

City of Mesquite, Texas

Legislation Text

File #: 19-4400, **Version:** 1

A resolution consenting to and evidencing support for creation of the Spradley Farms Improvement District of Kaufman County through the Texas Commission on Environmental Quality to include approximately 621.998 acres of land, consisting of approximately 613.573 acres generally located south of Interstate 20, north and east of FM 2757, and north and west of Union Hill Road, and approximately 8.425 acres generally located north of Interstate 20 and southwest of Cimarron Trail, all of such property being located in Kaufman County, Texas, and being located within the corporate limits of the City of Mesquite.

Spradley Farms, Ltd., the majority owner of a 797-acre assemblage of tracts known as “Spradley Farms,” has submitted a petition seeking the City Council’s consent and support for the creation of the *Spradley Farms Improvement District of Kaufman County (District)* in the form of a resolution. This consent resolution would then become a part of the supporting documentation for the property owner’s petition to the Texas Commission on Environmental Quality (TCEQ) to create the District, pursuant to Chapter 375, Texas Local Government Code (Chapter 375); and 30 Texas Administrative Code, Chapter 293.

Recall on April 1, 2019, the City Council passed a similar resolution (Resolution No. 29-2019) in support of creating the District under the State District Local Laws Code through legislation during the 86th Legislature. No action was taken on that legislation (HB 4763) by the House Committee on County Affairs and recommendations were filed with the Speaker of the House on May 25, 2019. Since no vote was taken on HB 4763, the property owner is now seeking to create the District by order of the TCEQ, which has jurisdiction to grant such petitions, and the application process can typically take up to six months before reaching a TCEQ docket.

The proposed District would be governed by the same five-member board of directors that Council approved in April and would have all the powers and authority under Chapter 375 and those conferred by Chapters 49 and 54 of the Texas Water Code. The board would have the authority to issue road and utility bonds, impose fees, levy a District maintenance and operations tax above the City’s property tax rate, and assess commercial property within the District in a manner similar to a PID, but could not assess residential property. Any road and utility bond issues would be subject to District voter approval, and utility bond issues would also require approval by the TCEQ. All issuances of bonds by the District are subject to approval by the Attorney General. The District would also be subject to all of the City’s platting and land use regulations.

The TCEQ order would create the District and authorize the District to provide financing for the construction of water, sanitary sewer, drainage, roadways and other public improvements, in addition to District maintenance and operation obligations, subject to approval by District voters.

Chapter 375 contains provisions that require City consent to the issuance of bonds, or alternatively, approval of a capital improvement budget for public improvements. The City Council can also set limitations on District bond authorizations, including a contractually agreed to cap on the District property tax, and can specify development standards and the financing of District improvements through a mutually approved and accepted *Master Development Agreement*. This Agreement can also identify public improvements, including public safety facilities to be financed by a Tax Increment Reinvestment Zone and those financed by the District and

the ownership and maintenance of such public improvements. Chapter 375 provides the City Council the ability to dissolve the District by ordinance adopted by two-thirds vote of the Council, after which the City would assume all assets, liabilities and obligations of the District, including any outstanding debt.

The City's bond counsel will be in attendance during the Council Pre-Meeting to address any concerns and answer any specific questions regarding the proposed District's statutory powers and authority.

Recommended/Desired Action

Staff recommends approval of the resolution.

Attachment(s)

Resolution (will be provided in Friday's mail packet)

Drafter

Ted Chinn

Head of Department

Cliff Keheley