



City of San Antonio

Legislation Details (With Text)

File #: 19-5190

Type: Staff Briefing - Without Ordinance

In control: Planning Commission

On agenda: 7/24/2019

Title: Public hearing and consideration of a Resolution recommending the City of San Antonio consent to the creation by Bexar County of a Public Improvement District (PID) to later be named the Gates Special Improvement District, which is generally located along Highway 87, to the east of Real Drive and to west of Beck Road in the extraterritorial jurisdiction (ETJ) of the City San Antonio, Bexar County, Texas; and the approval of a development agreement between the City and MEH Holding Company, Ltd. Staff recommends Approval. (Priscilla Rosales-Piña, Planning Manager, Planning Department, Priscilla.Rosales-Pina@sanantonio.gov, (210)207-7839.)

Sponsors: Planning Department

Indexes:

Code sections:

Attachments: 1. PC Resolution Gates PID 07-15-19, 2. Draft Gates Development Agreement 07 16 2019

Date	Ver.	Action By	Action	Result
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DEPARTMENT: Planning

DEPARTMENT HEAD: Bridgett White, AICP

COUNCIL DISTRICTS IMPACTED: City Council District 2

SUBJECT:

The City's consent to the creation by Bexar County of a Public Improvement District to later be named the Gates Special Improvement District; and a 30-year development agreement between the City and MEH Holding Company, Ltd.

SUMMARY:

A public hearing and resolution recommending the City of San Antonio (City)'s consent to the creation by Bexar County of a proposed Public Improvement District (PID) to later be named the Gates Special Improvement District generally located along US Highway 87, to the east of Real Drive and to the west of Beck Road in the City's extraterritorial jurisdiction (ETJ); and the approval of a 30-year development agreement between the City and MEH Holding Company, Ltd.

BACKGROUND INFORMATION:

Texas Local Government Code Chapter 382 allows for the creation of Public Improvement Districts (PIDs), by a city or a county. PIDs are considered to be economic development tools used to pay or finance public improvements and economic development within (and that benefit) a defined geographical area which will ultimately become the district. The general nature of the proposed public work may include, but is not limited to, the improvement and construction of roads, thoroughfares, collectors, arterial roads, utilities, water, waste water, sanitary sewer, drainage, trails, park and recreational facilities; which are located within the district boundaries. These districts may levy a special assessment as a source of funding and costs are apportioned and paid by land owners within the district that benefit from public improvements and/or services.

In order to create a PID in a county, more than 50 percent of owners of taxable real property liable for assessment within the proposed District area, must submit a petition to the governing body of the county. The municipality has the option to object to the formation of the districts within its ETJ pursuant to state law. However, a PID with the purpose to supply fresh water for domestic or commercial use or to furnish sanitary sewer services, roadways, or drainage, may not be created in the ETJ of a municipality unless the City gives its written consent by ordinance or resolution.

In accordance with Section 212.172 of the Texas Local Government Code, a municipality and a land owner may enter into a written agreement by which the municipality will extend the municipality's planning authority, establish development regulations including land use and development standards and provide for the infrastructure of the land.

On May 16, 2019, MEH Holding Company, Ltd., the (Owner) filed a petition and application to Bexar County (County), to create a public improvement district to be named the Gates Special Improvement District (the Gates PID) pursuant to Chapter 382 of the Texas Local Government Code. The proposed PID Property consists of the Gates Tracts (approximately 257.33 and 1.045 acres) totaling approximately 258.375 acres of land located southwest of the intersection of Corrilla Drive and US Highway 87, to the east of Real Drive and to the west of Beck Road. It is located to the east of the city limits of China Grove. The subject property is located within the water Certificate of Convenience and Necessity (CCN) of East Central Special Utility District. There is no waste water service provider in this area.

The proposed Gate PID development consists of a residential subdivision with 1,384 single-family dwelling units with a price averaging \$225,000 per unit. The proposed improvement of sewer, water, streets and drainage for the residential subdivision are estimated at \$46.2 million. The construction of a ¼-mile of a collector road costs approximately \$1 million. The developer plans to build an onsite sewer package plant which estimated cost is \$8,461,530. The total cost of public improvements is estimated at \$55,833,954.

As required by State law, the Owner requested that the City grants its consent to the creation of a PID within its ETJ. In addition, the Owner has requested a 30-year development agreement for the PID property. The Owner indicated that the agreement would provide greater certainty in the development of the project, which in turn would help secure financing for the proposed project.

On July 9, the Bexar County Commissioners Court held a public hearing and approved a resolution stating their intent to create the PID. The County would authorize the Gates PID to have road districts power and to impose an ad valorem tax on future property owners located within the District's boundaries.

ISSUE:

This resolution recommends that the City grants consent to the establishment of the PID by Bexar County and approves a 30 year Development Agreement (Agreement) between the City and the PID property Owners. The

consent of the City, which includes the delegation of the road district powers along with the powers to provide water, wastewater and drainage facilities, is required by state law in order for this PID to exercise those powers. However, the City's consent includes the following:

- No exercise of eminent domain by the PID;
- No power to annex, expand or exclude land into the PID's existing boundaries; and
- No retailing or selling of water, waste water and drainage services.

The proposed Agreement reinstates the conditions of the City's consent, as mentioned above, and includes the following terms and obligations between the City and the Owner with respect to the development of the Gates PID property:

- The ad valorem tax rate of the proposed PID shall not exceed the City's tax rate.
- The City will guarantee the continuation of the extraterritorial status of the PID property.
- The City will not annex property within the PID boundaries for 30 years after the effective date of the development agreement.
- The Owner agrees that that City has the option to annex and the Owner consents to annexation by the City, upon the expiration of the Agreement or upon termination as a result of the Owner's violation of the Agreement's terms.
- In the event the City would annex the PID Property, the City and the Owner mutually agree to the City services as required by State law.
- The Owner agrees to comply with all municipal regulations, ordinances and other laws applicable to all properties located within the City's ETJ during all of the phases of development and construction of the PID Project and during the life of the Agreement.

The proposed timeline for the establishment of the proposed PID is as follows:

<u>2019 Dates</u>	<u>Schedule of Action</u>
July 9 Bexar County	Commissioners Court consideration of a resolution expressing their intent to create the PID
July 24	Planning Commission Public Hearing and Recommendation
August 15	City Council's consideration and action
August 20	Commissioners Court consideration to create the PID and appoint a Board of Directors
August 20 - September 1	Gates PID's Board of Directors organizational meeting
September 10	Commissioners Court consideration of the PID's financing agreement.

ALTERNATIVES:

A denial of the Resolution would result in the PID not being created by Bexar County. This action would require the Owner to seek a different financing mechanism for the development of the property. It may result in the development and construction of infrastructure occurring in a traditional method rather in the manner proposed by the developer.

City Council may require staff to re-negotiate the terms of the Agreement which would delay the activation of development in the PID.

RECOMMENDATION:

Staff recommends approval of a Resolution recommending the City grants its consent to the creation by Bexar County of a PID to later be named the Gates Special Improvement District; and approve a 30-year Development Agreement between the City and MEH Holding Company, Ltd.