

Spring Creek

UTILITY DISTRICT



SPRING 2019

District Publication

SpringcreekUD.org



How does a *Board of Directors* Operate?

As a State of Texas Government Municipality, Municipal Utility Districts (or MUDs) are empowered to levy ad valorem taxes (value-based property taxes). As such, they are required to be governed by five publicly empowered individuals, otherwise known as the Board of Directors.

These individuals are required to either a) own real property within the District boundaries or b) reside within the District boundaries.¹ The basis behind this being that any expenditures or decisions made that affects District finances, or consequently the District's tax rate, would also cause these Directors to support the expenses as well, as they have vested interest in the District. (Ergo, if they raise the tax rate, they too must pay it.) These tax revenues ultimately come from all residents (and

Directors) whether they own property within the District or rent property within the District.

The idea behind this arrangement being to establish an elected Board of Directors who is interested in actions that best serve their community and are not apt to increase/levy tax rates that they themselves do not determine are reasonable for the wellbeing of the community/District. These Directors, therefore, are empowered to serve their constituents as representatives of their community. It is with this responsibility that all Directors are endowed, allowing them make the decisions necessary to continue to operate a healthy district and ensure the future prosperity of the infrastructure and services provided by the District.

DIRECTOR DUTIES

A typical Board of Directors member is expected to provide the following duties while in their four years of service to their district:



Manage Finances: Including necessary construction and maintenance of water, sewer and storm drainage infrastructure within the District boundaries



Attend district meetings: These are generally held monthly, but can be more or less frequent based upon District demands, and are open to the public



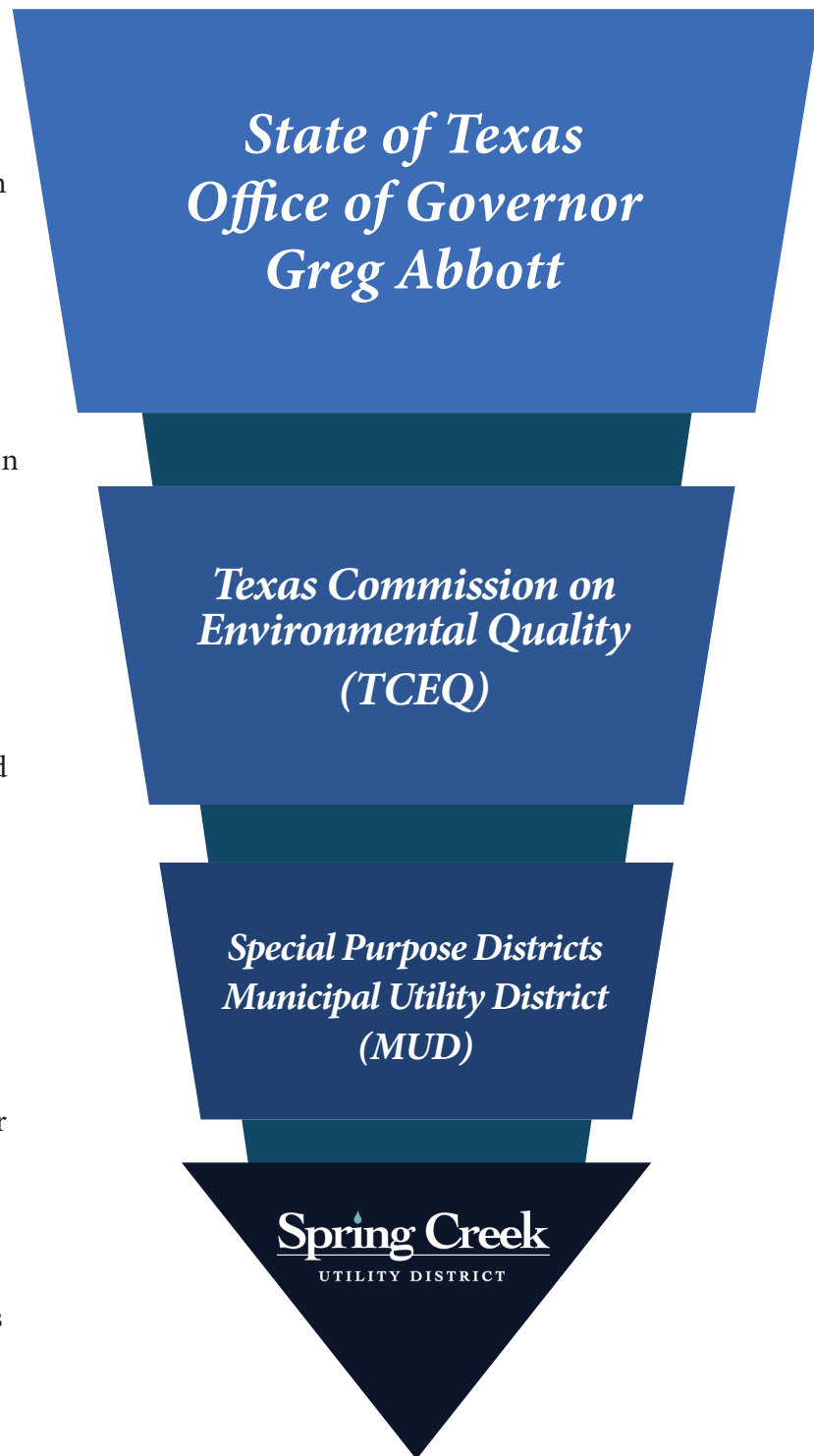
Make decisions regarding District matters:
Review reports from consultants and approve District expenses



Attend related meetings or functions: These include meetings from other entities that may affect the Director's respective district. Potentially including Regional Water Authorities, neighboring District meetings (especially if any of the facilities are being shared between Districts), and organizational seminars and/or conferences such as AWBD, TWDB, etc

TAKE A CLOSER LOOK

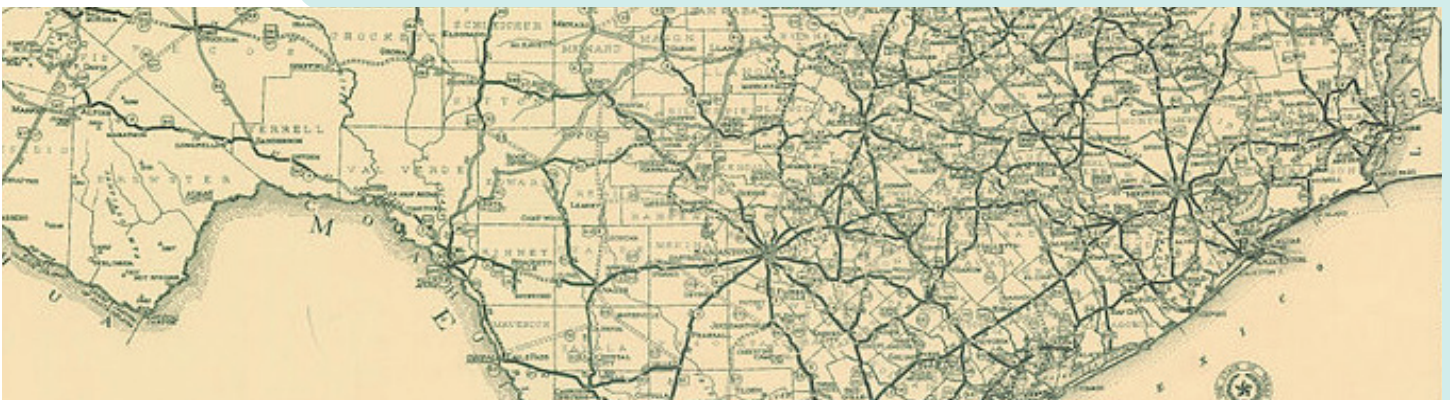
This diagram shows the chain of command for water authority within Texas, from the Governor all the way to your own Spring Creek.



what is a MUD?

In 1904 the Texas Legislature recognized the need for the creation of special water districts to better manage the availability of water—especially for its inhabitants, crops, and livestock. Substantial growth during the 1950s and 1960s brought about the need for more advanced water, sewer, and drainage systems that cities were financially unprepared to handle. The state legislature responded to this need by passing legislation that allowed for the creation of Municipal Utility Districts, or “MUDs.”

Despite major growth, the City of Houston would not agree to place the financial burden of water and sewer infrastructure development on its existing residents. Consequently, without municipal utility districts to oversee quality and viability, there became situations wherein substandard utilities were constructed due to insufficient funding and lack of city oversight. The developers of these utilities would leave the failing integrity and maintenance to residents without a resolution. Faced with this, these residents were forced to petition for annexation by the city closest to them, which in many cases were not feasible. Some cities require certain standards be met by utility infrastructures, and consequently many communities were left with infrastructure that did not comply. With the use these new water districts, residents now have a tool by which to fund and finance their own utility infrastructure.



HOW DID MUDS START?

In 1971, Texas Legislature adopted Chapter 54 of the Texas Water Code¹, allowing for the creation of Municipal Utility Districts (MUD). MUDs are a political subdivision of the State of Texas are overseen by the Texas Commission on Environmental Quality (TCEQ). They are formed as the primary tool for financing the construction and maintenance of water, sewer, and storm drainage infrastructure within its boundaries in order to allow for development of properties.

WHAT ELSE CAN A MUD DO?

MUDs are empowered to provide a broad array of services beyond simple water and sewer, including: water conservation, drainage, solid waste, fire-fighting, neighborhood security, recreational facilities, and roads. Additionally, a MUD may also levy property taxes (ad valorem²) and issue bonds for maintenance and operations, infrastructure improvements (such as new water plants and sewage treatment plants), and recreational amenities.

HOW IT WORKS

A MUD is governed by a board of five Directors. All Directors are public officials elected by the residents within the District and serve alternating 4 year terms. It is not uncommon for a Director to serve consecutive terms as they are not term-limited. The Board of Directors generally meet once per month to manage and conduct the business and affairs of the District. These meetings are always open to the public, per Texas law. In lieu of a full time staff, a MUD will typically contract with consultants such as attorneys, engineers, bookkeepers, operators, and financial advisors to both advise and deliver the District's operations and services.

In 1995, The Texas Legislature added Chapter 49 to the Water Code³ to standardize the administrative provisions for districts, including qualifications and restrictions for their operations as well as requirements for their boards and affiliates.

BENEFITS OF MUDS

- High Quality Infrastructure
- Public Ownership Of Utilities
- Tax-Exempt Financing Tool (i.e. Low Interest Rates)
- Reduced Cost of Housing
- Reduces Barriers To Entry in Development Market
- Locally Controlled
- Growth Pays For Itself

1. <https://statutes.capitol.texas.gov/docs/wa/htm/wa.49.htm>

2. Ad Valorem: 1. In proportion to the estimated value of the goods or transaction concerned. For MUDs it specifically references property taxes calculated based upon property value, just as a county or school district would.

3. <https://statutes.capitol.texas.gov/docs/wa/htm/wa.54.htm>



REPORT water & sewer PROBLEMS

Within the last five years, municipal utility districts lost an average of over \$56,000 in treated water. Spring Creek Utility District wants to change that. Most losses are caused by unreported leaks or blockages which can result in wasted resources and even health and safety hazards.

In an effort to improve and maintain area infrastructure as well as maintain the integrity of our water and sewer systems we invite you to take part in safeguarding and being aware of potential trouble areas with water and sewer within the Spring Creek community. By reporting leaks and water/wastewater issues you help the District maintain our infrastructure and ensure future problems are fixed faster.

THINGS TO REPORT:

- Leaking or standing water or sewage
- Discolored water
- Low pressure or water line vacuum
- Sunken or elevated manhole covers
- Flooding or poor storm drainage
- Strong odors from sewer or water
- Sewage backup

HOW TO REPORT:

For nonemergency water & sewer problems you may also report it online at our website:

www.springcreekud.org/problem

**FOR WATER
EMERGENCIES**

DON'T WASTE YOUR TAX DOLLARS!

CALL IT IN!

346-202-2216

EMAIL PHOTOGRAPHS TO:

ALERTS@SPRINGCREEKUD.ORG

Spring Creek

UTILITY DISTRICT

For any water emergencies use the number on this magnet to contact the District Operator!

Meet your Directors



DALE HEALY

President —
2016-2020

Dale Healy was elected to the Board in May, 2016, for a four-year term. He currently holds the President position.



CLAUDE HUMBERT

Vice-President —
2018-2022

Claude Humbert sits in the Vice-President position, and was elected in May 2014. His interest in a board position is to serve the community, be a positive impact to residents, and improve communications and financial status of the District while reducing taxes on residents.



MARK FUSCA

Treasurer —
2016-2020

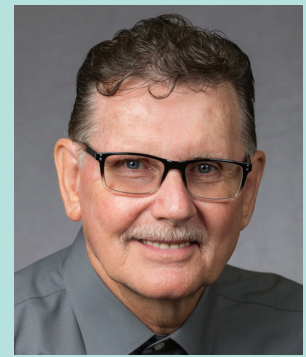
Mark Fusca was elected to the Board in May 2016. His primary goal as a Director is to make a positive impact in his community. Mark has been a resident in Spring Creek since 2009, having moved to Houston from Southern California.



FREDERICK SUNDERMAN

Secretary —
2018-2022

Frederick Sunderman was elected in May, 2014, and holds the office of Secretary. He brings a unique and forward-thinking perspective to the Spring Creek Board of Directors, as well as a Masters of Science in Civil Engineering.



LESLIE GOURLEY

Asst. Secretary —
2016-2020

Leslie Gourley was appointed to the Board in July of 2018 as Assistant Secretary. His primary goal as Director is to promote fiscal responsibility and enhance awareness of the conservation of water within the District.

Spring Creek

UTILITY DISTRICT

Prsrt Std
US Postage
PAID
Houston, TX
Permit #12268

SpringcreekUD.org

TO SIGN UP FOR EMERGENCY ALERTS,
PLEASE VISIT THE DISTRICT'S WEBSITE AT
SPRINGCREEKUD.ORG/ALERTS

This is an instant alert system to notify you quickly during unusual water supply conditions as well as District works and events. Should you choose to opt-in to this free service the system will send you an email and/or text message notice(s). In the event of a situation, you will receive a text and/or email explaining the issue.

STAY UP TO DATE WITH
EMERGENCY ALERTS