



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 37

Agenda Date: June 12, 2025

In Control: City Council A Session

DEPARTMENT: Planning Department

DEPARTMENT HEAD: Bridgett White

COUNCIL DISTRICTS IMPACTED: District 3

SUBJECT:

Second public hearing and an Ordinance approving a Strategic Partnership Agreement between the City of San Antonio and the Espada Public Improvement District Number 1.

SUMMARY:

Second public hearing and an Ordinance approving a Strategic Partnership Agreement between the City of San Antonio and the Espada Public Improvement District Number 1, generally located at the southeast intersection of SE Loop 410 and US Highway 281 South in the extraterritorial jurisdiction (ETJ) of the City of San Antonio in southeast Bexar County.

BACKGROUND INFORMATION:

The City of San Antonio (City) consented to the creation by Bexar County of the Espada Public Improvement District Number 1 (PID) on December 13, 2007, and subsequently extended this consent on June 12, 2008. The Bexar County Commissioners' Court created the PID on October 21, 2008. The City approved the execution of a development agreement on March 18, 2010. Additionally, the City consented to amend the Espada PID Number 1 boundaries on June 20, 2024. The Espada PID Number 1 consists of 426.794 acres of land, generally located at the southeast intersection of SE Loop 410 and US Highway 281 South in the City's extraterritorial

jurisdiction (ETJ) in southeast Bexar County. City Council District 3 is the closest to the PID.

As a condition of the City's consent to amend the PID's boundaries, the Owners of the PID's property and the City amended the Development Agreement, which includes the Owners agreeing to comply with the City's development and land use regulations, voluntary annexation terms for the PID land, and other provisions. In addition, the Development Agreement included the framework of a Strategic Partnership Agreement (SPA) between the City and the Espada PID Number 1. After the establishment of the PID, City Staff negotiated the SPA with the Espada PID Number 1. The SPA binds each owner and future owner of land included in the territory of the PID on the date the SPA becomes effective.

ISSUE:

This is the second public hearing and consideration of an Ordinance approving the execution of a SPA between the City and the Espada PID Number 1. State law requires two public hearings by the governing body for the SPA. The first public hearing will be held on June 11, 2025, and the second public hearing as well as consideration of the SPA will be held on June 12, 2025. State law requires the publication of the City's public hearing notices in a newspaper of general circulation in the area, 20 days before each public hearing. The notice was published in the San Antonio Express Newspaper on May 22, 2025.

In addition, State law requires the PID to hold two public hearings as well as the PID's public hearing notifications, before the City's public hearings. The Espada PID Number 1 held its public hearings on August 12, 2024, and November 13, 2024.

The proposed SPA includes the following provisions:

- The PID provides their consent to limited purpose annexation by the City of the commercial properties in the PID for the purpose of imposing and collecting sales and use taxes in commercial properties effective upon the second plat application in the PID. [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 PID on the date the SPA becomes effective.
- The PID 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 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 PID. In the annexed properties, up to a two percent sales tax will be levied.
- The City will remit to the PID an amount equal to 25% of the sales tax revenues collected within the annexed commercial property.
- The City is not required to provide any services in the proposed limited purpose annexation areas. Currently, there are no residents in the commercial areas in the PID.

ALTERNATIVES:

A denial of the Ordinance would require the PID to seek a different financing mechanism for the development of the property. It may result in the PID development occurring in a traditional method instead of the manner proposed by the developer.

City Council may require staff to re-negotiate the terms of the SPA which would delay the activation of PID development.

FISCAL IMPACT:

A financial impact study will be prepared when the City annexes, for limited purposes, the commercial properties in the PID.

RECOMMENDATION:

Staff recommends approval of the Ordinance authorizing the execution of the SPA with the Espada PID Number 1.