



Legislation Text

File #: 19-0062, **Version:** 1

Consider and take action on Ordinance 2019-04 authorizing an amended and restated utility agreement with Richard K. Duncan, Sr. regarding Galveston County Municipal Utility District No. 73 - Second Reading (Director of Planning & Development)

Council approved first reading 8-0-0 on January 8, 2018.

Approval of this ordinance will authorize an amended and restated utility agreement with Richard K. Duncan ("RKD") regarding Galveston County Municipal Utility District No. 73. A municipal utility district (MUD) is a political subdivision of the State of Texas authorized by the Texas Commission on Environmental Quality (TCEQ) to provide water, sewage, drainage and other utility-related services within the MUD boundaries. The purpose of a MUD is to provide a developer with an alternative way to finance infrastructure within the MUD. A MUD sells bonds to generate income so that the MUD can reimburse a developer for authorized improvements. A MUD then repays its bond debt by assessing taxes on the property owners within the MUD.

On July 11, 2016, the City consented to the creation of Galveston County Municipal Utility District #73 ("MUD 73") through Resolution 2006-29. MUD 73 encompasses approximately 785.66 acres of undeveloped property within League City. On July 25, 2006, the City authorized a utility agreement with Galveston County Municipal Utility District 73, through Ordinance 2006-74, but the board of directors for MUD 73 was never appointed. When the development of MUD 73 stalled, a new developer, RKD, subsequently acquired all property interests in MUD 73. Once the board of directors for MUD 73 is appointed, RKD intends to assign his interest to MUD 73 through its board of directors.

RKD has requested that the City amend certain provisions of the 2006 utility agreement so that it can proceed with its project plan for MUD 73. A summary of the requested changes is listed as follows:

- changes the name of the developer
- adds authority to MUD to construct and finance roads
- clarifies that district will own and maintain all detention, drainage and recreational facilities
- reduces the minimum bond issuance from \$2.5 million to \$1 million
- clarifies that the MUD has road powers as granted by the Texas Legislature

In addition, RKD requested that the maximum allowed tax rate for the MUD be set at \$1.50. Staff is opposed to this amount and has informed RKD that a maximum tax rate of \$1.00 is being recommended to City Council.

CONTRACT ORIGINATION: The amended and restated Utility Agreement has been reviewed and approved by the City Attorney's Office.

Attachments:

1. Data Sheet
2. Ordinance 2019-04
3. Exhibit A - Amended and Restated Utility Agreement
4. Exhibit B - Map

FUNDING

{x} NOT APPLICABLE

STRATEGIC PLANNING

{x} NOT APPLICABLE