

ASSOCIATION OF WATER BOARD DIRECTORS - TX:  
**WATER DISTRICT CREATION**  
**101**



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# WATER CREATION 101



- WHY MUD'S EXIST
- HOW IT STARTS?
- WHO'S INVOLVED?
- HOW IT GETS APPROVED?
- HOW IT GETS BUILT?
- HOW IS IT PAID FOR?



# WHY DO MUDS EXIST?



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DEVELOPER HAS LAND HE/SHE  
WANTS TO BUILD ON AND MAKE  
MONEY



PEOPLE NEED HOMES TO LIVE. HOMES  
SHOULD BE AFFORDABLE AND  
EXPEDIENT





# What are the possible Solutions?

To create communities, takes infrastructure, like water, wastewater, drainage, and roads.





# MUD Development – Key Steps

1. CREATE THE DISTRICT
2. BUILD THE PUBLIC INFRASTRUCTURE
3. DEDICATE THE INFRASTRUCTURE  
(PRIVATE TO PUBLIC TO OWN AND MAINTAIN)
  1. REIMBURSE THE DEVELOPER



# KEY PLAYERS IN MUD CREATION





# MUD DEVELOPMENT- STEP ONE

## CREATE THE MUD

- TCEQ APPROVAL VS. LEGISLATIVE APPROVAL (INCLUDES POWERS)
- LOCAL JURISDICTION APPROVAL
- APPOINT FIRST MUD BOARD DIRECTORS
- BOND AUTHORIZATION ELECTION
  - AUTHORIZATION VS. ISSUANCE
  - DEVELOPER IS THE FUNDING SOURCE UNTIL VALUE ON THE GROUND CAN SUPPORT DEBT. THIS CAN TAKE YEARS.
- DEVELOPER REIMBURSEMENT AGREEMENTS



# WATER DISTRICT POWERS

## WATER DISTRICT POWERS TOOLKIT





# ROADS

- WHAT'S THIS THING CALLED ROAD POWERS?
- INITIAL ROADS BUILT BY DEVELOPER
- WHO OWNS?  
(DEDICATION/ACCEPTANCE)
- WHO MAINTAINS?





# PARKS AND TRAILS

- NORMALLY BUILT BY THE DEVELOPER MUD'S CAN ADD TO THESE FACILITIES LATER IN THE DEVELOPMENT (OPTIONAL)
- PARK FUNDING POWERS HAVE EXPANDED OVER THE LAST DECADE





# MUD DEVELOPMENT- STEP TWO

## BUILDING PUBLIC INFRASTRUCTURE

- WATER PLANT
  - WELLS
  - STORAGE TANKS
  - TRANSMISSION LINES
- WASTEWATER PLANT
  - LIFT STATIONS
  - TRANSMISSION LINES
- DRAINAGE



# MUD DEVELOPMENT - STEP THREE

## DEDICATIONS

### TRANSFER OF OWNERSHIP AND MAINTENANCE

- COVERED IN THE NEXT SECTION OF DIRECTOR 101
- BIG PICTURE – DO IT. DO IT RIGHT. DON'T CUT CORNERS



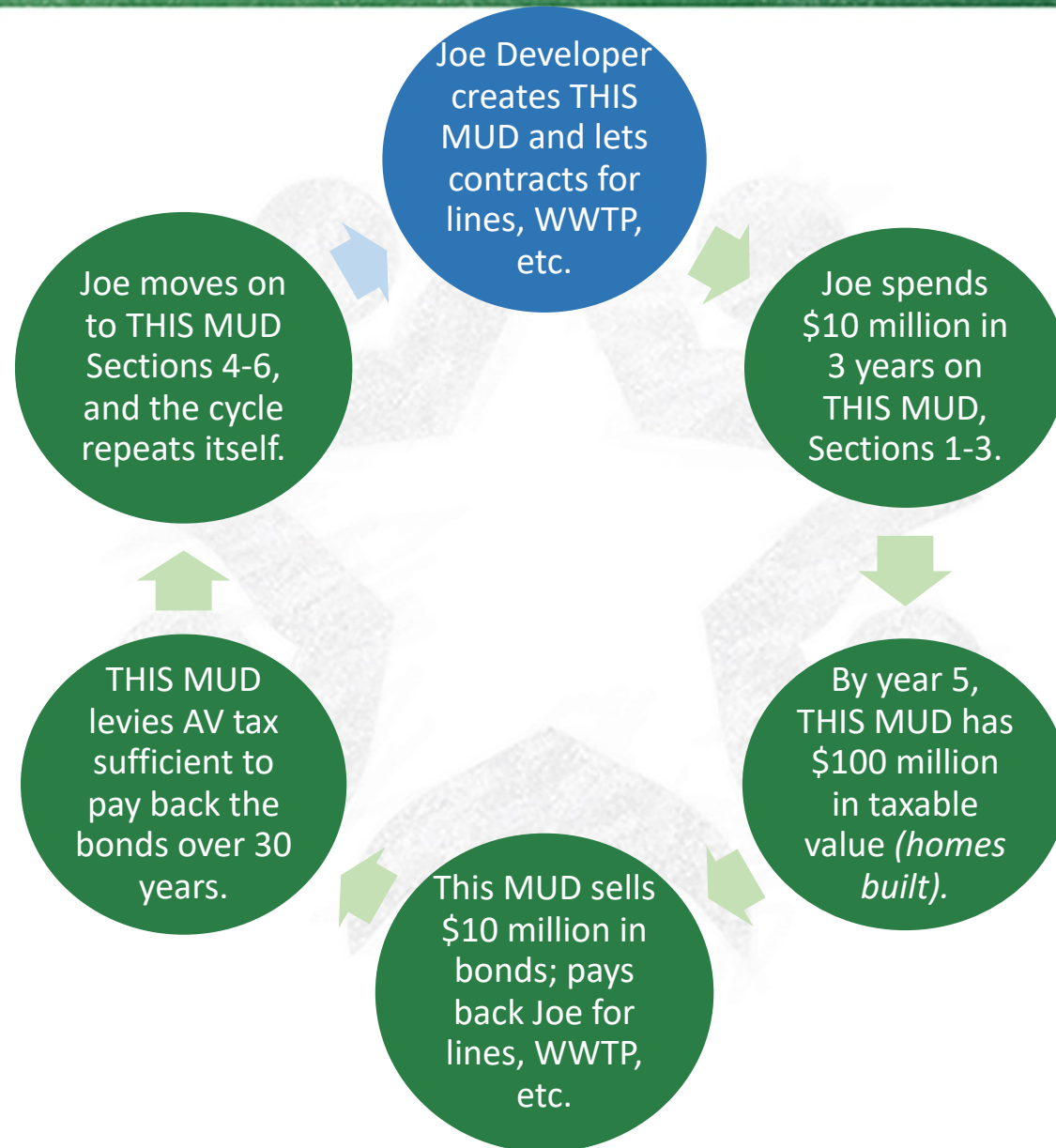


# MUD DEVELOPMENT- STEP FOUR

## PAYING FOR IT

- DEVELOPERS PAY FOR EVERYTHING INITIALLY
- MUD REIMBURSES DEVELOPER WHEN VALUE IS ON THE GROUND
- REIMBURSEMENT VEHICLE – BOND SALE
- DEVELOPER EARNS INTEREST ON MONEY HE FRONTED FOR CONSTRUCTION

# Example: Developer Reimbursement





# TAKE AWAYS.....

## IMPORTANT INFORMATION IN MUD CREATION

1. WHERE WILL THE WATER COME FROM?
  - *SURFACE WATER VERSUS GROUNDWATER*
2. WHAT YEAR WAS INFRASTRUCTURE BUILT?
  - *TIES TO LEAD AND COPPER REGULATIONS*
3. IS MY MUD DEVELOPING OR DEVELOPED?
  - *AFFECTS HOW SB 2 IS APPLIED*







# AGENDA: NEXT UP

1. WELCOME
2. WATER DISTRICT CREATION
3. COFFEE BREAK
4. WATER DISTRICT OPERATION & ADMINISTRATION
5. COFFEE BREAK
6. WATER DISTRICT FINANCE & TAXATION
7. LUNCH SERVICE
8. WATER DISTRICT ETHICS
9. WATER DISTRICT MEETINGS & COMMUNICATIONS
10. TEA BREAK
11. WATER DISTRICT INNOVATION

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