



City of San Antonio

Agenda Memorandum

File Number:18-1884

Agenda Item Number: 17.

Agenda Date: 3/1/2018

In Control: City Council A Session

DEPARTMENT: Planning

DEPARTMENT HEAD: Bridgett White, AICP

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Second Amendment to the 2007 Agreement with the Owners of the Westside 211 Special Improvement District

SUMMARY:

This Ordinance authorizes the execution of a Second Amendment to the Agreement for Services in lieu of Annexation (Agreement) between the City of San Antonio and the Cumberland 211, Ltd., Cumberland 211 North, Ltd., Potranco 211 Land Partners, Ltd., Dorothy Doss 2002 Grantor Trust No. 1, Potranco 2013 Land, Ltd., Cumberland Pod 1 Stevens Residential, Ltd., Cumberland 90, Ltd., Cumberland Potranco Joint Venture, and Ladera I, LLC, the Owners of the Westside 211 Special Improvement District (District). The District is located in the City's Extraterritorial Jurisdiction (ETJ) and this Amendment extends the term of the Agreement to December 30, 2052.

BACKGROUND INFORMATION:

On August 30, 2007, Bexar County created the Westside 211 Special Improvement District (District) as requested by the Owners, also known as Cumberland Potranco Joint Venture, Cumberland 211, Ltd., Navigators Stevens Ranch L.P., KD Ciri I, L.L.C., Ciri Land Development Company and Cumberland 90, Ltd., of approximately 3,576 acres of land, generally located along State Highway 211, north of Highway 90 within the City's Extraterritorial Jurisdiction (ETJ) in far west Bexar County, Texas. [An exhibit of the District is attached as Attachment 1.] The proposed development of the District consist of over 9,000 single- family residential units, 3,000 multi-family units and over 1,000 acres of commercial/retail development.

The District was created to establish a taxing authority to fund infrastructure for the planned development. One

of the purposes of the District is to assist with financing public improvements related to State Highway 211 and Potranco Road which were approved for Pass-Through Financing by the Texas Department of Transportation (TxDOT). Bexar County will issue bonds that will be repaid by TxDOT with the District committed to covering finance costs associated with the bond issuance. The District revenues will first offset bond financing costs to extend State Highway 211, north of Potranco Road, and to widen Potranco Road from two lanes to five lanes, and will then reimburse the developers. The District is responsible for paying any additional costs not covered by the pass-through payments. The private developers have made contributions to acquire right-of-way and pay for engineering of the public infrastructure. It was originally anticipated that the infrastructure could be designed, constructed and financed within thirty (30) years.

The County required the Owners to enter into a non-annexation agreement with the City as part of the Public Improvement District creation process. On September 20, 2007, City Council approved Ordinance Number 2007-0920-1026 which authorized the City and Owners to enter into an Agreement for Services in lieu of Annexation (Agreement) with the Property Owners of the Westside 211 Special Improvement District. The original Agreement required compliance with certain municipal ordinances, provided the Owner's consent to voluntary annexation at the expiration of the agreement, and deferred annexation of the District to December 30, 2037.

On December 5, 2013, City Council approved Ordinance Number 2013-12-05-0877, the First Amendment, which extended the term of the Agreement by five years to December 30, 2042. The stated reason for the Amendment request was due to the economic downturn and the proposed build-out schedule was not started as planned. The First Amendment also noted changes with the District's Ownership by removing Navigators Stevens Ranch L.P.

On January 22, 2018, the District's Board of Directors submitted a request to the City for a ten year extension to the Agreement's term. There have been delays related to the environmental assessment of the road projects and associated federal approval. The developer is coordinating with the Southern Edward Plateau Habitat Conservation Plan to protect federally designated threatened and endangered species, including karst invertebrates. These delays increased costs and impacted the District's financing plans. The District indicated that they cannot issue bonds that extend beyond the non-annexation term. This extension would allow for the completion of the road improvements.

This amendment also reflects Cumberland 211, Ltd., Cumberland 211 North, Ltd., Potranco 211 Land Partners, Ltd., Dorothy Doss 2002 Grantor Trust No. 1, Potranco 2013 Land, Ltd., Cumberland Pod 1 Stevens Residential, Ltd., Cumberland 90, Ltd., Cumberland Potranco Joint Venture, and Ladera I, LLC, as the currently assigned Owners of the Westside 211 Special Improvement District.

ISSUE:

The Second Amendment to the Agreement for Services in lieu of Annexation between the City and the District's Owners extends the Agreement term by ten years to December 30, 2052, totaling 45 years. Section 212.172 of the Texas Local Government Code allows an agreement term up to 45 years including any successive renewals or term extensions. [A copy of the Second Amendment to the Agreement is attached as Attachment 2.]

The existing Agreement and proposed amendment are consistent with the City's Annexation Policy, which states non-annexation agreements:

- May be offered for Industrial Districts, Public Improvement Districts, and other Special Districts.

- Shall require a statement that the property owner consents to voluntary annexation at the end of the term of the agreement or if the agreement is violated.
- Should consider services in lieu of annexation to extend City regulations and requirements in anticipation of annexation at some point in the future. For residential developments, additional criteria such as mixed uses, mixed housing types, higher connectivity ratios, enhanced park and open space dedications, pedestrian and biking paths, signage and appearance standards, and dedicated conservation areas, should be considered in lieu of annexation.
- Shall be reviewed by the Planning Commission for adherence to these policies.

Considerations in the Agreement that will remain in effect in the Agreement are:

- Enhanced neighborhood walkability by limiting cul-de-sacs and applying a maximum block length of 800 feet;
- Collection of building permit and development fees;
- No vested rights applicable prior to contract; and
- Voluntary annexation at end of non-annexation.

ALTERNATIVES:

An alternative is to not consent to the extension of the term. However, this may impact the District's ability to pay the debt service for the bond to fund the construction of State Highway 211 and Potranco Road.

FISCAL IMPACT:

There is no direct financial impact associated with the passage of this Ordinance.

RECOMMENDATION:

Planning Commission considered and recommended approval of this item at their February 12, 2018 meeting.

Staff recommends approval of this Second Amendment to the Agreement between the City of San Antonio and Cumberland 211, Ltd., Cumberland 211 North, Ltd., Potranco 211 Land Partners, Ltd., Dorothy Doss 2002 Grantor Trust No. 1, Potranco 2013 Land, Ltd., Cumberland Pod 1 Stevens Residential, Ltd., Cumberland 90, Ltd., Cumberland Potranco Joint Venture, and Ladera I, LLC, the Owners of the Westside 211 Special Improvement District, which extends the term of the Agreement to December 30, 2052.