



# City of San Antonio

## Agenda Memorandum

**File Number:**19-7624

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**Agenda Item Number:** 2.

**Agenda Date:** 10/14/2019

**In Control:** Intergovernmental Relations Committee

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**DEPARTMENT:** Government and Public Affairs

**DEPARTMENT HEAD:** Jeff Coyle

**COUNCIL DISTRICT(S) IMPACTED:** City Wide

**SUBJECT:** Emergency Services District No. 4's Request to Incur Debt

### SUMMARY:

A briefing on a request from Emergency Services District (ESD) No. 4 to incur debt of up to \$4.5 million for construction of a new fire station. City consent to incur debt is required pursuant to the agreement terms between Bexar County and the City of San Antonio that created ESD No. 4 in 2007.

### BACKGROUND:

On February 15, 2007, City Council approved, through ordinance #2007-02-15-0183, an agreement with Bexar County to create Emergency Services District No. 4 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. 4 is located in north/northwest Bexar County and is generally described as bounded on the west by Toutant Beauregard Rd. and Scenic Loop Rd.; on the south by Babcock Rd.; on the east by the city limits of the City of San Antonio, Ralph Fair Rd., and the City of Fair Oaks Ranch; and on the north by Kendall County.

Because state law (Texas Health and Safety Code Section 775.022) requires that the City pay the District a pro-rata share of the District's indebtedness should the City annex a portion of the District's territory, the City reviews and evaluates

any request to incur debt prior to providing consent.

The agreement includes the following conditions:

- ESD No. 4 cannot incur debt in excess of \$20,000 without the consent of the City.
- If the City annexes a portion of ESD No. 4, any contractual obligations of ESD No. 4 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. 4 will be located and constructed with the concurrence of the San Antonio Fire Department.
- ESD No. 4 will ensure that its equipment is compatible with City's equipment.
- ESD No. 4 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. 4 and authorize the imposition of a tax; ESD No. 4 was approved by voters and currently imposes an ad valorem tax of \$0.054060 per \$100 of valuation on property owners within the District. Additionally, the ESD No. 4 board has initiated a ballot measure to begin imposing a 1.5% sales tax in the district. The results of the November 5, 2019 election will determine whether the sales tax is collected.

On September 12, 2019, ESD No. 4 submitted a formal request for the City's authorization to incur up to \$4.5 million in debt.

#### **ISSUE:**

ESD No. 4 requests the City's consent to secure debt of up to \$4.5 million to provide for the construction of a new fire station. The new fire station is planned to be a 9,500 square foot, 2-bay, station situated three quarters of a mile from IH -10. The fire station to be replaced is approximately 40 years old, does not have sleeping quarters and has difficulties accommodating modern fire apparatus. The additional debt will be structured for a 10 year term and a fixed interest rate between 2.62% to 2.99%. ESD No. 4 owns the property identified 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. 4'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. 4'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. 4's boundaries. The proposed specifications for the fire station met SAFD's requirements.

**ALTERNATIVE:**

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. 4.

**RECOMMENDATION:**

Staff recommends providing consent to ESD No. 4 to incur debt of up to \$4.5 million.