



City of San Antonio

Agenda Memorandum

File Number:20-6591

Agenda Item Number: 29.

Agenda Date: 12/10/2020

In Control: City Council A Session

DEPARTMENT: Planning

DEPARTMENT HEAD: Bridgett White, ACIP

COUNCIL DISTRICTS IMPACTED: ETJ near Council District 10

SUBJECT:

Extraterritorial Jurisdiction (ETJ) Release of 141.5 acres and Associated Agreement with the City of Schertz.

SUMMARY:

An Ordinance authorizing the release of 141.5 acres from the City of San Antonio ETJ to the City of Schertz and associated agreement.

BACKGROUND INFORMATION:

The City of Schertz (Schertz) requested the City of San Antonio (CoSA) to release approximately 141.5 acres (Subject Property) from its Extraterritorial Jurisdiction (ETJ). The Subject Property is generally located north of Lookout Road, east of Evans Road, south of Nacogdoches Road-FM 2252, and west of Doerr Lane, on the northeastern edge of the CoSA ETJ in Comal County.

State law allows adjacent municipalities to seek the release of territory from another municipality's existing ETJ with written consent from the releasing municipality's governing body. Upon release of the ETJ property, the requesting municipality may extend its ETJ to the released property. According to state law, the City of Schertz's ETJ can extend for a maximum of 3.5 miles outside their city limits based on its population, which falls under 100,000. State law also permits the requesting municipality to annex the Subject ETJ Property into their city limits by petition from the property owners.

Schertz 312, LLC, (Owner) owns approximately 312 acres consisting of several tracts of undeveloped land which includes the Subject Property. Titan Development (Developer) will develop the 312 acres as an industrial project. Currently, the Subject Property is bounded by railroad lines to the north and south. There is no direct access to the Subject Project except by crossing through adjacent properties and through a cattle railroad crossing.

The Owner petitioned Schertz for annexation of all the tracts of land including the Subject Property. To facilitate the development of the Subject Property, Schertz approved an economic development package with the Owner and Developer in 2018. Schertz also agreed to work with CoSA to release the Subject Property into their jurisdiction for the purpose of annexation and to provide services, traffic improvements and access to it.

Currently, CoSA does not provide municipal services to the Subject Property since it is located in the ETJ. The CoSA-Comal County Interlocal Platting Agreement and Comal County Subdivision Regulations are in effect on the property. If the Subject Property would be released to Schertz's ETJ, there would be no changes in its current level of services except for development regulations. Current service providers include the City of Selma Water Utility, Cibolo Creek Municipal Authority (wastewater services), CPS Energy and public services by Comal County.

Upon release of the Subject Property, Schertz proposes to annex the subject property and will provide full municipal services including police, fire protection, emergency medical services, and capital improvements. Schertz will extend their city codes and regulations to the Subject Property.

The ETJ Agreement provides that Schertz will share 50 percent revenue from their ad valorem, sales and use taxes and franchise fees for a 30-year period after annexation. In preliminary discussions, Schertz staff requested a process for the remittal of payment of taxes to CoSA. CoSA Finance Department staff developed payment remittal instructions for use by Schertz and other cities. Staff from both cities concurred that the development project generally is completed in phases and, depending on its size, can extend many years. The proposed terms will offset any unforeseen negative future impact and provide an appropriate amount of benefit to San Antonio. The proposed 30-year agreement period would allow both cities to fully realize the proposed revenue-sharing stipulation of the agreement.

ISSUE:

This Ordinance would authorize the release of 141.5 acres from CoSA's ETJ and the execution of an associated agreement with the City of Schertz. This request was evaluated based on the existing CoSA annexation policies and criteria along with input from other City Departments and agencies. The City's annexation goals are to facilitate long range planning; promote economic development; foster intergovernmental cooperation; protect future development; provide clear and logical planning boundaries; minimize potential negative impact on the City's budget; protect environmental resources; and consider San Antonio's future strategic growth.

The Annexation Policies recommend logical boundaries in order to prevent confusion between jurisdictions and provide efficient service delivery. The Subject Property is not contiguous to the city limits of San Antonio but is adjacent to Schertz's existing municipal boundaries. Annexation is not a viable option for San Antonio in the near future based on the location of the Subject ETJ Property and the difficulty of providing municipal services. There is limited potential for growth based on the current layout and road network surrounding the Subject Property without capital investment from Schertz. San Antonio recognizes the need for its regional partner cities to remain economically viable in support of the overall economic health of the region.

The Annexation Policies recommend an equal exchange of land or equivalent value. Schertz will remit 50% of sales, use and ad valorem taxes, and franchise fees collected by the Schertz from the Subject Property to the CoSA, beginning after the effective date of annexation by the City of Schertz for a period of 30 years. Upon the transfer of the Subject Property by San Antonio, Schertz has agreed to the following provisions:

- Extend a land use plan to the Subject Property compatible with the adjacent land in the City of Schertz, as per the City of Schertz Future Land Use Plan;
- Extend Schertz's subdivision, billboards, tree and landscape regulations in accordance with the Schertz Unified Development Code (UDC);
- Initiate annexation proceedings as to the Subject Property within three months of the effective date of the ETJ agreement;
- Provide services and regulations to the Subject Property as required by Chapter 43 of the Texas Local Government Code.

ALTERNATIVES:

Alternatives would be to deny the release or to seek an alternative exchange of ETJ or municipal territory. An alternative course of action may delay the proposed development of the Subject Property.

FISCAL IMPACT:

The Subject Property is currently located within the San Antonio ETJ, where neither City property nor sales taxes are collected. Comal County Appraisal District's valuation of land and improvements of the 142.096 acres tract is \$634,590. The estimated value of the Subject Property (141.5 acres) is approximately \$631,928. After annexation of the Subject Property, Schertz would assess their 0.5146 ad valorem tax rate and would collect approximately \$3,251.90 annually.

Through the proposed revenue sharing term, Schertz will remit 50 percent of the ad valorem tax, as well as the sales and use tax and franchise fees collected from the Subject Property to San Antonio for a period of 30 years following annexation. The 50 percent revenue share from property taxes with San Antonio would be approximately \$1,625.95 annually. Once the Subject Property is developed, its assessment value and tax revenue would increase. Schertz would also impose their 0.015 percent sales and use taxes on the industrial uses. The proposed 30-year term will offset any unforeseen negative future impact and provide an appropriate amount of fiscal benefit to the City of San Antonio's Planning Department general fund.

Schertz paid for the surveying work related to producing boundary descriptions for the Subject Property and geographical information system (GIS) work to produce GIS shapefiles and maps. Schertz will reimburse San Antonio for the recording of the ETJ agreement in the Comal County Real Property Records.

RECOMMENDATION:

The Planning Department recommends the approval of an Ordinance authorizing the release of 141.5 acres from CoSA's ETJ and the execution of an associated agreement with the City of Schertz.

The Planning Commission recommended approval of this item at their November 18, 2020 meeting.

The City of Schertz took appropriate action on this item at their October 27, 2020 City Council meeting.