



City of San Antonio

Agenda Memorandum

File Number: 16-5458

Agenda Item Number: 8.

Agenda Date: 10/26/2016

In Control: Planning Commission

DEPARTMENT: Planning and Community Development

DEPARTMENT HEAD: Bridgett White, Director

COUNCIL DISTRICTS IMPACTED: 3

SUBJECT:

A resolution recommending the removal of a tract of land located at 4526 S. Loop 1604 consisting of approximately 150.26 acres from the South San Antonio Area 4 Limited Purpose Annexation Area and the approval of an Industrial District Non-Annexation Agreement (IDA) and associated Fire Services Agreement (FSA) for a term of ten years.

SUMMARY:

A resolution recommending the removal of a tract of land located at 4526 S. Loop 1604 consisting of approximately 150.26 acres from the South San Antonio Area 4 Limited Purpose Annexation Area, and the approval of an Industrial District Non-Annexation Agreement (IDA) and associated Fire Services Agreement (FSA).

BACKGROUND INFORMATION:

This property is owned by Halliburton Energy Services Inc. and was annexed for limited purposes effective January 19, 2014. The property is a heavy industrial use, the adopted land use for the property is Specialized Center, and the zoning district is I-2 Heavy Industrial.

The suggested resolution presents an effort to ensure Halliburton's continued presence and investment in the San Antonio area, and falls in line with the long-term economic goals outlined in the City's SA Tomorrow Comprehensive Plan, and the San Antonio Economic Development Foundation's strategic plan, Forefront SA, specifically in regards to the attraction and retention of major employers and those within the City's Targeted Industries.

Founded in 1919, and headquartered in Houston and Dubai, Halliburton is a Fortune 500 company and one of

the largest oilfield service companies in the world. The company offers drilling and evaluation services, as well as completion and production services, and has 65,000 employees across the globe.

Halliburton's San Antonio site, located at the Intersection of South Loop 1604 and I-37E, functions as the main base for the company's Eagle Ford Shale operations and its nearly 1,000 employees. The company has currently generated \$305 million in real and personal property value at the site, according to the Bexar County Appraisal District (BCAD).

Coinciding with the sharp decline in global oil prices and increased economic pressure on its San Antonio site, Halliburton has requested removal of the property from Limited Purpose Annexation, contingent upon approval of a 10-year Industrial District Non-Annexation Agreement (IDA) and associated Fire Services Agreement (FSA).

ISSUE:

To attract and retain businesses and jobs in the City's ETJ, the Texas Local Government Code authorizes a city to designate a portion of its ETJ as an Industrial District and enter into a Non-Annexation Agreement. Since 1986, City Council has approved the designation of six Industrial Districts and associated Non-Annexation Agreements. Through the establishment of an Industrial District, the statute also allows municipalities to enter into basic Fire Services Agreements with a company and charge a fee for such services.

Removing the property from the South San Antonio Area 4 Limited Purpose Annexation Area, designating the Halliburton Industrial District, and providing the company a ten-year Non-Annexation Agreement will retain the company's presence and promote significant economic development activity in the City's ETJ and Bexar County. Additionally, retaining the company's presence will provide significant tax revenue for other taxing jurisdictions, such as Bexar County, Southside Independent School District, Alamo Colleges, and University Health System.

The proposed agreement is consistent with the City's Annexation Policy concerning Non-Annexation Agreements:

- Includes a statement that owner will petition for annexation following the end of the IDA term;
- Include services in lieu of annexation to extend City regulations and requirements in anticipation of annexation in the future;
- Place in the City's annexation program.

ALTERNATIVES:

A denial of the resolution would result in the recommendation of the subject property remaining within the Limited Purpose Annexation, to be considered by City Council for Full Purpose Annexation on November 10, 2016 with an effective date of December 31, 2016. Full Purpose Annexation of the project will likely result in the company moving its operations, jobs, and capital investment to another location.

FISCAL IMPACT:

The City will receive \$40,000 annually for Basic Fire Services, for a total of \$400,000 over the course of the 10-year agreement, which will be deposited in the General Fund. The location of these operations in the City's

ETJ during the period of Non-Annexation will not result in any increase in funding for City services.

RECOMMENDATION:

Staff recommends approval of a resolution recommending the removal of a tract of land located at 4526 S. Loop 1604 consisting of approximately 150.26 acres from the South San Antonio Area 4 Limited Purpose Annexation Area and the approval of an Industrial District Non-Annexation Agreement (IDA) and associated Fire Services Agreement (FSA) for the site.