

Addressing Challenges to Regionalization in Rapidly-Developing Areas

Mead
& Hunt



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Outline

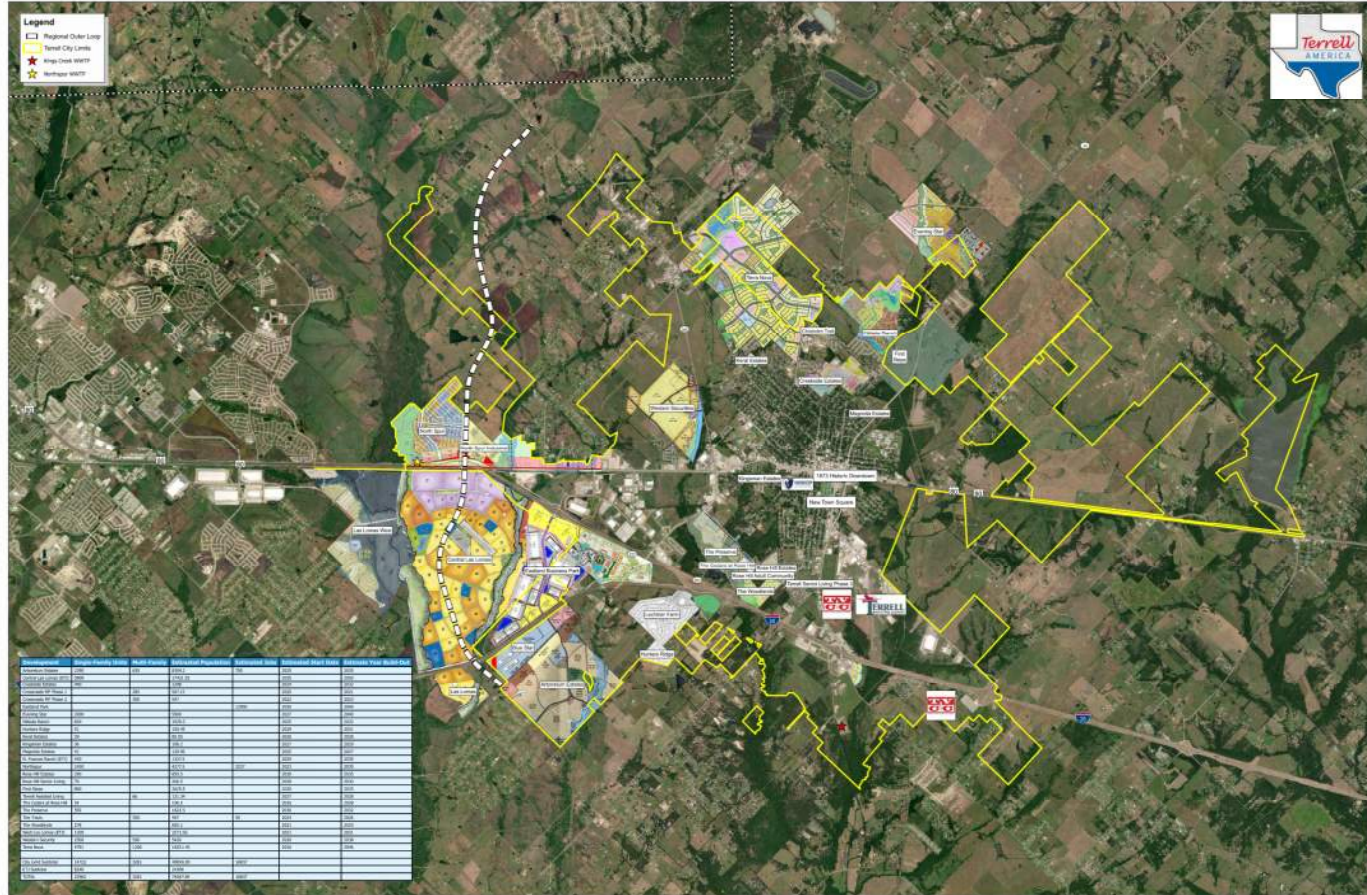


Development – Terrell TX

Legend

-  Regional Outer Loop
 Terrell City Limits
 Kings Creek WWTP
 Northspur WWTP

- ❑ Terrell's Population ~17,465 US Census
- ❑ Based on Future Development
Terrell's Population within its City
Limits could be ~50,000 by
2046 Terrell Development Map
- ❑ ETJ Population could be ~24,300
by 2046 Terrell Development Map
- ❑ Total Population ~74,300 Terrell
Development Map



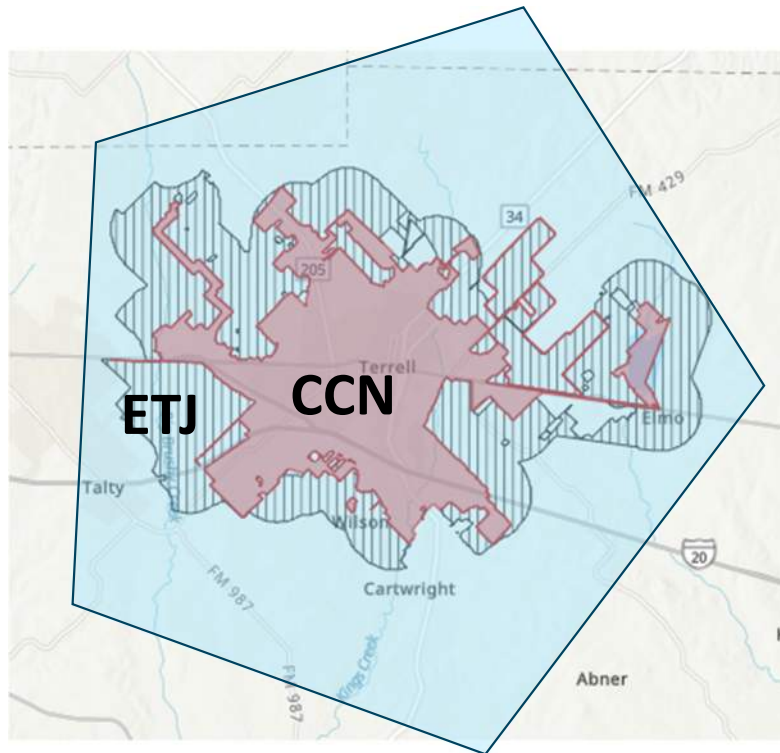
Market Drivers

- ❑ 2.5 Million new homes were built in Texas between 2010 and 2022. Culture Map
- ❑ Nearly a quarter of all occupied housing units in the Lone Star State have been built since 2010. Culture Map
- ❑ Of the 1.6 million people the nation gained between July 2022 and July 2023, nearly 30% are Texas residents. The Texas Tribune
- ❑ Lot and dwelling sizes for median single-family homes have been declining since approximately 2013. National Association of Home Builders

Political Drivers

- ❑ SB6 (2017) Limited involuntary annexation
- ❑ HB 347 (2019) Requires consent of residents for annexations regardless of county population
- ❑ SB 2038 (2023) Enables release from an ETJ by petition or election
- ❑ TX Water Code 13.2541 Allows landowners (>25 Acres) to petition for expedited release from a CCN.

A Development Story



What the City Planners Envisioned



What the Developer Wants to Build (Option 1)



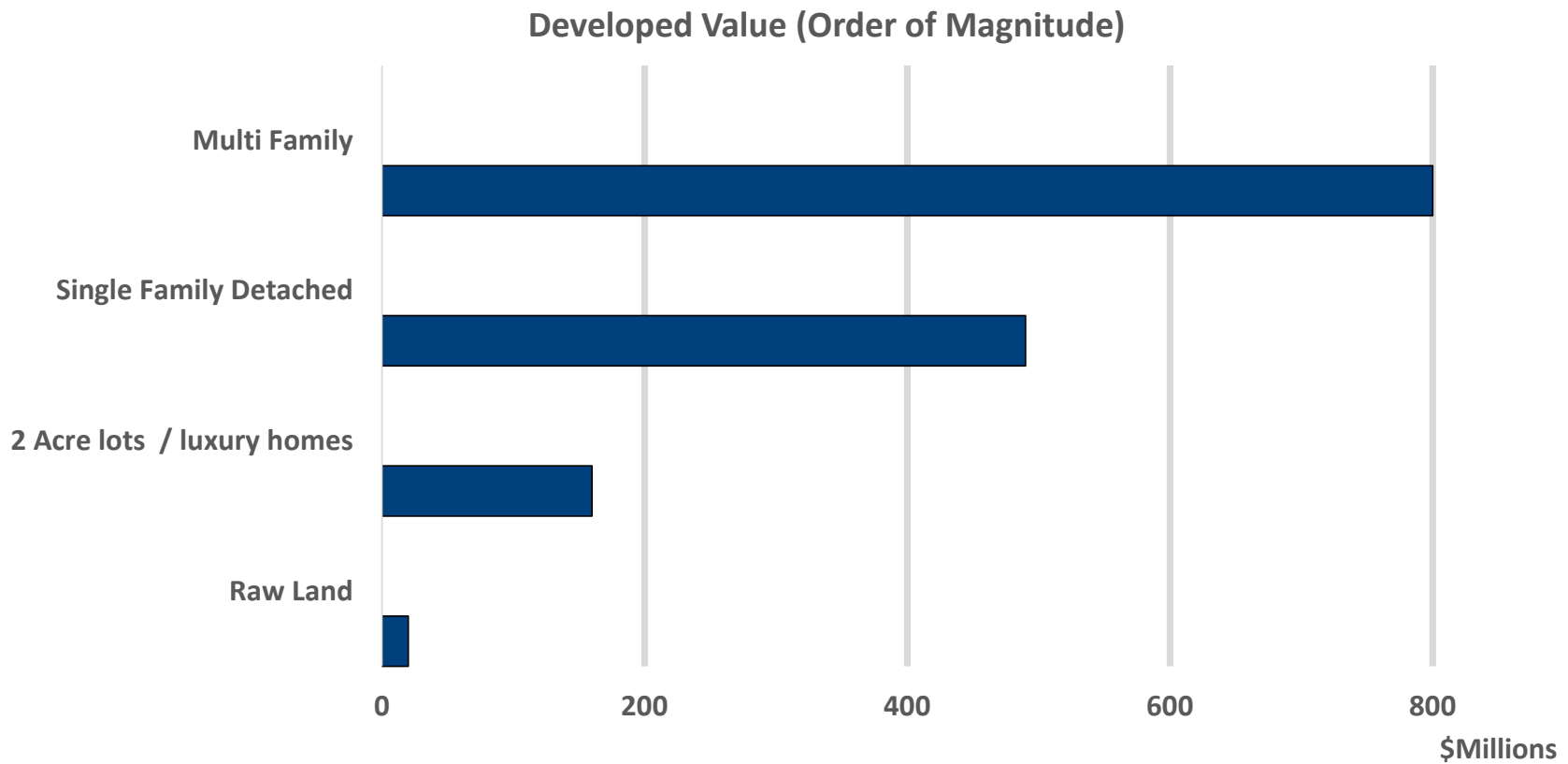
What the Developer Wants to Build (Option 2)



What the Developer Wants to Build (Option 3)



Value When Fully Developed



TCEQ Regionalization Policy

- ❑ TWC 26.081: TCEQ is to implement a policy to “encourage and promote the development and use of regional and area-wide waste collection, treatment, and disposal systems to serve the waste disposal needs of the citizens of the state and to prevent pollution and maintain and enhance the quality of the water in the state”.
- ❑ TWC 26.0282 authorizes TCEQ, when considering issuing a permit to discharge waste, to deny or alter the terms and conditions of a proposed permit based on need and the availability of existing or proposed area-wide or regional waste collection, treatment, and disposal systems

Regionalization Policy Exceptions

- ☐ There is no wastewater treatment facility or collection system within three miles of the proposed facility.
- ☐ The applicant requested service from wastewater treatment facilities within the 3 miles, and the request was denied.
- ☐ The applicant can successfully demonstrate that an exception to regionalization should be granted based on costs, affordable rates, and/or other relevant factors.
- ☐ The applicant has obtained a Certificate of Convenience and Necessity (CCN) for the service area of the proposed new facility or the proposed expansion of the existing facility.

Regionalization Benefits & Challenges



Suggestions and negotiation points for regional providers:

- ☐ Offer to own, operate and be the permittee for a proposed satellite plant.
- ☐ Request enhanced treatment (beyond what the permit requires):
 - ☐ Filters or other polishing processes
 - ☐ More stringent effluent limits
 - ☐ Higher operator classification
 - ☐ Enhanced odor control
 - ☐ Expanded buffer zones
 - ☐ Redundant treatment units
 - ☐ Establish standards for packaged facilities
- ☐ Agree to abandon the plant when service through the regional system becomes available in a timely and cost-effective manner.
- ☐ Respond clearly to requests for service.

Suggestions and negotiation points for developers

- ☐ Make clear in initial discussions with cities and regional providers what level of service is needed and when.
- ☐ Follow up when requesting service; document (in correspondence with regional providers) when no response is forthcoming.
- ☐ Be open to reasonable land use concessions in return for agreement to serve.
- ☐ Be prepared to demonstrate cost associated with regionalization options, including lost opportunity that accompanies land use and annexation requirements tied to service.
- ☐ Be open to leasing or other temporary treatment options.

Regionalization Benefits & Challenges



Questions?

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