Final Report

Growth and Annexation Policy
White Paper: Issue Analysis

Prepared for:
City of San Antonio, Texas

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1. Introduction

Overview and Process

San Antonio, like other large American cities, experienced unprecedented population growth and suburbanization after World War II. Until recently, home-rule cities in Texas were provided with unilateral annexation power and had the ability to manage growth and support services and infrastructures that benefited the entire region. San Antonio has historically been able to capture most of the growth in its Extraterritorial Jurisdiction (ETJ) through annexation.

The City of San Antonio (CoSA) has a policy that provides direction and a process for annexation. This policy was updated as part of the SA Tomorrow Comprehensive Plan adopted by City Council in 2016. Since then, changes to state law related to annexation significantly limited the ability of a municipality in the State of Texas to initiate annexation proceedings in the future. As a result, annexation has a less prominent role in growth-related policies in San Antonio and Bexar County. The City seeks to update its annexation and growth policy by including processes, procedures, and strategic guidance on how to address new development in its ETJ.

Economic & Planning Systems (EPS), with support from strategic communications consultant Auxiliary Marketing Services, was hired to recommend an updated annexation policy and overall growth policy for the CoSA’s ETJ. The purpose of this White Paper report is to summarize and document the major issues related to growth and annexation policy for inclusion in CoSA’s formally adopted annexation policy. It then provides an outline of draft policies and strategies for consideration.
Project Approach and Process

The process to update the annexation policy and create an ETJ growth policy will be completed over two phases. This White Paper is the culmination of Phase 1, which included analysis and research. Phase 2 consists of the drafting and vetting of annexation policy changes and the ETJ growth policy. Both phases include stakeholders outreach and the formation of two committees will guide the process and help provide information throughout the project.

- The **Working Group** is a committee consisting of representatives from several City of San Antonio departments and representatives from partner public entities including Bexar County, SAWS, CPS Energy, and the Alamo Area Metropolitan Planning Organization (AAMPO).
- The **Community Advisory Group** is major stakeholders including neighborhood groups, advocacy groups, the real estate community, Joint Base San Antonio (JBSA), and economic and business development entities.

Additionally, this process includes outreach to emergency service districts, neighboring jurisdictions, elected/appointed officials for the City of San Antonio and Bexar County, and other targeted groups.

Report Organization

The report is presented in five chapters following this Introduction as follows:

- **Existing Conditions** – Provides background on regional growth patterns, San Antonio’s annexation history, and annexation law.
- **Issue Definition and Analysis** – Summarizes the issues, constraints, and areas of mutual benefit from discussions with Working Group and Community Advisory Group members, and interviews with City staff.
- **Special Districts** – Defines special districts and summarizes state law on key types of special districts used for infrastructure financing.
- **Best Practices** – Summarizes the annexation policies of Fort Worth, Houston, and Austin to identify best practices applicable to San Antonio.
- **Policy Approach Recommendations** – Provides an outline of draft policy and strategy recommendations for consideration as a beginning of Phase 2.
2. Existing Conditions

This chapter presents background on population growth patterns in San Antonio and Bexar County. It also provides definitions of key annexation terms and an overview of the current growth and annexation policy in San Antonio, and state annexation law.

Annexation Definitions

Annexation is a legal process by which a city can expand its municipal boundary by incorporating new land into the city. Under Texas law, there are four main types of annexations—one of which is now prohibited.

- **Unilateral or City Initiated Full Purpose Annexation** – Prior to 2017 legislation (SB-6 2017) home-rule cities could unilaterally (non-consent) annex new territory within their ETJ by city council action. Property owner consent was not required.

- **Consent Annexation** – This annexation—often referred to “voluntary annexation”—is initiated by property owners. A petition to city council allows residents to request to be annexed into a city.

- **Full Purpose Annexation** – Full purpose annexation is the process by which a city extends its municipal services, voting privileges, full regulatory authority and taxing authority to new territory. The city regulates land development in its full purpose jurisdiction with zoning, engineering, environmental, land entitlement and building code requirements. An area under consideration for annexing must be within the city’s extraterritorial jurisdiction and contiguous to the boundaries of the city.

- **Limited Purpose Annexation** – Limited purpose annexation allows a city to apply land use and health and safety regulations to an area before annexing an area for full purposes. Residents in an area annexed for limited purpose may vote in city council and charter elections with the exception in which city bonds are on the ballot. The area is not subject to city taxes until the area is annexed for full purposes. The limited purpose annexation area is incorporated into the city limits.
Growth Context

The 1929 city limits of San Antonio consisted of 36 square miles, shown in the red square in Figure 1, and did not change for several decades. After World War II, population growth led to the almost continuous expansion of the city limits. Annexation followed the development pattern toward the north and northwest. The city’s outward expansion through annexation slowed in the early 2000s. Since then, annexations have been associated with economic development and natural resource preservation efforts. The major annexations were an approximately 21 square mile area around the Toyota manufacturing plant, a 10 square mile area around the Government Canyon State Natural Area, 19.1 square mile of limited purpose areas in south San Antonio and the approximately 1.9 square mile US 281 North Commercial Corridor. In 2017, the City of San Antonio added approximately 17 square miles of land consisting of the Neal Road area and land consisting of enclaves and corridors.
Figure 1. San Antonio Annexation Areas by Decade
With fewer annexations by the City, the population living in unincorporated Bexar County increased significantly as the region continued to grow. San Antonio is comprised of approximately 1.5 million people and has grown by over 20,000 people per year on average since 2000, as shown in Table 1. The unincorporated population increased by 143,000 people from 2000 to 2017. The portion of the total Bexar County population (including San Antonio) living in the unincorporated portion of the county increased from 11 percent to 15 percent from 2000 to 2017. The unincorporated Bexar County area captured a quarter of the population growth in the county since 2000, as shown in Figure 2.

Table 1. Population Trends – Bexar County, 2000-2017

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<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Ann. #</td>
<td>Ann. %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of San Antonio</td>
<td>1,144,646</td>
<td>1,511,913</td>
<td>367,267</td>
<td>21,604</td>
<td>1.7%</td>
</tr>
<tr>
<td>Other Jurisdictions[1]</td>
<td>101,895</td>
<td>157,628</td>
<td>55,733</td>
<td>3,278</td>
<td>2.6%</td>
</tr>
<tr>
<td>Unincorp. Bexar County</td>
<td>146,390</td>
<td>289,037</td>
<td>142,647</td>
<td>8,391</td>
<td>4.1%</td>
</tr>
<tr>
<td>Total</td>
<td>1,392,931</td>
<td>1,958,578</td>
<td>565,647</td>
<td>33,273</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Source: U.S. Census; Economic & Planning Systems

Figure 2. Proportion of Bexar County Population by Area, 2000-2017
One reason for the increase in the population in the county’s unincorporated areas is due to CoSA’s shift toward a model that focuses on development agreements (also known as non-annexation agreements) for new growth in the county. Non-annexation agreements are used for many reasons including protecting agricultural land and industrial districts, as well as facilitating the development of residential properties in the unincorporated portion of the county. Non-annexation agreements include a non-annexation period, after which may allow the City to annex the land into its municipal boundaries at the end of the agreement. The expiration year of CoSA’s non-annexation agreements are shown in Figure 3. CoSA entered into agreements for residential areas on the northern and western edges of the city, which expire predominately within the next 15 years. Many of these growth areas have used special taxing districts, such as public improvement districts (PID), to help fund infrastructure to support development outside the city.

**Figure 3. City of San Antonio Non-Annexation Agreements**
2016 Annexation Policy Update

The City of San Antonio City Council adopted the SA Tomorrow Comprehensive Plan in 2016. SA Tomorrow provides guidance on how the City should grow over the next 30 years. As part of the Comprehensive Plan update, EPS assisted CoSA to revise its 2013 Annexation Policy to align with SA Tomorrow. This effort produced an annexation technical report to guide the annexation policy. A summary of the findings and recommendations of the analysis are below.

- CoSA should find multiple reasons (e.g. promote economic development, facilitate long range planning, protect existing and future residents’ interest, and foster intergovernmental relations) to annex consistent with SA Tomorrow goals.
- Bexar County has limited ability to support urban development.
- Utility service plays a big role in growth management but service provider perspectives on growth can be conflicting.
- CoSA and Bexar County should work to develop a coordinated approach and policy regarding development in the unincorporated portion of Bexar County.

This Growth and Annexation Policy study was recommended to help develop a regional approach to growth management. However, changes in state law regarding annexation have further complicated the annexation considerations and have prompted a full review of annexation and growth policy for CoSA and its ETJ.
Senate Bill 6 and Growth Post 2017

The passage of Senate Bill 6 in 2017 curtailed the annexation powers of cities in counties with a population over 500,000, such as San Antonio.

- **Annexation Election** – Senate Bill 6 requires landowner or voter approval of annexations in the state’s largest counties (population > 500,000). Counties could opt into the bill through a petition and election process.

- **Annexation Election for Areas near Military Bases** – Senate Bill 6 added a provision for annexation election within five miles of an active military installation. Through an election, a city can propose to property owners a choice between annexation (full purpose or limited purpose) and land use regulations that are delineated in the most recent military Joint Land Use Study (JLUS).

In November 2018, the City of San Antonio chose to call for elections for two areas within in the five-mile area of the boundaries of Camp Bullis–Camp Stanley and Lackland Air Force Base-Medina Training Annex (shown in red in Figure 4), which only account for a portion of the five-mile buffers around active military bases in Bexar County. The property owners in these annexation areas overwhelmingly chose not to annex, however the City will be able to apply additional land use controls in conformance with the JLUS. The City has recently developed initial land use regulations around military installations and adopted them in September 2019.

Additional legislation passed during the 2019 State of Texas legislative session ending most unilateral annexations by any city, regardless of population or location throughout the state. This legislation, House Bill 47 (2019), now requires all Texas cities to obtain landowner or voter approval of a proposed annexation. However, the new law allows cities to annex outside the consent process for certain areas, which includes enclaves, industrial districts, certain districts with Strategic Partnership Agreements, municipally owned reservoirs, municipally owned airports and roads and Rights-of-Way.

Bills may be introduced in future legislative sessions that further redefine powers for cities regarding annexation and their ETJ. Proactive efforts by cities and counties to identify working policies and desired legislative changes will help shape any future legislative efforts.
Figure 4. Five-Mile Military Installation Buffer and Proposed Annexation Areas
3. Issue Definition and Analysis

**Approach**

Development projects in the City’s ETJ involve many service providers, agencies, and other local jurisdictions. Managing growth and its impacts—positive and negative—will therefore require partnerships between these partner agencies and CoSA, and potentially among the partner agencies themselves independent of CoSA. This Issue Analysis or “Problem Statement” highlights the different agencies and partners that can have a role in guiding growth and development.

**Figure 5** illustrates the key entities and stakeholders involved in regional growth policy. They include the City of San Antonio, Bexar County, the U.S. military represented locally by Joint Base San Antonio (JBSA), neighboring municipalities, special taxing districts, and private property and real estate interests. The sections that follow address these questions and topics outlined below:

- **Objectives** – What is the agency’s or stakeholder’s objective or mission related to land use, development, and responsible growth?
- **Issues and Constraints** – What common issues or problems are experienced under current practices and policies? What are the practical, legal, funding, or political constraints to addressing the issues?
- **Mutual Benefits** – What are some common interests? Could addressing the issues advance these common interests?

**Figure 5. Growth Policy Stakeholder Framework**
City of San Antonio

Objectives
The City of San Antonio has an interest in helping guide development in its ETJ. New development in the ETJ outside city boundaries can have impacts on residents and businesses, and if left unaddressed, can negatively impact the quality of life of the overall community.

Land Use and Quality Development
First, it is helpful to understand the land use tools available to the City in the ETJ. Municipalities have zoning powers but only within their incorporated limits. Zoning regulates the types of land uses that can be built in addition to dimensional standards. The regulation of use is important in avoiding conflicts between incompatible development types, heavy industrial and residential for example, or residential uses close to military flight paths where there are noise and vibration impacts. San Antonio cannot apply zoning in the ETJ, and counties in Texas do not have zoning powers.

Within the ETJ, the City can apply its subdivision standards including park dedication requirements; engineering standards; drainage standards; tree cover standards; signage; and scenic corridors. In addition, the City and Bexar County have adopted Military Lighting Overlay District (MLOD) ordinances that apply within five miles of active military facilities. The MLODs regulate the installation of new outdoor lighting and changes to existing outdoor lighting of more than 50 percent. Counties were authorized to enact these lighting ordinances in 2007 pursuant to HB-1852 (2007). The City and County have also adopted Airport Hazard Overlay Districts (AHOD) that maintain a building height limit following a 100:1 slope from the nearest point of the nearest runway, and a maximum height of 200 feet within the AHOD. Modifications to landscaping and tree cover are also subject to the AHOD. While each of these tools helps to address some critical impacts, they still do not address land use or location.

The lack of zoning and the regulation of use in unincorporated areas in the ETJ can lead to incompatible land uses abutting areas within the city boundaries. The lack of land use guidance and zoning regulations can affect the future economic opportunities for the City and the region including the inability to protect military missions.
**Issues and Constraints**

CoSA’s main concerns relevant to this study are the impacts of growth. The City has limited tools or powers available to manage land use and development outside the incorporated limits. As well, CoSA is likely to receive an increase in request for approval of special districts in the ETJ and does not have a formal policy for these requests.

**Regulation of Use**

Future land use plans guide development patterns and encourage sustainable and compatible growth. Land use plans are implemented through zoning within the city limits. Although Land Use Plans can be adopted in the City’s ETJ, zoning cannot be applied in the ETJ and therefore land use is provided as guidance but cannot be enforced.

Texas counties, including Bexar County, do not have the power to apply zoning anywhere. Development within a city’s ETJ must conform to the city’s subdivision standards, which largely address infrastructure standards and site design and lot/building dimensions. Development applications cannot be denied based on the use but only on any deviance from standards.

The inability to regulate use in the ETJ is resulting in development patterns that are irregular, unpredictable, and sometimes incompatible. This pattern can create conflicts with adjacent development if incompatible uses are located adjacent to each other.

The biggest constraint to achieving development that is more responsible is state law regarding zoning in the ETJ and in counties. While this Growth Policy will have a component that recommends an approach to working with state legislators, most of the implementation will need to be done under current law.

**Leapfrog and Piecemeal Development**

When the sequencing of development is uncoordinated, a noncontiguous patchwork development pattern can occur. This is known as “leapfrog” development, in which development “leaps” out beyond the current urbanized area. This pattern fragments municipal service areas (e.g. trash collection, police patrol areas, fire station coverage areas) and can require costly infrastructure extensions. This development pattern is more costly to serve than a more predictable and compact development pattern.
Development Standards

This issue is closely related to the Regulation of Use described above. Within the ETJ, new subdivisions need to comply with City subdivision standards; however the extent of this requirement is limited.

- **Project Limits** – Subdivision standards only apply within limits of the development. This process does not adequately address other off-site or community-wide impacts such as regional parks, recreation centers, or other public facilities the City provides with taxes paid by city residents. The Rough Proportionality process for transportation only addresses direct project impacts; it is not a comprehensive strategy for planning for and funding transportation in the ETJ.

- **Building Inspection** – There is no residential inspection, building permits or enforcement mechanism for new single family detached homes, remodels, additions and other construction outside of the city limits. To avoid liability related to building construction, large national or regional homebuilders are believed to comply with national and local building codes. However, smaller builders and remodeling contractors may not.

Fiscal Impact

Like many cities, one of CoSA’s concerns about the impacts of annexations is the ability to maintain its level of service (LOS) for existing residents and infrastructure. The costs and revenues from development (fiscal impact) directly affect the LOS citywide.

- **Level of Service (LOS)** – Annexations would result in public safety departments being responsible for responding to new areas. The Transportation and Capital Improvements (TCI) Department would have to take on additional infrastructure maintenance. If new revenues from new annexation areas do not cover the costs of these additional services, the LOS to current residents can decline.

- **City’s Financial Health** – A declining LOS and declining revenues per capita makes it difficult to fund or finance capital projects as the demands of everyday operations and maintenance out-compete capital projects for funding.

- **Revenues and Economic Development** – Sales tax comprise 24.8 percent of the CoSA general fund revenues—the City’s major operating fund. When commercial development occurs in the ETJ, particularly retail development that generates sales tax, the City does not receive these revenues. Bexar County does not collect a sales tax, so sees little fiscal benefit from commercial development. There can also be competition for sales tax and economic development between CoSA and surrounding municipalities such as Converse, Schertz, Cibolo and Live Oak on the northeast side of the ETJ.
**Mutual Benefits**

Despite the challenges, there are important benefits to CoSA and Bexar County growing more responsibly.

- **Economic Health** – The County and CoSA both support the principle of having a strong economy that serves all residents. Ensuring that adequate infrastructure and services can be provided to existing and new businesses is part of any economic strategy. Some businesses also value quality of life as an important part of attracting and retaining skilled workers in a competitive labor market.

- **Economic Development Tools** – Both CoSA and the County are interested in spurring investment, growth, and economic vitality in lower-income areas of Bexar County. CoSA has the financial tools available to incentivize development, such as Tax Abatement Phase-In programs, Tax Increment Reinvestment Zones (TIRZ), industrial districts and public improvement districts (PIDS) within its city limits. The City may grant consent to the formation of some types of special taxing districts by Bexar County and agree to development (non-annexation) agreements with property owners in its ETJ.

- **Transportation** – Transportation is a regional issue that affects all residents. The City, County, and the AAMPO should continue to work together on transportation and land use related issues as they are intertwined. Transportation is also a large factor in quality of life.

- **Protecting Floodplains** – The San Antonio area has a history of flooding due to its geography and hydrogeology. Storm water management is an important function for CoSA. Development encroaching on floodplains in the ETJ has been an issue. Protecting floodplains are public safety and water quality issues that require regulatory powers for land use and development standards in the ETJ.

- **Protecting Military Missions** – The military is the top employer in the region. In order for the military presence to remain and grow, urban encroachment must be compatible with the numerous types of missions conducted at the military installations.
Bexar County

Bexar County is an important partner in responsible growth. With nearly 300,000 residents, the unincorporated area comprises 25 percent of the total population. This makes it the second largest community in the region. Bexar County shares many of the same objectives as CoSA but has a more limited set of tools allowed by state law to shape growth and economic development.

Objectives

Texas counties have limited powers to regulate land use and building. Bexar County’s priorities are mainly supporting transportation and infrastructure development to accommodate growth in the county.

Issues and Constraints

Powers of County Governments

Texas counties are an arm of state government and only have the legal powers given to them in the Texas State Constitution and legislature as opposed to the broader home rule powers available to home-rule municipalities. The County’s legal powers do not include broad authority to regulate land use, leading to the issues previously identified. The primary but limited power that counties have over land use is the ability to deny a development application if it does not meet the subdivision standards. There is no ability to deny a project based on the proposed land use.

The specific powers of county governments include:

- Assess and collect property tax
- Maintain county records
- Conduct elections
- Process and maintain voter registration
- Maintain and construct county roads and bridges
- Provide for public safety
- Emergency management
- Maintain and operate the court and jail system
- Provide legal defense for indigent county residents
- Provide medical care for indigent county citizens
- Facilitate the issuance and recording of public documents
- Process motor vehicle registration and title transfers
- Collect and remit state motor vehicle taxes
- Provide local support for state agencies
Areas affected by the limits on county powers include:

- **Basic Quality of Life Services** – Some of the services that are typically provided by a municipality have to be provided by a private entity or not at all. The lack of these basic services, at a minimum, can lead to complaints from new residents expecting these services or create challenges paying for these services. At worst, the private market may not be able to provide services cost effectively to an area, which can create health and safety concerns.

Lack of access to mandated solid waste collection is the most common example that created health and safety issues in the ETJ. The Glen and Camelot II neighborhoods located in Far East Bexar County were the focus of residents, elected officials and media for their lack of basic services including garbage collection, illegal dumping clean-up, animal care services, and code enforcement. In late 2015, the County and CoSA launched a pilot trash collection program where CoSA provided solid waste collection services to 600 residential units in the Camelot II area and the County covered any unpaid solid waste collection residential bills.

In 2017 changes to state law allow counties to contract for the provision of solid waste collection, handling, storage, and disposal in an area of the county located within the extraterritorial jurisdiction of a municipality if the county has a population of more than 1.5 million and at least 75 percent of the population resides in a single municipality.

- **Long-term Sustainability** – Counties do not have the same tools and revenue streams to support reinvestment and upkeep of older neighborhoods. The needed maintenance and operations of roadways and other public amenities can likely only be funded through their county road and bridge funds and will have to compete with other priority projects for inclusion.

- **Transportation** – Managing traffic and transportation in Bexar County is a major issue given the amount of growth, its funding constraints, and its limited legal powers in land use and development.
  - Intersections and arterial roads – The rough proportionality policy established by the City and applied in the city and ETJ requires developers to improve or build arterial roads along their project’s frontage where specified in a thoroughfare plan or required to mitigate the impacts of the project in accordance with state statutes. What can result is a pattern of partially built arterial roads and intersections within the city and ETJ. State statutes prohibit establishing a process for pooling funds from developers, or having the County advance funds and collect reimbursements, to build road networks in a more logical manner. Within city limits, the City may charge an impact fee however.
Collector roads – Frequently, new development is accessed directly from arterials and highways or expressways. There has not been a means by which to create or require the creation of a collector road network. Many residential developments construct local neighborhood roads accessed directly from arterials or state highways. Collector roads are needed to move traffic within smaller areas rather than putting all traffic on the arterial road or highway network.

Revenue and funding – Bexar County has more revenue limitations than the City. Texas counties can collect up to a 0.5 percent sales tax with voter approval unless they are located in a transit district. VIA Metropolitan Transit (VIA) is the transit district serving the region, and collects a 0.5 percent sales tax, therefore precluding the County from collecting a sales tax.

Health and Safety – Texas law does not allow counties to inspect single family residential dwelling units or enforce building codes. A revision to state law in 2017 allows Texas counties to mandate that builders provide notice of whether the construction of residential units complied with the adopted County code requirements and inspections by third parties. State law prohibits the County from collecting a fee to fund building inspections. At this time there are no building construction requirements for single family or duplex residential units by Bexar County.

Other - State statute provides counties with certain powers to regulate and abate public nuisances and violations for animal law. Bexar County funds two departments specifically to enforce environmental and animal control issues. Bexar County’s Environmental Services Department regulates public nuisances and health issues such as food inspections, water quality and septic system permitting. Its Animal Control Services Department provides services to the unincorporated areas of the county that would otherwise not be served.
Mutual Benefits

The benefits to Bexar County from responsible growth overlap with the City’s in key areas. Partnering on these and other issues will bring more resources, funding, and efficiency in addressing the problems.

- Quality of Life – Providing adequate infrastructure and services to existing and new businesses is part of any economic and quality of life strategy. Some businesses also value quality of life as an important part of attracting and retaining skilled workers in a competitive labor market.

- Transportation – Improving transportation facilities to keep up with growth may be the issue with the most overlap between the County and CoSA. Transportation, mobility (the ability to get to one’s destination efficiently), and traffic are regional issues that affect all residents and businesses. Transportation, land use, and economic development are closely related.

- Economic Development – Economic development is a common interest as the success of the region is good for city and county residents alike. Both entities are interested in attracting more growth and investment to historically low-income areas that have not benefited evenly from the growth of the region. The economic development tools available to the County include Tax Abatement Phase-In programs. The County has the power to establish special taxing districts including County (Super) Public Improvement Districts and water districts that help finance infrastructure projects or supplement existing services in unincorporated areas of the county.
Military Facilities

The military is the largest employer in the Greater San Antonio region and the largest economic driver. The military accounts for nearly 200,000 jobs (17 percent) in the greater San Antonio economy of 1.1 million jobs. There are six major active military installations in the city and/or Bexar County as shown in Table 2.

Table 2. Military Installations in Bexar County

<table>
<thead>
<tr>
<th>Installation</th>
<th>Description</th>
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<tr>
<td>Fort Sam Houston (Army)</td>
<td>Major command center, army medical training center. Numerous hosted divisions.</td>
</tr>
<tr>
<td>Lackland Air Force Base (AFB)–Medina Training Annex</td>
<td>Major training center. Entry point for air force basic training.</td>
</tr>
<tr>
<td>Randolph AFB</td>
<td>Major training center, especially pilots from other agencies (Army, NATO) and for specialized aircraft.</td>
</tr>
<tr>
<td>Camp Bullis (Army)</td>
<td>28,000-acre army training center.</td>
</tr>
<tr>
<td>Camp Stanley Storage Activity</td>
<td>High security clearance munitions storage installation.</td>
</tr>
<tr>
<td>Martindale Army Airfield</td>
<td>Provides a safe training environment for Texas Army National Guard rotary wing pilots in the San Antonio area.</td>
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</table>

Joint Base San Antonio (JBSA) is the premier, and largest, installation in the Department of Defense. JBSA is home to 266 mission partners that operate across the following locations; JBSA-Fort Sam Houston, JBSA-Lackland, JBSA-Randolph, and JBSA-Camp Bullis. The 502nd Air Base Wing unit is responsible for supporting mission partners with a variety of infrastructure, logistics, transportation, training, quality of life, aviation, and other services. Many of JBSA’s missions are only conducted in this region and all are essential to national defense. These missions include Level I Trauma Care, medical training, aviation training, cyber security, intelligence/surveillance and reconnaissance, K9 working dogs, and installation support.
Objectives

JBSA must be able to maintain the viability of its current missions, allowing for future expansion while not hindering the economic success of the community. The military is not opposed to development; however it must be able to conduct its mandated missions safely and efficiently if it is to remain in place. The military needs protection against urban encroachment outside its jurisdiction. This means these protections must be implemented on City land or in the ETJ. For this reason, the military must partner with municipalities to ensure the viability of its missions.

As previously mentioned, JBSA’s economic impact to the region is significant. The loss of any military mission, either through a congressionally directed Base Realignment and Closure (BRAC), downsizing, or incompatible land/air use due to urban encroachment may result in the loss of jobs and economically depress portions of the region.

CoSA’s primary objective is to support the military in order for it to remain and grow in the region. Without these protections, military missions may become untenable, forcing the military to consider moving a particular mission/operation to an installation outside the San Antonio region or even the State of Texas. This outcome would, of course, be detrimental to the economy of San Antonio and its surrounding communities.

- CoSA supports military training and the expansion of missions. This means ensuring compatible land uses around the facilities and accommodating future expansions.
- The military is part of an economic development strategy to leverage the linkages or spin-offs between the military and private industry.
- CoSA advocates for the continued operation of military facilities in greater San Antonio.
Issues and Constraints

From the City’s perspective, many of the land use issues mirror those of development in unincorporated areas of the ETJ. CoSA does not have zoning power and therefore cannot regulate land use in its ETJ; it can only approve or deny projects based on their compliance with subdivision standards. There are some more specific issues as well affecting military installations:

- Joint Land Use Study (JLUS) – A JLUS is a cooperative planning effort conducted as a joint venture between an active military installation, surrounding jurisdictions, state and federal agencies, and other affected stakeholders to address compatibility around military installations. SB-6 contains language on allowing a city to regulate land use within five miles of military installations in accordance with the most recent JLUS in order to protect the missions of military installations. The next iteration of this JLUS document is a Compatible Use Plan.

- Development Notification – CoSA and the County are required to notify JBSA representatives about development projects located within the five-mile buffer of a JBSA installation. JBSA staff generally attempt to work with property owners or developers, however, the military notification has no enforcement aspect.

- Encroachment – Development in unincorporated areas can bring incompatible land uses adjacent to military installations. Flight operations, for example, have noise impacts and safety concerns if buildings are located in the flight path and noise contours. Habitat change from urban development can also result in encroachment of endangered species near the bases, impeding expansion.

- Building Code – Lighting standards are needed to protect flight paths and preserve dark skies over the installations so to not negatively impact nighttime flying operations. Building height and sound proofing standards are also needed for areas in flight paths of airfields. There are standards that development must follow regarding height and lighting around bases but they are the only standards the military can impose to mitigate negative impacts.

Mutual Benefits

The City, County, and JBSA would all benefit from continued coordination on land use and development issues. The City and JBSA would also benefit from changes and clarifications to state law to give them more authority to regulate and enforce land use and development codes around active military installations.
Real Estate Developers

This section addresses the objectives, issues and constraints, and mutual benefits around real estate developers and private property owners.

Objectives

The objectives of this group are varied, as they range from profit for land developers (especially in small projects) to creating value in larger developments, and preserving value for existing home and property owners. Because of the diversity of interests, it is difficult to generalize common themes without inevitably overlooking some concerns or groups.

Issues and Constraints

Market Preference

The large number of people living in unincorporated Bexar County is due in part to a market-based preference as well as the reduced number of annexations by the City. Some individuals prefer living outside the city, exhibited in higher priced gated communities, in attainably priced neighborhoods, and on rural lots not available in the city. In gated communities, residents are willing to pay for enhanced development standards, control over quality, and higher levels of service and maintenance in parks, and other amenities.

Others live in the county to avoid complying with City codes and development standards and paying city taxes that are perceived to be higher. The total tax burden is not always lower in the county however, depending on the mill levies for ESDs and any special districts present. A comparison of tax rates is provided in Chapter 4: Special Districts.

Infrastructure Financing

For developers and real estate interests, the most relevant issues are supplying and financing infrastructure to serve new development. San Antonio Water Systems (SAWS) is typically the water and sewer provider. Its service is usually desired by developers even when infrastructure is not present. Roads and other utilities are costly to construct, and often need to be built ahead of development. In certain situations, developers can use special taxing districts subject to approval by the appropriate entities to finance this infrastructure in the ETJ. CoSA has influence (approval or consent) of some types of special taxing districts in the ETJ. Developers therefore have an incentive to work with the City on special district formation.
The lack of a formal policy for special district requests in the ETJ has allowed for external influences to affect decisions and process on certain projects. Developers have in some cases worked through elected officials for both the County and City to build consensus for support prior to submitting requests and applications for technical review by County or CoSA staff. There is a lack of formalized process, standard procedures, and timeline for application to CoSA for requests and referrals/communication with the County.

**Predictability and Quality**
Real estate development requires large investments of capital and carries a lot of risk. The lack of zoning in the ETJ may increase the risk of development, as one cannot control or predict what may happen adjacent to a proposed development project. For homebuyers who are unaware of this issue, the value of their home may be threatened by what happens on adjacent property.

The lack of building inspections on single family homes is a risk for homeowners, land developers, and public safety providers. Deficient building standards can pose health and safety risks.

**Mutual Benefits**
The benefits of more influence on development patterns and standards include more predictability in land use, efficient infrastructure provision, and improved building quality in the ETJ.

**Other Partners**
This section summarizes the concerns from other agencies and service providers.

**Neighboring Jurisdictions**
Neighboring jurisdictions in many cases have the same desires and basis for annexation or influence on growth in the county as in the city limits of San Antonio. With the changes to state laws, there is an increased opportunity for partnerships to address issues in the ETJ.

An example of a regional partnership is an interlocal agreement (ILA) between the Cities of San Antonio and Converse. As previously mentioned, neighborhoods located in unincorporated areas of the far eastern part of the county have been the focus of regional planning efforts due to their need for urban level of services.

In early 2017, the Cities of San Antonio and Converse entered into an ILA in which San Antonio would release ETJ and municipal boundaries in a phased manner over a number of years. Converse agreed to annex the ETJ areas into its municipal boundaries and provide it with the much-needed municipal services.
Not only would the ILA benefit the residents in these neighborhoods, it would reduce the demand of services on Bexar County and allow the smaller City of Converse to grow geographically and economically. However, the passage of SB 6 impacted the implementation of the ILA and is thus being renegotiated.

The objectives of neighboring cities may differ from CoSA’s—such as economic development versus incompatible land uses. Partnership agreements to collectively address issues and opportunities will likely lead to the need for more interlocal agreements (ILAs). Policy regarding release of ETJ, municipal boundary adjustments development/non-annexation agreements, and Strategic Partnership Agreements (SPAs) are needed to address such requests.

Utilities

SAWS is the primary provider of water and sanitary sewer service in Bexar County and is a public utility owned by the City of San Antonio. Each utility has a service area called a CCN, or Certificate of Convenience and Necessity, which grants exclusivity to the utility provider to all retail demand within that geography.

SAWS’s service area includes areas within the city limits, the ETJ, and beyond the ETJ. SAWS’ CCN policy is generally to provide services to new development as long as the project builds connections to its system and is consistent with its standards. If a project is in the CCN, can connect to SAWS’s infrastructure, and meet its development criteria, SAWS will provide service.

Through CCN expansions, SAWS has indirectly discouraged private water and sewer systems near the edge of its CCN. This is due to historically having to acquire failed substandard systems. As a result, SAWS is concerned that it would eventually have to take over a failed or bankrupt system that is not built to its standards.

CPS Energy is a public utility owned by the City of San Antonio and is the primary provider of electric and natural gas services within a Public Utility Commission certificated service territory. The service area consists of approximately 1,500 square miles and encompasses the city limits of the City of San Antonio and its ETJ, 31 suburban cities, Bexar County and portions of 7 adjoining counties. CPS Energy is the exclusive provider of electric service to this area and one of several purveyors of natural gas services in the region. CPS Energy currently serves 840,750 electric customers and 352,585 natural gas customers and can meet the needs of the local community as it grows.
Emergency Service Districts

There are 12 Emergency Services Districts (ESDs) in Bexar County, as shown in Figure 6. These special taxing districts are organized to provide fire, ambulance, and rescue services. They operate outside the city limits and are independent from the San Antonio’s Fire Department (SAFD). There are varying levels of service provided by ESDs. The funding levels vary across the districts, which affects the number of trained staff they can hire and the number of stations and amount of equipment they can supply to provide coverage. ESDs are allowed by state statute to provide emergency medical transportation or ambulance services, but none of the 12 ESDs in Bexar County provide these services currently.

Figure 6. Emergency Service Districts
Resource Management Entities

The Edwards Aquifer is a critical resource as it is the primary water supply for the region, accounting for roughly 80 percent of the potable water. Its recharge zones are degraded when developed with impervious surfaces. Persistent drought has elevated the importance of the water supply and the exposure the San Antonio region has from prolonged below average rainfall. CoSA has established various policies and programs to protect the Edwards Aquifer.

Currently, CoSA regulates the amount of impervious coverage that facilitates aquifer recharge. There are three categories of requirements related to impervious coverage:

- **Category 1** consists of any property with vested right allowed by state law (valid permit prior to January 22, 1995, or a plat or plat application prior to September 8, 1994).
- **Category 2** properties are located inside the city limits; and impervious cover can reach 30 percent for residential, 50 percent for multifamily and 65 percent for commercial.
- **Category 3**, the most restrictive 15 percent gross impervious cover, is applied to areas outside city limits. For newly annexed areas to remain at Category 3 for both limited and full purpose annexation, Chapter 34 of the City Code (Water and Sewers) would need to be amended. If this Chapter is amended, areas holding permit rights (MDPs, USAs, etc.) would become vested.

Under Section 35.473 of the City’s Unified Development Code, no development within the boundaries of the recharge zone is permitted until the developer obtains a site development protection plan, as is currently the case in the City of San Antonio’s extraterritorial jurisdiction. Any protection plan must ensure there are significant conduits for the aquifer to recharge from surface to subsurface water. Furthermore, there is a zoning overlay district that protects the Edwards Aquifer Recharge or Contributing Zone (ARCZ or CZ) in the city limits and in the unincorporated county, enabled under environmental laws. Land use over the recharge zone is restricted by City of San Antonio zoning. However in the ETJ, the lack of land use controls (i.e. zoning) allows for uses such as gasoline stations, collision centers, auto repair and other industrial uses as long as they meet impervious cover requirements and these uses can have negative impacts on the aquifer. Development in the ETJ over the recharge zone must comply with City Code Chapter 34 (Water and Sewer) and Texas Commission on Environmental Quality (TCEQ) regulations.
For development over 15 percent impervious surface cover, water treatment is required. Best management practice developed by TCEQ and the Center for Research in Water Resources, University of Texas at Austin have been used to treat storm water runoff from developments on the Edwards Aquifer Recharge Zone and to protect the water quality since 1998. The most commonly used method is structural basins that allow the storm water to continue through a filtering system prior to discharging into a creek or drainage. The TCEQ Technical Guidance Manual includes other practices such as bio-swales, types of separators and temporary practices for use during construction. TCEQ rules provide for the removal of at least 80 percent of the Total Suspended Solids. Treatment levels are such that this level of removal provides for a high level of treatment for many other contaminants and TCEQ’s acceptance of 20 percent as the level of non-degradation.

In May 2000, voters in Bexar County approved a 1/8 of a cent in the local sales tax to support aquifer protection and parks expansion including the development of linear creeks. From 2005 to 2015, voters approved three additional, separate Aquifer Protection Propositions. To date, CoSA has actively acquired and preserves the most environmentally-sensitive properties over the aquifer within Bexar County and beyond the county boundaries.
Summary of Major Issues and Opportunities

This section summarizes the key issues to be addressed within CoSA’s growth and annexation policies based on the review of issues by stakeholder type. Not all issues and concerns are within the purview of land use, growth, and annexation policy.

Influencing Land Use

The lack of zoning outside the city boundary impedes a logical and predictable growth pattern.

- Development review powers in the ETJ are limited to engineering and subdivision standards, but not use or location.
- Land use, transportation, and infrastructure are intertwined. Without control over the land use pattern, it is difficult to make and execute long-term plans for the logical and efficient extension and expansion of infrastructure.
- There are concerns about “adjacency issues”—the encroachment of incompatible land uses adjacent to each other due to the lack of zoning. This affects neighborhoods, business districts, and military installations. There can be health and safety issues as well if heavy polluting uses or other nuisances are too close to residential areas.

Infrastructure

Infrastructure needs to be built and expanded to keep up with the demands of growth region-wide. Transportation and water and wastewater are regional systems affected by growth in CoSA, its ETJ, and surrounding municipalities and counties.

- Transportation is the greatest area of impact to infrastructure. CoSA’s Major Thoroughfare Plan is a long range transportation plan for inside and outside the city limits. Current development regulations make it difficult to implement a network of transportation. Instead, connections to major arterials are built on a piecemeal basis and not typically matching the pace of new development.
- The Rough Proportionality process requires development to construct its share of arterial roads directly affected or accessed by the project, and to address off-site improvements. This process does not however address the coordinated funding and construction of a regional transportation system, or concurrency of infrastructure and transportation with development.
- Development relies heavily on arterial roads and highways for access and sub-regional trips. Regional federal and state transportation funds are being diverted to projects needed to make up for addressing localized edge-growth issues rather than more comprehensive regional projects.
- Water, sewer, electricity, and gas are generally available and can be reasonably provided.
Services

- Development and municipal service standards vary throughout the region. This is a market-based choice in many cases, as some homeowners and businesses wish to pay more or less for services and amenities such as parks, trash collection, schools, emergency response, and security. However, more transparency is needed for homebuyers, renters, and property owners in the unincorporated portion of the county and within special taxing districts. A more consistent policy towards approving and consenting to special districts is also needed.

- Emergency services in the unincorporated portion of the county are provided by Emergency Service Districts (ESDs). Many ESDs operate at lower level of service than the City’s Class 1 fire department—the highest rating possible under the ISO classifications. The lack of sufficient emergency services, specifically for larger emergencies or events, can lead to impacts on Bexar County and City of San Antonio resources and emergency services that could be devoted elsewhere.

Financial/Fiscal

- The City needs to ensure that new growth pays for its infrastructure and service costs. Special districts, if used wisely in partnership with the County, City and regional partners, can have a role in financing infrastructure in conjunction with demand/need.

- Residents living inside the city limits may be the most burdened by unincorporated growth, as the County often needs to use bond financing to address transportation and other infrastructure deficiencies and will tax both city and county residents.

- There may be competition between cities and unincorporated areas for federal transportation funding allocated through state and local public agencies, such as the Alamo Area Metropolitan Planning Organization.

- Competition for sales tax and economic development can be an issue in the ETJ near other municipalities.
4. Special Districts

Special taxing districts are infrastructure financing tools that are often promoted by the private sector as a mechanism for financing infrastructure for new development. Special districts need to be considered in the region’s approach to growing responsibly. This chapter provides important background on special districts, how they work, and their pros and cons.

Background

Special districts are limited purpose governmental entities established for a specific purpose such as providing a public service or financing infrastructure and public facilities. There are many types of special districts authorized under the Texas Constitution, local government law, and water law. Common and more well-known examples of special districts include Emergency Service Districts (ESDs), established for fire protection and emergency response (rescue), and Independent School Districts (ISDs).

There are a variety of other types of special districts used to build, finance, and maintain water and sewer systems, irrigation, flood control, roads, transit and transportation, parks, recreation, and other public facilities. These types of financing districts are the focus of this chapter. The legal framework around special districts is highly complex due to the many areas of state law that address them. Special district law is frequently revised as real estate and construction interests, districts, and local governments lobby the legislature for flexibility or customized tools to solve specific local problems or to advance interests.

Special districts originated to help build infrastructure—particularly water, irrigation, and flood control systems—in rural unincorporated areas. Counties have fewer powers and revenue tools available to them compared to municipalities, and special districts were created to enable rural land owners and communities to grow and provide needed services. The number and types of districts have grown, and they have evolved in urban areas to broadly use development financing tools.

As independent units of government, special districts are governed by a board of directors. Boards of directors can be appointed by city councils, county commissioners, the Texas Commission on Environmental Quality (TCEQ), or elected at large by eligible voters living in the district depending on the type of district. In addition, a city council can act as the board for some districts.

Most special districts have the power of taxation and to issue debt (bonds). They have the power to spend tax revenues on projects and operations, hire staff, sue, be sued, and some have eminent domain powers.
Key District Types

The most common and most relevant district types in greater San Antonio are summarized below and in Table 3 on page 36. Nearly all district formations are, in practice, initiated by a petition from property owners. For large land holdings under single ownership, special districts are often "developer districts" as the developer(s) or their representatives may be the only voting property owners. There have also been documented cases of developers paying to move a small number of residents onto a property in temporary housing in order to have eligible voters to fulfill the election requirements.

Emergency Service Districts

ESDs service areas may include unincorporated areas in the ETJ and/or corporate area of cities.

- Governance – ESDs are governed by an independent board appointed by the County. The County Commissioners have influence on the board composition as they appoint board members who must reside in the district.
- City Influence – City consent is needed for formation within its city limits or ETJ. However, if the City does not consent or does not act within 60 days, the City may be required to provide services.
- Revenue Tools – ESDs can assess property tax with a cap of $0.10 per $100.00 and a sales tax from 0.125 percent to 2.00 percent. The 2.00 percent sales tax is possible in areas, usually unincorporated, where the state-mandated sales tax cap of 8.25 percent is not exceeded. ESD’s can issue bonds with the approval of voters within the ESD.
- Policy Concerns – The level of staffing and expertise varies across districts. The City believes that its full-time professional staff provides better service in an important life safety service. If a city annexes an ESD, it must compensate the ESD for the pro-rata share of the ESD’s indebtedness.

When a municipality annexes an area that is served by an ESD, the municipality must “buy out” the debt of the ESD on a pro rata basis that relates to the amount of ESD territory annexed. State law allows cities to limit the amount of debt an ESD may take on. To increase that limit, the municipality that contracts with the ESD must approve an increase in the debt limit.

Generally, CoSA’s policy had been to place a debt ceiling of $20,000 on ESDs, to ensure that the City could limit future fiscal exposure should the City make the policy decision to annex an area within the ESD boundary. Recently, the City has relaxed the ESD’s debt limitation to allow for the funding of major improvement projects such as construction of fire stations.

ESDs are established primarily to provide a service. The districts described below are used mainly as infrastructure financing mechanisms.
Public Improvement Districts

Counties and municipalities have the authority to create Public Improvement Districts (PIDs) under the Texas Local Government Codes. A PID is an assessment district formed in a defined geographic area to provide specific types of improvements or maintenance that are financed by special assessments against the property owners within the area. The Public Improvement District Assessment Act (Texas Local Government Code, Chapter 372) allows any city or county to levy and collect special assessments to fund or finance supplemental services and improvements. A PID can be used for building and/or maintaining a wide range of public facilities and infrastructure including roads, trails, parking lots, bridges, lighting, art, and utilities. The general process for forming a PID and other district types is illustrated conceptually in Figure 7.

Figure 7. Generalization of Developer Process for PID Formation

1. Developer owns land
2. Developer hires law firm to create PID
3. An election is held for eligible voters to approve or deny creation of the district.
4. PID is created and represented by a board
5. PID sells bonds to pay for infrastructure (roads, water, & sewer) for new homes
6. New homeowners now pay assessments or property taxes (as allowed) to cover debt service on bonds.
In 1999, CoSA established the San Antonio Downtown PID to support core services for the downtown experience, including maintenance, beautification and landscaping, hospitality ambassador services, and outreach and security as well as marketing and promotion of the District. At this time, it is the only PID established by CoSA.

- **Governance** – City council or county commission depending on where formed.
- **City Influence** – A city can establish PIDs within its city limits. In the ETJ, the city’s consent is required for a county to form a PID. PIDs can therefore be used as an incentive to participate in a development agreement and potential annexation.
- **Revenue Tools** – Special assessments only. PIDs can have more limited revenue generation potential because they lack the authority to levy property and/or sales tax compared to “County PIDS” described below.
- **Policy Concerns** – The major issue for the City is the process by which CoSA is asked for consent of PIDs in the ETJ. There is no formal process, timeline, or criteria to use when considering PIDs. Recently, PID requests have short notice and do not always have a clear purpose or development program with which they are associated.

**County PIDs**

“County PIDs”, also referred to as “Super PIDs”, are authorized by Section 382 of the Local Government Code. Section 382 was formerly subchapter C of Section 372 which was legislation created for one specific development project, Cibolo Canyons. Today Cibolo Canyons is a 2,100-acre development with a 1,000 room JW Marriott Hotel and Conference Center, two PGA Tour golf courses, and 2,500 residential units. Other County or Super PIDs have been created since then in Bexar County: Westside 211 PID, Crosswind at Southlake PID, Espada I, Espada II, Espada III, Westpointe, Talley Road and Gates. The Espada PIDs did not meet their development milestones and are considered defunct.

- **Governance** – Board appointed by the County. The County Commissioners have influence on the board composition as they appoint board members who must reside in the district.
- **City Influence** – Requires the City’s consent in the ETJ. If the County delegates certain powers, then the City may have leverage in consenting to Super PIDs.
- **Revenue Tools** – §382 PIDs can levy property tax, sales tax, and hotel occupancy tax. PIDs can also issue bonds.
- **Policy Concerns** – The City needs to develop consistent policies for consenting to Super PIDs as they are likely to be used more often in the future.
Water Districts

Water districts organized under Article XVI, § 59 of Texas State Constitution such as Water Control Improvement Districts (WCIDs), Fresh Water Supply Districts (FWSDs), and Municipal Utility Districts (MUDs) are used primarily to finance water and sewer infrastructure including to connect to an existing provider such as SAWS. They also have powers to build and pay for a variety of other public infrastructure.

- Governance – Elected board; initially appointed by County or TCEQ.
- City Influence – Requires the City’s consent in the ETJ, approval in City. Can be used in a Strategic Partnership Agreement, a sales tax sharing mechanism described in the next section.
- Revenue Tools – Property tax, utility rate charges.
- Policy Concerns – In general, the City wants to ensure that the districts are financially stable and construct improvements consistent with City plans and standards.

Strategic Partnership Agreements

Strategic Partnership Agreements (SPAs) have been allowed since 1995 and are governed by Texas Local Government Code §43.0751. Through SPAs a municipality may annex the district for limited purpose and to levy a sales tax within the districts. Water districts operating under Chapter 49 of the Texas Water Code are eligible to use an SPA.

Through use of limited purpose annexation, a city applies land use controls and incorporates the districts into its municipal boundaries. The use of limited purpose annexation through an SPA is often for commercial areas to capture sales tax without adding additional voters. There is often room within the 8.25 percent sales tax cap to impose a new sales tax by the municipality since the area was not previously subject to city sales tax. The city may share sales tax revenue with the district. The SPA Act provides for full annexation of the district at a defined date in the SPA with no further action by city council. SPAs enable a partnership for infrastructure financing and revenue sharing that can benefit the city and private development and further economic development goals for the area.

Revenue sharing agreements may be complicated depending on whether SPA revenues need to be earmarked to be spent within the district or can be used as general revenues by the city. As well, concerns of the residents and property owners in the district about an extra layer of taxation may present challenges to use of SPAs.
### Table 3. Common Special Districts in Bexar County

<table>
<thead>
<tr>
<th>Tool</th>
<th>Able to Form SPA?</th>
<th>Who Forms?</th>
<th>Who Governs?</th>
<th>Revenue Tool</th>
<th>City Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ESD</strong> Emergency Service District</td>
<td>No</td>
<td>• County on petition from property owner</td>
<td>• County appointed Board (resident/landowner)</td>
<td>• Property and/or sales tax</td>
<td>• Consent in City or ETJ&lt;br&gt;• If City does not provide written consent, the failure to act constitutes consent.</td>
</tr>
<tr>
<td><strong>PID</strong> Public Improvement District</td>
<td>No</td>
<td>• City or County on petition from property owner</td>
<td>• City (or County)&lt;br&gt;• Advisory Board (resident/landowner)</td>
<td>Special assessments</td>
<td>• Approval in City&lt;br&gt;• Consent in ETJ</td>
</tr>
<tr>
<td><strong>COUNTY PID</strong> Public Improvement District in Bexar County Created under Chapter 372 of the TX Local Government Code&lt;br&gt;*Art. XVI, § 59 of Texas Constitution</td>
<td>No</td>
<td>• County on petition from property owner</td>
<td>• County appointed Board (resident/landowner)</td>
<td>Special assessments, property tax, sales tax, hotel tax&lt;br&gt;• Issue bonds</td>
<td>• Consent in City or ETJ</td>
</tr>
<tr>
<td><strong>Water Districts</strong>&lt;br&gt;*Art. XVI, § 59 and and Article 3 § 52 of the Texas Constitution</td>
<td>Yes</td>
<td>• TCEQ or County on petition from property owner&lt;br&gt;• Legislature</td>
<td>• Elected board&lt;br&gt;• Initial appointment by County or TCEQ</td>
<td>Property tax, utility rates&lt;br&gt;• Issue bonds</td>
<td>• Not typically used in San Antonio or Bexar County&lt;br&gt;• Consent in City or ETJ (subject to TCEQ review)&lt;br&gt;• SPAs are allowed</td>
</tr>
</tbody>
</table>
Pros and Cons

Special districts can create benefits as well as policy concerns depending on how they are used and managed and on one’s viewpoint. This section summarizes the common arguments for or against special districts. A balanced viewpoint and experience with best practices suggests that when used and managed well to balance public and private concerns, special districts can have a role in influencing growth in the ETJ.

Benefits

- **Infrastructure financing tool** – Special districts use the value and tax revenue generated by new development to be directed back into the development to pay for the infrastructure needed to support the development project. They can allow growth in the ETJ to occur ahead of a county’s capital project planning and funding cycle, and therefore allow developers to be more responsive to the market and accommodate demand for housing and commercial development.

- **Growth pays its way** – Special districts put cost of infrastructure and some services on new residents in the district, rather than on existing residents of a city or county. New development pays for its costs within the district, especially when coupled with other policies such as impact fees and public facility or land dedication requirements.

- **Public-private partnerships** – A city and water district can enter into SPAs that allow for revenue sharing between the public and private sectors previously mentioned. Special districts can also allow an agreeable division of roles and funding responsibilities. For example, a special district could be responsible for building and maintaining parks in a development that reduces a county’s need to provide those amenities.

- **Taxation and financial management** – Homebuyers are not always aware of the taxes or assessments imposed by special districts. Transparency and standard financial management practices around debt are needed to protect residents.
Concerns

- **Fragmented community and governance** – Special districts create additional layers of government. For residents, there are multiple entities in charge of providing services and their standards may be different. Residents and businesses may not know where to go for assistance with concerns and city and county officials may not have jurisdiction over issues in special districts.

- **Privatization trend** – There is a national and global trend of privatizing what were traditional government services and responsibilities. Many factors are driving this trend including limited local government financial resources, and politics around the perceived efficiencies of the private sector. There can be issues of accountability and transparency when the public sector delegates responsibilities to the private sector.

- **Failed districts** – In the 1990’s, SAWS had to take over services for two small MUDs that went bankrupt and replace substandard infrastructure. In 2012, Bexar Metropolitan Water District merged with SAWS. The water district’s voters approved the dissolution of Bexar Met and the merger with SAWS in a 2011 election and then approved by state elected officials and cleared by Department of Justice. The now defunct Bexar Metropolitan Water District was dismantled because of financial issues, issues with water quality, neglected infrastructure, poor levels of service, and lack of response to customer complaints. After the merger, SAWS had to replace and update Bexar Met’s substandard infrastructure to comply with SAWS standards. MUDs have not been utilized in the San Antonio region but have been widely used in Houston. The Houston area has over 500 special and/or water districts that compete for water sources and economic development opportunities. In general, MUDs have declined in popularity because of the cost and complexity of building and operating independent potable water and sanitation systems.

- **Development standards** – Street and road infrastructure in planned unit developments (PUDs) or gated communities are privately owned. Often street construction standards and regulatory street signs do not comply with a city or county’s standards. The district may not have the resources for continued street maintenance and operation.

- **Equity and levels of service** – As suggested above, special districts, HOAs, and gated communities enable people to pay for a higher level of service if they desire it. Cities and counties try to maintain consistent levels of service for all neighborhoods however the level of service can vary, especially in the ETJ, due to the presence of special districts and HOAs with varying levels of service and tax/assessment rates. The variations in level of service are not always understood by the general public.
• **Transparency on taxation and debt** – In order to issue debt or raise taxes, voter approval is needed. However, in districts formed by developers or individuals tied to the developers, taxes and debt are established ahead of any significant number of true residents. New residents in a district are not always fully aware of the debt burden when they move in.

• **Sprawl** – Some argue that special districts facilitate development in areas before it is justified based on the extent of current infrastructure and other urbanized development. This “leapfrog” development pattern contributes to urban sprawl.

• **Growth related issues** – The proliferation of districts may adversely impact land use, traffic congestion, air quality, water availability and other resources in the region. However, the districts are not true public entities that contribute additional resources or funds toward mitigating these growth-related issues in the ETJ.

• **Economic development** – There are concerns that special districts may eventually draw away economic development projects and jobs from municipalities. In the Houston area, special district compete with cities for certain economic development projects.

• **Loss of municipal powers** – The use of special districts may in some cases result in the utilities, cities and counties relinquishing powers and controls to the special district, which could impact or harm their ability to operate as normal. Concerns about the potential for relinquishing powers have grown as use of various special districts have grown and adapted for niche financing purposes. While the district approval may be advantageous for other reasons, the loss or potential risk of loss of municipal powers may be more important.
Cost and Service Comparison

Property Tax

There is a perception that taxes are lower outside the city, which draws some people to live in a lower cost and lower tax environment. Taxes are lower in some areas, but not all. This section compares property taxes on the median home price in several areas of San Antonio and Bexar County. Sales tax rates are also shown for comparison. For San Antonio, the 78250 zip code is used, which is in the Northside Independent School District (ISD) on the northwest periphery of the city.

The total property tax levy in San Antonio is $2.68 (rounded) per $100 of appraised value as shown in Table 4. The largest portion of property tax is the Northside ISD at $1.3755, followed by the City property tax of $0.56. Annual property tax payments are equivalent to 2.7 percent of the median home price for the 78250 zip code. With the exception of Alamo Ranch, property taxes range from 2.7 to 2.9 percent of the median home price as shown.

<table>
<thead>
<tr>
<th>Description</th>
<th>Alamo Ranch</th>
<th>Cibolo Canyon (Super PID)</th>
<th>Westside 211 (Super PID)</th>
<th>Crosswind at Southlake (Super PID)</th>
<th>San Antonio 78250 Zip Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Home $</td>
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<td>$357,000</td>
<td>$283,000</td>
<td>$140,000</td>
<td>$183,000</td>
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<td>North East</td>
<td>Northside</td>
<td>Southwest</td>
<td>Northside</td>
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<tr>
<td>Property Tax Rate per $100</td>
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</tr>
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<td>Bexar Appraisal District</td>
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<td></td>
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<td>0.558270</td>
<td>0.558270</td>
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<tr>
<td></td>
<td>Total</td>
<td>2.220562</td>
<td>2.713666</td>
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<tr>
<td>Percent Difference from San Antonio</td>
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<td>1.3%</td>
<td>3.7%</td>
<td>7.4%</td>
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<td>Ann. Property Tax (Median Home $)</td>
<td>$6,600</td>
<td>$9,700</td>
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<td>$4,900</td>
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<td>Percentage of Median Home Value</td>
<td>2.2%</td>
<td>2.7%</td>
<td>2.8%</td>
<td>2.9%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Sales Tax

<table>
<thead>
<tr>
<th>Description</th>
<th>Alamo Ranch</th>
<th>Cibolo Canyon (Super PID)</th>
<th>Westside 211 (Super PID)</th>
<th>Crosswind at Southlake (Super PID)</th>
<th>San Antonio 78250 Zip Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special District</td>
<td>---</td>
<td>1.50%</td>
<td>---</td>
<td>1.50%</td>
<td>---</td>
</tr>
<tr>
<td>City</td>
<td>---</td>
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<td>---</td>
<td>---</td>
<td>1.00%</td>
</tr>
<tr>
<td>ESD</td>
<td>1.50%</td>
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<td>---</td>
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<tr>
<td>Transit</td>
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<td>State of Texas</td>
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<td>6.25%</td>
<td>6.25%</td>
<td>6.25%</td>
<td>6.25%</td>
</tr>
<tr>
<td>Total</td>
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<td>8.25%</td>
<td>8.25%</td>
<td>8.25%</td>
<td>8.25%</td>
</tr>
</tbody>
</table>

Source: ESRI; Bexar County Appraisal District; Economic & Planning Systems
Alamo Ranch has the lowest property tax rate at $2.22 per $100. The tax rate is 16 percent lower, however the dollar amount paid is 50 percent higher based on the median home value—which will vary depending on what part of San Antonio is used for comparison. Alamo Ranch was not developed with a financing district but does have an ESD funded by a 1.50 percent sales tax and a $0.10 property tax. Annual property tax is 2.2 percent of the median home price.

Cibolo Canyons, Westside 211, and Crosswind at Southlake are all Super PIDS that levy sales and property tax. Annual property tax ranges are 2.7 to 2.9 percent of the median home price, which is not significantly different. CoSA negotiated with these districts to implement a district property tax equivalent to the City’s tax of $0.56 (rounded). The higher tax rates in the ESDs and school districts serving these areas explain the difference compared to the City. Again, property taxes paid will vary by home value and Cibolo Canyons PID homeowners pay 120 percent more in property taxes on the median home value than City residents.

The total sales tax rates in each area are all at the state maximum of 8.25 percent. The ESDs or PIDs are each charging 1.5 percent to generate the maximum revenue under the state sales tax cap.
**Fire Service**

The Insurance Safety Office (ISO) rates fire departments nationwide on a scale of 1 to 10 with 1 being the best rating. Insurance companies use these ratings as part of their rate calculations. Higher ISO ratings mean lower quality fire protection and higher insurance premiums. The City of San Antonio Fire Department is a Class 1 Fire Department, putting it in the top 1.0 percent of fire departments nationally. Class 1 is “Superior Fire Protection” and Class 10 does not meet the minimum criteria set by the ISO. A Class 2 fire department has little differentiation from a Class 1 in terms of insurance premiums. As shown in Table 5, the ISO ratings outside of the city vary widely. Converse and Bexar Bulverde are rated ISO 2, however there are several other ESDs with either no rating or ratings in the 6 to 9 and 10 range.

**Table 5. Emergency Service District ISO Ratings.**

<table>
<thead>
<tr>
<th>ESD</th>
<th>Area</th>
<th>ISO</th>
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</thead>
<tbody>
<tr>
<td>ESD 1</td>
<td>Converse Fire Dept.</td>
<td>2</td>
</tr>
<tr>
<td>ESD 2</td>
<td>Geronimo Village Volunteer FD</td>
<td>4</td>
</tr>
<tr>
<td>ESD 3</td>
<td>Bexar Bulverde Volunteer FD</td>
<td>2</td>
</tr>
<tr>
<td>ESD 4</td>
<td>Leon Springs Volunteer FD</td>
<td>No Rating</td>
</tr>
<tr>
<td>ESD 5</td>
<td>Jarrett, Lyle, Somerset, Southwest Volunteer FDs</td>
<td>5 to 10</td>
</tr>
<tr>
<td>ESD 6</td>
<td>Ata-Bexar, Sandy Oaks, South Bexar Volunteer FDs</td>
<td>No rating to 9</td>
</tr>
<tr>
<td>ESD 7</td>
<td>District 7 Fire &amp; Rescue</td>
<td>3</td>
</tr>
<tr>
<td>ESD 8</td>
<td>Grey Forest</td>
<td>6 - 9</td>
</tr>
<tr>
<td>ESD 10</td>
<td>Gardendale</td>
<td>6 - 9</td>
</tr>
<tr>
<td>ESD 11</td>
<td>Kirby</td>
<td>5</td>
</tr>
<tr>
<td>ESD 12</td>
<td>St. Hedwig</td>
<td>No Rating</td>
</tr>
</tbody>
</table>

Source: Bexar County Fire Marshall
5. Best Practices

This chapter summarizes the annexation policies for three other large and fast-growing Texas cities: Fort Worth, Houston, and Austin. Each city is facing similar growth issues in their ETJ and is affected by Senate Bill 6 (2017). Fort Worth and Austin have approaches most applicable to San Antonio as they are designed to be as proactive as allowable under the law. Houston is scaling back on annexations and only considering annexations initiated by property owners.

Fort Worth

Fort Worth is a city of approximately 850,000 people. Fort Worth is largely in Tarrant County, which has nearly 2.0 million residents. Covering five counties in total, Fort Worth’s ETJ also extends into smaller portions of Denton, Wise, Johnson, and Parker Counties. Fort Worth’s annexation policy is included in its 2019 Comprehensive Plan, which clearly states the City’s established strategies to address requests to form special districts, similar to San Antonio’s current requests.

Annexation Policy

Fort Worth’s annexation policy states that annexation is a “positive tool for guiding development”, and that annexation provides for more efficient service provision and “infrastructure necessary to develop raw land and consequently the tax base for the City, region, and the State.” The City has identified several strategies to implement its overall policy.

- Promote economic growth – The City views annexation as a tool to develop public private partnerships to support economic growth. The ETJ is therefore a planning area in which the City works with landowners to identify areas ready for development. The City tries to work with landowners on service and infrastructure planning in anticipation of voluntary annexation. Special districts, impact fees, and development agreements are a key part of this strategy.

- Facilitate long range planning – Fort Worth tries to use annexation as a tool to manage development on its edges. Its Comprehensive Plan identifies key growth areas and transportation corridors that need to be considered in new annexations, utility service, and special district formation.

- Protect future development – Fort Worth wishes to preserve value and quality of life by “protecting future development from inadequate standards.” Annexation is a tool to extend the City’s land use regulations and building codes to newly developing areas.
Special Districts

Special districts are an important part of Fort Worth’s annexation toolkit. The City has specific policies and requirements for allowing Conservation and Reclamation Districts created under Article III, Section 52, and/or Article XVI, Section 59, of the Texas Constitution. For these types of special districts, generally the most widely used for infrastructure financing, the City has consent powers that are required in its ETJ to form a district. The City leverages this power to support its economic development and land use goals. Developers rely heavily on these special districts for infrastructure financing, which creates an incentive for them to work with the City. Likewise, the City would like to see infrastructure built to its standards and cannot afford to front-end infrastructure for new development as it has maintenance responsibilities for current residents’ infrastructure.

Fort Worth uses development agreements in its consent for Conservation and Reclamation Districts. The key standard requirements, which can be amended at the City’s discretion, are outlined below.

- Land use authority: Using development agreements authorized under Texas Local Government Code §212.171. Fort Worth extends its land use authority through approval of the development plan that the district serves. The development must be consistent with the Comprehensive Plan.

- Construction codes: The project must comply with all City engineering standards and construction codes, and the City has inspection rights. All development standards must be “comparable to City zoning regulations.”

- Public land dedication: Dedication and development of parks is required to be consistent with City standards.

Other notable policies include the size of a district and the bond financing terms. The City looks for districts that are adequately scaled for financial feasibility and long-term stability. Districts of roughly 200 to 500 acres in size are preferred. This size helps achieve a more cohesive development pattern than if more small and independent districts are created. The City also ensures that bond financing terms are reasonable in order to protect future residents of the districts who will be paying the debt service with their property taxes.

Intergovernmental Coordination

Fort Worth, San Antonio, and others facilitate development review in the ETJ through interlocal agreements (ILAs) with their county partners. Fort Worth (and San Antonio) established a central office for plat review. This allows for a consolidated and consistent set of standards and comments for builders and developers. Some of the more rural counties around Fort Worth have delegated all of their plat review responsibilities in Fort Worth’s ETJ to the City.

---

1 Subchapter G: Agreement Governing Certain Land in a Municipality’s Extrancterritorial Jurisdiction. Note that this chapter does not apply to land in the ETJ of a municipality larger than 1.9 million population. San Antonio is currently 1.5 million.
Houston

Houston is a city of 2.3 million people and is almost entirely in Harris County, which is comprised of 4.6 million residents. The history and political environment around annexation in Houston and Harris County has shaped Houston’s current annexation policy in a way that is more reactive than proactive compared to Fort Worth and Austin.

Until the mid-1990s, Houston’s primary growth strategy was annexation. It unilaterally annexed surrounding areas to control land use and economic development around its edges, similar to many southwestern cities in Texas, New Mexico, Arizona, and Colorado. In about 1996, however a controversial annexation changed the way Houston approached annexation.

Kingwood Ranch

In the mid-1990s Houston annexed Kingwood Ranch, a 16,000-acre upscale master planned community. There were on-record comments from City officials noting the appeal of this area due to its high property values and tax base. The annexation was seen by residents as a tax grab, and a usurping of the independence and identity of their community. With many high-income and politically-connected residents, this action created a backlash to annexation.

Annexation Policy

Houston focuses almost solely on voluntary annexations initiated by property owners and special districts, especially Conservation and Reclamation Districts. These annexations are all contiguous to the city as well.

The City of Houston uses Strategic Partnership Agreements (SPAs) as allowed by Texas Local Government Code §43.075. SPAs allow a municipality to annex for limited purposes certain types of water districts and to levy a sales tax that can be shared by the City with the district. Eligible water districts include Municipal Utility Districts (MUDs), Water Control and Improvement Districts (WCIDs), Fresh Water Supply Districts (FWSDs) and other districts formed under Chapter 49 of Texas Water Code.

Houston shares a 1.0 percent sales tax with the district, with half going to the district to help retire its debt sooner than if only property taxes were pledged to debt service. When the debt is retired, the district is annexed in full. This approach enables infrastructure and commercial development to be built through revenue sharing, and the City gains commercial tax base over the long term.
Austin

Austin is a city of over 950,000 people. Austin is primarily in Travis County with portions in Hays and Williamson Counties. The City’s ETJ extends into four counties, which includes Bastrop County beyond the three already identified. Austin’s annexation policy is included in its Comprehensive Plan.

Annexation Policy

The City of Austin’s annexation policy is similar to the current policy for the City of San Antonio as it includes the basis (reason) for annexation. The City’s annexation website notes the changes to state law as a result of Senate Bill 6, but does not yet have a revised annexation policy.

ETJ Adjustment Policy

The City of Austin has a formalized ETJ adjustment policy. From time to time two cities may want to make adjustments that make a logical shift in ETJ. The process calls for adjustment requests to be made to the mayor, city manager, and planning and zoning staff. The requests are reviewed versus a formalized set of criteria. Release of ETJ should be made for five reasons:

- Encourage orderly development;
- Protect the City’s future tax base;
- Curtail the amount of jurisdictional areas yielded annually;
- Create equity between jurisdictional competitions; and
- Maintain a standard approach for future requests.

These five guiding principles are identified with the focus on creating a level playing field for development and businesses, regardless of jurisdiction, because of requests with limited long term potential for annexation by the City of Austin.

Water District Policy

Austin has specific policy for Municipal Utility Districts (MUDs) and Water Control and Improvement Districts (WCIDs). The City supports the formation of Public Improvement Districts (PIDs) in the City’s “Desired Development Zone.” The MUD and other WCIDs should result in a benefit beyond what would normally be created from a typical development. The criteria for evaluation provided include eight statements:

- Complies with the City’s Planned Unit Development (PUD) Green Building Program;
- Provides an extraordinary benefit,
- Has no protest to the agreement from other consenting entities;
• Must meet or extend the development standards of the City code;
• Must be financially self-sustaining with an ad valorem tax rate at or above the City’s rate;
• Uses design criteria for water, wastewater, drainage and public safety and will use the City as the water and wastewater provider;
• The developer will contribute financially to infrastructure without reimbursement from the City or MUD; and
• Will not impair future annexation opportunities and is entirely in the City’s ETJ.

Public Improvement Districts
The City also has a policy for PIDs; its seven basic requirements for the creation of PIDs include:
• Complies with the City’s Green Building Program contained within its PUD ordinance, and provides an extra-ordinary benefit;
• Is within the City’s “Desired Development Zone”;
• Has a development agreement;
• Meets or exceeds City code development standards;
• Is financially self-sustaining;
• Petitioners should make up 100 percent of landowners in the boundaries; and
• The policy includes details on what improvements and services are supportable.
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6. Policy Approach Recommendations

Chapters 1 through 5 summarize the issues and considerations concerning growth in the region. The major issues that were identified relate to three main topics: land use controls, infrastructure and service provision, and financial and fiscal impacts. The changes to state law regarding annexation are issues that need to be addressed. This chapter provides the initial policy direction recommendations for consideration by City of San Antonio staff, elected officials, and area stakeholders.

Development Contexts

The City of San Antonio’s Annexation Policy currently provides criteria for evaluation of annexation areas. One of the changes made to the Annexation Policy in 2016 was the additional guidance dependent on the context of the area under consideration for annexation. The annexation criteria are organized by context for all annexation areas that are undeveloped and are developed. This addition of contexts helped provide more specific direction and to understand that the priorities for annexation differ based on the context. Another addition to the Policy was the direction to utilize additional tools for growth management in addition to annexation as the primary approach.

The changes to state law regarding annexation have increased the need for specific policy related to development in the Extraterritorial Jurisdiction (ETJ) and the utilization of additional tools besides annexation to help guide growth. The use of contexts for development in the ETJ is recommended to help better define policy direction. Three main contexts were identified in the outreach and analysis. The first is growth policy for areas located in the ETJ and will not be located within a special district or within the military base five-mile buffer. The second context is development that requests the use of a special district. The third context is development located in the ETJ within the five-mile military buffer, as shown below.

Figure 8. Development Contexts

<table>
<thead>
<tr>
<th>Within Existing Policy</th>
<th>Potential Revisions to Policies and Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annexation</td>
<td>ETJ</td>
</tr>
<tr>
<td>Undeveloped</td>
<td>No Special District</td>
</tr>
<tr>
<td>Developed</td>
<td>With Special District</td>
</tr>
<tr>
<td></td>
<td>5-Mile Military Buffer</td>
</tr>
</tbody>
</table>
Growth Policy Toolbox

The following are the major tools identified that can help guide development in the ETJ. Policies, procedures, and strategies for the use of each tool should be a component of each.

- Annexation
- Development (Non-Annexation) Agreements
- Military Protection Areas/Military Annexation Areas
- Special Districts
- Strategic Partnership Agreements (SPAs)
- Joint Planning Efforts
- Municipal Boundary Adjustment or ETJ Release with other cities

Annexation Policy Considerations

The following topics, potential strategies, questions, and concerns will be evaluated during the formation of the Growth and Annexation Policy document in Phase 2 of this Study.

- The existing annexation policy is largely still relevant. The use of development contexts used in the existing policy should be used as a framework for addressing broader growth policy in the ETJ.

- Revisions are needed to annexation policy to reflect new state laws for annexation and tweaks to annexation policy and evaluation criteria are needed to reflect the changes. Specific components include:
  - The identification of situations for the proactive use of annexation to secure areas for economic development and asset protection is needed. These purposes for annexation appear to have a greater priority now. The revisions should include potential incentives that could help entice property owners to annex. The annexation policy should also specify any major changes to CoSA’s use of fiscal impact analysis for annexation that are needed based on the change to the state law and feedback from the technical and fiscal analysis related to the 2013 Annexation 360 program. This will be a specific task item to be completed in Phase 2.
  - San Antonio City Council should continue to strategically annex through an election process if annexation areas meet policy evaluation criteria.
Non-Annexation Policy Considerations

The following topics, potential strategies, questions, and concerns will be evaluated during the formation of the Growth and Annexation Policy document in Phase 2.

- The non-annexation agreement in the current Annexation Policy serves a good basis and does not need substantial revision.
- The standard terms and conditions CoSA typically uses in these agreements generally align with best practices. Examples of this are: expiration of the agreement tied to the term of debt and extension of land use controls and other City requirements; and the ability to perform building inspections. The standard terms need to be specified in the policy to provide a working term sheet.
- A question/concern is whether Senate Bill 6 and subsequent legislation affect the ability for CoSA to annex areas in existing non-annexation agreements or future non-annexation agreements at the end of their agreement terms. The viability of these agreements in the future is a question requiring legal guidance.
- State law does not allow cities to extend services to limited purpose annexation areas. The ability of the City to extend certain services to areas in the ETJ without full-purpose annexation should be explored further including identification of positive and negative impacts of doing so.
- Currently, developers pay for major street infrastructure through the Rough Proportionally process. A limitation of this policy however is it does not adequately address collector roads and connectivity. Another possibility is the ability of CoSA to aid in the funding and financing of capital investments needed to build the Major Thoroughfare Plan in return for extension of land use controls or limited-purpose annexation if it aids development compatible with SA Tomorrow.
ETJ Policy Considerations

The City of San Antonio’s ability to influence development in the ETJ and address the three major areas of concern (land use controls, infrastructure, and financial and fiscal impacts) varies based on the context of the development. The points of leverage or opportunity for CoSA in the ETJ are identified in Figure 9. The policy considerations and questions to be explored for each context are provided below.

Figure 9. ETJ Points of Leverage by Context

<table>
<thead>
<tr>
<th>Issue</th>
<th>ETJ</th>
<th>Special District</th>
<th>5-Mile Military Buffer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Use Controls</td>
<td>• Subdivision Regulations • Edward Aquifer Recharge zoning</td>
<td>• City consent for district formation • Can require conformance with desired land use</td>
<td>• Military lighting – dark skies • Noise Attenuation • Opportunity to control use through JLUS</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>• City development standards • Roads in project limits • Contribute to Major Thoroughfare Plan • Utilities Service Agreement</td>
<td>• City development standards • Roads in project limits • Development agreement may include: • City inspections • Conformance with City codes</td>
<td>• City development standards • Limited residential inspections</td>
</tr>
<tr>
<td>Financial and Fiscal Impacts</td>
<td>• Platting and MDP fees • Water/sewer tap fees</td>
<td>• Platting and MDP fees • Water and sewer fees • Potential Revenue sharing through SPA</td>
<td>• Platting and MDP fees • Water/sewer tap fees</td>
</tr>
</tbody>
</table>
Requests in ETJ

- CoSA has limited ability to influence development in the ETJ without a special district and development agreement request or if development is outside the five-mile military buffer.

- Discussions with Bexar County are needed to identify if there is value in exploring joint planning efforts and agreements that may incentivize development projects to utilize a special district, seek annexation or non-annexation agreements, or other partnerships. Specifically, if the County is interested in a working policy for directing projects or parcels of a certain size to utilize partnerships or tools that allow for land use controls and to address regional infrastructure funding.

Requests for Special District

- Specific policy guidance is needed within the Growth and Annexation Policy for the use, review, and approval of Special District requests. Guidance for the use of Public Improvement Districts (PIDs) and Super PIDs is needed. Furthermore, guidance for water control districts is also needed.

- Approval of special districts should result in a project addressing one or all three of the priority issues (land use controls, infrastructure provision, and fiscal impact). More input from staff, the Working Group and the Community Advisory Group is needed on what the most important issue that needs to be addressed is, or if they are all equal.

  - The City of Austin makes approval of special districts contingent on providing a “community benefit(s)” beyond its standard terms.

  - The City of San Antonio may want to seek more public benefits from the agreements beyond addressing land use controls and financial/fiscal issues. Flexibility to include components beyond land use controls and addressing fiscal impacts in consent agreements should be allowed.

- The concept of a priority growth area(s) is also worth exploring. The City of Austin identifies these and could be a context or area where the use of special districts is encouraged or discouraged or there are more lenient or stringent requirements for use.

- One potential opportunity is to require projects using a special district to comply with a joint land use plan developed with the County and JBSA.

- A priority growth area would also help protect natural resources that are the most intact further out from city boundaries.

- CoSA and Bexar County should jointly develop a procedure for approval and referral of special district requests. CoSA and Bexar County should jointly develop a process to follow.
• The use of Strategic Partnership Agreements should be explored as a potential requirement of a water district approval. A potential strategy is to require special districts to direct funding for on-going maintenance and/or capital reinvestment for infrastructure.

• Lastly, additional legal guidance and research is needed to identify what issues certain special districts may create for the City that are not intended but possible. Specifically, there are certain districts that may result in the loss or transfer of certain municipal powers to the special district. The potential instances need to be confirmed and clearly identified in the policy.

Requests Located within Military Influence Buffer

• The direction and strategy CoSA has identified for land use controls in areas that elected to not be annexed need to be detailed in the Growth and Annexation Policy document. As well, a system for monitoring this approach should be created to identify modifications over time.

• There is potential for the use of Joint Land Use Studies (JLUS) with JBSA to provide more stringent land use controls. Legal evaluation of this strategy, and subsequent policy and procedures for jointly developing the JLUS, is needed for the City and JBSA.