Q&A
- Wrap up

# MUDs and WCIDs

## An Introduction

April 6, 2021

# Introduction

## Milan is:

- Logistics Analyst
- Cow Creek GCD
- Bay and Basin Committee
- Citizen
  - Public Information sources
  - Personal views



# Overview

- Areas to cover
  - What's a MUD/WCID
  - How they're created
  - Public Notice
  - A Kendall County Experience
  - Water concerns

# MUDs and WCIDs are...

- A category of special purpose government, includes
  - Independent School Districts
  - Emergency Services Districts
  - Groundwater Conservation Districts
- Reference paper: “Invisible Government: Special Purpose Districts in Texas” online at [https://senate.texas.gov/\\_assets/srcpub/Spotlight\\_Special\\_Purpose\\_Districts.pdf](https://senate.texas.gov/_assets/srcpub/Spotlight_Special_Purpose_Districts.pdf)

# Invisible Government?

- Water Districts are the least visible
  - Typically, developers have drawn district boundaries to exclude all existing residents of an area, then moved the only voters into rent-free mobile homes shortly before elections. The newcomers sometimes move on soon after approving huge sales of government bonds for roads, water lines and sewer systems - which future homeowners are expected to pay for in taxes.
  - The state Natural Resource Conservation Commission is supposed to oversee the operation of all sorts of water districts, though its blessing wasn't needed for the North Texas ones to form. The agency, by its own account, does little with these districts beyond making sure required paperwork is filed and reviewing their finances before all proposed bond sales. The attorney general's office performs a similar evaluation.
  - Source: (Dallas Morning News, Government by developer, 06/10/2001)



# What is a MUD?

- Municipal Utility District (MUD)
- Purpose: Provide services such as sewer, water and drainage to areas where city and county services are not available
  - Can also fund parks, street lighting, some roads and fire prevention facilities
- Infrastructure: Built in phases. Each phase funded by the developer
  - Developer reimbursed from the sale of tax-exempt bonds
  - Bonds paid by a property tax on property owners
  - Phases are built out, more bonds are sold. Cycle continues until full build out
- Example: Blanco County MUD No. 1

# What is a WCID?

- Water Control and Improvement District (WCID)
- Purpose: Comparable to MUD, limited to water control and improvement
- Infrastructure: Built in phases. Each phase funded by the developer
  - Developer reimbursed from the sale of tax-exempt bonds
  - Bonds paid by a property tax on property owners
  - Phases are built out, more bonds are sold. Cycle continues until full build out
- Example: Kendall County WCID No. 1
  - Provides water and wastewater to Comfort
    - Created in 1946
    - Unincorporated area. No city government

# Who Creates MUDs and WCIDs?

- Created three ways
  - County Commissioners Court
    - By petition of majority of landowners
  - Special Law at Legislature
    - Requires public notification
    - Requires “consent” of city
  - Texas Commission on Environmental Quality (TCEQ)
    - By petition of majority of landowners
    - May be created anyway if consent of city is denied

# Steps of MUD Creation

## A developer, a deal, a debt

Here's how a 519-acre retirement community near Richmond came into existence thanks to two temporary residents in a mobile home, millions of dollars in special district bond sales and a Houston-area law firm.



1 In 2008, developer **CW Richmond** owns 519 acres of empty fields in rural Fort Bend County.



4 **Joe and Clarie Williams** are moved onto the property so they can vote for the MUD.



5 The Williamses' vote is successful, and **MUD187** is created.



7 The MUD sells **\$24 million in bonds** to pay for roads, water and sewer lines and other improvements.



8 As a result, the owner of a \$130,000 home in Del Webb Sweetgrass now pays **\$1,260** in property taxes annually for debt service on the bonds.



10 The LID sells **\$10.8 million in bonds**, raising property taxes another **\$650** per year.

3 Creation of a MUD requires a favorable vote by residents. The law firm recruits two new residents.

6 The law firm is hired to represent the MUD.

9 The law firm is hired to represent a separate Levee Improvement District as well.

2 The developer hires a law firm to help it set up a municipal utility district, or MUD.



The law firm of **Allen Boone Humphries Robinson**

Houston Chronicle



# Mathews Ranch WCID No.1

## Public Notification

### LEGAL NOTICES

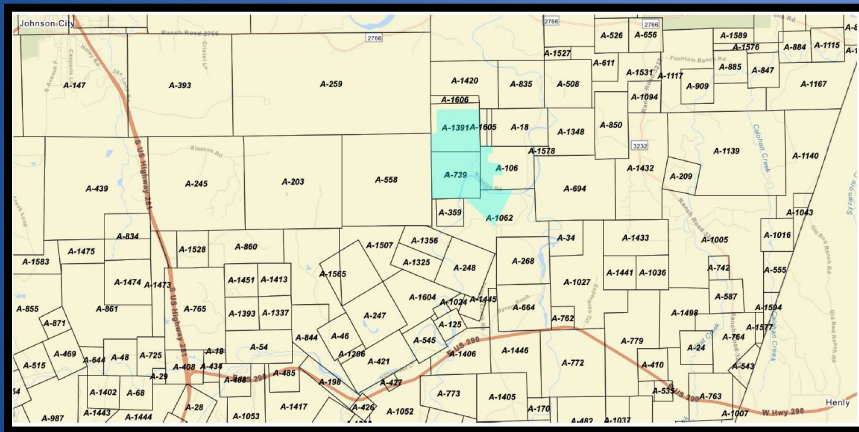
#### NOTICE OF INTENT TO INTRODUCE LEGISLATION

This is to give notice of intent to introduce in the 87th Legislature, Regular Session, a bill to be entitled an Act relating to the creation of the Matthews Ranch Water Control and Improvement District No. 1 of Blanco County, a special district operating under Section 52, Article III, and Section 59, Article XVI, Texas Constitution and Chapters 49, 51 and 54, Texas Water Code, providing authority for the District to impose assessments, fees or taxes and issue bonds and granting a limited authority of eminent domain, affecting lands in Blanco County, Texas, being generally located within the Wm. Herwig Survey No. 50, Abstract No. 1391; Waco Manufacturing Company Survey No. 49, Abstract No. 739; Thomas Morgan Survey No. 200, Abstract No. 1062; Joe Casey Survey No. 413, Abstract 106; H Kelly Survey No. 33 and Thomas Morgan Survey No. 200, Abstract No. 1062; and Joel Casey Survey No. 413, Abstract No. 106, all in Blanco County. The costs for the publication of this notice were paid by Ross Martin, Winstead PC.

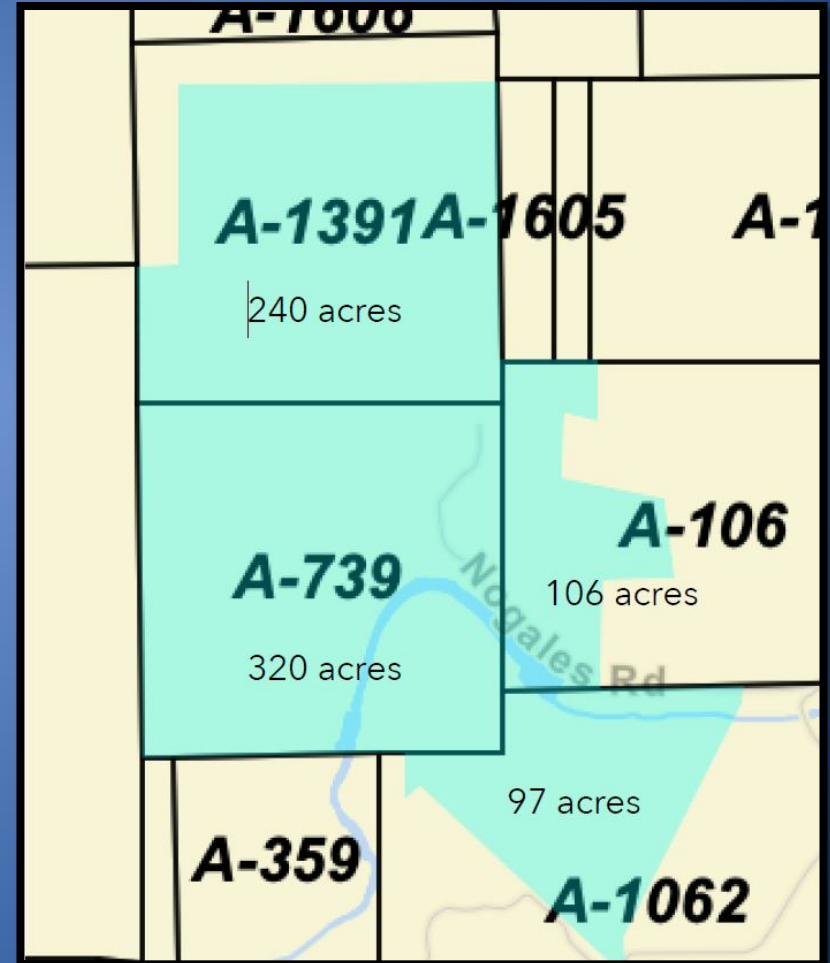
FEBRUARY 10, 2021  
BLANCO COUNTY NEWS



# Matthews Ranch WCID #1 of Blanco County



Source: Rough take from Blanco CAD



# Recognize this law firm?

## ALLEN BOONE HUMPHRIES ROBINSON LLP

ATTORNEYS AT LAW

PHOENIX TOWER  
3200 SOUTHWEST FREEWAY  
SUITE 2600  
HOUSTON, TEXAS 77027  
TEL (713) 860-6400  
FAX (713) 860-6401  
abhr.com

Direct Line: (713) 860-6424  
Direct Fax: (713) 860-6624

lsotirake@abhr.com

Linda Sotirake  
Legal Assistant

October 7, 2020

### VIA EMAIL AND OVERNIGHT DELIVERY

City of Blanco  
Attn: Ms. Laurie A. Cassidy  
300 Pecan St.  
Blanco, TX 78606

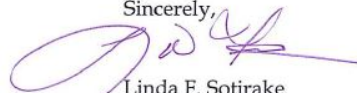
Re: Petition for Consent to the Creation of Blanco County Municipal Utility  
District No. 1

Dear Ms. Cassidy:

Enclosed for review by the City of Blanco please find the Original Petition for Consent to the Creation of a Municipal Utility District, with metes and bounds description of the property (the "Petition").

If you have any questions regarding the enclosed Petition or if you need additional information, please call Ryan Harper at (512) 518-2431. Please let me know when this creation application will be processed and presented to City Council for approval.

Sincerely,



Linda F. Sotirake  
Legal Assistant

Enclosure

# Blanco County MUD No.1

Infrastructure Cost

Waterworks/ Wastewater: \$34,750,000

Roads:

\$14,450,850

Total:

\$49,450,850

Source: Petition, October 7, 2020

Density

Acres: 385+/-

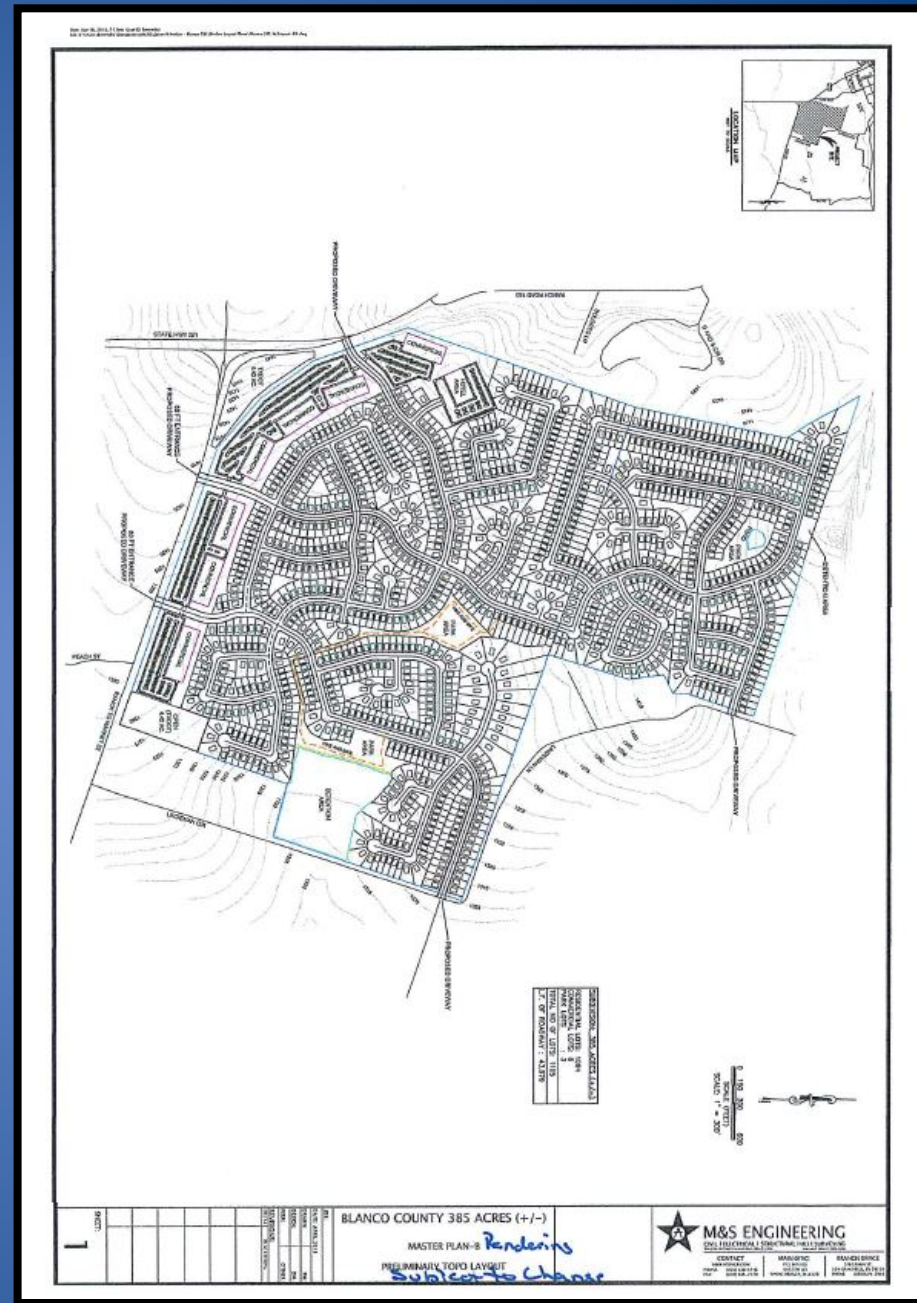
Residential Lots: 1,094

Commercial Lots: 8

Parking Lots: 3

Total Lots: 1,105

Source: Memo, Mark Sparrow, July 17, 2020





# The Development Agreement City of Boerne and WCID No. 3

WCID #3A WORK SHEET - DECEMBER 2, 2019

A Water Control and Improvement District (WCID) is a political subdivision of the State of Texas, and is empowered to purchase, construct, operate, and maintain necessary improvements to provide water, wastewater, drainage and other services and improvements, such as roadways in areas not typically served by a municipality. Preliminary discussions between the City of Boerne and a potential developer of the Biedenbarn property, BoerneBak LLC began in 2016, but were put on hold pending acquisition of a viable water supply by the development. The Texas Legislature approved SB914 in 2017 creating Kendall County WCID #3 encompassing over 1,000 acres (the Biedenbarn tract). On March 26th, 2018, an agreement was reached between the San Antonio Water System (SAWS) and WCID #3 to serve a 1,054 acre tract of (the Biedenbarn property). WCID #3A also reached an agreement with the Guadalupe Blanco River Authority (GBRA) to serve the 1,054 acre tract beginning in 2038 when the SAWS agreement expires. The City of Boerne granted consent to creation of WCID #3A as to only 374.86 acres out of the 1,054 acre tract, and the City of Boerne consent must be requested in the future to create the District over the remainder of the property. In the 2019 Texas Legislative session, House Bill 2590 (a "MUD" bill) was modified to allow water control and improvement districts created by statute, such as Kendall County WCID #3, to use the Texas Local Government Code Chapter 42 process through the Texas Commission on Environmental Quality (TCEQ) to create or form a WCID without consent from the local government. Once a viable water supply was secured by BoerneBak, discussions between the City of Boerne and the developer started anew. At the same time, City staff, the Mayor and others reached out to our community partners, including Kendall County, the Boerne ISD and Cow Creek Groundwater Conservation District to gain their perspective as discussions continued. The stated goal of all involved, including representatives of BoerneBak, has been to create a development agreement that achieves the best result for the Boerne community.

| Category                                   | Development Agreement Major Points   | Advantage | Benefit  |
|--|--|-----------|--|
| Roadway and Mobility                       | Road improvements to Valerie Lane, Corley Road and Scenic Loop Road based on updated Traffic Impact Analysis. City staff and County Engineer's department negotiations | Yes       | Developer will be required to make improvements based on Traffic Impact Analysis and new Proportionality Ordinance plus have agreed to additional improvements requested by the County Engineer's office   |
| Water/ Environmental                       | Will not access local groundwater supplies and agree to convey Cow Creek groundwater rights on the property to City of Boerne  | Yes       | Assures water used at the development is not from local groundwater sources, but from sources outside Kendall County protecting water resources in the area. Provision of wholesale wastewater treatment services by City insures no temporary or package treatment plant is built discharging to Balconies Creek. Type I treated effluent from the Wastewater Treatment and Recycling Center can be used to offset potable water uses   |
| Annexation                                 | Voluntary Annexation after 15 years at City's option   | Yes       | Eventual gain in Ad Valorem taxes. Note: Kendall County, BISD and Cow Creek Groundwater Conservation District will have full taxation immediately on all development on site   |
|  | Limited Purpose Annexation of 41 acre commercial and multifamily area proposed by WCID #3A to allow collection of sales tax  | Yes       | Potential new Sales Tax to City based on development on this site. 50% of development must be sales tax producing  |
|  | Expansion of ETJ to include 100% of WCID #3A   | Yes       | Allows City to apply all ordinances and regulations applicable in its ETJ, specifically the Subdivision Ordinance. Will also extend the "Boerne Wall" to protect encroachment from San Antonio   |
| School                                     | Designates a 19.4 acre site to be allocated for a school site  | Yes       | BISD must purchase site at cost but a location has been reserved   |
| Outside City Limits Development Mitigation | Calls for a .75% development mitigation fee per house sale payable to City of Boerne   | Yes       | Approximately \$3,150,000 in additional one time revenue over 20 year buildout. This will equate to approximately \$157,500 per year which can be utilized to offset costs for Parks, Library, Streets, Police and Fire  |
| Natural Gas Service                        | City of Boerne will have exclusive rights to serve Gas to development- Approximately 1,200 residential customers plus 400 commercial and multi-family LUEs             | Yes       | Guarantees City of Boerne 1600 LUE equivalent Natural Gas Customers and sole rights to provide retail gas service versus other provider or all electric option. Developer pays all costs for distribution system within the site (estimated at \$1.25M). Each home required to use gas for home heating and water heating plus one appliance. Allows gas system growth as well as new General Fund revenue   |
| Wastewater Treatment Service               | City of Boerne to provide permanent wholesale sewer service to the WCID #3A  | Yes       | Developer to make payments in lieu of impact fees over accelerated 8 year period following execution of the development agreement. The City will receive \$6.25M in first 5 years. City of Boerne serves development utilizing a new Wholesale Sewer Rate that approximates the revenue value of 1,600 LUEs plus 20% outside city limits premium. City to construct or expand all needed improvements from point of connection to wastewater treatment facility and expand the facility as needed to provide timely service to WCID #3A. Accelerated payments reduce current sewer customers need to fund major capital improvements of the wastewater system. Provision of wholesale wastewater treatment services by City insures no temporary or package treatment plant is built discharging to Balconies Creek. Type I treated effluent from the Wastewater Treatment and Recycling Center can be used to offset potable water uses |

| Development Distribution:            | Acreage: |
|--------------------------------------|----------|
| Residential:                         | 312.98   |
| Potential school site:               | 19.40    |
| Commercial/Multifamily:              | 41.62    |
| Total WCID #3A:                      | 374.00   |
| Density Projection (LUE's per acre): | 4.3      |
| WCID #3 Original Acreage:            | 1054.00  |

# Evaluating Special Districts: Disadvantages

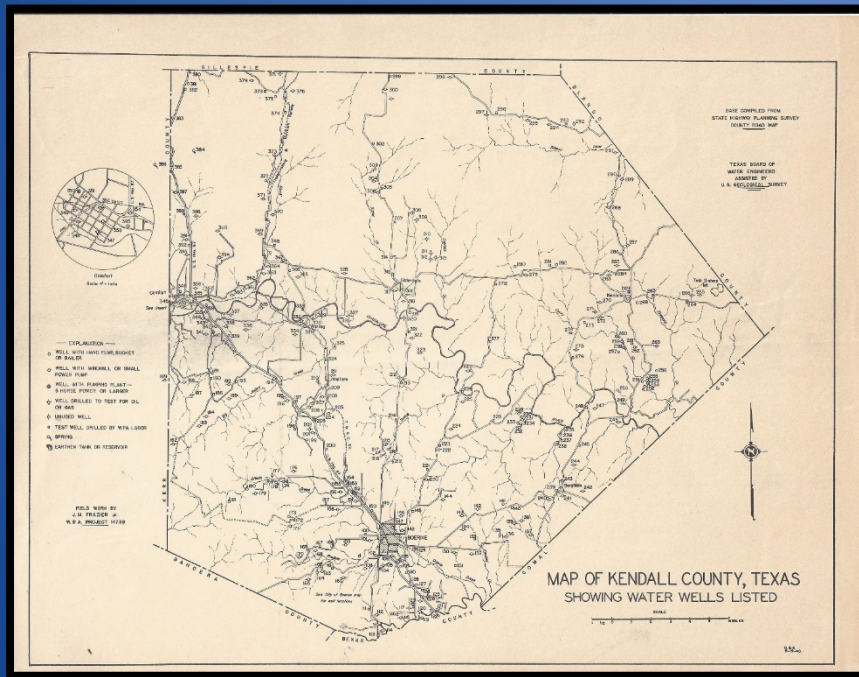
- Limited groundwater availability once was a barrier to high density development. Special districts have become problematic in trying to manage local development consistent with the characteristic low density and the corresponding low impact to natural resources. They can pose a significant negative environmental impact.
- The proposal to create a water district most often occurs after local government declines to alter subdivision development rules to accommodate the developer.
- Districts bypass and undermine these rules, rules used to limit density to protect natural resources, specifically intended to ensure sustained groundwater availability and protection of recharge from being degraded.

Source: Local Government in Texas: Special Districts Part I, Amy Glenn



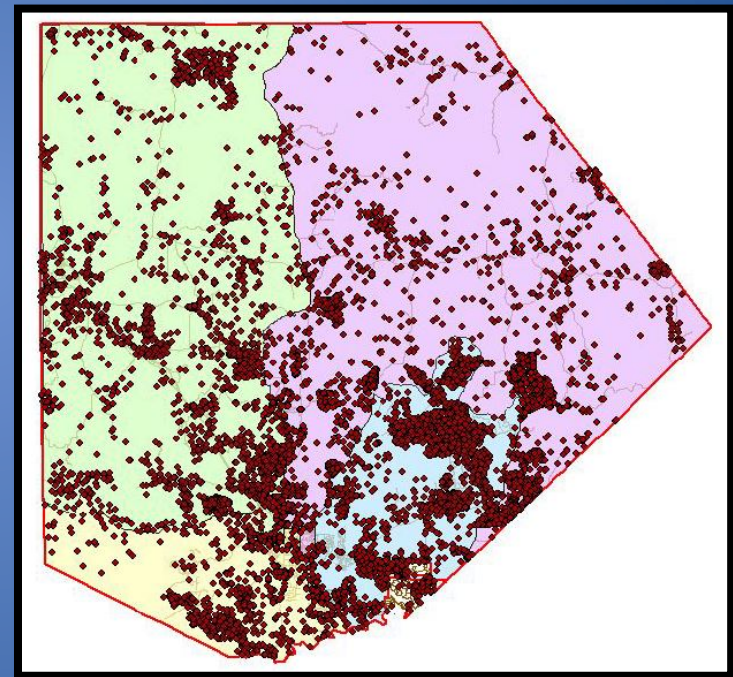
# Kendall County Wells

Registered: 395



Source: Works Public Administration, 1940

Registered: 8,507



Source: Cow Creek Groundwater Conservation District, 2020

# Summary

- Areas we covered
  - What's a MUD/WCID
  - How they're created
  - Public Notice
  - A Kendall County Experience
  - Water concerns
- What we learned
  - Number one issue is lack of transparency

THANK YOU!

For more information visit  
[www.ccgcd.org](http://www.ccgcd.org)

- BACK-UP SLIDES



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# Blanco County MUD No.1



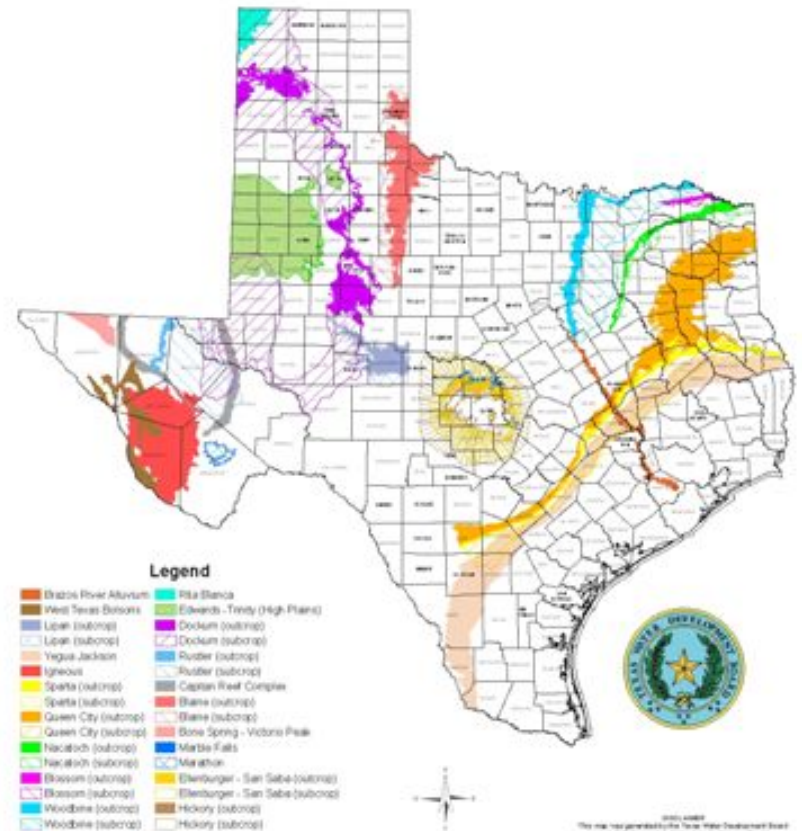
Source: Memo, Mark Sparrow, July 17, 2020

# Aquifers Of Texas

## Major Aquifers of Texas



## Minor Aquifers of Texas

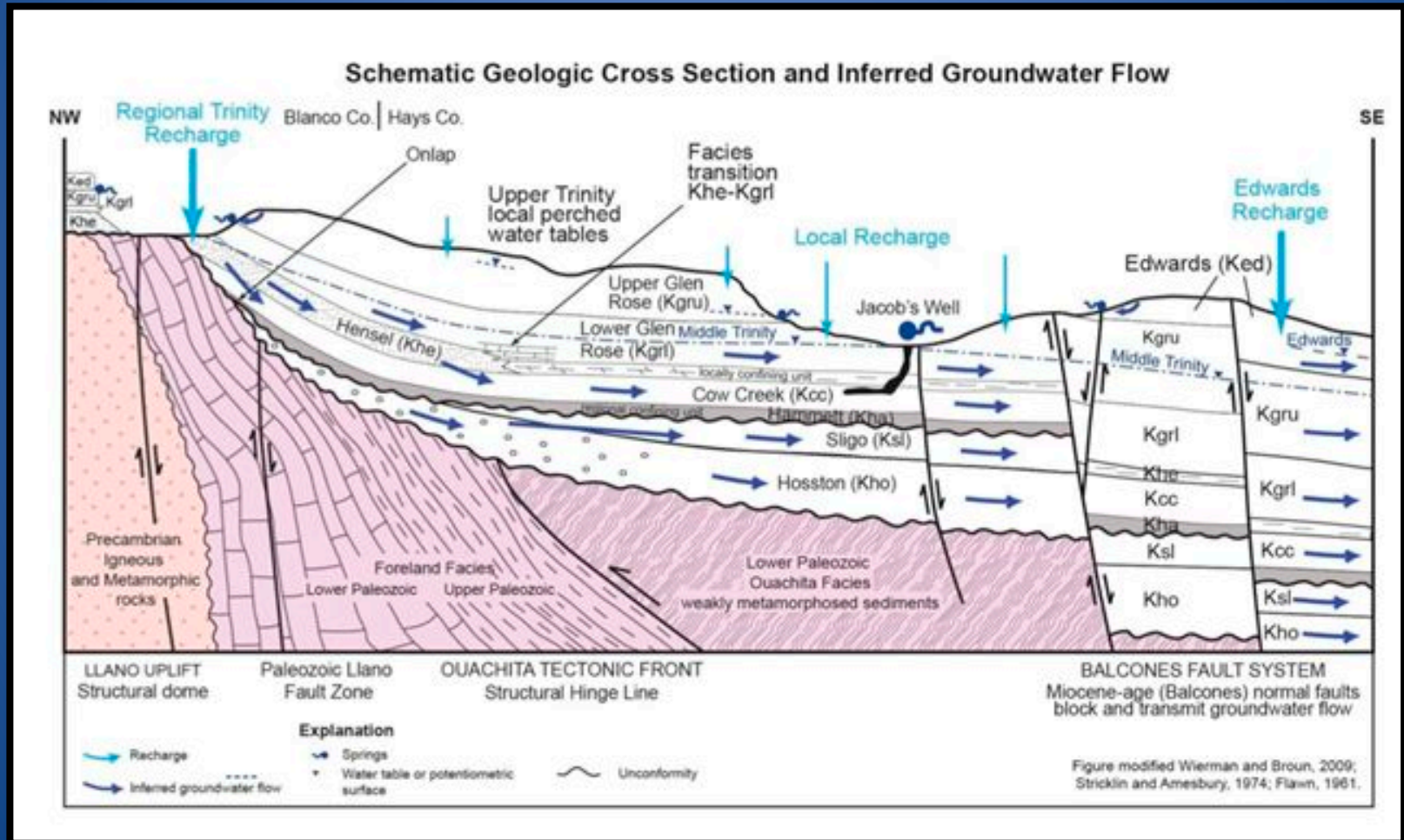




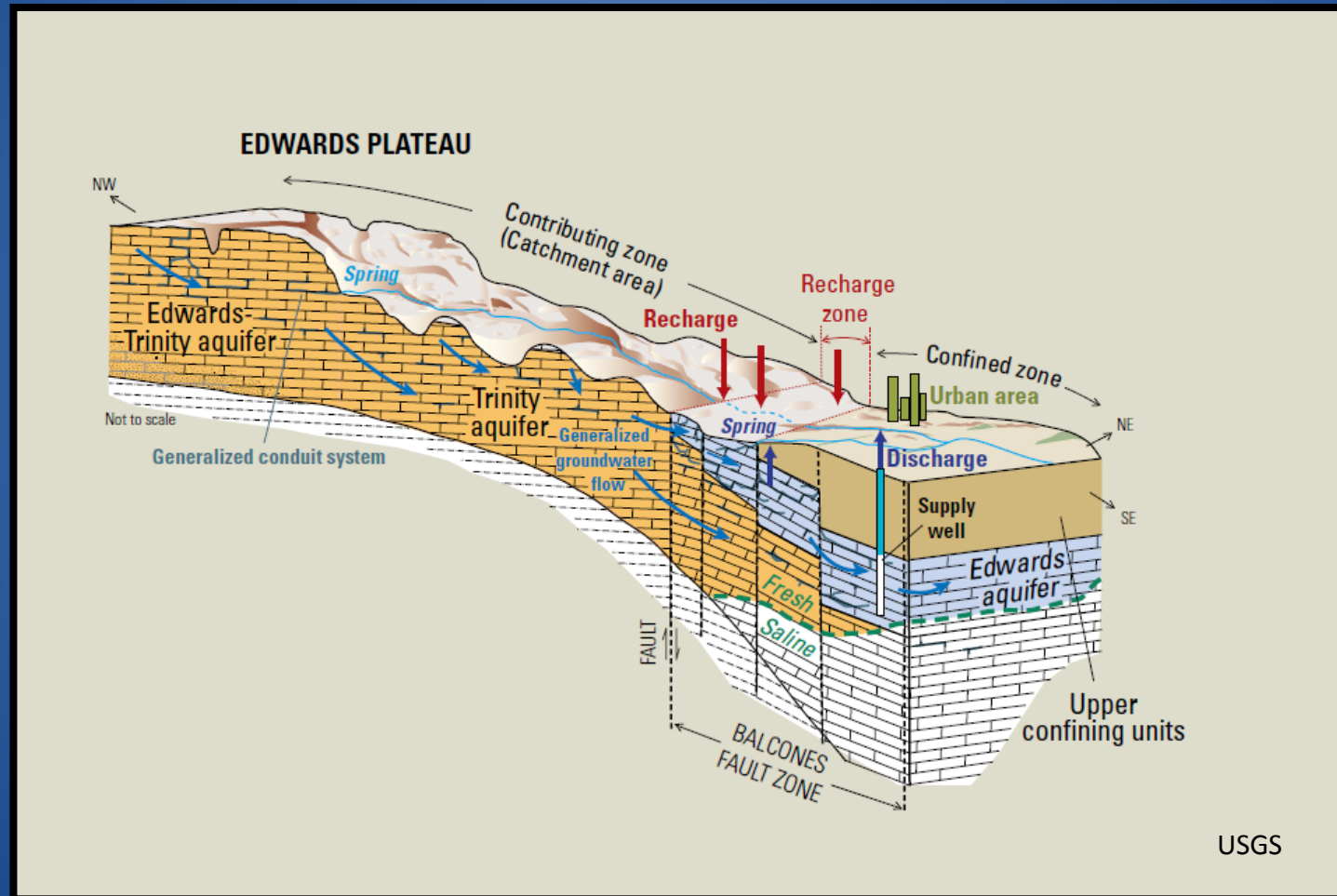
LOWER CRETACEOUS



# Groundwater: Yours, Mine, Ours



# Edwards-Trinity Aquifer System



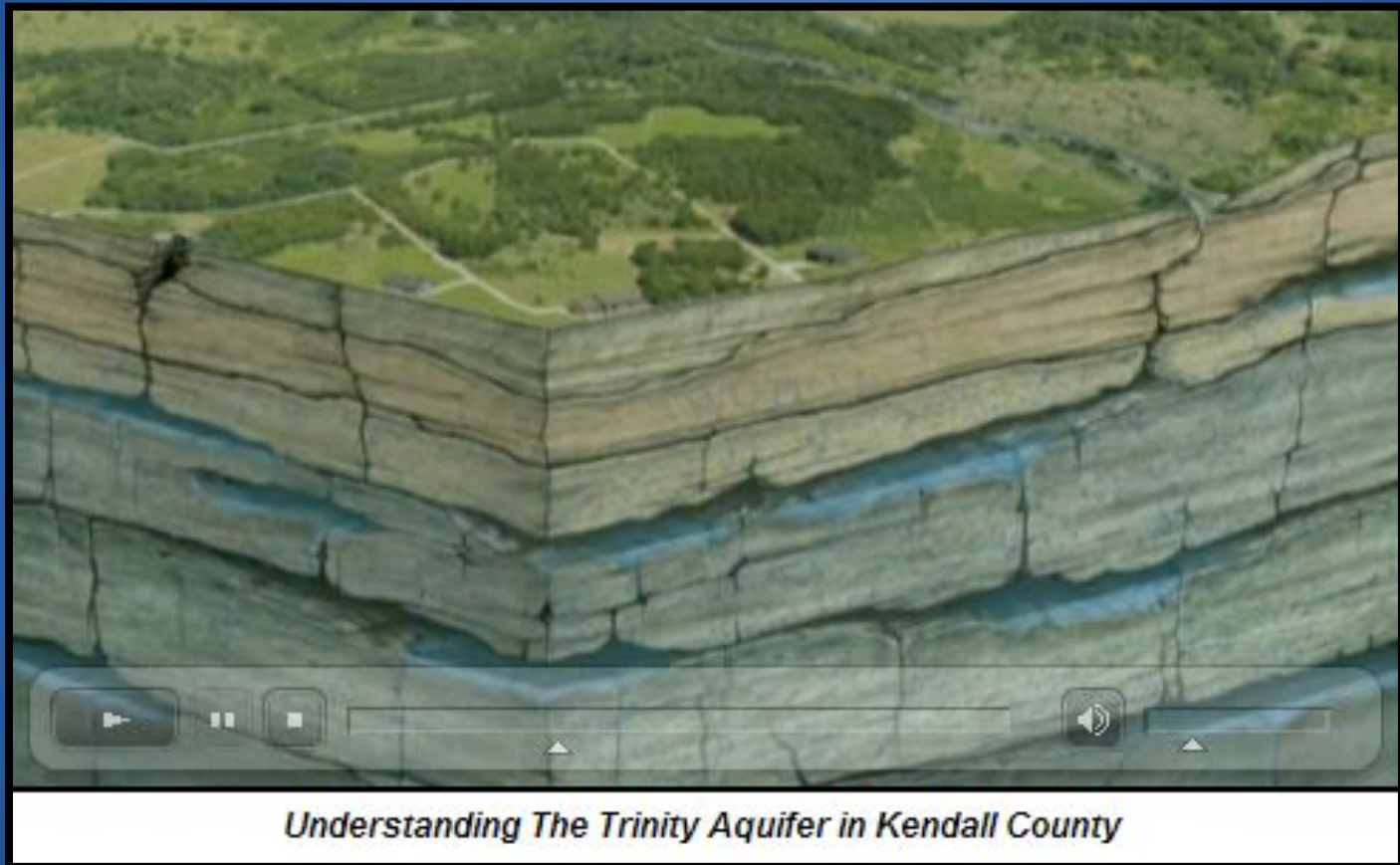


### Other localities with river loss in the Edwards Aquifer Contributing Zone

This map illustrates the Edwards Aquifer Contributing Zone, which is shaded in light green. The zone is bordered by the South Llano River to the north and the Guadalupe River to the south. Major cities and towns within the zone include Sutton, Kimble, Gillespie, Blanco, Hays, Comal, Guadalupe, Bexar, Atascosa, Maverick, Kinney, Uvalde, Medina, and Banderas. The map also shows the recharge zone (shaded in light orange) and the artesian zone (shaded in light blue). A scale bar indicates distances of 0, 25, and 50 miles. A north arrow is located in the top left corner. The legend identifies the Contributing Zone (green), Recharge Zone (orange), and Artesian Zone (blue). It also shows that green dots represent 'Gain' and red dots represent 'Loss'.

Slade et al., 2002

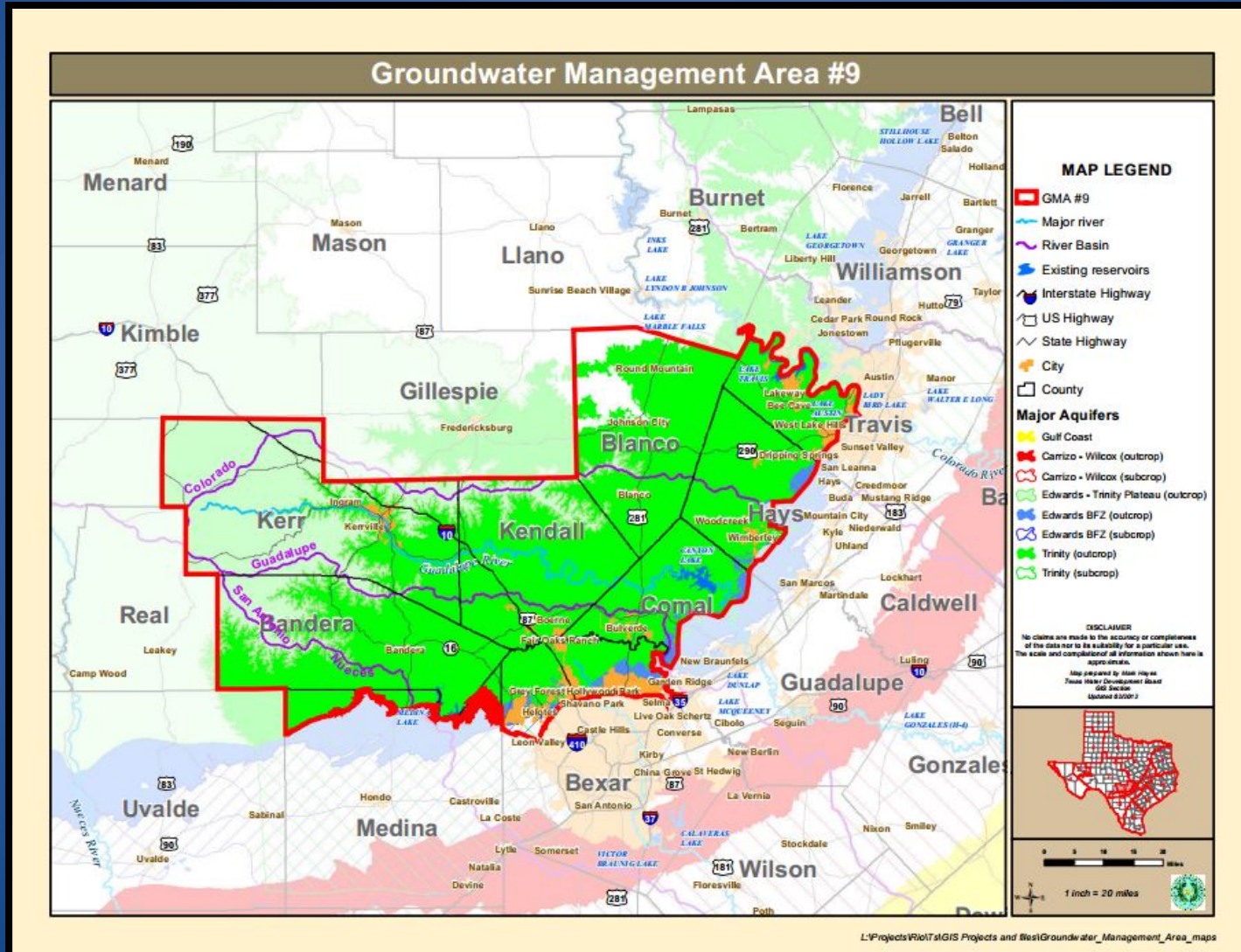
# The Trinity Aquifer



(click image to play)



# Groundwater Management Area 9



# Relationships Along The Cibolo

## Impact to Our Desired Future

- Edwards-Plateau springs
- Boerne City Lake water
- Local Wells
- Boerne Wastewater Treatment Plants
- Recharge Features
- Density
- Future Water Demand and Availability



# Cow Creek GCD History

- 1990 – The Texas Hill Country was designated as a Priority Groundwater Management Area (PGMA). This designation meant that within 25 years, the area would experience critical groundwater problems related to quantity and quality.
- 1999 – The Cow Creek GCD was created as a temporary District.
- 2001 – The Cow Creek GCD was ratified as a permanent District by the Texas Legislature, subject to voter approval.
- 2002 – In a confirmation election held on November 5, 2002, Kendall County voters approved the creation of the District and elected five Directors to the Board of Directors.

# Rule of Capture Modified

