

COUNTY LINE SPECIAL UTILITY DISTRICT
Public Hearing

Board or Directors / Public Hearing – April 18, 2022 6:30 PM
District Office - 8870 Camino Real, Umland, TX 78640

The following represents the actions taken by the Board of Directors of the County Line Special Utility District (CLSUD) in the order they occurred during the meeting. The Board of Directors convened in a meeting at the date, time, and location stated above and via video conference call and telephone conference call.

A. Call to Order

Director Betz called the meeting to order at 6:30 p.m.

B. Roll Call

The roll was called of the members of the Board of Directors:

Chris Betz	present
Rene Harbison	absent
Toni Brewer	present
Bob Diaz	present
Ken Dodson	present
Joe Howe	present
William Ilse	present

All Board members were in attendance except for Director Harbison, thus constituting a quorum of the Board of Directors. All Directors who attended voted on all matters that came before the Board

Also attending were Daniel Heideman, General Manger; Jennifer Tarbutton, Office Manager; Rebecca Moore, Accountant; David Klein, Attorney, and Danielle Lam, Attorney, of Lloyd Gosselink Rochelle & Townsend, P.C.; Allison Nieto, P.E., and Jeff Kallus, P.E., of Southwest Engineers; Herb Williams, Williams Water Works; John Ivicic, Maxwell Special Utility District; Humberto Ramos, Canyon Regional Water Authority; Scott Miller, Ranch Road Development; Kip Kronenberg, La Tierra Realty; Jacy Warwick, D.R. Horton; and Brooks Willig, La Tierra Realty.

C. Conduct a Public Hearing to Consider Amendments to the Water Land Use Assumptions, Capital Improvement Plan, and the Impact Fees

Mr. Klein began the public hearing by stating that CLSUD is required to hold a public hearing in order to adopt or amend its capital improvement plan ("CIP") or impact fee. Mr. Kallus explained that CLSUD updated its CIP as a 5-year CIP and would like to amend its impact fee. He estimated that 4,162 connections would be added in the next 5 years.

Mr. Kallus's report considered projects necessary to serve these new connections and resulted in three internal projects: a 12-inch line down Gristmill Road, a new plant/booster station to receive water from the Guadalupe Blanco River Authority ("GBRA"), and a new groundwater storage tank; and investment in facilities to receive water from a GBRA and Alliance Regional Water Authority's ("ARWA") project.

Mr. Williams, of Herb Williams Water Works Consulting, explained that CLSUD reduced its alternative capacity requirement from 0.6 gallons per minute ("gpm") per connection to 0.41 gpm and that without this exception, the impact fee would be over \$13,000 per living unit equivalent ("LUE") of water service. He added that this alternative capacity requirement had delayed the inevitable impact fee increase to the present day.

Mr. Kronenberg asked what the capital cost of \$23,200 per gpm in the CIP was comprised of. Mr. Williams responded that it was the cost for facilities necessary to bring the GBRA/ARWA water to CLSUD's service area. Mr. Kronenberg then asked if the estimate was based on more capacity in the facilities than necessary to serve new development. Director Betz responded that the facilities would be necessary to serve new development and did not contemplate capacity for existing customers. Mr. Williams added that it is increasingly difficult to source water nearby, so these facilities are necessary to bring water from further away and that CLSUD is sharing these costs with other utilities. Mr. Klein clarified that by "water," CLSUD means facilities to move this water supply.

Mr. Miller asked if the booster station and the GBRA project would eliminate the need for the water line down 2720. Mr. Kallus responded that it would depend on timing. Mr. Heideman commented no. Mr. Kronenberg then asked who would pay for the water line down FM 2720 and how water is piped from the booster station at Bob White. Mr. Kallus stated that that line is not contemplated by this CIP. Mr. Miller then asked if the CIP would eliminate the need for the line along Old Spanish Trail and Downtown. Mr. Kallus responded that it would not because the projects in the CIP are necessary just to bring water over for CLSUD to have enough supply. Mr. Miller asked where water is coming from to the booster station. Mr. Kallus stated that FM 2720 is the potential take point and that the \$9,500 per LUE cost in the CIP includes cost for the line from the GBRA/ARWA project to this CLSUD take point. Mr. Miller asked for the status of the contract with GBRA. Director Betz stated that CLSUD was still finalizing the contract with GBRA.

Mr. Kronenberg asked if CLSUD had considered state funding. Director Betz responded that state funds were considered. He explained that in fact, ARWA was the first in the state to receive funding and that CLSUD is still looking at all options for funding, including banks,

private bonds, and the Texas Water Development Board ("TWDB"). Mr. Kronenberg asked if ARWA's secured funding had been taken in consideration. Director Betz responded that it had been, but the TWDB rates for GBRA and ARWA will not be finalized until September 2022, but CLSUD must commit to the project before then. Mr. Miller then asked if CLSUD anticipates an increase in cost if the rates are still in flux. Director Betz explained that once the impact fee is set CLSUD would need to go through the entire CIP, notice, and hearing process again in order to amend it. Director Betz stated that he would like the Board to consider reviewing the impact fee and rates each year.

Mr. Kronenberg asked if CLSUD's existing infrastructure is laden with debt or paid for. Director Betz responded that the facilities were not laden with debt, and any debt would be associated with water from the Hays Caldwell Plant/CRWA/ARWA project. Mr. Kronenberg asked if the new connections will benefit from the new water supply, should the existing connections not also benefit. Director Betz responded that CLSUD currently has sufficient supplies for its existing customers because of an agreement with San Marcos, but it is close to the edge. Mr. Kallus added that CLSUD has water share agreement to tide it over until the GBRA/ARWA project is complete.

Mr. Kronenberg asked Mr. Klein if cities look at new infrastructure and then their entire system to determine impact fee amounts. Mr. Klein explained that Chapter 395 of the Texas Local Government Code establishes the CIP and impact fee rules for both cities and districts. He noted that the difference between a special utility district ("SUD") and a city is that SUDs can only obtain revenue via rates and impact fees while cities can also collect taxes. Mr. Klein also clarified that the impact fee covers CLSUD's pro rata share of the facilities in the GBRA/ARWA project. Director Betz stated that CLSUD understands that developers will be incurring additional costs, but CLSUD is also concerned about the risks of incurring additional debt.

Mr. Kronenberg asked when the new impact fees would be due. Director Betz stated that the Board could determine the effective date of the new impact fee that day in its regular Board meeting and that the Board would like to give developers an opportunity to get their foot in the door for the existing impact fee. Mr. Kronenberg asked if the cut off would be based on the date of a non-standard service contract, a final plat, or some other milestone. Director Betz stated that CLSUD Staff and its attorneys have discussed this issue, but the Board would need further discussion before making that decision. Mr. Kronenberg asked if Director Betz felt that a decision would need to be made that day. Director Betz responded that CLSUD needs to confirm its participation in water projects now, or else it would lose these opportunities. Mr. Klein added that CLSUD would follow its service policies and honor its existing non-standard service contracts.

Mr. Miller asked about CLSUD's ability to do another CIP the next year. Director Betz responded that anytime there are major changes in capital projects CLSUD may reevaluate its CIP. He noted that this would also require notice and public hearing. Mr. Williams added that it also depends on the growth rate in CLSUD's service area. Mr. Klein noted that CLSUD is required by law to review its land use assumptions, CIP, and impact fees every 5 years. Director Betz stated that CLSUD discussed drilling a new well, but determined it was not feasibility, and looked into additional Edwards Aquifer water. Mr. Ramos attested that water in this area is limited and that utilities are needing to look further out to obtain water. Mr. Heideman noted that if customers could reduce the amount of water used then CLSUD could reduce the impact fees. He asked if developers would consider constructing homes without irrigation since peak

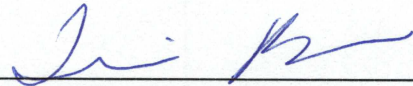
demands are due to irrigation. Mr. Williams stated that CLSUD would need approximately 3 years' worth of data to submit to the Texas Commission on Environmental Quality in order to adjust its alternative capacity requirement. Mr. Miller asked how the reclaimed water system affects this situation. Director Betz stated that if reclaimed water use increases, CLSUD could purchase less potable water. Director Howe added that increases in reclaimed water use would help maintain the new impact fee around \$10,600 but would not reduce it. Mr. Miller asked what would happen if the Evergreen project goes through. Director Betz stated that there would be a large demand for water and hopefully CLSUD would have secured additional water supply before then. He noted that the rates would increase, especially for large meter users.

D. Adjournment

At 7:28, p.m., after discussion and there being no further public comments, Director Dodson moved to adjourn the public hearing. Director Brewer seconded the Motion and the Motion passed unanimously, 6-0.



Chris Betz
President of the Board



Toni Brewer
Secretary of the Board

Acronyms:

ARWA – Alliance Regional Water Authority
CCN – Certificate of Convince and Necessity
CLSUD – County Line Special Utility District
CRWA – Canyon Regional Water Authority
GBRA – Guadalupe Blanco River Authority
NSSA – Non-Standard Service Agreement
PCU – Plum Creek Utility
SWE – Southwest Engineers
TCDBGP – Texas Community Development Block Grant Program
TCEQ – Texas Commission on Environmental Quality
TML – Texas Municipal League
TRWA – Texas Rural Water Association
TWA – Texas Water Alliance
TWDB – Texas Water Development Board