



City of San Antonio

Agenda Memorandum

File Number: 14-1736

Agenda Item Number: 16.

Agenda Date: 9/4/2014

In Control: City Council A Session

DEPARTMENT: Office of EastPoint & Real Estate

DEPARTMENT HEAD: Mike Etienne

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT: Edwards Aquifer Protection Program - Conservation Easement Acquisition and Property Substitution Agreement

SUMMARY:

Consideration of the following ordinances associated with a conservation easement totaling 720 acres over the Edwards Aquifer Contributing Zone.

- A) An ordinance authorizing payment for real property interests, due diligence and closing costs on a 720-acre tract of land known as the Barkley Ranch located in Uvalde County, Texas, in the amount of \$2,312,160.66, to Independence Title Company, as escrow agent for title on a conservation easement.
- B) An ordinance authorizing the execution of a Property Substitution Agreement with the San Antonio Water System.

The first ordinance, necessary under the Proposition One Edwards Aquifer Protection Venue Project, authorizes the execution of documents to accomplish said acquisition.

BACKGROUND INFORMATION:

In May of 2000, voters approved the first program, a 1/8-cent sales tax venue up to \$45 million, for the acquisition of lands over the Edwards Aquifer, for parks and watershed protection. That program, referred to as "Proposition Three," ran from 2000 through 2005, was limited to Bexar County and acquired more than 6,500 acres as Natural Areas for the City of San Antonio.

The current program is an extension of that initial endeavor, although the scope was narrowed to watershed protection and, due to a change in the legislation, funds could be expended outside of Bexar County. The purpose of the Edwards Aquifer Protection Program is to obtain property rights by fee-simple purchase, conservation easements or donations of land over the sensitive zones of the Edwards Aquifer. This Program,

referred to as “Proposition One,” also is funded with the 1/8-cent sales tax up to the amount of \$90 million.

- A) The purchase of a conservation easement on the Barkley Ranch is presented for consideration to the City Council under the Proposition One Edwards Aquifer Protection Venue Project, which was approved by the voters in November 2010. The City Council-approved Conservation Advisory Board has reviewed and recommended this acquisition. This property is located over the Recharge Zone in Uvalde County. Much of the land is located outside of the flood plain and suitable for residential development.

This property first was targeted through use of the Scientific Evaluation Team’s GIS-Spatial Model (SET Model). Subsequent site visits identified previously undocumented faults and other recharge features on the property. Over two miles of named and unnamed creeks, streams and other drainage areas cross the property. All of the Barkley Ranch is located either within the Frio River or the Dry Frio River drainage basins, both of which are important recharge contributors in the area. In fact, almost a mile of the Frio River transects the property. The property significantly contributes to surface water runoff quality, due to the current undeveloped state of the property, and the Edwards Aquifer Authority issued a geological assessment of the site confirming that preservation of the Barkley Ranch would provide a high water quality benefit and a moderate water quantity benefit for the City of San Antonio. This ranch is adjacent to other properties also protected by conservation easements held by both the City and SAWS and would result in the protection of over 17,000 acres of contiguous land within the Frio and Dry Frio River watersheds under conservation easements with the City of San Antonio and SAWS.

The proposed Barkley Ranch would constitute the 56th conservation easement acquisition under the current program. Inclusion of these proposed 720 acres would bring the total of protected lands under the City’s aquifer protection program to 127,102 acres. This conservation easement will be held and monitored by the San Antonio Water System.

- B) A Property Substitution Agreement with San Antonio Water System (SAWS) is also presented for consideration to the City Council. The City and SAWS previously entered into an Intrajurisdictional Agreement (IJA) in 2004, giving SAWS real estate interests in land which had been acquired by the City with Proposition Three aquifer protection program funds.

The City is now entering into a transaction, per ordinance 2009-09-10-0696, whereby the City will transfer to Texas Parks and Wildlife Department (TPWD) several parcels of land purchased with Proposition Three aquifer protection program funds, including the tracts on which SAWS holds their real estate interests. In return for the property transfer, the City will hold conservation easements on these parcels. However, the transfer to TPWD must be free of the interests held by SAWS. SAWS is willing to release its interests so that the City may complete its transaction with TPWD on the terms and conditions of this Property Substitution Agreement. In exchange for releasing its real estate interests on the old Proposition Three tracts, SAWS will receive a conservation easement on the Barkley Ranch from the City of San Antonio.

ISSUE:

- A) An ordinance authorizing payment for real property interests, due diligence and closing costs on a 720-acre tract of land known as the Barkley Ranch located in Uvalde County, Texas, in the amount of \$2,312,160.66, to Independence Title Company, as escrow agent for title on a conservation easement.

All of the Barkley Ranch is located either within the Frio River or the Dry Frio River drainage basins, both of which are important recharge contributors in the area. In fact, almost a mile of the Frio River

transects the property. The property significantly contributes to surface water runoff quality, due to the current undeveloped state of the property, and the Edwards Aquifer Authority issued a geological assessment of the site confirming that preservation of the Barkley Ranch would provide a high water quality benefit and a moderate water quantity benefit for the City of San Antonio.

The acquisition of this property is necessary to accomplish the Proposition One Edwards Aquifer Protection Venue Project.

- B) An ordinance authorizing the execution of a Property Substitution Agreement with the San Antonio Water System.

The City is entering into a transaction, per ordinance 2009-09-10-0696, whereby the City will transfer to Texas Parks and Wildlife Department (TPWD) several parcels of land purchased with Proposition Three aquifer protection program funds, including the tracts on which SAWS holds real estate interests (as seen in attachment Exhibit A, the Gallagher Ranch and the Canyon Ranch tracts). In return for the property transfer, the City will hold conservation easements on these parcels. However, the transfer to TPWD must be free of the interests held by SAWS. SAWS is willing to release its interests so that the City may complete its transaction with TPWD on the terms and conditions of this Property Substitution Agreement. In exchange for releasing its real estate interests on the Gallagher Ranch and the Canyon Ranch tracts, SAWS will receive a conservation easement on the Barkley Ranch from the City of San Antonio. The transaction between real estate interests is for equal value.

ALTERNATIVES:

- A) An alternative would be to defer acquisition until a later date. By not acquiring this conservation easement at this time, it may not be available at a later date or for the same purchase price.

Another option would be not to acquire the conservation easement; however, this would be counter to the goals of the Proposition One Edwards Aquifer Protection Venue Project.

- B) An alternative to authorizing execution of this Property Substitution Agreement would be to give SAWS \$1.9M from the City's general fund, thus satisfying the accounting and financial interests that SAWS has in these properties. This alternative, however, may not be fiscally feasible at this time.

FISCAL IMPACT:

- A) This is a one-time expenditure in the amount of \$2,312,160.66 for this acquisition. It will be funded by the 1/8-cent sales and use tax in the Edwards Aquifer Protection (Proposition One) Sales Tax funds included in the Fiscal Year 2014-2019 Capital Budget.

- B) No fiscal impact.

RECOMMENDATION:

- A) Staff recommends approval authorizing placement of a conservation easement on the 720-acre Barkley Ranch for a total of \$2,312,160.66, in connection with the Proposition One Edwards Aquifer Protection Venue Project, in order to protect the quality and quantity of water entering the Edwards Aquifer.
- B) Staff recommends authorizing the execution of a Property Substitution Agreement with the San Antonio

Water System.