



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 32

Agenda Date: March 21, 2024

In Control: City Council A Session

DEPARTMENT: Planning Department

DEPARTMENT HEAD: Rudy Nino

COUNCIL DISTRICTS IMPACTED: District 3, ETJ

SUBJECT:

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

SUMMARY:

Second public hearing and an Ordinance approving a Strategic Partnership Agreement between the City of San Antonio and the Sapphire Grove Public Improvement District generally located south of New Sulphur Springs Road and east of Gardner Road in the City of San Antonio's extraterritorial jurisdiction in Bexar County.

BACKGROUND INFORMATION:

The City of San Antonio (City) consented to the creation by Bexar County of the Sapphire Grove Public Improvement District (PID) and approved the execution of the Development Agreement with the owners of the PID property on April 14, 2022. The Bexar County Commissioner's Court created the PID on April 19, 2022. The Sapphire Grove PID consists of 173.27 acres of land, generally located south of New Sulphur Springs Road and east of Gardner Road in southeast Bexar County. City Council District 3 is the closest to the PID.

As a condition of the City's consent, the Owners of the PID's property and the City entered into a

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 PID. After the establishment of the PID, City staff negotiated the SPA with the Sapphire Grove PID. The SPA binds each owner and future owner of land included in the territory of the District 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 Sapphire Grove PID. State law requires two public hearings by the governing body for the SPA. The first public hearing will be held on March 20, 2024, and the second public hearing as well as consideration of the SPA will be held on March 21, 2024. 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 February 29, 2024.

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 Sapphire Grove PID held its public hearings on November 16, 2022, and September 14, 2023.

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 District for the purpose of imposing and collecting sales and use taxes in commercial properties effective upon the second plat application in the District. [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 District 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, the PID property is undeveloped and there are no residents in the commercial areas in the PID.

ALTERNATIVES:

A denial of the Ordinance would require the District 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 Agreement which would delay the activation of PID development.

FISCAL IMPACT:

There is no fiscal impact with this action. 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 Sapphire Grove PID.