



City of San Antonio

Agenda Memorandum

File Number:20-1081

Agenda Item Number: 35.

Agenda Date: 1/30/2020

In Control: City Council A Session

DEPARTMENT: Planning

DEPARTMENT HEAD: Bridgett White, ACIP

COUNCIL DISTRICTS IMPACTED: 2

SUBJECT:

Extraterritorial Jurisdiction (ETJ) Release from the City of San Antonio to the City of Converse, totaling approximately 899.28 acres.

SUMMARY:

An Ordinance authorizing the release of extraterritorial jurisdiction (ETJ) from the City of San Antonio (CoSA) to the City of Converse, for annexation purposes, totaling approximately 899.28 acres. The subject area consists of three tracts of land, generally located northwest of the intersection of NE Loop 1604 and Interstate 10 East. Tract 1 consists of 53.02 acres, generally bounded on the north by the Converse city limits, on the east by NE Loop 1604, and on the south by Weichold Road. Tract 2 consists of 160.26 acres, generally bounded on the north by Weichold Road, on the east and south by the San Antonio city limits, and on the west by FM 1516. Tract 3 consists of 686 acres generally bounded on the north by Seguin Road and the Converse city limits, on the east by Binz-Engleman Road, and on the west by Walzem Road. All three tracts are currently within the ETJ of San Antonio in eastern Bexar County, Texas.

BACKGROUND INFORMATION:

On March 9, 2017, the City Council of San Antonio approved a multi-phase Interlocal Agreement (ILA) in which the City of San Antonio (CoSA) would release approximately 12 square miles from San Antonio's unincorporated ETJ area for future annexation by Converse and also transfer approximately 3.6 square miles from the city limits of San Antonio to the city limits of Converse. The purpose of the Agreement was to ensure that underserved areas in the fast growing unincorporated area would receive urban level services, provide growth opportunities to neighboring cities, and increase the revenue opportunities of a partnering city to

support the delivery of public services.

Pursuant to the ILA, San Antonio completed the release of the first Phase (including the proposed Knox Ridge subdivision) consisting of 600 acres, located northwest of the intersection of Loop 1604 and IH 10 East, from COSA's ETJ to Converse on March 9, 2017. Converse also completed the voluntary annexation of the first Phase by June 2017. In addition, the two cities mutually agreed to change their boundaries in the Northampton subdivision. The first municipal boundary adjustment (MBA) consisted of approximately 293 acres and the second MBA consisted of 67 acres.

At the time of the initiation of the original ILA, State Law authorized home-rule municipalities such as Converse to annex properties unilaterally or by consent of the property owners. Subsequently, Texas Legislature subsequently adopted Senate Bill 6 (effective December 1, 2017), which requires cities located in counties with more than 500,000 residents, including Bexar County cities, to obtain the consent of land owners through a petition process or voter approval through an election process for annexation areas. Since Senate Bill 6 eliminated the three-year municipal annexation plan process, the annexation terms and timeline in the Agreement had to be amended.

Since the passage of the 2017 annexation law, staff from the cities of San Antonio and Converse renegotiated the terms and timeline for the future releases of ETJ areas by San Antonio and subsequent annexations by Converse. An amended Interlocal Agreement was brought before City Council and approved at the end of 2019. The amended ILA provides for five additional ETJ releases for annexation by Converse totaling approximately 11 square miles by 2035; CoSA would release the Phase 2 Area containing approximately 899.28 acres (1.41 square miles) of its ETJ area consisting of three tracts of land by January 31, 2020.

Annexations of the aforementioned ETJ areas are conditioned on the City Council of Converse calling for an annexation election in the ETJ Areas and obtaining approval by voters in those areas. Converse will have to call an annexation election for each ETJ Area by February of the year the area is released, and then hold the annexation election in May. If voters approve annexation, Converse will confirm the election and take action to annex the area by December of the year the area is released.

If the annexation election passes and is confirmed, MBA actions will continue. If the initial annexation election fails, Converse will have two additional attempts to hold an annexation election in accordance with State Law and would result in San Antonio ceasing any further ILA action. If all three annexation attempts fail, then all ILA actions will cease and this ILA will be terminated. All areas release via ETJ Release would remain in the ETJ of the City of Converse.

ISSUE:

This Ordinance authorizes an ETJ release of the Phase 2 Area as described in the CoSA- Converse Interlocal agreement approved on December 5, 2019, from the City of San Antonio to the City of Converse, totaling approximately 899.28 acres. The subject area consists of three tracts of land, generally located northwest of the intersection of NE Loop 1604 and Interstate 10 East. Tract 1 consists of 53.02 acres, generally bounded on the north by the Converse city limits, on the east by NE Loop 1604, and on the south by Weichold Road. Tract 2 consists of 160.26 acres, generally bounded on the north by Weichold Road, on the east and south by the San Antonio city limits, and on the west by FM 1516. Tract 3 consists of 686 acres generally bounded on the north by Seguin Road and the Converse city limits, on the east by Binz-Engleman Road, and on the west by Walzem Road. All three tracts are currently within the ETJ of San Antonio in eastern Bexar County, Texas.

The Interlocal Agreement was initially evaluated based on the City's annexation goals and State law. The amended Agreement would continue the municipalities' respective mutual goals to enhance growth in the area and to ensure that such growth optimizes the health, safety and welfare of its inhabitants. The release of the Phase 2 Area will provide clear and logical planning boundaries in the Converse area. Per the amended Interlocal Agreement, Converse will pay for 75% of the cost for all engineering work related to producing a boundary description (metes and bounds) of the territory to be released.

ALTERNATIVES:

Alternatives would be to approve part of the ETJ Release or deny entirely. The City of San Antonio may also negotiate modified terms in the proposed agreement.

FISCAL IMPACT:

If approved, the release of 899.28 acres of land from CoSA's ETJ to Converse will have minimal fiscal impact to San Antonio, since CoSA does not assess city taxes or provide municipal services to ETJ areas. The cost for the engineering work related to producing a boundary description for the Phase 2 area is \$6,734.55. Converse will reimburse CoSA the amount of \$5,050.91 for the Phase 2 boundary description.

In coordination with the City of Converse, CoSA's Office of Management & Budget performed an analysis of potential financial impact of the interlocal agreement to the City of Converse over a 20-year period (starting in 2018). The municipal boundary line adjustment and annexation analysis within the 17-year Interlocal Agreement resulted in a net positive impact for the City of Converse within the 20-year period when comparing annual revenues to annual operating expenses in the cumulative amount of \$8.7 million. It is estimated that when fully implemented (or in FY 2035), CoSA's General Fund would forego approximately \$1.7 million in Property Tax revenue, \$1.1 million in Sales Tax revenue and \$66,000 in Business & Franchise Tax revenue on an annual basis. Additionally the CoSA would forego \$1.1 million in Debt Service Property Tax revenue and \$70,000 in Advanced Transportation District Tax revenue.

RECOMMENDATION:

The Planning Department recommends approval of an ordinance authorizing an ETJ release of approximately 899.28 acres from the City of San Antonio to the City of Converse. The City of Converse will take action on this item at a future City Council meeting.