

Jon Niermann, *Chairman*  
Emily Lindley, *Commissioner*  
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## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

April 11, 2019

The Honorable Dennis Bonnen  
Texas House of Representatives  
Capitol Station  
PO Box 2910  
Austin, Texas 78768-2910

Re: Responsibility of the Texas Commission on Environmental Quality (TCEQ) Pursuant to Article XVI, Section 59(d), Texas Constitution

House Bill (HB) 3436, as Filed by Representative Scott Sanford - Relating to the creation of the Celina Municipal Management District No. 3; providing authority to issue bonds and impose assessments, fees, and taxes.

Dear Speaker Bonnen:

The following comments are provided pursuant to the Constitutional requirements referenced above. Under those requirements, the TCEQ must submit, to the Governor, Lieutenant Governor and Speaker of the House of Representatives, the TCEQ's recommendations on specific legislation affecting water districts. We recommend that these comments be considered in the evaluation of the proposed legislation.

Sincerely,

A handwritten signature in cursive script that reads "Cari-Michel La Caille".

Cari-Michel La Caille, Director  
Water Supply Division

cc: Honorable Angie Chen Button, Chairman, House Urban Affairs Committee  
Representative Scott Sanford, Texas House of Representatives

Enclosure

**HB 3436, as Filed by Representative Scott Sanford  
Texas Commission on Environmental Quality's Comments**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

This bill creates Celina Municipal Management District No. 3 (District) with the powers and duties of a standard municipal management district under Local Government Code Chapter 375.

**Comments on Powers/Duties Different from Similar Types of Districts:**

The board may not hold an election to authorize the issuance of bonds until the governing body of the City of Celina (City) by ordinance or resolution consents to the creation of the District and to the inclusion of land in the District; the bill specifies that if all or any part of the territory of the District is annexed by the City into the City's corporate limits, the District retains all of the District's outstanding debt and obligations and continues to operate under this chapter until the District is dissolved; the District is governed by a board of five directors; one director is appointed by the governing body of the City; the bill requires the TCEQ to appoint four initial directors as named in a petition submitted by the owners of a majority of the assessed value of the real property in the District; before the terms of the directors appointed by the TCEQ expire, the TCEQ is to appoint directors recommended by the board; the board may not create an executive committee to exercise the powers of the board; the District may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using money available to the District, or contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service; the District may not construct or finance an improvement project, other than a water, sewer, or drainage facility or road, unless the governing body of the City by ordinance or resolution consents to the construction or financing; the District may issue bonds, notes, or other obligations to maintain or repair an existing improvement project only if the governing body of the City by ordinance or resolution consents to the issuance; the District may not provide retail water or sewer services; the board may add or remove territory as provided by Subchapter J, Chapter 49, Water Code, only if the governing body of the City by

ordinance or resolution consents to the addition; the District may not exercise the power of eminent domain; the bill allows the District to divide; the District may not impose an assessment on a municipality, county, or other political subdivision; the governing body of the City may dissolve the District by ordinance; the District may not advertise for an issuance of bonds until the completion of at least 25 percent of the projected value of the improvements, including houses and other buildings, that are liable for District assessments and necessary to support the District bonds; the District may not issue bonds until: the District submits to the TCEQ an engineer's report describing the project for which the bonds will provide funding, including data, profiles, maps, plans, and specifications related to the project and a cash flow analysis to determine the projected rate of assessment; the completion of at least 75 percent of the projected value of the improvements, including houses and other buildings, that are liable for District assessments and necessary to support the District bonds; and the District has obtained an independent market study from a firm recognized in the area of real estate market analysis supporting the development projects for the real property that is liable for District assessments and necessary to support the District bonds; the District may not collect an assessment to be used for the payment of bonds until: the completion of at least 95 percent of the underground water, wastewater, and drainage facilities financed from bond proceeds that are necessary to serve the projected build-out, as certified by the District's engineer; the District or other appropriate party has secured the groundwater, surface water, and water discharge permits that are necessary to secure capacity to support the projected build-out; the completion of at least 95 percent of lift station, water plant, and sewage treatment plant capacity sufficient to serve the connections constructed in the project for a period of not less than 18 months, as certified by the District's engineer; and the completion of at least 95 percent of the streets and roads that are necessary to provide access to the areas served by utilities and financed by the proceeds of bonds issued by the District, as certified by the District's engineer and constructed in accordance with municipal or county standards.

**Overlapping Services:** TCEQ does not have mapping information for water and/or wastewater providers because this function was transferred from the TCEQ to the Public Utility Commission on September 1, 2014. As a result, TCEQ is unaware of possible overlapping service providers.

**TCEQ's Supervision:** As with general law districts, the TCEQ will have

**general supervisory authority, including bond review authority and review of financial reports.**

