



# City of San Antonio

## Agenda Memorandum

**File Number:**  
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**Agenda Item Number:** {{item.number}}

**Agenda Date:** January 26, 2022

**In Control:** Planning Commission Meeting

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**DEPARTMENT:** Planning Department

**DEPARTMENT HEAD:** Bridgett White

**COUNCIL DISTRICTS IMPACTED:** District 6, ETJ

**SUBJECT:**

The Medina County Water Control and Improvement District (WCID) No. 4 and the associated Development Agreement.

**SUMMARY:**

A public hearing and resolution recommending the City Council's consent to the creation of the Medina County WCID No. 4, generally located south of Farm-to-Market Road (F.M.) 1283 and west of F.M. 471 in the extraterritorial jurisdiction of the City of San Antonio in Medina County; and the associated Development Agreement between the City of San Antonio and the Owners consisting of Kail Family Partners, LP; FMF Development, LLC; CV Family Partnership, LLP; and Chris Schuchart.

**BACKGROUND INFORMATION:**

During the 87th Regular Session of the Texas Legislature, House Bill (H. B.) 4668, effective on June 14, 2021, created the Medina County Water Control and Improvement District (WCID) No.

4. The WCID was created as a political subdivision of the State of Texas and will be operating under Chapters 49 and 51 of the Texas Water Code. It has the authority to undertake road projects, limited power of eminent domain, the authority to issue bonds, and the authority to impose assessments, fees, and taxes. However, the temporary directors of the WCID may not hold an election to confirm the creation of the District and elect a permanent board until the City has consented, by either ordinance or resolution, to the creation of the District and to the inclusion of land in it.

Kail Family Partners, LP; FMF Development, LLC; CV Family Partnership, LLP; and Chris Schuchart (Owners) own the WCID property, which consist of approximately 386.666 acres of land generally located south of Farm-to-Market Road (F.M.) 1283 and west of F.M. 471 in the extraterritorial jurisdiction (ETJ) of the City of San Antonio (City) in Medina County. In addition, the WCID property is in the water Certificate of Convenience and Necessity (CCN) of SAWS. The Owners submitted a petition to the City to grant its consent to the creation of the WCID with authority and powers allowed by the enabling State legislation.

Following the City's Consent, the Owners plan to develop the property into a residential subdivision consisting of at least 1,264 single-family residential units, averaging price of \$260,000 per housing unit. This project includes 25 acres for a future school site and 19 acres for a park or open space with an amenity center. The improvements for the proposed subdivision consist of roadways, traffic signals, parkland, landscaping, erosion control, water, sanitary sewer, and storm water improvements. A water production facility as well as improvements to the F.M. 471 and F.M. 1283 intersection are also proposed. The improvement costs for are estimated to be approximately \$63.8 million. The WCID's projected revenue of approximately \$42 million will help offset the WCID's improvement costs.

As a condition of the City's consent, the Owners and the City will enter into a written development agreement, which will extend land use regulations, establish development standards, establish voluntary annexation terms and provide for the infrastructure in the WCID land, pursuant to Section 212.172 of the Texas Local Government Code. The development agreement includes the framework of a written strategic partnership agreement (SPA), which allows the City to annex any commercial property for limited purposes, to impose and collect sales taxes in the commercial property in the WCID boundaries, and may share revenue with the District, in accordance with Chapter 43 of the Texas Local Government Code.

#### **ISSUE:**

This resolution recommends the City grant its consent to the creation of the WCID with the authority and powers provided by the enabling State legislation. However, the consent of the City provided through a City Council resolution is subject to the execution of a 30-year Development Agreement (Agreement) between the City and the WCID Owners. The City's consent will not include the power to annex, expand or exclude land into the WCID's existing boundaries.

The Agreement sets the conditions of the City's consent, as mentioned above, and includes the

following terms and obligations between the City and the Owners with respect to the development of the WCID property:

- The Owners will pay to the City a \$7,500 Special District application fee.
- The Owners will pay to the City an operations fee of \$175 per each built residential unit, totaling \$221,200.
- The City will guarantee the continuation of the extraterritorial status of the WCID property for a period of 30 years.
- The Owners agree that the Agreement constitutes a petition consenting to annexation at the City's discretion at the end of the Agreement's term.
- The Agreement includes a Written Services Agreement between the Owner, subsequent Owners, and the City under Chapter 43 of the Local Government Code.
- The Owners agree to comply with all municipal regulations, ordinances, and other laws applicable to all properties located within the City's ETJ during all phases of development and construction of the WCID Project and during the term of the Agreement.
- The Owners will reimburse the City for the recordings of the development agreement with Bexar County Real Property Records.
- Limited power to exercise eminent domain by the WCID
- The Agreement includes the proposed framework of a SPA between the City and the WCID, which will include the following provisions:
  - The WCID will pay for costs related to the SPA and limited purpose annexation of any commercial property and will reimburse the City for legal recordings of the SPA with Bexar County's Real Property Records.
  - Commencing after the effective date of the limited purpose annexation of the commercial property, the City will remit to the WCID an amount equal to 25% of the Sales Tax Revenues collected within the annexed commercial property.

The proposed timeline for the establishment of the proposed WCID is as follows:

<u>Dates</u>	<u>Schedule of Action</u>
June 14, 2021	H. B. 4668 created WCID No. 4
January 26, 2022	San Antonio Planning Commission public hearing and recommendation
February 10, 2022	City Council's consideration and action
February 15, 2022	The WCID temporary board of directors calls the election
May 2022	WCID Confirmation Election and approval of board of directors.

### **ALTERNATIVES:**

A denial of the Resolution would require the Owner to seek a different financing mechanism for the development of the property. It may result in the project to be developed in a less accelerated manner.

City Council may require staff to re-negotiate the terms of the Agreement which would delay the proposed development.

### **RECOMMENDATION:**

Staff recommends approval of a Resolution recommending the City's consent to the creation of the Medina County WCID No. 4, subject to the execution of a Development Agreement between the City and Kail Family Partners, LP; FMF Development, LLC; CV Family Partnership, LLP; and Chris Schuchart.