Columbia Lakes 2027 Bond Proposal — Town Hall, Aug 27, 2026 (West Columbia Civic Center)

This is a summary of the public town hall presentation from the Varner Creek Utility District (the "District") explaining the proposed $31.58 million bond to fund road, water, and Wastewater work in the Columbia Lakes community, along with its tax impact and the legal hurdles around taking over private HOA roads.

Agenda

- Varner Creek Utility District (the "District") Introductions
- District Services and Responsibilities
- 2026 Accomplishments
- Status of Outstanding Bonds
- Scope and Costs of the 2027 Bond Proposal
- Proposed Tax Rate Impact and Comparison
- Understanding Road Powers and Ownership
- How Bonds Funds Are Structured
- Bond Proposal Timeline
- Open Session for Questions

District Role and Leadership

- **Who we are:** The District, governed by a five-member Board of Directors and backed by a support team covering administration, operations, engineering, legal, and investment banking.
- **Two Sides of the Same Coin:** The District and the Columbia Lakes HOA are separate organizations serving one community. The district manages utilities and infrastructure, while the HOA manages deed restrictions, parks and recreation. Roads currently sit with the HOA with the end goal of having the roads owned and maintained by the District.
- **What the District does:** Supplies water and Wastewater to all residential and commercial properties, contracts garbage collection, maintains drainage, levees, and flood-control pumps, and manages bond issues for major infrastructure. The Districts Debt Service Tax Revenue is generated from the taxes paid by all property owners within Columbia Lakes and the boundaries of Varner Creek Utility District: Commercial and Residential.

Existing Debt

- **2007/8 bond:** Originally $10M for road replacement and Wastewater main slip-lining; matures 2029 with $1.84M outstanding.
- **2018 bond:** Originally $3.5M for flood control and infrastructure; matures 2039 with $2.56M outstanding.

The 2027 Proposal

- **Phase 1 (2028–2031):** 50% of Roads, 50% of water mains, and 100% of Wastewater laterals totaling $16.02M.
- **Phase 2 (2032–2035):** 50% of Roads, 50% of water mains totaling $15.56M.
- **Total proposal:** $31.58M, delivered across two phases through 2035.

Tax Impact

- Debt service rate rises from $0.2838 to an estimated $0.4925 (2027–2054).
- For a 2026 average home valued at $301,298, the total tax levy climbs from $1,213.81 to $1,824.28 — an increase of roughly $629.07 per year.
- Even after the increase, Columbia Lakes' total tax rate (~1.974) remains the lowest among the 11 area cities compared (which range up to 3.314 in Manvel).

Road Powers and Ownership — the Key Complication

- **Legal basis:** The District must petition the TCEQ for Road Powers (a process of up to ~180 days plus execution time) before it can call a bond election for road projects.
- **Private-road problem:** Bond proceeds cannot be spent on HOA-owned roads that are gated and restricted from public access — doing so would be unconstitutional under Texas law. Roads must first be conveyed to the District after a title review.
- **Trade-offs of going public:** The HOA would lose its gates, guard booths, and access control (24/7 public access required), but the financial burden of maintenance and repaving shifts entirely to the District.

How Bond Funds Are Structured

- **Bond funds are restricted public funds.** They may only be used for the purposes approved by voters and authorized in the bond documents and related regulatory approvals.
- **Texas law requires accountability.** Municipal utility districts may issue bonds for street repair or maintenance only with required voter approval, and bond-related funds remain subject to legal and regulatory limits.
- **The District cannot treat bond proceeds as unrestricted cash.** Funds must be tracked separately, spent only on eligible project costs, and documented to show they support the approved road bond purpose.

Timeline

- August 2026: Petition TCEQ for Road Powers → HOA road conveyance before election → Call election Aug 16, 2027 → Bond election Nov 2, 2027 → gated access removed Dec 2027 (if road bond passes) → funding June 2028 → projects 2028–2035.

Bottom Line

- The District is asking residents to approve a $31.58M, two-phase bond to modernize roads, water, and Wastewater infrastructure through 2035.
- The cost to homeowners is concrete — about $629 more per year on an average home — but the District's total tax rate would still be the lowest in the region.
- The biggest strings attached are non-financial: securing Road Powers and converting private HOA streets to public ones means giving up the community's gates and access control.
- Sequencing is critical — TCEQ approval and road conveyance must both happen *before* the election can even be called, making the legal groundwork the true gating factor.