

DEPARTMENT: Government & Public Affairs

DEPARTMENT HEAD: Sally Basurto

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Emergency Services District No. 11 Request to Incur Debt

SUMMARY:

A briefing on a request from Emergency Services District (ESD) No. 11 to incur debt of up to \$9.5 million for development and construction of a new fire station and purchase of supporting vehicles. The City's consent to incur debt is required pursuant to state law and the agreement terms between Bexar County and the City of San Antonio that created ESD No. 11 in 2008.

BACKGROUND:

On January 17, 2008, City Council approved, through ordinance #2008-01-17-0030, an agreement with Bexar County to create Emergency Services District No. 11 within the City's Extraterritorial Jurisdiction (ETJ) for the provision of fire suppression and emergency medical services for individuals residing within the district's boundaries. ESD No. 11 is located in east Bexar County and is generally described as being bounded on the West and South by the city limits of the City of San Antonio; and on the North and East by ESD No. 1 and the city limits of the City of San Antonio.

The agreement allowing the ESD's creation includes the following conditions:

- ESD No. 11 cannot incur debt exceeding \$20,000 without the consent of the City.
- If the City annexes a portion of ESD No. 11, any contractual obligations of ESD No. 11 to, or the payment of any debt incurred by, a third-party contractor will not be a debt for the purposes of Texas Health and Safety Code Section 775.002 unless the City approved the contract creating the obligation or debt.
- Any fire station constructed by ESD No. 11 will be located and constructed with the concurrence of the San Antonio Fire Department.
- ESD No. 11 will ensure that its equipment is compatible with the City's equipment.
- ESD No. 11 will enter into mutual aid agreements with the City.

The above imposed conditions were included on the ballot for the election to confirm the creation of ESD No. 11.

ESD No. 11 has requested consent to incur debt on two previous occasions. In March 2017, the City approved debt of up to \$3.5 million through resolution 2017-03-09-0012R to provide for the construction of a fire station. In August 2018, the City approved debt of \$500,000 through resolution 2018-08-02-0034R for the purchase of firefighting equipment.

ISSUE:

ESD No. 11 is requesting the City's consent to secure debt of \$9.5 million to develop and construct a second fire & life safety facility to be located at 7412 Walzem Rd. and the purchase of supporting apparatus for the facility. The proposed debt for the fire station is to be structured as a 20-year term, debt for the apparatus will be structured to be paid in ten or fewer years. Both at the best available rate, currently around 2.5%.

The City's has no financial responsibility for debt incurred by the ESD unless the City annexes territory within the District. Should the City annex ESD territory, it would be required to pay the District the pro-rata value of the District's bonded and other indebtedness for the annexed property. Pursuant to Sec. 775.022 of the Texas Health and Safety Code, the amount of compensation that the City must pay the District following annexation would be the District's total indebtedness at the time of annexation multiplied by a fraction equal to the assessed value of the property to be annexed, divided by the total assessed value of the property of the District based on the most recent certified county property tax rolls at the time of annexation.

The City's Finance, Planning, and Fire Departments reviewed ESD No. 11's request to analyze the District's capacity to incur the debt, probability of near-term annexation within the ESD, and compatibility of the planned fire station to SAFD standards, respectively. The Finance Department determined that ESD No. 11 tax based is sufficient to manage the proposed debt. The Planning Department recommended approval noting that there is still an opportunity for annexation to occur voluntarily within the District's territory. The proposed specification for the fire station and equipment met SAFD's requirements.

ALTERNATIVES:

The City could choose not to consent to the request to incur debt. This would negatively impact the District's ability to provide effective fire and emergency services.

FISCAL IMPACT:

Approval of the request to incur debt would not have a fiscal impact on the City unless the City annexes property within ESD No. 11. The exact amount owed by the city would depend on the portion to be annexed and the date of the annexation.

RECOMMENDATION:

Staff recommends providing consent to ESD No. 11 to incur debt of up to \$9.5 million.