

GREATER TEXOMA UTILITY AUTHORITY FREQUENTLY ASKED QUESTIONS

What is the Greater Texoma Utility Authority?

A utility authority is a legal entity that is authorized by the State legislature, created by local governments and controlled by the cities that would use its services.

Why was the Greater Texoma Utility Authority formed?

Many of the cities in this area have been concerned about their long-range water, sewer and solid waste needs. At least two of these cities (Denison, Sherman) determined, after considerable study and examination of their situation, that a utility district could best serve their needs. They requested the State Legislature to enact legislation allowing for the creation of the Greater Texoma Municipal Utility District. In 1979, the Texas Legislature enacted legislation to permit the creation of the District. The final step in establishing the entity was a confirmation election by the citizens of the area held on August 11, 1979.

Changes in the enabling legislation were made by the legislature in 1983, which amended the name of the Greater Texoma Utility Authority to better reflect the Authority's municipal composition and enhance the marketability of its bonds.

What kind of services does the Authority offer?

The Authority can contract with cities to provide water, treat sewage and dispose of solid waste. It has the same powers, functions and responsibilities as other special law districts, including River Authorities.

How is the Authority governed? Who comprises the governing body of the Authority?

The legislation authorizing the Authority specifies that a Board of Directors be appointed for 2-year terms by the cities that are members. There will be a total of nine members on the Board: three appointed by the City of Sherman; three appointed by the City of Denison; one appointed by the small general-law member cities; and one position is held open for another home-rule city.

Does the Authority have taxing powers?

NO. The Authority only has the power to contract for whatever services are desired by its member cities and is entirely dependent upon revenue derived from those sources.

Would the Authority assume responsibility for my city's entire water system?

NO. The Authority would be in the "wholesale business" only. Each city would still maintain its own distribution system; the city could simply purchase its water from the Authority and distribute the water to its customers.

Why would contracting with the Greater Texoma Utility Authority be better than my city providing its own water and sewage treatment?

In recent years, the cost of water production, wastewater treatment and solid waste disposal has increased rapidly because of the State and Federal requirements associated with those services. Many of the expensive items connected with the provision of those services can be shared by communities in a utility district, thereby defraying some of the rising costs.

Also, it has become very difficult for many of the smaller cities to attract and retain competent personnel with the proper training and experience to operate and maintain their water, sewer and solid waste management programs. The creation and use of the Authority provides a vehicle through which these costs can be kept to a minimum, while assuring that adequate technical skills are available to plan, finance, develop, operate and maintain these necessary services.

Do all of the water resources have to come from the same source?

NO. The Authority might contract to provide water from one source for Community A and from an entirely different source from Community B.

How does the Authority finance its operation?

The Authority depends upon the revenue produced from the services it offers.

Can the Authority issue bonds?

The Authority issues revenue bonds to construct facilities necessary to carry out its contracted services. The revenue bonds are issued based on the contracts entered into with the cities served by the Authority.

What does utilization of the Authority cost my city?

The cost of the Authority's services for your city is dependent upon what services the city requests the Authority to provide in terms of water production, sewage treatment or garbage disposal.

Will my water rates go up or down if my city joins the Greater Texoma Utility Authority?

The water, sewer and garbage service rates are established by each city council based on what it feels necessary to derive the revenue to provide that service. The Authority will respond to whatever service is requested by any individual city, providing that the city is willing to pay for those services. It would be impossible to predict any exact changes in an individual city's water, sewer and garbage service fees. While the Authority does achieve an economy of scale, future costs for providing water, sewer and solid waste management services will be affected by the same factors that affect the purchase of all other goods and services.

A city's overall cost may be reduced by consolidation and sharing expenses with other members of the Authority.

Does the Authority offer any advantages in financing water, sewer and solid waste improvements?

YES. The Authority may issue revenue bonds for the construction of water, sewer and solid waste improvements if it has contracts with member cities to pay for these services. The mechanics for issuing these bonds is much simpler, and the revenue requirements are only to meet debt service and operating and maintenance expenses. Traditional municipal revenue bond requirements provide for debt service and operating and maintenance expenses, plus additional revenue for reserves.

Does the Authority have any responsibilities in securing water rights from Lake Texoma and the Red River?

The Authority has been designated as a cooperating local sponsor to negotiate with the U.S. Army Corps of Engineers for purchase of water from Lake Texoma on behalf of the cities in this area. In this matter, the local Authority controlled by local municipalities will have greater influence in future water supplies.