



City of San Antonio

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Title: Consent for Emergency Service District No. 7's Request to Incur Debt [Jeff Coyle, Intergovernmental Relations Director]

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**CITY OF SAN ANTONIO
INTERGOVERNMENTAL RELATIONS DEPARTMENT
IGR COUNCIL COMMITTEE MEMORANDUM**

TO: Intergovernmental Relations Council Committee

FROM: Jeff Coyle, Director, Intergovernmental Relations Department

SUBJECT: Consent to Emergency Service District No. 7's Request to Incur Debt

DATE: June 12, 2015

SUMMARY

A briefing on a request from Emergency Services District (ESD) No. 7 to incur debt of up to \$5 million for renovations, replacement equipment, and construction of a fire station. City consent to incur debt is required pursuant to the agreement terms between Bexar County and the City of San Antonio that created ESD No. 7 in 2006.

BACKGROUND

On March 2, 2006, City Council approved, through ordinance #2006-03-02-0264, an agreement with Bexar County to create Emergency Service District No. 7 within the City's Extraterritorial Jurisdiction (ETJ) for the provision of fire suppression and emergency medical services for individuals residing within the district's boundaries. ESD No. 7 is located in northwestern Bexar County and is generally described as bounded on the west by the Bexar County-Medina County boundary line; on the south and east by the city limits of the City of San Antonio; and on the north by the Grey Forest Volunteer Fire Department response area.

The agreement includes the following conditions:

- ESD No. 7 cannot incur debt in excess of \$20,000 without the consent of the City.
- If the City annexes a portion of ESD No. 7, any contractual obligations of ESD No. 7 to, or the payment of any debt incurred by, a third-party contractor will not be a debt for purposes of Texas Health and Safety Code Section 775.002 unless City approved the contract creating the obligation or debt.
- Any fire station constructed by ESD No. 7 will be located and constructed with the concurrence of the San Antonio Fire Department.
- ESD No. 7 will ensure that its requirement is compatible with City's equipment.
- ESD No. 7 will enter into mutual aid agreements.

The above imposed conditions were included on the ballot for the election to confirm the creation of ESD No. 7 and authorize the imposition of a tax; ESD No. 7 was approved by voters and currently imposes an ad valorem tax of \$.10 per \$100 of valuation on property owners within the District.

On April 8, 2015, ESD No. 7 submitted a formal request for the City's authorization to incur up to \$5 million in debt.

ISSUE

ESD No. 7 requests the City's consent to secure debt of up to \$5 million to provide for existing debt and for the land acquisitions, construction, and equipment costs of a new fire station. The existing debt is associated with District 7 Fire and Rescue; a non-profit corporation created to purchase and maintain equipment, real property, and fire stations. The total amount of existing debt is approximately \$2.5 million. The additional estimated debt will provide for improvements and expansion for the continued operation of District 7. Additional debt will be structured for a 20 year term and a fixed interest rate of 4.06%. ESD No. 7 has identified property for the location of the new fire station.

The City would not be required to assume any debt if the District defaults on the loan. However, if the City annexes territory within the District, it would be required to pay the District the pro-rata value of the district's bonded and other indebtedness for the annexed property. Pursuant to Sec. 775.022 of the Texas Health and Safety Code, the amount of compensation that the City must pay the District following annexation would be the District's total indebtedness at the time of annexation multiplied by a fraction equal to the assessed value of the property to be annexed divided by the total assessed value of the property of the District based on the most recent certified county property tax rolls at the time of annexation.

The City's Finance, Planning, and Fire Departments reviewed ESD No. 7's request to analyze the District's capacity to incur the debt, probability of near term annexation within the ESD, and compatibility of the planned fire station to SAFD standards, respectively. The Finance Department determined that ESD No. 7 tax base is sufficient to manage the proposed debt. The Planning Department indicated that at this time the City has no planned annexation within ESD No. 7's boundaries. The proposed specifications for the fire station met SAFD's requirements.

ALTERNATIVE

The City could choose not to consent to the request to incur debt, which could negatively impact the District's ability to provide effective fire and emergency services.

FISCAL IMPACT

The resolution would not have a fiscal impact on the City unless the City annexes property within ESD No. 7.

RECOMMENDATION

Staff recommends providing consent to ESD No. 7 to incur debt of up to \$5 million.