

Memorandum



CITY OF DALLAS

DATE August 9, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **August 14, 2019 Agenda Item # 16 - Kaufman County Municipal Utility District No. 3 Expansion**

On August 14, 2019, The Emory E. Horton and Pauline L. Horton U/T/A and The Horton Family Trust U/T/A, represented by Joshua A. Bethke with Coats Rose PLLC, owners of property in Kaufman County, are petitioning the City Council for consent for the expansion of the Kaufman County Municipal Utility District No. 3.

A Municipal Utility District (MUD) is a limited purpose government district used as a vehicle for the provision of municipal utility services. The Texas Commission on Environmental Quality (TCEQ) is responsible for the regulation of MUDs. Section 54.016 of the Texas Water Code and Section 42.042 of the Texas Local Government Code require written consent of a city to allow the creation of a MUD within the city's extraterritorial jurisdiction (ETJ). If consent is not given to the petitioners, the owners may petition the city to provide the services. The city is not required to provide any services. If the city fails to provide the services, the property owners may petition the TCEQ for the expansion of the MUD and the city's consent to the expansion is presumed.

The ETJ is the unincorporated territory contiguous to the corporate boundaries of a municipality. The purpose of the ETJ is to promote and protect the general health, safety, and welfare in areas adjacent to a municipality's corporate city limits. Other relevant facts regarding the ETJ include:

- Cities may enforce platting regulations and environmental regulations in their ETJ but may not enforce zoning regulations;
- The ETJ for cities with a population size of 100,000 or more is five miles from the city limits;
- A city's ETJ cannot include any area in the existing ETJ of another municipality; and
- A municipality may only annex area within its ETJ;

In 1975, the City of Dallas annexed property for the development of Lake Ray Hubbard which expanded the ETJ into Rockwall and Kaufman counties. The Kaufman County Municipal Utility District No. 3 was consented to by the Dallas City Council on October 8, 2003. An expansion of the Kaufman County MUD No. 3 was consented to on December 12, 2018.

The petition before the City Council on August 14, 2019, requests consent to add 77.978 acres to the Kaufman County MUD No. 3. The expansion will ultimately result in the construction of approximately 370 single family homes. The MUD will have the ability to

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issue tax exempt bonds to finance public water supply and conveyance, wastewater collection and treatment, storm drainage facilities, and roadway improvements. Consent of the expansion by City Council is given provided that the facilities constructed are in accordance with plans and specifications which have been approved by the City of Dallas and that the City has the right to inspect all facilities being constructed. Further, the consent is given with the requirement that all development must comply with Article VIII, "Plat Regulations," of the Dallas Development Code. Approval by the City Plan Commission is required prior to the construction of the homes.

The creation or expansion of a MUD has no cost consideration to the City. The consent with the requirements to follow Dallas' platting regulations and approval of plans for facilities ensures improvements in the ETJ are constructed to Dallas' standards in the event of a future annexation. The city has no plans to annex the property at this time.

If you have any questions or concerns, please contact Kris Sweckard at 214-671-9293.



Majed A. Al-Ghafry, P.E.
Assistant City Manager

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| T.C. Broadnax, City Manager | Joey Zapata, Assistant City Manager |
| Chris Caso, City Attorney (Interim) | Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer |
| Mark Swann, City Auditor | Michael Mendoza, Chief of Economic Development and Neighborhood Services |
| Biliera Johnson, City Secretary | M. Elizabeth Reich, Chief Financial Officer |
| Preston Robinson, Administrative Judge | Laila Aleqresh, Chief Innovation Officer |
| Kimberly Bazor Tolbert, Chief of Staff to the City Manager | M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion |
| Jon Fortune, Assistant City Manager | Directors and Assistant Directors |