



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Date:** October 3, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Planning Department

**DEPARTMENT HEAD:** Bridgett White

**COUNCIL DISTRICTS IMPACTED:** District 3, ETJ

**SUBJECT:**

Ordinance approving a Strategic Partnership Agreement between the City of San Antonio and the Northlake Special Improvement District.

**SUMMARY:**

Second public hearing and an Ordinance approving a Strategic Partnership Agreement between the City of San Antonio and the Northlake Special Improvement District, generally located southwest of the intersection of Burshard Road and Gardner Road in the City of San Antonio's extraterritorial jurisdiction in Bexar County.

**BACKGROUND INFORMATION:**

The City of San Antonio (City) provided its consent to the creation by Bexar County of the Northlake Special Improvement District (District), also known as a public improvement district, and approved the execution of a Development Agreement with Northlake SA, LLC (Owners) of the District property on October 20, 2022. Then, the Bexar County Commissioner's Court created the District on October 25, 2022. The District consists of 447.92 acres and is generally located southwest of the intersection of Burshard Road and Gardner Road in the City's ETJ in southeast Bexar County. City Council District 3 is the closest to the District.

As a condition of the City's consent, the Owners and the City entered into a Development

Agreement, which included the Owners agreeing to comply with the City's development and land use regulations, voluntary annexation terms for the District land, and other provisions. In addition, the Development Agreement included the framework of a Strategic Partnership Agreement (SPA) between the City and the District. City staff negotiated the SPA's conditions with the Board of Directors of the District (Board). The SPA binds each Owner and future Owners of land included in the District property on the date the SPA becomes effective.

**ISSUE:**

This is the second public hearing on the SPA and consideration of an Ordinance approving the execution of an SPA between the City and the Northlake Special Improvement District (District). The first public hearing was held on October 2, 2024. The City provided notices for two public hearings on the SPA, published in the San Antonio Express Newspaper on September 13, 2024. The City's public hearings and publication of the public hearing notices are required by State Law. The Board held its public hearings on September 6, 2023 and April 16, 2024, in advance of the City's public hearings, as required by State law.

The proposed Strategic Planning Agreement includes the following provisions:

- The District provides its consent to limited purpose annexation by the City of the commercial properties in the District boundaries for the purpose of imposing and collecting sales and use taxes in commercial properties effective upon the second plat application in the District. [The City cannot levy property taxes on these properties.]
- Future annexation terms and other provisions, which would bind each Owner and future owner of land included within the territory of the District on the date the SPA becomes effective.
- The District will pay for costs related to the Agreement and future limited purpose annexation and will reimburse the City for legal recordings of the SPA with Bexar County Real Property Records.
- After the effective date of the limited purpose annexation of the commercial property, the City will begin sales tax collections in the annexed properties in the SPA. In the annexed properties, up to a two percent sales tax will be levied.
- The City will remit to the District an amount equal to 25% of the sales tax revenues collected within the annexed commercial property.

Currently, the District property is undeveloped and there are no residents in the commercial areas in the District. The City is not required to provide any services in the proposed limited purpose annexation areas.

**ALTERNATIVES:**

The denial of the Ordinance would result in the City not entering into a revenue sharing SPA with the Northlake Special Improvement District, and thus being unable to limited purpose annex the commercial properties when development occurs and collect sales tax revenues.

**FISCAL IMPACT:**

This Ordinance does not have any fiscal impact to the City. The City will prepare a financial impact study when the City annexes the commercial properties in the Northlake Special Improvement District for limited purposes.

**RECOMMENDATION:**

Staff recommends approval of the Ordinance authorizing the execution of the SPA with the Northlake Special Improvement District.