File #: 17-0214, **Version:** 1

Consider and take action on Ordinance 2017-10 abolishing Galveston County Municipal Utility District No. 13 - Second Reading (Assistant City Manager)

Council approved first reading 8-0-0 on March 28, 2017.

Approval of this action will authorize the dissolution of Galveston County Municipal Utility District No. 13 (the "District") and upon final close out of the District, the City will see a net increase in revenue of approximately $300,000 per year beginning in FY 2018.

In 1981, the City approved a Utility Agreement with the District which provided that the City would rebate 35 percent of the City taxes received each year on real property and improvements in the District. The agreement provided that the rebated property tax funds could only be used to pay debt service on the bonds issued by the District. In FY 2017, the City's budgeted rebate to the District is $323,453.

The City will be dissolving the District prior to the final maturity of the District's Series 2003, 2005 and 2011 bonds. The District's outstanding debt at dissolution will be $1,088,771 and the final debt service payment will be paid by the City on May 1, 2017 using funds received from the District upon dissolution (approximately $1,066,502) and with the remaining budgeted rebate funds. The District has a small amount of cash in their operating fund but expects to spend it on final payouts for professional services. Upon dissolution, the City will order a final audit of the District's accounts for an estimated cost of $12,000. By dissolving the District, assuming the debt and making the debt service payments directly, the City will save $24,700 in FY 2017 and $300,000 per year annually thereafter. The 2016 tax rate for the 865 homes in Brittany Bay was $0.391210. The dissolution of the District will eliminate this tax going forward.

Attachments
  1. Data Sheet
  2. Ordinance 2017-10
  3. Request Letter
  4. Map

FUNDING
{X } NOT APPLICABLE
{ } Funds are available from Account #_____
{ } Requires Budget Amendment to transfer from Account #_____to Account # _____