



City of San Antonio

Agenda Memorandum

File Number:19-2936

Agenda Item Number: 3.

Agenda Date: 3/28/2019

In Control: Intergovernmental Relations Committee

DEPARTMENT: Government and Public Affairs

DEPARTMENT HEAD: Jeff Coyle

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Consenting to Emergency Service District No. 8's Request to Incur Debt

SUMMARY:

A briefing on a request from Bexar County Emergency Services District (ESD) No. 8 to incur debt of \$4,353,750 for a fire station and firefighting equipment. City consent is required pursuant to the agreement terms between Bexar County and the City of San Antonio that created ESD No. 8 in 2007.

BACKGROUND INFORMATION:

On February 15, 2007, City Council approved, through ordinance #2007-02-15-0184, an agreement with Bexar County to create Emergency Service District No. 8 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. 8 is located in northwestern Bexar Count.

The agreement includes the following conditions:

- ESD No. 8 cannot incur debt in excess of \$20,000 without the consent of the City.
- If the City annexes a portion of ESD No. 8, any contractual obligations of ESD No. 8 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. 8 will be located and constructed with the concurrence of the San Antonio Fire Department.
- ESD No. 8 will ensure that its requirement is compatible with City's equipment.

- ESD No. 8 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. 8 and authorize the imposition of a tax.

In February 2019, ESD No. 8 submitted a request for the City of San Antonio to accept the ESD securing debt of up to \$8 million to provide for near term and long term financing of capital needs, including the design and construction of a second fire station, the purchase of a ladder truck, and initial design and construction of a third fire station.

ISSUE:

ESD No. 8 requested the City's consent to secure debt of \$8,000,000 for the construction of a new fire station and the purchase of a ladder truck, a portion of this request includes planned future debt not to be sought until the 2023 or 2024 for the design and construction of a third fire station. The ESD provided information on the near term proposed debt. The proposed structure for construction of a new fire station is for a total issuance of \$3,543,750 on a 20-year term with an interest rate of 4.195%. The proposed structure for purchase of a ladder truck is for a total issuance of \$810,000 on a 10-year term with an interest rate of 3.495%. Detail for the remainder of the requested debt is not available as it will not be sought this year.

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. 8's request to analyze the District's capacity to incur the debt, probability of near term annexation within the ESD, and review under SAFD standards, respectively. The Finance Department estimates that ESD No. 8's tax base is sufficient to manage the debt as structured in the information submitted by the ESD and recommended allowing the ESD to incur \$4,353,750, to cover the new fire station and purchase of a ladder truck. The Planning Department indicated that at this time the City has no planned annexation within ESD No. 8's boundaries. The proposed station and equipment meets the SAFD's standards.

ESD No. 8 may approach the City again in the future to request incurring additional debt for the design and construction of a third fire station. There is currently insufficient information for the City of San Antonio to conduct a full analysis of the request for the entire \$8,000,000.

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. 8.

RECOMMENDATION:

Staff recommends providing consent to ESD No. 8 to incur debt of \$4,353,750.