

**Debbie Zachary**

---

**From:** PUBCOMMENT-OCC  
**Sent:** Thursday, October 6, 2022 10:46 AM  
**To:** Pubcomment-Dis; PUBCOMMENT-ELD; PUBCOMMENT-OCC2; PUBCOMMENT-OPIC  
**Subject:** FW: NOTICE OF DISTRICT PETITION TCEQ INTERNAL CONTROL NO. D-07062022-010  
**Attachments:** Letter to TECQ Petition Aganist MUD Pitt Creek.pdf

**From:** Laurie Gharis <Laurie.Gharis@tceq.texas.gov>  
**Sent:** Thursday, October 6, 2022 10:36 AM  
**To:** PUBCOMMENT-OCC <PUBCOMMENT-OCC@tceq.texas.gov>  
**Cc:** Justin Taack <Justin.Taack@tceq.texas.gov>  
**Subject:** FW: NOTICE OF DISTRICT PETITION TCEQ INTERNAL CONTROL NO. D-07062022-010

Laurie Gharis  
Office of the Chief Clerk  
Texas Commission on Environmental Quality  
Office Phone: 512-239-1835  
Cell Phone: 512-739-4582

How is our customer service? Fill out our online customer satisfaction survey at:  
[www.tceq.texas.gov/customersurvey](http://www.tceq.texas.gov/customersurvey)

**From:** Randy Hoyer <randy.hoyer@co.lampasas.tx.us>  
**Sent:** Thursday, October 6, 2022 9:53 AM  
**To:** Laurie Gharis <Laurie.Gharis@tceq.texas.gov>; Justin Taack <Justin.Taack@tceq.texas.gov>  
**Cc:** Mike Watson <tmwatson@ptd.net>  
**Subject:** NOTICE OF DISTRICT PETITION TCEQ INTERNAL CONTROL NO. D-07062022-010

To: Ms. Gharis and Mr. Taack:

Please see attached a letter from me regarding the proposed MUD in Pitt Creek Ranch Subdivision located in Lampasas County.

I request a confirm receipt.

Randall J. Hoyer, Lampasas County Judge

Randall J Hoyer  
County Judge  
501 E 4<sup>th</sup> Street, Suite 103  
Lampasas, Tx 76550



Robert C Carroll, Commissioner, Pct 1  
Jamie Smart, Commissioner, Pct 2  
Lewis Bridges, Commissioner, Pct 3  
Mark Rainwater, Commissioner, Pct 4

October 4, 2022

Office of the Chief Clerk  
Attn: Laurie Gharis, Chief Clerk  
MC-105  
TCEQ  
PO Box 13087  
Austin, TX 78711-3087

Ref: NOTICE OF DISTRICT PETITION TCEQ INTERNAL CONTROL NO. D-07062022-010  
Initial publication September 09, 2022 in the Lampasas Dispatch Record

Dear Ms. Gharis:

I recommend that TCEQ deny the referenced petition by Pitt Creek Ranch LLC for creation of Lampasas County Municipal District No.1. The proposed MUD does not serve the public interest. It only serves to enhance the petitioner's profit by transferring the cost and risk of the proposed improvements to the buyers, at great additional cost.

Purchasers of the units will pay 221% of the cost of the MUD infrastructure.

Referring to the Preliminary Engineering Report (Report) Section 3, Tables 3 and 4, Petitioner proposes to construct roads, drainage and water supply at a cost of \$39,233,881 financed by bonds issued by the MUD. The \$12,266,119 cost of creating the MUD and issuing the bonds adds 31% to the cost of the improvements. Total payment by the MUD to retire the bonds would be \$86,538,710 which is 221% of the cost of the improvements.

The debt is secured and repaid by the owners of the proposed units through ad-valorem taxes, principally through the value of improvements the owners construct, i.e. their homes. If Petitioner markets the lots at value with improvements in place, new owners pay for improvements once at purchase and then twice more over the life of the bonds.

MUD revenue is not sufficient to service the bond payments.

Petitioner suggests a valuation at tax rate sufficient to service the debt at full buildout at 14 years. The Report on p.10 states "Developer interest is based on the developer advancing construction funds approximately 24 months before each bond sale throughout the life of the project." This implies the infrastructure development will proceed in stages, with debt issued as needed to fund the infrastructure to support the buildout shown in Table No. 2 on p. 8.

However, a significant part of the infrastructure cost must be incurred "Up Front" before the first home can be constructed. This includes all of the Table 3 "B. District Items", and much of the Engineering and "Non-Construction" costs.

Attachment A below estimates the Up-Front portion of proposes costs. The remaining "As Built" costs can be incurred as needed to support the buildout.

Randall J Hoyer  
County Judge  
501 E 4<sup>th</sup> Street, Suite 103  
Lampasas, Tx 76550



Robert C Carroll, Commissioner, Pct 1  
Jamie Smart, Commissioner, Pct 2  
Lewis Bridges, Commissioner, Pct 3  
Mark Rainwater, Commissioner, Pct 4

The chart in Attachment B shows that the proposed debt service tax rate of \$0.8813/\$100AV will not service the bonds until full buildout at year 14. Further, the one-year delay from infrastructure funding to home completion is extremely aggressive. A delay of at least two years is more likely, pushing the revenue line to the right and increasing the funding gap.

Any delay in improvement construction increases the funding gap. The MUD (i.e. homeowners) bears the financial risk of any buildout delay.

The proposed tax rate is unrealistic.

The Report in Table no. 6 (p.11) proposes a tax rate based on Average AV of \$850,000.

The Lampasas County Appraisal District (LCAD) reports that the county now has only 21 properties under 10 acres valued more than \$800,000, and only 15 valued \$700-\$800,000. Many of these are on notional 1-acre or smaller parcels located within properties of hundreds to thousands of acres. An additional 421 units on "5+ acre" lots at \$850,000 is far outside our current market.

The highest living space valuation LCAD currently uses in the "Luxury" category is \$158/sqft. LCAD values attached garages and porch area as a % of living area rate, and pools by a scale of values. The following table applies these rates to a home with pool, 3-car garage and large porch area.

	Unit value	Area	AV
Land (ac)	\$20,000	6.6	\$ 132,000
Living (sf)	\$ 158.28	4000	\$ 633,120
Garage (sf)	\$ 50.65	900	\$ 45,585
Porch (sf)	\$ 23.74	600	\$ 14,245
Pool (ea)			\$ 25,000
		Total	\$ 849,950

The average unit land value of \$132,000 is almost equal the per-unit bond issue of  $\$51,500,000/421 = \$122,328$ , and far below the total bond payment/unit of \$205,555. This is a strong incentive for owners to abandon unimproved lots, and bond payment is secured only by the value of improvements landowners make to their lots.

To reach the average \$850,000 AV of the report, the unit needs 4,000sqft of living area. This number of this size home is far above the norm in our county.

A valuation of improvements consistent with our area would be roughly half that proposed in the report. The tax rate at full buildout would then need to be twice the Report's proposal, or \$1.7626/\$100AV. This is far above the comparables in Report Table No. 6 and approximately equal to the combined tax rates of all the overlapping entities shown in Table No. 7.

And as discussed above, even this is not sufficient to fund the bond expense prior to full buildout.

Finally, I fully support the positions communicated to you separately by the Lampasas Water Control and Improvement District, by the Saratoga Underground Water Control District, and by county residents that the

Randall J Hoyer  
County Judge  
501 E 4<sup>th</sup> Street, Suite 103  
Lamparas, Tx 76550



Robert C Carroll, Commissioner, Pct 1  
Jamie Smart, Commissioner, Pct 2  
Lewis Bridges, Commissioner, Pct 3  
Mark Rainwater, Commissioner, Pct 4

---

petition does not adequately address protecting Lamparas County flood control, groundwater or our natural beauty.

For these reasons, and because the proposed MUD is not fiscally sound as discussed here, please deny the referenced petition.

Sincerely,

A handwritten signature in cursive script, reading "Randall J. Hoyer", is written over a horizontal line.

Randall Hoyer, Lamparas County Judge  
Lamparas County  
501 E. 4<sup>th</sup> St.  
Lamparas, TX 76550  
512-556-8271

Randall J Hoyer  
County Judge  
501 E 4<sup>th</sup> Street, Suite 103  
Lampasas, Tx 76550



Robert C Carroll, Commissioner, Pct 1  
Jamie Smart, Commissioner, Pct 2  
Lewis Bridges, Commissioner, Pct 3  
Mark Rainwater, Commissioner, Pct 4

---

Attachment A

Randall J Hoyer  
 County Judge  
 501 E 4<sup>th</sup> Street, Suite 103  
 Lampasas, Tx 76550

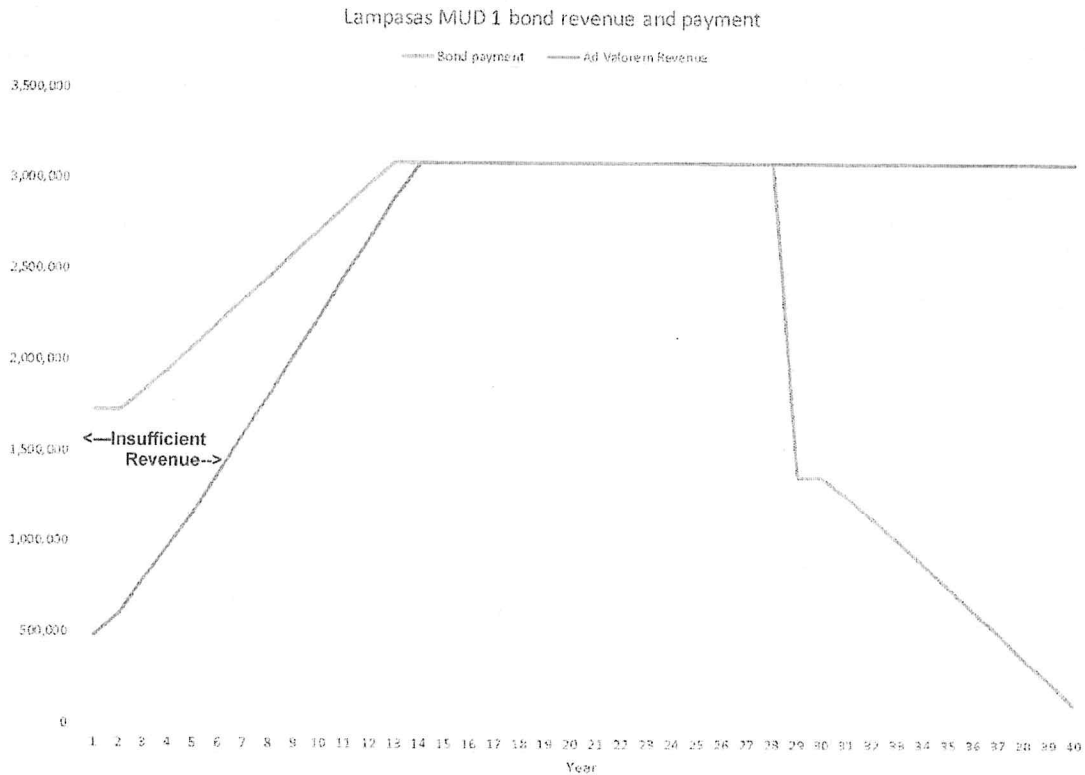


Robert C Carroll, Commissioner, Pct 1  
 Jamie Smart, Commissioner, Pct 2  
 Lewis Bridges, Commissioner, Pct 3  
 Mark Rainwater, Commissioner, Pct 4

		Up Front	As Built
<b>A. Developer Contribution Items</b>			
1. Water	\$ 6,181,500	40% \$ 2,472,600	\$ 3,708,900
2. Drainage	\$ 5,300,000	50% \$ 2,650,000	\$ 2,650,000
4. Contingencies (10% of Items 1-2)	\$ 1,148,150	45% \$ 516,668	\$ 631,483
5. Engineering Costs (15% of items 1-2)	\$ 1,722,225	80% \$ 1,377,780	\$ 344,445
<b>Total Developer Contribution Items</b>	<b>\$ 14,351,875</b>	<b>\$ 7,017,048</b>	<b>\$ 7,334,828</b>
<b>B. District Items</b>			
1. Off-site Waterline	\$ 3,600,000	100% \$ 3,600,000	\$ -
2. Water Treatment Plant (WTP)	\$ 1,000,000	100% \$ 1,000,000	\$ -
2. Offsite Waterline Easements	\$ 100,000	100% \$ 100,000	\$ -
3. Contingencies (10% of Items 1-3)	\$ 470,000	100% \$ 470,000	\$ -
4. Engineering Costs (15% of Items 1-2)	\$ 690,000	100% \$ 690,000	\$ -
<b>Total District Items</b>	<b>\$ 5,860,000</b>	<b>\$ 5,860,000</b>	<b>\$ -</b>
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$ 20,211,875</b>	<b>\$ 12,877,048</b>	<b>\$ 7,334,828</b>
<b>NON-CONSTRUCTION COSTS</b>			
A. Legal Fees (3.0% of BIR)	\$ 804,000	80% \$ 643,200	\$ 160,800
B. Fiscal Agent Fees (2.0% of BIR)	\$ 536,000	64% \$ 341,487	\$ 194,513
<b>C. Interest Costs</b>			
1. Capitalized Interest (2 yrs. @ 4.0%)	\$ 2,144,000	64% \$ 1,365,949	\$ 778,051
2. Developer Interest (2 yrs. @ 4.0% of const. cost)	\$ 1,616,950	64% \$ 1,030,164	\$ 586,786
D. Underwriter's Discount (3.0% of BIR)	\$ 804,000	64% \$ 512,231	\$ 291,769
E. Bond Issuance Expenses	\$ 189,375	64% \$ 120,651	\$ 68,724
F. Creation / Organization	\$ 200,000	100% \$ 200,000	\$ -
G. Bond Application Report Costs	\$ 200,000	100% \$ 200,000	\$ -
H. TCEQ Fee (0.25% of BIR)	\$ 67,000	100% \$ 67,000	\$ -
I. Attorney General Fee (0.1% of BIR)	\$ 26,800	100% \$ 26,800	\$ -
<b>TOTAL NON-CONSTRUCTION COSTS</b>	<b>\$ 6,588,125</b>	<b>\$ 4,507,482</b>	<b>\$ 2,080,643</b>
<b>TOTAL BOND ISSUE REQUIREMENT</b>	<b>\$ 26,800,000</b>	<b>\$ 17,384,530</b>	<b>\$ 9,415,470</b>
<b>CONSTRUCTION COSTS</b>			
1. Roads	15,217,605	40% \$ 6,087,042	\$ 9,130,563
2. Contingencies (10% of Item 1)	1,521,761	40% \$ 608,704	\$ 913,057
3. Engineering Costs (15% of Item 1)	2,282,641	80% \$ 1,826,113	\$ 456,528
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$ 19,022,007</b>	<b>\$ 8,521,859</b>	<b>\$ 10,500,148</b>
<b>NON-CONSTRUCTION COSTS</b>			
A. Legal Fees (3.0% of BIR)	741,000	80% \$ 592,800	\$ 148,200
B. Fiscal Agent Fees (2.0% of BIR)	494,000	45% \$ 221,312	\$ 272,688
<b>C. Interest Costs</b>			
1. Capitalized Interest (2 yrs. @ 4.0%)	1,976,000	45% \$ 885,248	\$ 1,090,752
2. Developer Interest (2 yrs. @ 4.0% of const. cost)	1,521,761	45% \$ 681,749	\$ 840,012
D. Underwriter's Discount (3.0% of BIR)	741,000	45% \$ 331,968	\$ 409,032
E. Bond Engineering Costs	40,000	100% \$ 40,000	\$ -
F. Bond Issuance Costs	139,533	45% \$ 62,790	\$ 76,743
G. Attorney General Fee (0.1% of BIR)	24,700	100% \$ 24,700	\$ -
<b>TOTAL NON-CONSTRUCTION COSTS</b>	<b>\$ 5,677,994</b>	<b>\$ 2,840,567</b>	<b>\$ 2,837,427</b>
<b>TOTAL BOND ISSUE REQUIREMENT</b>	<b>\$ 24,700,001</b>	<b>\$ 11,362,426</b>	<b>\$ 13,337,575</b>
<b>TOTAL BOND ISSUE REQUIREMENT water + roads</b>	<b>\$ 51,500,001</b>	<b>\$ 28,746,956</b>	<b>\$ 22,753,045</b>



### Attachment B



**Chart assumes:**

- Unimproved unit average area 2780/421 = 6.6ac assessed at \$20K/acre (per Lampasas CAD) => \$132,000 AV
- Improved unit AV \$850,000 per Report Table 6
- Debt service tax rate of \$0.8813 per \$100 of assessed value per Report p.11 Could be reduced after year 28.
- Up Front costs enable first two year's home construction.
- As Built costs allocated by remaining Homes Added Per Year in report Table No. 2 p.8  
 Note – this works out to approximately \$2M issued per year in years 2 through 12.
- All bonds 28 year term 4% annual interest. Revenue 98% collection. Per Report p.11
- Bonds issued in one year enable taxable home in the following year.

Up Front costs incurred in "year zero" enable first taxable homes in year one.