



City of San Antonio

Agenda Memorandum

File Number: 13-1226

Agenda Item Number: 4.

Agenda Date: 1/9/2014

In Control: City Council A Session

DEPARTMENT: Planning and Community Development

DEPARTMENT HEAD: John Dugan, AICP

COUNCIL DISTRICTS IMPACTED: 3 and 4

SUBJECT:

Limited Purposes Annexation of South San Antonio Areas 1 - 4, and the Adoption of the Regulatory Plan.

SUMMARY:

Reading and consideration of an ordinance approving the Limited Purpose Annexation of South San Antonio Areas 1 - 4, consisting of 36 square miles generally located south of Loop 410, between Old Pearsall Road and State Highway 181, in the southern portion of San Antonio's Extraterritorial Jurisdiction and Bexar County and the Adoption of the Regulatory Plan.

BACKGROUND INFORMATION:

On September 1, 2011, Senate Bill 1493 became effective and required a study of the effectiveness of the City South Management Authority (CSMA). Accordingly, the City, on behalf of CSMA, contracted with a consultant, TXP Inc., to conduct a thorough assessment of the authority's effectiveness in accomplishing its mission. The consultant was further asked to draft an economic development strategy for the City South area. In December 2012, the City accepted the findings of the Effectiveness Study & Economic Strategic Plan for the City South Management Authority and submitted it to the Texas Legislature.

The Effective Study recommended one of three options that should be considered in order to address challenges in accomplishing the mission of CSMA. The San Antonio City Council directed the implementation of "Option 2," which consists of the dissolution of CSMA in coordination with the adoption and implementation of the

City's revised annexation and land use control policies and the consideration of Limited Purpose Annexation.

Limited Purpose Annexation allows the City to extend regulatory authority for the limited purposes of applying its planning, zoning, health, and safety ordinances without the provisions of full services. The City may not assess property taxes in the area until the property is annexed for full purposes, usually within three years. Limited Purpose Annexation will help ensure quality development in the area and will protect property values by ensuring that all development meets consistently high standards, resulting in an increase in the City's tax base. The three-year period between Limited Purpose Annexation and Full Purpose Annexation affords city time to further study full-purpose annexation potential. It will give the City additional time to plan for the orderly extension of full municipal services to the area. It will provide a framework for capital improvements project planning for the area.

ISSUE:

Limited Purpose Annexation is the most expeditious method of CSMA Dissolution. Limited Purpose Annexation enables the City to transition the CSMA land use regulations and zoning in the former CSMA areas to the City and extend its regulatory authority to adjacent, non-CSMA areas in order to capitalize on economic development opportunities occurring in the South San Antonio.

The four proposed annexation areas are generally located south of Loop 410, between Old Pearsall Road and State Highway 181 in the southern portion of the San Antonio's Extraterritorial Jurisdiction and Bexar County. In total, the areas are comprised of approximately 35 square miles or 24,021 acres. The 2010 Census population for the four study areas is estimated to be 3,304 residents. The four areas consist of 1,240 residential units, 142 commercial parcels, 14 industrial parcels and 460 vacant properties.

The four areas are predicated on key geographic nodes that have seen significant development of specialized industry sectors. The Effectiveness Study recommended these nodes as having the most potential for growth; where development would most likely have the greatest potential for success; and potential contributions to the economic development of the City and should be considered for annexation in concert with the dissolution of the management authority. The descriptions of the proposed annexation areas are as follows:

- *Area 1* encompasses the "Warehousing, Logistics, and Distribution Node" and related adjacent development, which is centered on the Union Pacific Intermodal Facility and other surrounding activities. This study area is bisected by IH-35. The balance of the node includes property that has a range of development potential, to include residential, commercial and industrial development. The Southwest Independent School District is proposing a multi-school campus near the center of this segment of the node, where neighboring residential development could be anticipated.
- *Area 2* was identified as the "Natural Node," which encompasses the Land Heritage Institute; property adjacent to the Medina River; and properties with frontage on Applewhite Road which is a major arterial that is a gateway to the Toyota Manufacturing Plant (situated within the City of San Antonio municipal limits).
- *Area 3*, which contains a major solar farm and various industrial uses, to include a major Baker/Hughes, Inc. facility, is identified as an emerging "Energy Node." This node is located along Loop 410 and IH-37, which is a gateway to the Eagle/Ford Shale formation to the south.
- *Area 4*, which includes a number of major Eagle/Ford Shale-related companies and their suppliers, is a southward extension of Area 3 ("Energy Node"). Though a significant portion of this study area is not located within the jurisdiction of CSMA, much of it was addressed in the Effectiveness Study;

the inclusion of this area meets the intent of the “Energy Node” description in the study. Just outside the CSMA jurisdiction, but included within the study area, are the facilities belonging to Halliburton and Weatherford International. This area is the southern-most study area and includes a critical commercial/industrial node at IH-37 South and South Loop 1604.

State law requires that a municipality follow certain provisions regarding Limited Purpose Annexation, which includes, the publication and release of a planning study and regulatory plan for the proposed annexation area; notification of affected property owners and school districts; public hearings notification in the newspaper of general circulation and on the City’s website; two public hearings held by the City Council; and the adoption of the annexation ordinance and regulatory plan.

The South San Antonio Planning Study and Regulatory Plan for Limited Purpose Annexation - As required by State Law (*Texas Local Government Code Sec. 43.123*), the City published and released a planning study and regulatory plan for the proposed annexation areas. The Planning Study and Regulatory Plan provide projected levels of development in the next ten (10) years with and without annexation, issues and the public benefits of annexation, economic and environmental impact of annexation and proposed zoning for the area. The Regulatory Plan outlines development regulations and states that the areas will be fully annexed within three years as required by the limited purpose state statutes. The Planning Study and Regulatory Plan were available for public viewing at several locations and were posted on the City of San Antonio Department of Planning and Community Development’s Website. The South San Antonio Regulatory Plan for Limited Purpose Annexation is attached hereto.

The Regulatory Plan allows the City to provide stormwater services and fees under City Code Chapter 34 Water and Sewers. Staff recommends excluding stormwater services in the Regulatory Plan, in particular excluding Section 34-1111 of Article 7 and Section 34-235 of Division 4 Rates and Charges of Chapter 34 Water and Sewers of the City Code. The Storm Water Regional Fee-In-Lieu-Of Detention (FILO) will continue to apply to any new increase of impervious cover associated with development projects within the Limited Purpose Annexation area as these areas are currently within the City Extraterritorial Jurisdiction (ETJ) in which FILO is currently applicable.

Below is the schedule of notices and public hearings for the proposed Limited Purpose Annexation and the dissolution of CSMA:

Oct. 2013:

- 25th - Mailed notices to 2,048 property owner within proposed annexation areas
- 30th & 31st - Published mandated notices for Limited Purpose Annexation and CSMA dissolution in the newspaper

Nov. 2013:

- 1st - Joint Zoning Commission/Planning Commission briefing
- 4th - Released Planning Study and Regulatory Plan to the public
- 5th - Community Meeting at Southside High School
- 13th - Planning Commission’s Public Hearing on Limited Purpose Annexation and consideration of land use classification changes (*for properties outside CSMA jurisdiction*)
- 20th - City Council B Session Briefing

Dec. 2013:

- 4th - First City Council Public Hearing on both Limited Purpose Annexation and CSMA Dissolution (*during Citizens-to-be-Heard of B-Session*)
- 5th - Second City Council Public Hearing on both Limited Purpose Annexation and

CSMA Dissolution

10th - Published annexation ordinance in the newspaper

17th - Zoning Commission consideration of zoning changes

18th - Planning Commission's consideration of development agreements for properties appraised for agriculture, wildlife management, or timber management

Jan. 2014: 9th - City Council consideration of:

- Limited Purpose Annexation and Regulatory Plan
- Land Use Plan Amendments
- Zoning Changes
- CSMA Dissolution
- Development Agreements

19th - The effective date of Limited Purpose Annexation and CSMA Dissolution.

At the January 9, 2014 City Council meeting, Staff requests Council to take action to exclude (save and except) parcels with development agreements from the proposed Limited Purpose Annexation boundaries. State law provides that a city may not annex a property, appraised for ad valorem tax purposes as agricultural, wildlife management, or timber management, unless the city offers a 'development agreement' to the landowners that would:

- guarantee the continuation of the extraterritorial status of the area; and
- authorize the enforcement of all regulations and planning authority of the city that do not interfere with the use of the property for agriculture, wildlife management, or timber.

If the landowner declines to make the agreement or is non-responsive, then a city may annex the property. If the property owner completes and returns the agreement, the property will be proposed for exclusion from the Limited Purpose Annexation.

DPCD staff identified over 270 properties eligible for development agreements based on the ad valorem tax appraisal mentioned above. During the month of November 2013, Staff certified mailed explanatory letters and development agreements to eligible landowners. At the January 9 City Council meeting, Staff will provide a listing of parcels with completed development agreements for Council to exclude from the proposed Limited Purpose Annexation.

ALTERNATIVES:

An alternative is that while there are four areas proposed for Limited Purpose Annexation, each area could be considered independently or in a combination with the other areas.

Within three years, if the City Council elects not annex an area for full purposes, the City and land owners of a tract of land may extend the limited purpose annexation by mutual agreement. If there is no agreement on an extension, or if the area is not annexed for full purposes within three years, then the area cannot be annexed for a period of five years.

Staff evaluated all of the areas based on the recommendations of the CSMA Effective Study and the City's Annexation Policies

FISCAL IMPACT:

The three-year period of Limited Purpose Annexation of South San Antonio Areas 1 - 4 will have a negligible fiscal impact on the City because limited services will be provided.

A full fiscal assessment will be presented to Council once the Limited Purpose Annexation areas are considered final. The tables below represent the initial fiscal impact for the proposed annexation areas.

Table 1: Initial Fiscal Impact to General Fund

General Fund	Option 1(3 Interim Fire Stations)	Option 2 (2 Interim Fire Stations)
Year 1 (FY 2016)	(\$6.7 million)	(\$4.2 million)
Year 10 (FY 2026)	(\$13.6 million)	(\$7.5 million)
Solid Waste and Storm Water Funds	Revenue Neutral	Revenue Neutral

Table 2: Initial Fiscal Impact Assessment for Fire Services

Fire Services	Option 1 (3 Interim Fire Stations)	Option 2 (2 Interim Fire Stations)
No. of Engine Companies	3	2
No. of Ladder Units	1	0
No. of EMS Units	1	1
No. of Uniform Positions	72	42
Operating Cost		
Year 1 (FY 2016)	\$6.26 million	\$3.76 million
Year 10 (FY 2026)	\$15.6 million	\$9.9 million
Capital Cost		
Interim Fire Stations	\$2.85 million	\$1.9 million
Permanent Fire Stations	\$20.4 million	\$13.6 million

RECOMMENDATION:

Staff recommends the approval of the Limited Purpose Annexation of South San Antonio Areas 1 - 4 as and depicted on Exhibit A (*Map of the Proposed Limited Purpose Annexation Areas*), described in Exhibit B (*Boundary Descriptions of the Proposed Limited Purpose Annexation Areas*) and the adoption of the Regulatory Plan (Exhibit C) as attached.

The San Antonio Planning Commission recommended the **approval** of Limited Purpose Annexation of Area #1, Area #2, and Area #3, save and except parcels outside the boundaries of the current City South Management Authority boundary; and the **denial** of Limited Purpose Annexation of Area #4.