



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 23

**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 6, ETJ

**SUBJECT:**

Second public hearing and an Ordinance adopting a Strategic Partnership Agreement between the City of San Antonio and the Medina County Water Control and Improvement District No. 4, located in the City of San Antonio's extraterritorial jurisdiction, in Medina County.

**SUMMARY:**

Second public hearing and an Ordinance adopting a Strategic Partnership Agreement between the City of San Antonio and the Medina County Water Control and Improvement District No. 4.

**BACKGROUND INFORMATION:**

During the 87th Regular Session of the Texas Legislature, House Bill (H. B.) 4668 created the Medina County Water Control and Improvement District No. 4 (WCID), which took effect on June 14, 2021. This legislation also established a temporary Board of Directors for the WCID. The WCID consists of 386.66 acres, generally located South of FM 1283 and West of FM 471, in the City of San Antonio's (City) extraterritorial jurisdiction (ETJ) in Medina County. The WCID is closest to City Council District 6.

As the WCID is in the City's ETJ, State law requires that the City provides its consent to the

creation of the WCID, and the inclusion of land within the WCID's boundaries, by adopting an ordinance or resolution. Without the City's written consent, the WCID could not hold an election to confirm its creation and elect a permanent Board of Directors (Board). On February 10, 2022, the City provided its written consent to the creation of the WCID and approved the execution of a Development Agreement with the Owners of the WCID property (Owners). The Development Agreement included the Owners agreeing to comply with the City's development and land use regulations, voluntary annexation terms for the WCID land, and other provisions.

In addition, the Development Agreement included the framework of a Strategic Partnership Agreement (SPA) between the City and the WCID. City staff negotiated the SPA's conditions with the Board. The SPA binds each Owner and future Owners of land included in the WCID property on the date the SPA becomes effective.

## **ISSUE:**

This is the second public hearing on the SPA and consideration of an Ordinance adopting a SPA between the City and the Medina County WCID No. 4. 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 May 15, 2023, and June 20, 2023, in advance of the City's public hearings, as required by State law.

The proposed SPA includes the following provisions:

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

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

## **ALTERNATIVES:**

Declining to adopt the Ordinance would result in the City not entering into an SPA with the WCID, and thus being unable to annex the commercial properties within the district for limited purposes 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 WCID for limited purposes.

**RECOMMENDATION:**

Staff recommends adoption of the Ordinance authorizing the SPA with the Medina County WCID No. 4.