

TCEQ DOCKET NO. 2023-0528-DIS

**APPLICATION FOR THE CREATION OF § BEFORE THE TEXAS
ROCKWOOD MUNICIPAL UTILITY § COMMISSION ON
DISTRICT NO. 1 OF DENTON COUNTY § ENVIRONMENTAL QUALITY**

APPLICANTS' RESPONSE TO HEARING REQUESTS

TO THE COMMISSIONERS OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY:

JLMCG Properties, LLC and Cendei Sherwood for the Creation of Rockwood Municipal Utility District No. 1 of Denton County (collectively "Applicants") file their Response to Hearing Requests and shows as follows:

I. Introduction and Procedural History

The proposed Rockwood Municipal Utility District No. 1 of Denton County (the "District") contains 359 acres located in Denton County. The proposed District is located within the extra territorial jurisdiction of the Town of Ponder.

Applicant filed its Petition for creation of the District on June 2, 2022. The Petition was deemed administratively complete on July 22, 2022. Applicant published the Notice of District Petition in the Denton Record Chronicle on November 19, 2022, and November 26, 2022, a newspaper generally circulated in Denton County. On November 15, 2022, notice of the Petition was posted in the Denton County Courthouse. Subsequently, the Texas Commission on Environmental Quality (the "Commission") received a number of requests for a contested case hearing.

The Office of the Chief Clerk sent notice of the agenda setting for the Commission's consideration of the hearing requests and setting the hearing on the requests for December 27, 2022.

As more fully set forth below, a contested case hearing is not warranted in this matter, and Applicant's Petition should be granted.

II. Applicable Law

A municipal utility district ("MUD" or "district") may be created under and subject to the authority, of Article XVI, Section 59, of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, and the Commission's administrative rules. A district may be created for the following purposes:

- (1) the control, storage, preservation, and distribution of its storm water and floodwater, the water of its rivers and streams for irrigation, power, and all other useful purposes;
- (2) the reclamation and irrigation of its arid, semiarid, and other land needing irrigation;
- (3) the reclamation and drainage of its overflowed land and other land needing drainage;
- (4) the conservation and development of its forests, water, and hydroelectric power;
- (5) the navigation of its inland and coastal water;
- (6) the control, abatement, and change of any shortage or harmful excess of water;
- (7) the protection, preservation, and restoration of the purity and sanitary condition of water within the state; and
- (8) the preservation of all natural resources of the state.

TEX. WATER CODE § 54.012.

To create a MUD, a petition requesting creation shall be filed with the Commission. *See* TEX. WATER CODE § 54.014. The petition shall be signed by a majority in value of the holders of title of the land within the proposed district, as indicated by the tax rolls of the central appraisal district. *See id.* The petition shall: (1) describe the boundaries of the proposed district by metes and bounds or by lot and block number; (2) state the general nature of the work proposed to be done, the necessity for the work, and the cost of the project as then estimated by those filing the

petition; and (3) include a name of the district which shall be generally descriptive of the locale of the district. *See* TEX. WATER CODE § 54.015, 30 TEX. ADMIN. CODE § 293.11(a) and (d).

If all of the proposed district is to be located outside of the corporate limits of a municipality, the commissioners court of the county in which the district is to be located may review the petition for creation and other evidence and information relating to the proposed district that the commissioners consider necessary. *See* TEX. WATER CODE § 54.0161(a). If the commissioners court votes to make a recommendation to the Commission, the commissioners court shall submit to the Commission, at least 10 days prior to the hearing on the petition, a written opinion stating whether or not the county would recommend the creation of the proposed district and stating any findings, conclusions, and other information that the commissioners court thinks would assist the Commission in making a final determination on the petition. *See id.* at § 54.0161(b). The Commission shall consider the written opinion submitted by the county commissioners. *See id.* at § 54.0161(c).

The Commission shall grant the petition if it conforms to the requirements of Texas Water Code section 54.015 and the project is feasible, practicable, necessary, and further, would be a benefit to the land to be included in the district. *See* TEX. WATER CODE § 54.021(a). In determining if the project is feasible, practicable, necessary, and beneficial to the land included in the district, the Commission shall consider:

- (1) the availability of comparable service from other systems, including but not limited to water districts, municipalities, and regional authorities;
- (2) the reasonableness of projected construction costs, tax rates, and water and sewer rates; and
- (3) whether or not the district and its system and subsequent development within the district will have an unreasonable effect on the following:
 - (A) land elevation;
 - (B) subsidence;
 - (C) groundwater level within the region;
 - (D) recharge capability of a groundwater source;

- (E) natural run-off rates and drainage;
- (F) water quality; and
- (G) total tax assessments on all land located within a district.

TEX. WATER CODE § 54.021(b).

The applicant must publish notice of the petition to create a district once a week for two consecutive weeks in a newspaper regularly published or circulated in the county where the district is proposed to be located not later than the 30th day before the date of the Commission's decision on the application. *See* TEX. WATER CODE §§ 49.011(b), 54.018. Additionally, the applicant must post notice of the petition on the bulletin board used for posting legal notices in each county in which all or part of the proposed district is to be located. *See* 30 TEX. ADMIN. CODE § 293.12(b)(2). The Commission shall hold a public hearing if requested by the Commission, Executive Director, or an "affected person" under the factors in 30 Texas Administrative Code, Chapter 55 and Texas Water Code section 49.011(c).

A hearing requestor must make the request in writing within the time period specified in the notice and identify the requestor's personal justiciable interest affected by the application, specifically explaining the "requestor's location and distance relative to the activity that is the subject of the application and how and why the requestor believes he or she will be affected by the activity in a manner not common to members of the general public." 30 TEX. ADMIN. CODE § 55.251(b)—(d).

An affected person is "one who has a personal justiciable interest related to a legal right, duty, privilege, power, or economic interest affected by the application. An interest common to members of the general public does not qualify as a personal justiciable interest." 30 TEX. ADMIN. CODE § 55.256(a). Governmental entities with authority under state law over issues contemplated by the application may be considered affected persons. *See* 30 TEX. ADMIN. CODE § 55.256(b).

The Commission shall grant a request for a contested case hearing if: (1) the request is made by the applicant or the ED; or (2) the request is made by an affected person, complies with the requirements of section 55.251, is timely filed with the chief clerk, and is made pursuant to a right to hearing authorized by law. *See* 30 TEX. ADMIN. CODE § 55.255(b).

III. The Town of Ponder's Request Should Be Denied

The Town of Ponder (“Ponder”) requested a contested case hearing on December 27, 2022, despite the proposed District not lying within Ponder’s corporate limits. Ponder states that the proposed District lies within the its water CCN and adjacent to its sewer CCN. Ponder asserts that it, therefore, has an interest in, among other items, water and wastewater service to the proposed District. Ponder has failed to demonstrate a nexus between these items and the proposed District as it is outside of Ponder’s corporate limits. Moreover, the proposed District area is not currently being served by Ponder’s water CCN, and the proposed district it not within Ponder’s sewer CCN. What Ponder describes as its interest pertains to development in an area adjacent to its corporate limits; not an interest that pertains to the application itself. Ponder has *no* authority to regulate development in the proposed district. Moreover, Ponder failed to articulate a way that it would be affected by the proposed District in a manner not common to members of the general public, or that it has have statutory authority over or an interest in the issues relevant to the applications. *See* 30 TEX. ADMIN. CODE § 55.251 § (c)(6). As such, Ponder’s hearing request does not demonstrate how it meets the definition of an affected person.

IV. Conclusion

The request for contested case hearing fails to identify how Ponder is an affected person. Specifically, the request does not show that Ponder has not demonstrated that it any would be affected by the proposed District in a manner not common to members of the general public or that it has statutory authority over or an interest in the issues relevant to the applications. Therefore, the

request does not meet the definition of an “affected person” and the hearing request should be denied.

WHEREFORE, Applicant requests that the hearing request be denied and that the Petition be granted.

Respectfully submitted,

COATS | ROSE

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ATTORNEYS FOR APPLICANT

CERTIFICATE OF SERVICE

I hereby certify that on May 8, 2023, the original of Applicant's Response to Hearing Requests was filed with the Chief Clerk of the TECQ and a copy was served on all person listed below either via hand delivery, facsimile transmission, electronic mail, and/or by deposit in the U.S. Mail.

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