



## **SPECIAL PURPOSE DISTRICTS MASTER POLICY**

### **PURPOSE**

The purpose of this policy is to provide a framework for City Council consideration of special purpose districts (SPDs) such as Municipal Utility Districts (MUDs) and Municipal Management Districts (MMDs). The City will consider an application for a SPD on a case-by-case basis and may support or oppose any SPD regardless of how they are created, and/or whether they meet the guidelines established within this policy. Consent to a SPD is within the discretion and purview of the City Council and no provision within this policy shall be construed to obligate the City Council to grant or deny its consent to any specific petition.

### **MUNICIPAL UTILITY DISTRICTS AND MUNICIPAL MANAGEMENT DISTRICTS**

MUDs and MMDs allow a developer to fund development typically outside of a City's corporate boundary (i.e. city limits). These types of SPDs can be used to facilitate residential or mixed-use development as well as commercial or industrial projects. Both of these districts have the ability to levy taxes to finance, build and maintain infrastructure and services related to water, sewer, and drainage in areas that are otherwise unmanaged by local governments.

MUDs may issue bonds to fund, water, wastewater, drainage, electrical services, roads or other infrastructure and services within the MUD boundary pursuant to Chapters 49 and 54 of the Texas Water Code and Article XVI, Section 59, of the Texas Constitution. MUDs are approved by the Texas Commission on Environmental Quality (TCEQ), or through the Texas legislature. MUDs do not last in perpetuity and are typically dissolved once the bond debt has been paid off.

MMDs may issue bonds to promote, encourage and maintain economic development, employment, commerce, transportation, housing, tourism, recreation, arts, safety and public welfare within the MMD boundary pursuant to Chapter 375 of the Local Government Code and approved by the Texas Commission on Environmental Quality (TCEQ), or through the Texas legislature. MMDs can last indefinitely as long as the property owners within the district continue to vote to maintain it.

### **CONDITIONS FOR CITY CONSENT OF A SPECIAL PURPOSE DISTRICT**

Any SPD located within the City's ETJ, and desiring future annexation into the City, shall be developed in accordance with the City's Comprehensive Plan and Master Thoroughfare Plan (MTP). When considering a request for a special purpose district, the City Council can consider the public benefit of the development by weighing the value of the benefits to the community, and to property in the special purpose district, against the costs to the City (i.e. city services and public infrastructure), including delayed annexation.

- The proposed SPD should be generally consistent with the vision, goals and policies of the City of Burleson Comprehensive Plan.
- Should City Council grant consent to the SPD, the City and the SPD should enter into a development agreement to outline all associated conditions of consent.
- The SPD should obtain all rights-of-way and easements necessary for the SPD. If the SPD is not able to obtain necessary third-party rights-of-way and easements then the City may, where allowed by State law, assist through the eminent domain process for services provided by the City and all associated fees should be borne by the SPD.
- Public infrastructure plans shall be prepared and reviewed by the City in compliance with the City's development regulations as relates to land use, infrastructure design, permitting, and inspections and applicants shall seek City development approvals prior to the commencement of any construction of public water, wastewater, drainage and road infrastructure that will be owned and operated by the City within the special purpose district.
- Construction or acquisition of any special purpose district facilities consisting of roadway, water, wastewater, and drainage infrastructure facilities that will be owned and operated by the City shall not commence unless the design conforms to the City's standards and the plans and specifications have been approved by all government entities with jurisdiction, including the City. In cases where County and City standards conflict, City standards shall apply.

- The special purpose district shall not provide services for, or acquire property to provide services for, any property outside its boundaries without the consent of the City.
- A special purpose district may not extend its boundaries unless the City Council first gives its consent to the extension.
- The special purpose district shall not allow use or extension of utility easements or stormwater drainage facilities owned or controlled by the special district for any property or development outside its boundaries without the consent of the City.

### **CERTIFICATE OF CONVIENCE AND NECESSITY**

The following SPD should be met based on the location of the SPD in relate to the City's CCN.

#### **Within the City's CCN:**

Future growth in the CCN should be a consideration when determining the size and capacity of utility infrastructure. Infrastructure should be built to a regional standard/capacity in a manner consistent with the City's comprehensive plan and utility master plans.

Items that may need to be considered in the design of the SPD utility network may include, but not be limited to wastewater interceptors and lift stations, water lines, treatment plants and stormwater infrastructure.

The City may enter into discussions on cost-sharing of off-site improvements where system wide improvements are necessary and will benefit multiple properties.

To ensure utility infrastructure is constructed to an appropriate standard, the following should take place:

- Plans for all utility infrastructure should be prepared, reviewed and approved in accordance with City design standards.
- The City should inspect all utility infrastructure, at the SPD developers cost, to ensure compliance with approved infrastructure plans.
- The City and SPD may by agreement determine whether the SPD or City is the owner of the utility infrastructure.
- If an SPD within the City's CCN wishes to receive utility services from another source, prior written approval from City Council shall be required unless otherwise allowed by state law.

**Outside the City's CCN:**

Plans for all utility infrastructure should be prepared, reviewed and approved in accordance with the City, County, and/or the applicable utility district(s) design standards.

Where the long-term maintenance of the utility system is the responsibility of the SPD, a maintenance plan should be submitted to the city and the County for review.

**VOLUNTARY ANNEXATION**

Should the proposed SPD desire future annexation into City limits, the proposed SPD may enter into discussion with the City to set annexation parameters at the time the proposed SPD is seeking consent from the City. Agreed upon terms will be outlined in a development agreement between the City and SPD so that there is clarity for the future annexation

- The SPD should be developed in a manner consistent with this policy and other applicable City policies, so that future annexation is not impaired in any way.
- Annexation should not occur until 100% of the original bonds for the creation and operation of the district have been repaid. The City does reserve the right to annex any SPD as allowed by state law, regardless of whether it has any outstanding debt, if it is deemed to be in the best interest of the City.
- If there is a limited purpose annexation, the SPD and City should enter into a strategic partnership agreement (or similar) with the City to facilitate annexation.
- Annexation should be based on fiscal impact, taking into consideration all public facilities and services, and whether adequate public facilities exist.
- If public infrastructure is transferred to the City, all associated warranties should be transferred to the City.