



City of San Antonio

Agenda Memorandum

File Number: 17-1869

Agenda Item Number: 6.

Agenda Date: 3/9/2017

In Control: City Council A Session

DEPARTMENT: Government and Public Affairs

DEPARTMENT HEAD: Jeff Coyle

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Consenting to Emergency Service District No. 11's Request to Incur Debt

SUMMARY:

A resolution providing consent for Bexar County Emergency Services District (ESD) No.11 to incur debt of up to \$3.5 million for construction of a fire station. Consent is required pursuant to the agreement terms between Bexar County and the City of San Antonio that created ESD No. 11 in 2008.

BACKGROUND INFORMATION:

On January 17, 2008, City Council approved, through ordinance #2008-01-17-0030, an agreement with Bexar County to create Emergency Service District No. 11 within the City's Extraterritorial Jurisdiction (ETJ) for the provision of fire suppression and emergency medical services for individuals residing within the district's boundaries. ESD No. 11 is located in eastern Bexar County and is generally described as bounded on the west and south by the city limits of the City of San Antonio; on the north by ESD 1 and the city limits of the City of San Antonio.

The agreement includes the following conditions:

- ESD No. 11 cannot incur debt in excess of \$20,000 without the consent of the City.
- If the City annexes a portion of ESD No. 11, any contractual obligations of ESD No. 11 to, or the payment of any debt incurred by, a third-party contractor will not be a debt for purposes of Texas Health and Safety Code Section 775.002 unless City approved the contract creating the obligation or debt.
- Any fire station constructed by ESD No. 11 will be located and constructed with the concurrence of the San Antonio Fire Department.
- ESD No. 11 will ensure that its requirement is compatible with City's equipment.
- ESD No. 11 will enter into mutual aid agreements.

The above imposed conditions were included on the ballot for the election to confirm the creation of ESD No.

11 and authorize the imposition of a tax.

The City of San Antonio was contacted in June 2015 by ESD No. 11 to discuss increasing their debt ceiling in order to construct a new fire station. The City met with ESD No. 11 and denied the request due to the uncertainty of annexation in the area. In December 2016, ESD No. 11 again contacted the City, through Bexar County Commissioner Tommy Calvert, to conduct a new review of the request. Representatives from the City, including SAFD, the Department of Planning and Community Development, and Government and Public Affairs, met with ESD No. 11 board members and consultants on January 23, 2017 to discuss the review.

ISSUE:

ESD No. 11 requests the City's consent to secure debt of up to \$3.5 million to provide for a new fire station. The proposed debt will be structured for a 20-year term and an interest rate of 3.125%. ESD No. 11 has identified property for the location of the new fire station.

The City would not be required to assume any debt if the District defaults on the loan. However, if the City annexes territory within the District, it would be required to pay the District the pro-rata value of the District's bonded and other indebtedness for the annexed property. Pursuant to Sec. 775.022 of the Texas Health and Safety Code, the amount of compensation that the City must pay the District following annexation would be the District's total indebtedness at the time of annexation multiplied by a fraction equal to the assessed value of the property to be annexed, divided by the total assessed value of the property of the District based on the most recent certified county property tax rolls at the time of annexation.

The City's Finance, Planning, and Fire Departments reviewed ESD No. 11's request to analyze the District's capacity to incur the debt, probability of near term annexation within the ESD, and compatibility of the planned fire station to SAFD standards, respectively. The Finance Department determined that ESD No. 11's tax base is sufficient to manage the proposed debt. The Planning Department indicated that at this time the City has no planned annexation within ESD No. 11's boundaries and portions of the area are included in the initiative to release portions of the City's extraterritorial jurisdiction and adjust City boundaries that surround ESD No. 11 to be annexed by the City of Converse. When annexation by the City of Converse occurs, the City of Converse would be responsible to pay the District the pro-rata value of the District's bonded and other indebtedness for the annexed property, pursuant to Sec. 775.022 of the Texas Health and Safety Code. The proposed specifications for the fire station met SAFD's requirements.

ALTERNATIVES:

The City could choose not to consent to the request to incur debt, which could negatively impact the District's ability to provide effective fire and emergency services.

FISCAL IMPACT:

The resolution would not have a fiscal impact on the City unless the City annexes property within ESD No. 11.

RECOMMENDATION:

City staff recommends providing consent to ESD No. 11 to incur debt of up to \$3.5 million.