



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Development Services

CM/DCM/ACM: Cassey Ogden

DATE: November 19, 2024

SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas authorizing the execution of a Development Agreement with TCCI Churchill, LLC and Ponder Farms Municipal Utility District of Denton County relating to the Churchill East development, encompassing approximately 274.991 acres of land located north of FM 2449 and east and south of T N Skiles Road, within Division 1 of the extraterritorial jurisdiction of the City of Denton, Texas; and other related matters; and providing an effective date.

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Enhance Infrastructure and Mobility.

BACKGROUND

Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution authorizes the creation of special districts that function as independent, limited governments. A Municipal Utility District (MUD) is another type of special district and Chapter 54 of the Texas Water Code provides specific regulations for the creation of a MUD.

The purpose of a MUD is to provide a developer an alternate way to finance infrastructure, such as water, sewer, drainage, and road facilities through the issuance of refunding bonds. Managed by a Board elected by property owners within the MUD, a MUD may issue bonds to reimburse a developer for authorized improvements. The MUD will utilize property tax revenues and user fees to repay the debt. As the MUD pays off its debt, more of its tax revenue can be directed to other services.

A MUD can be created by either:

1. the Texas Legislature following adoption of a district creation bill; or
2. the Texas Commission on Environmental Quality (TCEQ) following a petition and consent process described in the Texas Water Code.

A MUD established by TCEQ is initiated by a property owner submitting a Petition for Consent to Creation of a Political Subdivision in the Extraterritorial Jurisdiction. These MUDs are governed by both Section 54.016 of the Texas Water Code and Section 42.042 of the Texas Local Government Code. For property located in the City's ETJ to be included in a MUD, a request for City Council consent is required prior to creation as part of the TCEQ process.

The City was approached by the developers in 2022. In April 2022, the City received an initial petition for the creation of the MUD but did not provide consent. Following that, a petition was submitted to the TCEQ for the creation of the Ponder Farms MUD by the developer in June 2023 and the MUD was

created by TCEQ in November 2023. The City staff and developer have continued discussions over this time regarding the potential of the City of Denton to provide services to the MUD over this same period. Earlier this year, the City and the developer were able to reach an agreement regarding services whereby the City would provide water and wastewater services and enter into a development agreement.

CONSIDERATIONS

Concept Plan

The entire development is approximately 827 acres, 540 acres are currently planned to be developed and the Development Agreement would be limited to the 275 acres within the City of Denton ETJ 1.

At a minimum single-family lots and amenity/park space shall be setback a minimum of 300 feet, which is an addition above the 100 feet minimum set by the Fire Code. The proposed Development Agreement includes the development of a minimum 10-foot wide trail on both sides of TN Skiles Road, both sides of the roadway to the future connection point of Amyx Road, and on the north side of FM 2449 in the portion of the development to assist in connecting the District’s trail network to the City’s citywide trail network.

The development is expected to start building homes in 2026 with full buildout in 2037. The development will be built on five different properties (Churchill East, Churchill West, Ponder Farms, Webster Meadows, and TexMix) which are all within the Ponder Farms MUD.

In total, the current Ponder Farm Master Concept Plan contemplates the following:

GROSS ACREAGE	USE	INTENSITY		
498	Single-Family	Lots/Units	Lot Count	Width
		2,585	511 191 1,515 368	60’ 50’ 45’ 40’
19	Multifamily	500		
23	Commercial			

540 Developed Acres
827 Total Acres

These are associated with Utility Service Agreements and include provisions for various public improvements at the expense of the District, which includes roadway, water, wastewater, and stormwater. The approximate costs of the total improvements are \$174,700,000.

RECOMMENDATION

Staff recommends approval of an Ordinance authorizing the execution of a Development Agreement between the City of Denton and Ponder Farms Municipal Utility District which includes the following conditions:

- 1. Utilities**
 - a. Water and Wastewater – The City will be the exclusive provider of water and wastewater service for the District at the same rates charged to other communities located outside of the City limits.
 - b. The Developer will be responsible to design, construct all W/WW improvements in accordance with the City’s adopted standards at the Developer’s expense. The Developer will be responsible

for Water/Wastewater impact fees and as well as any necessary dedications and, similar to other developments, will be eligible for impact fee credits.

- c. Stormwater, Drainage, and Floodplain – The Developer will submit to the City Engineer a copy of the downstream assessment and Conditional Letter of Map Revision (CLOMR) prior to submitting to FEMA.
- d. Solid Waste/Recycling – The City is provided the opportunity to compete with other service providers to deliver solid waste/recycling services.

2. Roadways

- a. The Developer will submit a full Traffic Impact Analysis related to the development.
- b. All Onsite roadways will be designed in accordance with the City's adopted standards. The design and construction will be at the Developer's expense.

3. Gas Well Setbacks

- a. Setbacks will be 300' measured from the well head to the nearest residential property line. This setback is an increase of 100' from the current minimum standard established by the International Fire Code, which governs in the ETJ. If any gas well is capped, the setback will be reduced from 300 feet to a radius of 20 feet.

4. Parks/Trails

- a. The Developer will coordinate with the City for the connections of the MUD trail network to the citywide trail network. The Developer has also agreed to provide additional 10-foot side paths for this development.

5. Building Permits

- a. All structures are required to be built to the City's adopted construction codes. The developer will follow the City's standard procedures for obtaining permit and inspections for all buildings within the Churchill East Property.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

May 2020– The City adopted an Interim MUD Policy

April 2022– City received Petition for Consent to Create the Ponder Farms MUD

May 2022– The City adopted the current MUD Policy

June 2023– Developer submitted Petition for Creation of Ponder Farms MUD to TCEQ

November 2023– TCEQ Ordered Creation of the Ponder Farms MUD

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Ordinance and Agreement

Exhibit 3 – Presentation

Respectfully submitted:

Scott McDonald

Director of Development Services

Prepared by:

Charlie Rosendahl

Business Services Manager