



City of San Antonio

Agenda Memorandum

File Number:16-4953

Agenda Item Number: 12.

Agenda Date: 10/6/2016

In Control: City Council A Session

DEPARTMENT: Planning & Community Development

DEPARTMENT HEAD: Bridgett White, Director

COUNCIL DISTRICTS IMPACTED: 2

SUBJECT:

Possible action regarding a request from the City of Kirby to the City of San Antonio to adjust its municipal boundary by releasing approximately 93.1 acres (0.145 square miles) to the City of Kirby.

SUMMARY:

An Ordinance authorizing the City Manager to execute a municipal boundary agreement with the City of Kirby for the City of San Antonio to adjust its municipal boundary by releasing three tracts of land (totaling approximately 93.1 acres or 0.145 square miles) from the corporate area of the City of San Antonio to Kirby with certain conditions.

BACKGROUND INFORMATION:

On July 28, 2016, the City Council of the City of Kirby approved a resolution requesting a municipal boundary release from the City of San Antonio. The request consists of 36.4 acres along Springfield Road; 32.6 acres of industrial property between Gibbs Sprawl and Seguin Road; and 24.1 acres along Binz Engleman Road east of Ackerman Road as described in Exhibit I and depicted in Attachment II. These tracts are currently situated within the corporate area of the City of San Antonio and are adjacent to the city limits of Kirby. State law authorizes adjacent municipalities to make mutually agreeable changes in municipal boundaries as long as the areas are less than 1,000 feet in width [Sec.43.031 of the Texas Local Government Code].

Tract 1 (approximately 36.4 acres) consists of five vacant lots and 107 residential lots located between Springfield Road and Buzz Aldrin Drive to the south of Binz-Engleman Road. The residential properties, which are part of a larger subdivision, mostly fall within the City of Kirby. The City of Kirby will deliver

municipal services to the residential properties along Springfield Road, which is part of a larger subdivision inside Kirby. Although most of the properties have single-family homes, the largest parcel is vacant and has become a nuisance property that requires regular mowing and clean-up. The ad valorem value for Tract 1 is \$6,982,540.00 based on 2016 Bexar County Appraisal District (BCAD) parcel data and the annual property tax revenue for San Antonio is approximately \$38,981.43.

Tract 2 consists of four lots totaling approximately 32.6 acres of industrial property located between Gibbs Sprawl Road and Seguin Road. The industrial lots have been vacant since early 2012. Three of the properties are partially within the Kirby municipal boundaries. The City of Kirby has indicated that the vacant industrial property has created negative impacts on their city. Kirby would seek to offer incentives to encourage the economic development of this property, such as a tax abatement, thereby enhancing the entrance to the city. The ad valorem value for Tract 2 is \$9,284,150.00 based on 2016 BCAD data and the annual property tax revenue for San Antonio is \$51,830.62.

Tract 3 consists of four vacant lots totaling approximately 24.1 acres south of Binz Engleman Road, east of Ackerman Road and west of the Candlewood Park subdivision. Two of the lots are bisected by the current municipal boundary. The proposed adjustment would create a more logical municipal boundary. Currently, the majority of the parcels qualify for a property tax exemption for either an open space or agricultural operation. The ad valorem value for Tract 3 is \$258,690.00 based on 2016 BCAD data and the current annual property tax revenue for San Antonio is \$911.78.

The overall assessed value of the three tracts is currently \$16,525,380.00 and the current annual property tax revenue for San Antonio is estimated to be \$91,723.83 based on 2016 City of San Antonio's tax rate per BCAD data.

ISSUE:

The request was evaluated based on criteria provided in the City of San Antonio's Annexation Policy. Feedback was received from City departments and outside agencies, including Police, Fire, Development Services, Transportation and Capital Improvements, Solid Waste Management, Office of Military Affairs, Metro Health, Office of Historic Preservation, City Attorney's Office, CPS Energy, SAWS, etc.

On March 10, 2016 the City of Kirby held a public hearing to provide information regarding the proposed boundary adjustment and service changes. Approximately 150 notices were mailed and four people attended the meeting. According to feedback provided by City of Kirby officials, no opposition was received.

The boundary adjustment for Tracts 1 and 3 would provide more logical planning boundaries and provide uniform regulations and service delivery for the entire subdivision and tracts. The boundary adjustment for Tract 2 would allow three properties that are currently bisected by the city limit line to be wholly within Kirby. It would also include parcels fronting on Tacco Drive, which serves as an entrance to the industrial properties. All three tracts are located at key Kirby entry points. The City of Kirby would like to extend its codes and regulations and assist in the development of the vacant properties in order to enhance the appearance of the city's gateways.

San Antonio recognizes the need for its regional partner cities to remain economically viable in support of the overall economic health of the region. Kirby continues to be an important regional partner in delivering public safety services in the unincorporated area north of IH 10 East. ESD 11 contracts with Kirby to provide fire service to the unincorporated area. Currently Kirby does not have municipal boundary (ETJ) to annex and is

completely bounded by the City limits of San Antonio. The release of Tract 3 would enable Kirby to expand its municipal boundary and have the opportunity to control one of its gateways into the city. Additionally relinquishing this property to Kirby would enable them to further expand its municipal boundary beyond the Tract 3 area in the future should San Antonio relinquish its ETJ.

In addition, Annexation Policy recommends an equal exchange of land or equivalent value. The City of Kirby has agreed to contribute 50 percent of its property taxes, sales and use taxes, and franchise fees to be paid annually over the next 15 years. The City of Kirby will assume ownership and maintenance of road segments of Binz-Engleman Road, Seguin Road (F.M. 78) and Summerfest Street located to the south of Tract 2. Although San Antonio would cede tax revenues from several significant industrial properties, a major public benefit for both communities would result from the redevelopment of the property and San Antonio would not maintain the aforementioned roads in the future.

ALTERNATIVES:

The City of San Antonio may release a portion of the requested tracts of land. The City of San Antonio may also negotiate modified terms in the proposed agreement.

FISCAL IMPACT:

Through the proposed revenue sharing agreement, San Antonio could potentially receive \$903,991.17 over 15 years or \$60,266.08 annually of property taxes from the City of Kirby. However, should the City of Kirby approve property tax abatement for the industrial properties in Tract 2, the amount would be reduced to approximately 44%. The revenue from property tax would decrease to \$396,118.45 for the 15 years or \$26,407.90 annually. The City of San Antonio would realize cost savings for road maintenance, fire, police, code compliance, and other City services for the released properties.

RECOMMENDATION:

The Department of Planning & Community Development recommends Approval of the municipal boundary release of 93.1 acres as described in Exhibit I and depicted in Attachment II and the associated agreement attached in Attachment III with the City of Kirby.

The Neighborhood and Livability Committee recommended approval of the municipal boundary agreement on September 19, 2016.

The Planning Commission recommended approval of the municipal boundary agreement on September 28, 2016. (The Planning Commission Resolution is attached in Attachment IV).