



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 30

Agenda Date: March 21, 2024

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: District 3

SUBJECT:

Amending the Development Agreement, Interlocal Agreement, Finance Plan, Project Plan, approving an agreement with Southside ISD regarding Mission Del Lago TIRZ and accepting 25.40 acres of real property located on US Hwy 281 south, San Antonio, Texas 78221.

SUMMARY:

This item will approve amendments to the Development Agreement with Southstar Mission Del Lago Holdings, L.P., the Interlocal Agreement with Bexar County and the Mission Del Lago Tax Increment Reinvestment Zone (TIRZ) Number Six to modify the participation rates and maximum contribution amounts, the TIRZ Finance Plan and Project Plan, approving an agreement with Southside Independent School District (ISD) to terminate its role as a participating taxing entity in the Mission Del Lago TIRZ, and the acceptance of 25.40 acres of real property located on US Hwy 281 south, San Antonio, Texas 78221.

BACKGROUND INFORMATION:

The Mission del Lago Development is located in the southern section of the City of San Antonio, approximately 1.5 miles south of Loop 410 south on Highway 281 south adjacent to Mitchell Lake. The development encompasses approximately 812 acres.

The Mission del Lago TIRZ was designated by City Council on August 19, 1999 and is scheduled to expire September 30, 2032. The project plan for the TIRZ is to construct over 2,500 single family homes, 520 multi-family homes, and commercial space.

The City of San Antonio, Bexar County, University Health System and Southside ISD are the current participating taxing entities. The Alamo Colleges' participation expired on September 30, 2014. The City's current participation rate is at 100% of the Tax Rate. Beginning in Tax Year 2027, the City's participation rate will be at 75% of its tax increment each year through the 2031 Tax Year. Bexar County's current participation is at 100% Operations and Maintenance portion of the Tax Rate. From the period of the 2025 Tax Year through the 2031 Tax Year, the County's participation rate will be at 75% of its respective Operations and Maintenance portion of the Tax Rate. University Health System's current participation is at 75% of the Tax Rate. Southside ISD's current participation is at 65% of the Tax Rate.

On December 7, 2023, the City received notification from Southside ISD with their request to exit and cease future participation in the TIRZ Number 6 – Mission del Lago due to school funding deficits.

On December 13, 2023, the Mission del Lago TIRZ Board directed City staff to (1) negotiate terms for Southside ISD to exit the Mission del Lago TIRZ and end future participation in the TIRZ, (2) negotiate with participating taxing entities to mitigate the deficit created by Southside ISD's exit from the TIRZ, and (3) negotiate with the developer and participating taxing entities to modify the maximum reimbursement amount to which the developer would be entitled.

To mitigate the deficit created by Southside ISD's exit and to increase the maximum reimbursement amount to the developer for development costs in the amount of \$65.3 million, the City and County would need to adjust their participation and maximum contribution amounts. The proposed amendments will maintain the City's participation rate at 100% through Tax Year 2031 and increase the maximum reimbursement amount by \$18.7 million to \$39.9 million. On February 20, 2024, the Bexar County Commissioner's Court authorized an increase to Bexar County's financial participation in the TIRZ by maintaining their participation rate at 100% through Tax Year 2031 and increase their maximum reimbursement amount by \$6.3 million to \$16.8 million.

The City and Southside ISD have been negotiating the terms of a termination agreement for Southside ISD to exit from the TIRZ that includes Southside ISD donating 25.40 acres of real property located on US Hwy 281 south, San Antonio, Texas 78221 to the City. On February 29, 2024, the Southside ISD Board of Trustees authorized Southside ISD staff to enter into a termination agreement and the conveyance of the subject real property to the City. The subject real property has been appraised by the Bexar County Appraisal District at approximately \$922,000. The real property is not subject to conditions or restrictions on its use.

ISSUE:

City Council consideration is requested for the approval of amendments to the Development Agreement with Southstar Mission Del Lago Holdings, L.P., the Interlocal Agreement with Bexar County and the Mission Del Lago TIRZ Number Six to modify the participation rates and

maximum contribution amounts, the TIRZ Finance Plan and Project Plan, approving an agreement with Southside ISD to terminate its role as a participating taxing entity in the Mission Del Lago TIRZ, including the acceptance of 25.40 acres of real property located on US Hwy 281 south, San Antonio, Texas 78221.

ALTERNATIVES:

If City Council chooses not to approve the amendments to the Development Agreement or the Interlocal Agreement, Southstar Mission Del Lago Holdings L.P., will need to seek alternate funding. This may delay or lead to the cancellation of the project. Furthermore, if City Council chooses to not approve the agreement with Southside ISD, Southside ISD would not be permitted to cease participating in the TIRZ.

FISCAL IMPACT:

Funding for the amendments to the Development Agreement and Interlocal Agreement is available through the tax increment produced by the Mission Del Lago TIRZ. As part of the termination agreement with Southside ISD, the City will receive by donation approximately 25.40 acres of real property located on US Hwy 281 south, San Antonio, Texas 78221 appraised at approximately \$922,000.

RECOMMENDATION:

Staff recommends approval.