

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: The Commissioners of the Texas Commission on Environmental Quality **Date:** July 6, 2012

Thru: Tammy Benter, Manager, Utilities and Districts Section
Anthony Schneider, P.E., Leader, Districts Review Team

From: Districts Review Team

Subject: Docket No. 2009-0205-DIS. Petition for Creation of Rockwall County Water Control and Improvement District (WCID) No. 1; Pursuant to Texas Water Code (TWC), Sections 49 and 51, and Title 30, Texas Administrative Code, (30 TAC), Section 293.11.
TCEQ Internal Control No. 06182008-Do4
CN: 603377441 – RN: 105557854

DESCRIPTION OF APPLICATION

Petitioner: FM-548 & High Plains Trail – 1237, LLLP sole owner of the land in Rockwall County WCID No. 1.
Request: Creation of Rockwall County WCID No. 1.
Type: Creation.
Authority: TWC, Sections 49 and 51, and 30 TAC, Section 293.11.

STAFF RECOMMENDATIONS

Grant the request for creation of Rockwall County WCID No. 1.

TECHNICAL INFORMATION

General: The petition within the application requests Commission approval of the creation of Rockwall County WCID No. 1 ("District"). According to the petition, the Petitioner holds title to a majority in value of the land to be included in the proposed District. The proposed District would contain approximately 616.211 acres of land. The petition states that the land of the proposed District is not located within the extraterritorial jurisdiction (ETJ) of any city. However, subsequent to the filing of the petition, the land was annexed into the ETJ of the City of McClendon-Chisolm ("City"). The applicant is requesting approval to create the proposed District under Article XVI, Section 59 of the Texas Constitution and TWC, Chapters 49 and 51.

ANTICIPATED RESPONSE

General agreement with the staff's recommendation.

CONTACT

Greg Charles, Technical Manager, Districts Review Team, 239-4638.

Prepared by:


Districts Review Team

July 6, 2012
Date

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER GRANTING THE PETITION FOR CREATION OF
ROCKWALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
AND APPOINTING TEMPORARY DIRECTORS

A petition by FM-548 & High Plains Trail – 1237, LLLP, (hereafter “Petitioner”) was presented to the Texas Commission on Environmental Quality (hereafter “TCEQ”) for consideration of approval of the creation of Rockwall County Water Control and Improvement District No. 1 (hereafter “District”) pursuant to Article XVI, Section 59 of the TEXAS CONSTITUTION and TEX. WATER CODE Chapters 49 and 51.

The TCEQ, after having considered the petition, application material, and memorandum from the Executive Director dated May 15, 2012 (hereafter “Memorandum”), attached as Exhibit “B,” finds that the petition for creation should be granted.

The TCEQ finds that the creation of the proposed District as set out in the application is feasible, practicable, necessary, would further the public welfare, and would be a benefit to the land to be included in the proposed District.

The TCEQ further finds that the proposed District and its system and subsequent development within the proposed District will not have an unreasonable effect on land elevation, subsidence, groundwater level within the region, recharge capability of a groundwater source, natural runoff rates and drainage, water quality, or total tax assessments on all land located within the proposed District.

All of the land and property proposed may properly be included within the proposed District.

All statutory and regulatory requirements for creation of Rockwall County Water Control and Improvement District No. 1 have been fulfilled in accordance with TEX. WATER CODE § 51.014 and 30 TEX. ADMIN. CODE §§ 293.11 and 293.12.

The proposed District has satisfied the requirements for creation pursuant to LOCAL GOVERNMENT CODE (LGC) §42.042. The proposed District submitted a written request for the consent of the City of McClendon-Chisolm (“City”), in whose extraterritorial jurisdiction the District will be located, and petitioned the City for water and wastewater services, pursuant to LGC 42.042(b) and (c), respectively. The City’s failure to make a contract with the proposed District for these services constitutes its consent to the creation of the proposed District. Pursuant to LGC 42.042(d), this consent is an authorization to initiate proceedings to create the proposed District. Furthermore, the proposed District petitioned

the TCEQ for its creation pursuant to LGC 42.042(f) and the TCEQ, in accordance with LGC 42.042(f), will allow the creation since it has found that the City failed to make a legally binding commitment to provide water and wastewater services to the proposed District at a reasonable cost to the landowner.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY THAT:

1. The petition for the creation of Rockwall County Water Control and Improvement District No. 1 is hereby granted.

2. The District is created under the terms and conditions of Article XVI, Section 59 of the TEXAS CONSTITUTION and TEX. WATER CODE Chapters 49 and 51.

3. The District shall have, and shall be subject to, all of the rights, powers, privileges, authority, and functions conferred and shall be subject to all duties imposed by the TCEQ and the general laws of the State of Texas relating to water control and improvement districts.

4. The District shall be composed of the area situated wholly within Rockwall County, Texas, described by metes and bounds in Exhibit "A" attached hereto and incorporated herein for all purposes.

5. The Memorandum dated May 15, 2012, attached as Exhibit "B," is hereby incorporated as part of this Order.

6. The persons listed in Recommendation No. 3 of the Memorandum are hereby named and appointed as temporary directors and shall, as soon as practicable after the date of entry of this Order, execute their official bonds and take their official oaths of office. All such bonds shall be approved by the Board of Directors of the District, and each bond and oath shall be filed with the District and retained in its records.

7. This Order shall in no event be construed as an approval of any proposed agreement or of any particular item in any documents provided in support of the petition for creation, nor as a commitment or requirement of the TCEQ in the future to approve or disapprove any particular item or agreement in future applications submitted by the District for TCEQ consideration.

8. The Chief Clerk of the TCEQ shall forward a copy of this Order to all affected persons.

9. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date:

For the Commission

EXHIBIT "A"

PROPERTY DESCRIPTION

BEING A 616.211 ACRE TRACT OF LAND SITUATED IN THE F. BANGUSS SURVEY, ABSTRACT NO. 7, ROCKWALL COUNTY, TEXAS AND BEING A PORTION OF THAT CALLED 1236.450 ACRE TRACT OF LAND DESCRIBED IN DEED TO MAREEN KOCH, RECORDED IN VOLUME 166, PAGE 812 OF THE DEED RECORDS OF ROCKWALL COUNTY, TEXAS (D.R.R.C.T.). BEARING BASIS IS NAD 1983 GRID, ZONE 4202, BASED ON GPS OBSERVATIONS AND OPUS SOLUTION. SAID 616.211 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2" IRON ROD FOUND MARKING THE SOUTHEAST CORNER OF SAID MAREEN KOCH TRACT, IN THE NORTHWEST RIGHT OF WAY LINE OF F.M. 548 AS DESCRIBED IN RIGHT OF WAY DEED, RECORDED IN VOLUME 45, PAGE 632 D.R.R.C.T.;

THENCE S 43°57'12" W, ALONG THE SOUTH LINE OF SAID MAREEN KOCH TRACT, BEING THE COMMON NORTHWEST RIGHT-OF-WAY LINE OF SAID F.M. 548, A DISTANCE OF 4612.49 FEET TO A 5/8" IRON ROD FOUND AT THE MOST SOUTHERLY CORNER OF SAID MAREEN KOCH TRACT, BEING THE COMMON NORTHEAST CORNER OF THAT CALLED 361.9 ACRE TRACT OF LAND DESCRIBED IN DEED TO TATE HEREFORD FARMS, LTD., RECORDED IN VOLUME 1787, PAGE 143 D.R.R.C.T.;

THENCE ALONG THE SOUTHWEST LINE OF SAID MAREEN KOCH TRACT, BEING THE COMMON NORTHEAST LINE OF SAID TATE HEREFORD FARM TRACT THE FOLLOWING COURSES AND DISTANCES:

N 46°02'44" W, A DISTANCE OF 1143.20 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

N 43°37'42" E, A DISTANCE OF 2180.92 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

N 69°24'45" W, A DISTANCE OF 1158.63 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

N 64°29'21" W, A DISTANCE OF 896.96 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

N 33°56'05" W, A DISTANCE OF 255.35 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

N 71°23'37" W, A DISTANCE OF 190.98 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

N 58°05'33" W, A DISTANCE OF 338.88 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

N 39°26'33" W, A DISTANCE OF 468.77 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET AT THE MOST NORTHERLY CORNER OF SAID TATE HEREFORD FARM TRACT IN THE SOUTHEAST LINE OF THAT CERTAIN TRACT OF LAND DESCRIBED IN DEED TO DALE ZEILTON, DAWN ZEILTON, HAM ROCKWALL, LLC AND HAM QUEEN CREEK, LLC, RECORDED IN VOLUME 4566, PAGE 53 D.R.R.C.T.;

THENCE CONTINUING ALONG THE NORTHWEST LINE OF SAID MAREEN KOCH TRACT, BEING THE COMMON SOUTHEAST LINE OF SAID ZEILTON TRACT THE FOLLOWING COURSES AND DISTANCES:

N 65°44'26" E, A DISTANCE OF 295.81 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

N 82°29'28" E, A DISTANCE OF 760.34 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET AT THE NORTHEAST CORNER OF SAID ZEILTON TRACT;

THENCE ALONG THE SOUTHWEST LINE OF SAID MAREEN KOCH TRACT, BEING THE COMMON NORTHEAST LINES OF SAID ZEILTON TRACT AND THAT CALLED 316.9 ACRE TRACT OF LAND DESCRIBED IN DEED TO SUE HOWELL, ET AL TRUSTEES, RECORDED IN VOLUME 994, PAGE 150 D.R.R.C.T. THE FOLLOWING COURSES AND DISTANCES:

N 45°36'43" W, A DISTANCE OF 4622.66 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

N 46°01'34" W, A DISTANCE OF 2574.51 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

THENCE OVER AND ACROSS SAID MAREEN KOCH TRACT THE FOLLOWING COURSES AND DISTANCES:

N 55°39'59" E, A DISTANCE OF 470.34 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 3000.00 FEET, A DELTA ANGLE OF 43°15'56", A LONG CHORD THAT BEARS N 77°17'57" E A DISTANCE OF 2211.94 FEET, AN ARC DISTANCE OF 2265.38 FEET TO A

5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

S 81°04'05" E, A DISTANCE OF 544.23 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

S 08°55'55" W, A DISTANCE OF 284.64 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 2000.00 FEET, A DELTA ANGLE OF 72°56'32", A LONG CHORD THAT BEARS S 27°32'21" E A DISTANCE OF 2377.67 FEET, AN ARC DISTANCE OF 2546.17 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

S 64°00'37" E, A DISTANCE OF 446.26 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 2500.00 FEET, A DELTA ANGLE OF 28°52'53", A LONG CHORD THAT BEARS S 49°34'11" E A DISTANCE OF 1246.89 FEET, AN ARC DISTANCE OF 1260.19 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET;

N 43°44'22" E, A DISTANCE OF 509.99 FEET TO A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET IN THE NORTHEAST LINE OF SAID MAREEN KOCH TRACT;

THENCE S 45°33'51" E, ALONG SAID NORTHEAST LINE, BEING THE COMMON SOUTHWEST LINE OF TRACT 1, DESCRIBED IN DEED TO UNIVEST PROPERTIES, INC., RECORDED IN VOLUME 1170, PAGE 117 D.R.R.C.T., A DISTANCE OF 5060.88 FEET TO THE POINT OF BEGINNING, AND CONTAINING 616.211 ACRES OF LAND, MORE OR LESS.

THIS DOCUMENT WAS PREPARED UNDER 22 TAC 663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND INTEREST IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED.

Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: Linda Brookins, Director
Water Supply Division

Date: May 15, 2012

Thru: *5/16/12*
Tammy Benter, Manager
Utilities and Districts Section

ASD
5/10/12 Anthony J. Schneider, P.E., Team Leader
Utilities and Districts Section

From: Greg Charles, P.E. *RN 5-16-12*
Districts Bond Team *G.C.*
5/16/12

Subject: Docket No. 2009-0205-DIS. Petition by FM-548 & High Plains Trail-1237, LLLP, for Creation of Rockwall County Water Control and Improvement District No. 1; Pursuant to Texas Water Code Chapters 49 and 51. TCEQ Internal Control No. 06182008-Do4 (TC) CN: 603377441 RN: 105557854

A. GENERAL INFORMATION

The Commission received a petition within the application requesting approval for the creation of Rockwall County Water Control and Improvement District No. 1 (District). The petition was signed by Ronald H. McRae, trustee of Ronald McRae Trust, sole member of High Plains Trail, GP, LLC, general partner of FM-548 & High Plains Trail-1237, LLLP (Petitioner). According to the petition, the Petitioner is the owner of a majority in value of the land in the proposed District, and there is one lienholder, Legacy Land Bank, FLCA, on the property to be included in the proposed District. By separate affidavit, the lien holder has indicated consent to the creation of the proposed District.

The District is proposed to be created and organized according to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 51 of the Texas Water Code.

Location and Access

The proposed District is located in Rockwall County, approximately two miles north of the intersection of Farm-to-Market Road (FM) 548 and State Highway 205, and five miles south of IH-30. It is approximately 27 miles east of the central business district of the City of Dallas. Access to the proposed District is along FM 548. The petition states that the proposed District is not located within the extraterritorial jurisdiction (ETJ) of any city.

Metes and Bounds Description

The proposed District contains one tract of land totaling 616.211 acres. The metes and bounds description of the proposed District has been checked by the Commission's staff and has been found to form an acceptable closure.

Linda Brookins, Director, Water Supply Division

Page 2

May 15, 2012

City Consent

The petition states that the proposed District is not in the corporate limits or in the ETJ of any city or town. Accordingly, the requirements of Texas Local Government Code Section 42.042 were not applicable at the time of filing. Since the submission of the application, the proposed District was included in the ETJ of the City of McClendon-Chisolm (City) on August 12, 2008, which makes the requirements of Texas Local Government Code Section 42.042 applicable. See Special Consideration No. 2 below.

Submitting and/or Filing Petition

Evidence of submitting the petition to the Rockwall County clerk's office and the Commission's Dallas/Fort Worth regional office has been provided.

Type of Project

The proposed District will be considered a "developer project" as defined by 30 TAC Section 293.44(a). Therefore, developer cost participation in accordance with 30 TAC Section 293.47 will be required.

Developer Qualifications

Application material indicates that the person signing the petition, Ronald McRae of the McRae group of companies, will be the developer of the proposed District. The developer has more than 35 years of experience in the real estate business, and owns over 200 properties located primarily in Arizona, Southern California, Colorado, and Texas.

Appraisal District Certificate

By certificate dated July 15, 2008, the Rockwall Central Appraisal District states that the tax rolls indicate that FM-548 & High Plains Trail-1237, LLLP is the owner of the property in the proposed District.

Temporary Director Affidavits

The Commission has received affidavits for Commission consideration of the appointment of temporary directors for the following:

Edna L. Thompson

Carrie L. Coy

Malette Stevens

Althean Guerra

Shirley Perkins

Each of the above persons named is qualified, as required by 30 TAC Section 293.32(a), to serve as a temporary director of the proposed District as each (1) is at least 18 years old; (2) is a resident of the state of Texas; and (3) either owns land subject to taxation within the proposed District or is a qualified voter within the proposed District.

Notice Requirements

Proper notice of the application was published on December 19 and December 26, 2008, in the Rockwall County Herald-Banner, a newspaper regularly published or circulated in Rockwall County, the county in which the district is proposed to be located. Proper notice of the application was posted on January 15, 2009, on the bulletin board used for posting legal notices in Rockwall County. Accordingly, the notice requirements of 30 TAC Section 293.12(b) have been satisfied.

B. ENGINEERING ANALYSIS

The creation engineering report indicates the following:

Availability of Comparable Service

The proposed District lies within the water Certificate of Convenience and Necessity (CCN) boundary of Blackland Water Supply Corporation (WSC), and all requirements for water supply will be provided by Blackland WSC. It is anticipated that Blackland WSC will operate and maintain facilities and be the retail provider of water. The proposed District and proposed Rockwall County Water Control and Improvement District No. 2 (WCID No. 2) will share with others in the wastewater conveyance and treatment facilities.

Water Supply

Blackland WSC will provide the proposed District with its water supply. Blackland WSC will require the proposed District and proposed Rockwall County WCID No. 2 to construct approximately 5,600 linear feet (lf) of offsite 18-inch water line and pay a capital improvement fee of \$1,482 per lot, at 70% of 85% for water supply.

Water Distribution

The water distribution system for full development will consist of approximately 101,000 lf of 8-inch to 12-inch diameter internal water lines, and a share of 15,350 lf of 12-inch and 16-inch offsite water lines. Service lines, fire hydrants, and flushing valves will be provided.

Wastewater Treatment

The proposed District plans to participate in a joint wastewater treatment plant with other entities in the area, including Rockwall County WCID No. 2. The total wastewater load from the proposed District is expected to average 0.6 million gallons per day (2,003 ESFCs times 300 gallons per day per ESFC). The proposed treatment plant will be located along Big Brushy Creek adjacent to FM 548, about four miles southwest of the proposed District.

Wastewater Collection

The internal wastewater collection system for full development of the proposed District will consist of approximately 108,000 lf of 8 to 12-inch diameter internal gravity flow lines, and a share of 22,500 lf of 12, 15, 18, and 24-inch gravity lines, that will flow to a lift station to be shared with proposed Rockwall County WCID No. 2. Flows will then be pumped via force main and a 21-inch gravity line to the proposed Brushy Creek Treatment Plant. Flushing connections and service leads will be provided.

Storm Water Drainage

The storm water runoff within the proposed District will be directed through curb inlets and 78,200 lf of reinforced concrete storm lines that will range in size from 18 inches in diameter to 6-foot by 5-foot box culverts, to detention ponds. The storm drain collector system will outfall into unnamed tributaries of Graham Branch and Denton Creek.

Topography

The proposed District generally slopes from the northern to the southern border, with elevations ranging

from 516 feet above mean sea level (msl) to 558 feet above msl.

Floodplain

Federal Emergency Management Agency Flood Insurance Rate Map No. 4805430150 B dated September 17, 1980 indicates that approximately 77 acres of the proposed District is located in the 100-year floodplain. Development will reclaim a portion, 16 acres (77 acres less 61 acres,) of the floodplain acreage.

Impact on Natural Resources

The creation of the proposed District is expected to have no adverse effect on land elevation, groundwater levels, recharge capability, subsidence, natural runoff rates and drainage, or water quality.

C. SUMMARY OF COSTS

<u>Construction Costs</u>	<u>Total Amount</u>	<u>District's Share⁽¹⁾</u>
A. Developer Contribution Items		
1. Water Distribution System ⁽²⁾	\$ 6,402,342	\$ 4,481,639
2. Wastewater Collection System	4,164,440	2,915,108
3. Drainage System	6,786,585	4,750,610
4. Contingencies(7.5% of Items 1 to 3)	1,306,625	914,638
5. Engineering (11.0% of Items 1 to 4)	<u>2,057,933</u>	<u>1,440,553</u>
Total Developer Contribution Items	\$ 20,717,925	\$ 14,502,548
B. District Items		
1. Shared Wastewater Treatment Plant Facilities ⁽³⁾		\$ 7,215,452
2. Shared Water Trunk Facilities ⁽³⁾		700,218
3. Shared Wastewater Trunk Facilities ⁽³⁾		2,429,001
4. Contingencies (8.8% of Items 1 to 3)		912,064
5. Engineering (12.8% of Items 1 to 4)		<u>1,436,504</u>
Total District Items		\$ 12,693,239
TOTAL CONSTRUCTION COSTS (70.5% of BIR)		\$ 27,195,787
 <u>Non-construction Costs</u>		
A. Legal Fees (2.5%)		\$ 963,750
B. Fiscal Agent Fees (2%)		771,000
C. Interest		
1. Capitalized Interest (24 months @ 5.75%)		4,433,250
2. Developer Interest		3,127,516
D. Bond Discount (3%)		1,156,500
E. Creation Costs		100,000
F. Operating Expenses		170,322
G. Bond Issuance costs		385,500
H. Bond Application Report Costs		150,000
I. TCEQ Bond Issuance Fee (0.25%)		<u>96,375</u>

TOTAL NONCONSTRUCTION COSTS	\$ 11,354,213
TOTAL BOND ISSUE REQUIREMENT	\$38,550,000

- Note:
- (1) Assumes 70% funding of anticipated developer contribution items.
 - (2) The cost summary provided included water supply impact fees to Blackland WSC as a water distribution cost subject to a reimbursement rate of 70% of 85%.
 - (3) Amount shown represents proposed District's anticipated 46% (2,003 ESFCs for proposed District of 4,340 total ESFCs for Rockwall County WCID Nos. 1 & 2) pro rata share of the costs. Actual cost sharing to be in accordance with Commission rules at the time bond applications are reviewed.

Eligibility of costs for District funding and 30% developer contribution requirements will be determined in accordance with Commission rules in effect at the time bond applications are reviewed. Based on current rules, the proposed box culvert crossings under developer roads over natural waterways are not reimbursable.

D. ECONOMIC ANALYSIS

Land Use

The land use for the proposed District is projected in the following table:

<u>Development</u>	<u>Acres</u>	<u>ESFCs</u>
Single-Family Residential	406.0	1,160
Mixed use	91.0	843
Floodplain/Open space	60.5	0
Pipeline Easements	8.8	0
Thoroughfare Right-of-Way	17.2	0
Outer Loop Right-of-Way	32.7	0
Total	616.2	2,003

Market Study

A market study, prepared by Meyers Builder Advisors, has been submitted in support of the creation of the proposed District. The market study indicates that the proposed District will contain 1,160 single-family and 843 mixed use homes (condominiums and townhouses) ranging in value from \$100,000 to \$400,000. The homes are expected to be constructed at a rate of 78 to 189 units per year for single-family, and 159 to 228 units per year for mixed use, with initial construction in 2010 and build-out by 2018.

Project Financing

The estimated total assessed valuation of the proposed District at completion is as follows:

<u>Units Planned</u>	<u># of Units</u>	<u>Average Unit Value</u>	<u>Total Value at Build-out</u>
Single-Family Homes – 60'x120'	355	\$ 167,500	\$ 59,462,500
Single-Family Homes – 75'x120'	400	217,000	86,800,000
Single-Family Homes – 85'x130'	365	289,000	105,485,000
Single-Family Homes – 100'x200'	40	370,000	14,800,000
Mixed Use	843	118,250	99,684,750

Total

\$ 366,232,250

Considering an estimated bond issue requirement of \$38,550,000 (assuming 70% financing,) a coupon bond interest rate of 5.75%, and a 25-year bond life, the average annual debt service requirement would be approximately \$2,944,378. Assuming a 90% collection rate and an ultimate taxable assessed valuation of \$366,232,250, a tax rate of about \$0.89 per \$100 assessed valuation would be necessary to meet the annual debt service requirements.

The total year 2008 overlapping tax rates on land within the proposed District are shown in the following tables:

<u>Taxing Jurisdiction</u>	<u>Tax per \$100 valuation</u>
Rockwall County	\$ 0.3750
Royse City Independent School District	1.4700
Proposed District Maintenance Tax	0.0500 ⁽¹⁾
Proposed District Debt Service Tax	<u>0.8900</u> ⁽¹⁾
Total tax per \$100 valuation	\$ 2.7850

Note: (1) Results in a combined projected tax rate of \$0.94.

Based on the proposed District tax rate and the year 2008 overlapping tax rates on land within the proposed District, the project is considered economically feasible.

Water and Wastewater Rates

According to information provided, the estimated monthly fee for 10,000 gallons of water and wastewater would be approximately \$70.65 (\$38.50 for water, and \$32.15 for wastewater.)

Comparative Water District Tax Rates

An overlapping tax rate of \$2.79 for the proposed District is comparable to other districts in the area. Based on the requirements of 30 TAC Section 293.59, this project is economically feasible.

E. SPECIAL CONSIDERATION

1. Hearing Request

A letter dated August 4, 2008 was sent to Rockwall County, in accordance with Texas Water Code Section 54.0161, to advise the County of the creation of the proposed District. By letter dated August 25, 2008, Rockwall County expressed opposition to the creation of the proposed District and requested a hearing. By letter dated January 23, 2009, Texas Media Enterprise, LLC, publisher of the Rockwall County News also requested a hearing.

2. Creation Consent

Subsequent to the filing of the application for the creation of the proposed District, the proposed District was included in the ETJ of the City of McClendon-Chisolm on August 12, 2008, and therefore the City's consent to the creation of the district was required. On July 8, 2010, the owners of the land within the proposed District filed a petition with the City seeking consent. A letter from the City to the Commission

dated July 26, 2010, stated that a decision by the City Council was anticipated on the consent request in the near future. Information from the petitioner dated November 22, 2011, indicated that after almost eighteen months of negotiations with the City, the City had not consented to the creation of the proposed District. The letter also indicated that the proposed District petitioned the City on August 23, 2011, for water and wastewater services. Information from the City indicates that the City has not reached an agreement with the petitioner regarding water and wastewater service for the proposed District. Since the City has failed to consent to the creation of the proposed District within 90 days after the submission of the petition from the land owner, and the City has failed to agree to provide service within 120 days after receiving a petition for service, the failure constitutes the City's consent to the creation of the proposed District, pursuant to Texas Local Government Code Sections 42.042(c) and (f).

F. CONCLUSIONS

1. Based on Commission policy, compliance with Commission rules, and review of the engineering report and supporting documents, the proposed District is considered feasible, practicable, would be a benefit to the land within the proposed District, would be necessary as a means to finance utilities and to provide utility service to future customers, and would further the public welfare.
2. Based on a review of the preliminary engineering report; market study; the proposed District's water, wastewater, and drainage facilities; a combined projected tax rate of \$0.94; the proposed District obtaining a 5.75% bond coupon interest rate; and other supporting data, the proposed District is considered feasible under the feasibility limits prescribed by 30 TAC Section 293.59.
3. The recommendations are made under authority delegated by the Executive Director of the Texas Commission on Environmental Quality.

F. RECOMMENDATIONS

1. Grant the petition for creation of Rockwall County Water Control and Improvement District No. 1, pursuant to Texas Local Government Code Sections 42.042(c) and (f).
2. The order granting the petition should include the following statements:

"This Order shall in no event be construed as an approval of any proposed agreements or of any particular items in any documents provided in support of the petition for creation, nor as a commitment or requirement of the Commission in the future to approve or disapprove any particular items or agreements in future applications submitted by the District for Commission consideration."

3. Appoint the following to serve as temporary directors until permanent directors are elected and qualified:

Edna L. Thompson
Carrie L. Coy

Malette Stevens
Althean Guerra

Shirley Perkins

Linda Brookins, Director, Water Supply Division

Page 8

May 15, 2012

G. ADDITIONAL INFORMATION

The petitioners' professional representatives are:

Attorney: Mr. Timothy G. Green – Coats, Rose, Yale, Ryman & Lee, PC

Engineer: Mr. Nathan Thompson, P.E. – Jacobs Carter Burgess

Market Analysts: Lance Ramella and Ada Kaiser - Meyers Builder Advisors