



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 24.

Agenda Date: 3/5/2020

In Control: City Council A Session

DEPARTMENT: Planning

DEPARTMENT HEAD: Bridgett White, ACIP

COUNCIL DISTRICTS IMPACTED: 2

SUBJECT:

Extraterritorial Jurisdiction Release of a 2.06 acre tract and Municipal Boundary Adjustments consisting of approximately 625.48 acres between the Cities of San Antonio and Converse.

SUMMARY:

An Ordinance authorizing the City of San Antonio to adjust its municipal boundaries with the City of Converse by transferring approximately 625.48 acres of its corporate land generally located in the North Loop 1604 East-Graytown Road and Gibbs-Sprawl Road areas and release 2.06 acres of its Extraterritorial Jurisdiction (ETJ), generally located west of FM 1516 North and north of Crestway Road to the City of Converse in accordance with the City of San Antonio-Converse Interlocal Agreement.

BACKGROUND INFORMATION:

In March 2017, the Cities of San Antonio and Converse (Cities) entered into an interlocal agreement (ILA) which provided a schedule of Extraterritorial Jurisdiction (ETJ) releases by San Antonio to Converse for annexation purposes and a series of Municipal Boundary Adjustments (MBA) between the two Cities during a 17-year period. The purpose of the agreement was to ensure that underserved areas in the fast growing unincorporated ETJ area would receive an urban level of services, provide growth opportunities in the region and increase revenue opportunities of a partnering city to support the delivery of public service.

After the 2017 ILA was approved, the City of San Antonio (San Antonio) immediately released the first Phase of ETJ area. Subsequently, the City of Converse (Converse) took action to annex the Phase 1 Area in June 2017. In December 2017, San Antonio transferred two MBA Areas in the Northampton Neighborhood from its

corporate limits to Converse.

The original ILA was mutually approved prior to the passage of Senate Bill (S.B.) 6 which was effective on December 1, 2017. Prior to S.B. 6, home rule municipalities had unilateral annexation powers. This new statute requires cities located in counties with more than 500,000 residents including Bexar County cities to obtain the consent of land owners or voter approval through an annexation election. S.B. 6 adversely affected the Cities' ability to implement the actions in the ILA. The Cities agreed to pause ILA actions and renegotiated the terms of the ILA.

The Cities mutually agreed upon an amended ILA which established existing and future municipal and ETJ boundaries and provided a multi-phase schedule of ILA actions. The amended ILA was approved by the San Antonio City Council on December 5, 2019. The Converse City Council also approved it in December 2019.

In accordance with State law, neighboring cities may mutually adjust their respective ETJ boundaries based upon their respective populations. San Antonio has agreed to release a 2.06 acre tract of ETJ, which is legally described as CB5070 P-5 ABS 1177, addressed at 6717 FM 1516 N, in order to prevent uncertainty with the extraterritorial boundaries of the cities by March 5, 2020. The ad valorem value of this tract is approximately \$202,820. San Antonio does not assess City property taxes to properties situated in the ETJ.

Per State of Texas law, adjacent cities may mutually adjust their municipal boundaries that are less than 1,000 feet in width. The two Cities are adjacent and neighboring municipalities with common boundaries. The Cities have mutually agreed to establish their respective corporate areas through a sequence of municipal boundary adjustments (MBAs) that meet the statutory width requirement.

The total number of acres in the MBA Areas is approximately 625.48 acres. The population of the MBA Areas is approximately 178 residents. The ad valorem value based on Bexar County Appraisal District (BCAD) 2019 parcel data for all of the MBAs is approximately \$23,923,725 and annual property tax revenue is approximately \$133,609 for San Antonio. All of the five MBA Areas are currently situated in City Council District 2 of San Antonio.

MBAs 3A and 4A Areas are adjacent to each other and are located in the N Loop 1604 E-Graytown Road area. N Loop 1604 E bisects these two MBA Areas. The areas located to the west of N Loop 1604 E are mostly situated in a 100-year flood plain and are undeveloped. The areas located to the east of N Loop 1604 E along Graytown Road include a number of rural estates and single-family housing units from the new Quiet Creek, Summerhill and Chandler Crossing subdivisions.

The MBA 3A Area consists of approximately 324.14 acres and contains approximately 33 single-family residential units with approximately 89 residents. The ad valorem value for MBA 3A is approximately \$12,765,629 and the annual property tax revenue for San Antonio is approximately \$71,267. San Antonio will relinquish the MBA 3A Area to Converse by May 1, 2020.

The MBA 4A Area is comprised of two tracts (256.21 and 8.84 acres) of land totaling approximately 265.05 acres. It includes 33 single-family residential units with approximately 89 residents. The ad valorem value for MBA 4A is approximately \$10,750,992 and the annual property tax revenue for San Antonio is approximately \$60,019. San Antonio will relinquish the MBA 4A Area to Converse by June 1, 2020.

The MBAs 3B and 4B Areas are adjoining each other and are located along Gibbs-Sprawl Road adjacent to a railroad line. Both MBAs consist of underdeveloped land and contain no population.

The MBA 3B Area consists of approximately 11.3 acres. The ad valorem value for MBA 3B is approximately \$109,736 and San Antonio's annual property tax revenue is approximately \$613. The City will cede the MBA 3B Area to Converse by May 1, 2020.

The MBA 4B consists of 10.74 acres. The ad valorem value for MBA 4B is approximately \$104,298 and the annual property tax revenue is approximately \$582. The City will cede the MBA 4B Area to Converse by June 1, 2020.

The MBA 3C Area consists of approximately 14.25 acres and is located to the west of North Loop 1604 East. It is currently undeveloped but is part of future residential development that is mostly located in Converse. Currently, the MBA Area 3C has no residents. The ad valorem value for MBA 3C is approximately \$202,070 and the annual property tax revenue is approximately \$1,128. The City will relinquish the MBA 3C Area to Converse by July 1, 2020.

ISSUE:

This Ordinance will authorize the City of San Antonio to the release of 2.06 acres of its ETJ and the transfer of 625.48 acres of its corporate land in phased MBAs to the City of Converse. The ETJ Release of 2.06 acres will create clear and logical planning boundaries in the FM 1516 N/Crestway Road area. These MBAs and ETJ release continue implementation of the ILA, as amended in December 2019.

The ILA actions will follow the schedule below:

- A. ETJ Release - By March 5, 2020, the City will release 2.06 acres of ETJ in the FM 1516 N-Crestway Road area to Converse.
- B. MBAs 3A & 3B - By May 1, 2020, the Cities will make mutually agreeable changes in their boundaries in the Graytown Road/Loop 1604 area (MBA 3A) and the Gibbs-Sprawl Road area (MBA 3B).
- C. MBAs 4A & 4B - By June 1, 2020, the Cities will make mutually agreeable changes in their boundaries in the Graytown Road/Loop 1604 area (MBA 4A); and the Gibbs-Sprawl Road area (MBA 4B).
- D. MBA 3C - By July 1, 2020, the Cities will make mutually agreeable changes in their boundaries in the area to the west of the North Loop 1604 East.

Converse would immediately accept the released COSA ETJ area into their ETJ for future annexation. Converse also would accept the MBA Areas into their corporate limits and assume responsibility for providing full municipal services and extending their city codes and regulations to these Areas.

ALTERNATIVES:

Alternatives would be to approve the release for a portion of the area, or deny the release. However, any type of denial would require the two municipalities to re-negotiate the terms in the amended interlocal agreement approved in December 2019.

FISCAL IMPACT:

The cost for the engineering work related to producing boundary descriptions for the MBAs (3A, 3B, 3C, 4A

and 4B) Areas is \$22,562.50. Per the amended ILA, Converse will reimburse San Antonio the amount of \$16,921.88 (75%).

In coordination with the City of Converse, the City of San Antonio's Office of Management & Budget performed an analysis of potential financial impact of the ILA to the City of Converse over a 20-year period (starting in 2018). The municipal boundary line adjustment and annexation analysis resulted in a net positive impact for the City of Converse within the 20-year period when comparing annual revenues to annual operating expenses in the cumulative amount of \$8.7 million. It is estimated that when the ILA is fully implemented (or in FY 2035), the City of San Antonio's General Fund would forego approximately \$1.7 million in Property Tax revenue, \$1.1 million in Sales Tax revenue and \$66,000 in Business & Franchise Tax revenue on an annual basis. 324Additionally, San Antonio would forego \$1.1 million in Debt Service Property Tax revenue and \$70,000 in Advanced Transportation District Tax revenue.

RECOMMENDATION:

The Planning Department recommends approval of an Ordinance authorizing the City of San Antonio to release 2.06 acres of its ETJ, which is legally described as CB5070 P-5 ABS 1177 and addressed at 6717 FM 1516 N, and adjust the municipal boundaries shared between the Cities of San Antonio and Converse, totaling approximately 625.48 acres of San Antonio's corporate land. The Planning Commission considered and made a recommendation on this item at its February 26, 2020 meeting. The City of Converse will take appropriate action on this item at a future City Council meeting.