

## AGENDA



Thursday, May 24, 2007

**Neighborhood Planning & Zoning  
RECOMMENDATION FOR COUNCIL ACTION**
**Item No. 7**

**Subject:** Approve an ordinance adopting a Strategic Partnership Agreement (SPA) between the City and Lost Creek Municipal Utility District (approximately 788 acres located in Travis County west of Capital of Texas Highway west of the intersection of Lost Creek Boulevard and Capital of Texas Highway).

**Amount and Source of Funding:** The City will incur no unanticipated costs from entering into the Strategic Partnership Agreement. The general fund will receive property tax revenue beginning in Fiscal Year 2008-2009 from the commercial areas to be annexed. The expected net present value of the cumulative 25 year cash flows associated with the SPA approximates the net present value of expected cash flows if the area were annexed in December 2008.

**For More Information:** Virginia Collier, 974-2022; Sylvia Arzola, 974-6448

**Prior Council Action:** Public hearings held on May 3, 2007 and May 17, 2007.

The Lost Creek Municipal Utility District (MUD) is located in Travis County west of Capital of Texas Highway west of the intersection of Lost Creek Boulevard and Capital of Texas Highway. In December 2005, the City included the MUD's territory in its statutory three-year Municipal Annexation Plan (MAP).

Two annexation hearings were held by Council in August of 2006, as required in the MAP process. After the hearings, the MUD filed a written request for negotiation of a Strategic Partnership Agreement (SPA) between the City and the MUD, as authorized by state law. Representatives of the City and the MUD Board proceeded to meet and negotiate terms for a mutually beneficial SPA over the next few months, in accordance with the procedure and requirements of state law.

After numerous meetings, the parties agreed to participate in mediation to reach a final agreement on the terms of a proposed SPA. The proposed agreement summarized below is a result of this mediation.

1. The proposed Strategic Partnership Agreement (SPA) allows the City to annex the commercial area located along Capital of Texas Highway for full purposes effective December 31, 2007.
2. Full purpose annexation of the residential properties and the Lost Creek Country Club and dissolution of the MUD will be deferred until December 31, 2015.
3. Upon execution of the SPA, the City acquires ownership of Lost Creek MUD's water, wastewater, and reclaimed water (treated effluent) infrastructure.
4. Until the annexation of the residential properties, the city extends the provision of wholesale water service to the MUD; and the MUD continues to manage and operate the water, wastewater, and reclaimed water systems, including continuous treatment for phosphorous at the wastewater treatment plant.
5. A "criticality assessment" will be performed by the City that identifies repairs and improvements that are considered maintenance items to be funded and completed by the MUD by 12/31/2012.
6. The MUD agrees to pay an annual payment beginning on 12/31/08 through 12/31/14 in consideration for unfunded full purpose municipal services provided upon annexation and current benefits and services from the corporate city limits.

7. The MUD agrees that it will not seek or support legislation to incorporate all or a portion of itself, and will not use litigation or legislative processes to challenge the SPA or to resolve any disputes related to the agreed annexation process or service plan.

The Lost Creek MUD Board has conducted its required public hearings and will vote on approval of the SPA at its regular Board meeting on May 21, 2007.. The City Council has also held two public hearings. All procedural prerequisites have been met for final approval of the SPA by the City Council.