BEXAR COUNTY UNINCORPORATED AREA STUDY

PHASE I: COMPARATIVE ANALYSIS
PHASE II: FISCAL IMPACT ANALYSIS OF ANNEXATION & INCORPORATION
PHASE III: SERVICE DELIVERY & FISCAL SUSTAINABILITY RECOMMENDATIONS
ADDENDUM: COMPARISON OF STUDY RECOMMENDATIONS TO CITY OF SAN ANTONIO 2014 PRIORITY ANNEXATION AREAS

Prepared for

Bexar County, Texas

December 2014

TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, Suite S240
Bethesda, MD 20816
800-424-4318
www.tischlerbise.com

TischlerBise
4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318

www.tischlerbise.com

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TASK 1.2: COMPARATIVE ANALYSIS OF LEGISLATIVE AUTHORITY

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Executive Summary

Bexar County's population in its unincorporated area has rapidly grown over the past decades and portions have developed urban-like conditions. Residents of this area do not receive city-type services similar to those of San Antonio, but current and future densities suggest that city-like services would be advisable or desired by residents. However, it is not legal or financially feasible for Texas counties to provide similar services as a city. This memorandum is a comparison of the legislative authority granted to cities versus counties in Texas, followed by a comparison of authority granted to urban counties in other states, ending with an analysis of legislative changes that would be required to give Texas urban counties the necessary statutory, regulatory and revenue generating authority to provide more city-like services to the unincorporated area.

An analysis comparing Texas counties and cities found that Texas counties are very limited in their abilities to provide services as compared to cities. Counties may not be granted home-rule status or pass general ordinances. In terms of collecting revenue, counties derive most of their revenue from property tax, and are capped at a much lower rate than cities. Cities have a much more diversified revenue stream, and receive substantial funds from sales tax, utility revenue, and fees along with property taxes. Counties do not have the ability to plan and zone and can only require certain building standards through subdivision regulation, whereas cities have a broad power to zone. Cities have more options in terms of economic and community development than counties. Counties are able to establish fire, police, utilities, and solid waste service, but cities have more flexibility in terms of regulating and financing these entities.

Texas counties possess limited authority when compared to counties of other states. Many of the other states studied have power to adopt ordinances which enables them to govern more effectively the unincorporated areas. Arizona, Colorado, and Florida can adopt a home rule charter, and New Mexico can gain "urban county status" which enables these county to exercise all power except what has been specifically been denied to it by the state. Considering revenue, Texas is somewhat more constrained than other counties. All counties can levy a property tax, but only Colorado can levy general sales and use tax. Texas is the only county that cannot charge franchise fees. Texas counties cannot zone or plan in the unincorporated area, which makes it impossible to control development in the unincorporated area, whereas all other counties examined have this power.

Based on the analysis performed, Texas counties are constrained in their statutory and revenue raising capabilities compared with Texas cities and urban counties of other states. To remedy this, Texas counties need home-rule authority to create ordinances that work best for each county (as opposed to the current "one size fits all" approach), increased revenue raising abilities, and zoning power to be able to control the development in the unincorporated area.

Introduction

BACKGROUND

The population of Bexar County grew 23 percent to over 1.7 million people between 2000 and 2010. Significantly, the unincorporated area of Bexar County grew to over 260,000 people, an increase of almost 90 percent. During the same time period, housing units in the unincorporated area increased 83 percent to over 85,000 units. Additionally, the City of San Antonio has significantly reduced its annexation activity in recent years, although the City has recently updated its annexation policy and is developing a new annexation plan. The citizens of the unincorporated area of Bexar County receive limited services compared with incorporated areas of the County, including limited fire protection, and limited access to library and animal control services. Portions of the unincorporated area have developed urban-like conditions, and it is reasonable to assume that residents may expect city-type services.

The Bexar County Planning and Resource Management Department presented a Long-Range Service Delivery Forecast, which found that it is not legal for the County to provide similar types and levels of services as the City of San Antonio. This is because the County does not have "home-rule" authority and taxes would need to be raised higher than is politically feasible. (There is a roll-back tax rate increase limit of no more than an annual 8% increase in the tax rate; otherwise the increase can be challenged by the voters.)

PURPOSE

This memorandum is a comparison of the legislative authority granted to cities versus counties in Texas, followed by a comparison of authority granted to urban counties in other states, ending with an analysis of legislative changes that would be required to give Texas urban counties the necessary statutory, regulatory and revenue generating authority to provide more city-like services to the unincorporated area.

DEFINITION OF "CITY-LIKE SERVICES"

To analyze the differences in legislative authority granted to cities and counties in Texas, it is important to define "city-like services." This way, the discussion can focus on how these services are provided in either body. Major expenditures by city governments include fire and police protection, road and bridge construction and maintenance, water, sewage, garbage pickup, and parks and recreation. Other services can include planning and zoning, building codes and enforcement, libraries, airports, and hospitals.

A Bexar County presentation on demand for city-like services in the unincorporated area found that services not provided by the County that may be expected in a more urban unincorporated area setting include code enforcement, cultural affairs, customer service, development services, fire/EMT, police, and solid waste management.

Comparison of Legislative Authority Granted to Texas Counties versus Cities

DERIVATION OF AUTHORITY

County

Counties derive their authority from the state government and Local Government Code in Texas Statute and Code. The Texas Constitution declares that counties in Texas are legal subdivisions of the State[1] and thus are responsible for carrying out the state's laws. This relationship has been interpreted to mean that counties can only regulate matters that are "expressly authorized or implied" by the Texas Constitution or statutes.[2] Thus, counties do not have the authority to pass general ordinances.

However, in some cases, the Legislature has authorized a county or counties to enact rules or ordinances in regard to a specific issue. For instance, Chapter 231 of the Texas Legislative Code authorizes some counties that are frequented for recreational purposes, including Padre Island and Amistad Recreation Area, to create and enforce zoning ordinances. The legislation granting counties this special zoning ordinance power states that "buildings in the area that are frequented for resort or recreational purposes tend to become congested and to be used in ways that interfere with the proper use of the area as a place of recreation to the detriment of the public health, safety, morals, and general welfare." Additionally, all counties have regulatory authority over residential subdivision plats, junkyards, and wild animals. No special ordinance-creating power granted specifically to Bexar County was found.

Services that are required for counties to provide include jails, courts, juvenile, adult probation facilities, prosecution, indigent health, elections, county auditor/ treasurer, debt service, records management, homeland defense, and existing tax abatements. Discretionary services include future tax abatements, economic development, ems/fire, law enforcement, public health, roads, parks/community centers, libraries, senior services, family services, community development, employee benefits, and health insurance.[3] The authority to provide these services includes the authority to raise revenue to perform these functions; however the mechanism to raise money can vary by service. Some of these are explained in more detail in further sections.

City

Cities in Texas that have a population of more than 5,000 people can adopt a home-rule charter, which "has the full power of local self-government, subject to certain statutory limitations." This allows cities to have all power except which has been specifically denied to them by the state of Texas or the United States. "The governing body of a municipality may adopt, publish, amend, or repeal an ordinance, rule, or police regulation that: (1) is for the good government, peace, or order of the municipality or for the

[1] Tex. Constitution, Art. 11, §1

[2] *City of San Antonio v. City of Boerne, 111 S.W.3d 22, 28 (Tex. 2003).*

[3] Texas Association of Counties. (2011). Discretionary Services Worksheet. Retrieved from: http://www.county.org/taxcap/documents/DiscretionaryServicesWorksheet.pdf

trade and commerce of the municipality; and (2) is necessary or proper for carrying out a power granted by law to the municipality or to an office or department of the municipality."[4]

Summary of Derivation of Authority

The lack of authority counties have to enact general ordinances hinders their ability to govern unincorporated areas the same way that a city can. For instance, counties can't mandate solid waste collection or how buildings should be developed, or any other item that has not been specifically granted by the Texas legislature. Legislative changes are necessary for a county to receive this authority. Options include a home-rule status for counties or a special urban county designation so that counties that have high amounts of development in the unincorporated area can appropriately govern it. Additionally, counties could seek regulatory authority over specific issues from the Texas legislature.

REVENUE

County

County revenue is primarily composed of property tax and sales tax. Figure 1 displays the allowable rate and authority of each type of tax that counties are allowed to impose.

[4] Tex. Loc. Gov't Code § 51.001

Figure 1: Allowable Tax Rates Imposed by Texas Counties[5]

Texas Counties		
Type of Tax	***Tax Rate***	***Taxing Authority***
Property Taxes		
General fund	up to .80/$100 valuation	Art. VIII §9, Tex. Constitution
Additional Property Taxes		
Farm-to-market roads/flood control	up to .30/$100 valuation	Art. VIII §1-a, Tex. Constitution
Special road and bridge tax	up to .15/$100 valuation	Art. VIII §9, Tex. Constitution
Seawalls	no limit specified	Art. XI §7, Tex. Constitution
Sales and Use Taxes - Maximum of 2% per Jurisdiction		
Sales tax to reduce property tax - city present	0.5%	§323.101, 103 Tax Code
Sales tax to reduce property tax - no city present	1.0%	§323.101, 103 Tax Code
Sales tax for county assistance district	up to 2%	§387 Local Govt Code
Sales tax for crime control and prevention district	up to .5%	§323.105 Tax Code
Sales tax for emergency services district	up to 2%	§775 Health and Safety Code
Sales tax for hospital/health services district	0.5%	§324.021 - 022 Tax Code
Sales tax for landfill and criminal detention center	0.5%	§325.021-022 Tax Code
Sales tax for library district	up to .5%	§326 Local Govt Code
Sales tax for public improvement district	up to 2%	§372 & 382 Local Govt Code
Sales tax for venue projects	up to .5%	§334.081, 083 Local Govt Code
Hotel Taxes		
Hotel occupancy tax for certain counties	2% - 8%	§352.002-003 Tax Code
Hotel occupancy tax for venue project	up to 2%	§334.252, 254 Local Govt Code
Miscellaneous Taxes		
Admissions tax on tickets sold at venue project	up to 10%	§334.151-152 Local Govt Code
Facility use tax on members of sports teams	up to $5000 per player	§334.302-303 Local Govt Code
Motor vehicle rental tax for venue project	up to 5%	§334.102-103 Local Govt Code
Parking tax on event parking at venue facility	up to $3 per vehicle	§334.201-202 Local Govt Code
Coin-operated machine occupation tax	up to $15 per year	§2153.451 Occupations Code

Property tax. Counties have several property taxes that can be imposed to raise revenue. The "general fund" tax, which is imposed by all 254 Texas counties, has a property tax rate cap of $0.80 per $100 assessed valuation.[6] Revenues raised from this can be for the general fund, permanent improvement fund, road and bridge fund and jury fund purposes.

Counties may levy an additional property tax to be levied and collected for the further maintenance of the public roads subject to voter approval, not to exceed $0.15 per $100 assessed valuation.[7] Counties may also impose an additional $0.30 per $100 assessed valuation to pay for the construction and maintenance of Farm to Market Roads or for Flood Control.[8] Counties along the Gulf Coast can impose the seawall tax, and this is limited to $.50 per $100.00 assessed valuation.[9]

Taxing units must calculate and propose an effective tax rate and rollback tax rate. The effective tax rate refers to the rate that will generate the same amount of revenue that city had the previous fiscal year

[5] TLC Research Division. (2002). Overview of Local Taxes in Texas. Prepared for the Senate Committee on Finance. Retrieved from: http://www.tlc.state.tx.us/pubspol/localtaxes.pdf
[6] Tex. Constitution, Art. VIII §9 (a)
[7] Tex. Constitution, Art. VIII §9 (c)
[8] Tex. Constitution, Art. VIII §1-a
[9] Tex. Constitution, Art. XI §7

after including changes in appraisals.[10] The rollback tax rate is equal to 108% of the maintenance and operating effective tax rate and required taxes to pay for general obligation debt.[11] If a tax rate is adopted that is higher than the rollback rate, voters can petition for an election to limit the size of the tax increase.[12] Because of this, the rollback tax rate acts as a revenue cap on the county. The Texas Supreme Court rules that undoing a commissioners court-approved tax using the rollback tax election is constitutional.[13] While the different tax rates described above are Texas-specific, many other counties have yearly revenue caps.[14]

Sales Tax. A county may impose a general sales and use tax at a rate of .5% if it does not have territory inside a rapid transit authority. (Bexar County has territory inside a rapid transit authority). A county may impose this tax at a rate of 1% if the county does not have any territory within the limits of a municipality. If a county levies a sales and use tax, it must grant a property tax credit and use the revenues from the sales and use tax to replace lost property tax revenues. Revenues from a general sales tax are deposited in the general fund and can be used to finance city-type services. If the revenues from the sales and use tax exceed the amount granted in property tax credits unexpectedly, the county must hold these extra revenues in a special account for three years in case a given year's revenues are insufficient to finance the property tax credit. After three years, the county can use the revenues towards the general payment of indebtedness.[15]

Additionally, sales and use taxes can be levied in some special districts if approved by the voters. Special districts that can levy a sales and use tax include a county assistance district, crime control and prevention district, emergency services district, health services district, hospital district, library district, and public improvement district.

The combined rate of all of local sales and use taxes (city, county, and metropolitan transit authority/ city transit department) may not exceed 2% in any one taxing district as required by state law.[16]

Other taxes. Counties may levy hotel occupancy taxes, mixed beverage tax, venue taxes, and coin-operated machine taxes. Hotel occupancy taxes can only be used for specific purposes, including include convention centers, sporting events, visitor information centers, historic preservation, and promotion

[10] Tex. Tax Code, §26.04(c)(1)
[11] Tex. Tax Code, §26.06
[12] Combs, Susan. "Setting Tax Rates." Window on State Government. Retrieved from: http://www.window.state.tx.us/taxinfo/proptax/remedy10/remedy10_7.html
[13] Holland, Clayton T. & Charles R. Kimbrough. (2012). Basic Taxation and Other Revenue Possibilities for Counties. Bickerstaff Heath Delgado Acosta LLP. Retrieved from: http://vgyi-tamu-edu.wpengine.netdna-cdn.com/files/2012/06/Holland-Basic-Taxation-and-Other-Revenue-Possibilities-for-Counties.pdf
[14] McLaurin, Joshua. (2008). A Look at County Revenue Authority: A State by State Report. National Association of Counties. Retrieved from: http://www.naco.org/research/pubs/Documents/County%20Management%20and%20Structure/Research%20County%20Management%20and%20Structure/County%20Revenue%20Authority.updated.pdf
[15] Tex. Tax Code, §323.101, 103
[16] Tex. Administrative Code §3.251

and tourist advertising.[17] Counties receive a local share of the state mixed beverage tax, which can be used for any legal purpose.[18]

Counties may levy occupation taxes,[19] but they can only levy this tax on professions and businesses specifically permitted by state law.[20] The only occupation tax a county may levy is a tax on coin-operated machines. The coin-operated machine tax can only go up to one-fourth of the state rate ($60), which means that counties can levy a tax of up to $15 per machine per year.[21]

Franchise Fees. Counties do not have the authority to levy franchise taxes or fees.

Utility Fees. Counties may collect utility fees, which are charges collected for utilities. Utilities counties can have in Texas include water, sewer and solid waste.[22]

Impact Fees. A county that has a population of 3.3 million or more, or one that borders a county with this population, is authorized to impose impact fees to provide storm water, drainage, and flood control improvements necessary to accommodate new development.[23] (Bexar County does not meet this requirement).

[17] Tex. Tax Code §352.002-003
[18] Tex. Tax Code §181.051
[19] Texas Const., Art. VIII, § 1
[20] Tex. Tax Code §101.008
[21] Tex. Occupations Code §2153.451
[22] Tex. Loc. Gov't Code §562.015
[23] Tex. Loc. Gov't Code §395.079

City

Incorporated Texas cities, towns and villages can levy a property tax and a sales and use tax.

Figure 2: Allowable Tax Rates Imposed by Texas Cities[24]

Texas Cities		
Type of Tax	***Tax Rate***	***Taxing Authority***
Property Taxes		
Property tax, general law cities	up to $1.50/$100 valuation	Art. XI §4, Tex Constitution
Property tax, home rule cities	up to $2.50/$100 valuation	Art. XI §5, Tex Constitution
Additional Property Taxes		
Seawalls	none specified	Art. XI §7, Tex Constitution
Operation of port	up to $.10/$100 valuation	§54.004 Transportation Code
Sales and Use Taxes - Maximum of 2% per Jurisdiction		
Sales tax for general revenue	1.0%	§323.101, 103 Tax Code
Sales tax for economic development	up to .5%	Art. 5190.6, §4A,§4B VTCS
Sales tax to reduce property taxes	up to .5%	§323.101, 103 Tax Code
Sales tax for street maintenance	0.3%	§327.003-004 Tax Code
Sales tax for venue project	up to .5%	§334.081, 083 Local Govt Code
Sales tax for mass transit	up to .5%	§453.401 Transportation Code
Sales tax for crime control and prevention district	up to .5%	§323.105 Tax Code
Sales tax for fire control, prevention and EMS district	up to .5%	§344 Local Govt Code
Sales tax for muncipial development district	up to .5%	§377 Local Govt Code
Sales tax for muncipial management district	up to .5%	§375 Local Govt Code
Hotel Occupancy Taxas		
Hotel occupancy tax	up to 7%	§351.002, 0025, 003 Tax Code
Hotel occupancy tax for venue project	up to 2%	§334.252, 254 Local Govt Code
Miscellaneous Taxes		
Admissions tax on tickets sold at venue project	up to 10%	§334.151-152 Local Govt Code
Facility use tax on members of sports teams	up to $5000 per player	§334.302-303 Local Govt Code
Motor vehicle rental tax for venue project	up to 5%	§334.102-103 Local Govt Code
Parking tax on event parking at venue facility	up to $3 per vehicle	§334.201-202 Local Govt Code
Coin-operated machine occupation tax	up to $15 per year	§2153.451 Occupations Code

Property Tax. Home-rule cities that have a population of 5,000 or more have the statutory authority to levy property tax of up to $2.50 per $100 of assessed value.[25]

As discussed earlier, taxing units must calculate and propose an effective tax rate and rollback tax rate. The effective tax rate refers to the rate that will generate the same amount of revenue that city had the previous fiscal year after including changes in appraisals.[26] The rollback tax rate is equal to 108% of the

[24] TLC Research Division. (2002). Overview of Local Taxes in Texas. Prepared for the Senate Committee on Finance. Retrieved from: http://www.tlc.state.tx.us/pubspol/localtaxes.pdf
[25] Tex. Constitution, Art. XI §5
[26] Tex. Tax Code, §26.04(c)(1)

maintenance and operating effective tax rate and required taxes to pay for general obligation debt.[27] If a tax rate is adopted that is higher than the rollback rate, voters can petition for an election to limit the size of the tax increase.[28]

Sales and Use Taxes. Cities may impose a sales tax rate of 1%, which can be used for any purpose except securing the payment of bonds or other indebtedness. Most incorporated cities can impose a sales tax for property tax relief. Revenues are deposited into a city's general revenue fund and the local sales tax must reduce the effective and rollback property tax rates within the city.[29]

Many cities also impose additional sales taxes, known as "dedicated taxes" in varying amounts of up to one cent for specific purposes, such as mass transit, street maintenance, economic development, and sports venues. Similar to counties, cities can create special districts and use sales taxes to fund them. Special districts include a crime control and prevention district, a fire control, prevention, and emergency medical services district, a municipal development district, and a municipal management districts.

All city sale and use taxes must be no higher than a combined rate of 2%.[30]

Other Taxes. Cities have authority to levy a tax on a person who pays for a room at a hotel. These funds may only be used for specific purposes defined by statute.[31] Cities also levy a mixed beverage tax, a cemetery tax, a coin-operated machine tax, and venue taxes.[32]

Franchise Fees. Cities may collect fees from private firms for the use of public property by utilities and other industries use city property to distribute their services. Examples include electric franchise fees,[33] gas or water franchise fees,[34] cable and video franchise fees,[35] and telecommunications franchise fees.[36]

User Fees. Cities may collect user fees, which are charges collected for the use of city services, including city facilities and building permits.

Utility Fees. Cities may collect utility fees, which are charges collected for utilities. Utilities cities in Texas can provide include water, sewer, electricity, gas and solid waste.[37] Water and sewer rates are regulated by the Texas Water Code, Chapter 13. The Public Utility Regulatory Act (PURA) governs the rates of electric utilities, gas and telecommunications. Solid waste rates and drainage utility rates are set by the municipality.

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[27] Tex. Tax Code, §26.06
[28] Combs, Susan. "Setting Tax Rates." Window on State Government. Retrieved from: http://www.window.state.tx.us/taxinfo/proptax/remedy10/remedy10_7.html
[29] Tex. Tax Code §321
[30] Tex. Tax Code §321.101(f)
[31] Tex. Tax Code §351
[32] Tex. Loc. Gov't Code §334, Tex. Occupations Code §2153.451
[33] Tex. Utilities Code §33
[34] Tex. Utilities Code §182.025
[35] Tex. Utilities Code §66
[36] Tex. Local Gov't Code §283
[37] Tex. Loc. Gov't Code §402.001

Impact Fees. The Texas Local Government Code authorizes political subdivisions to impose impact fees to be used to pay for costs of constructing capital improvements or facility expansions. A municipality may contract to provide capital improvements, except roadway facilities, to an area outside its corporate boundaries and extraterritorial jurisdiction and may charge an impact fee under the contract.[38] A city may impose an impact fee as security for the payment of debt on a bond or other obligation to finance a capital improvement or public facility expansion if the improvement is identified in the capital improvements plan and the municipality certifies that none of the impact fee will be used for an improvement not identified in the plan.[39]

Summary of Taxing Authority

Many differences exist between the taxing abilities and rates of counties and cities, specifically regarding the property tax rate, sales and use tax, and franchise fees. Counties can levy a property tax of up to $.80 per $100 assessed valuation and have a few options for additional property taxes dedicated to certain items, whereas general law cities can impose up to $1.50 and home rule cities can impose up to $2.50. Both are subject to a voter petition if a property tax is higher than the rollback rate.

Considering the sales and use tax, cities are able to impose a 1% rate to put towards their general fund. In contrast, counties with territory inside a municipality can levy a tax of .5%, but counties with territory inside a rapid transit authority may not levy a sales tax at all. This is significant for this analysis because Bexar County lies within the VIA Metropolitan Transit Authority. VIA generates a large portion of its revenue from a half-cent sales tax levied in its service area, which is 98% of Bexar County.[40] Thus, Bexar County residents, including the unincorporated area, are provided with public transportation service, but the county cannot generate revenue to use in its general fund through the sales and use tax. Because of these limitations, the county sales and use tax is not as effective as a city sales and use tax as a revenue generator. It was primarily designed to be used as a mechanism to reduce property taxes.[41]

Counties are able to levy sales taxes to create certain districts, but these can be constrained by requirements, such as population or voter approval. Cities and counties can both charge hotel occupancy and other miscellaneous taxes. Counties are not authorized to charge franchise fees, whereas cities are.

DEBT

County

Authority to Issue Debt. A county does not have the authority to issue debt unless expressly granted by the Texas Constitution or statute. (See below for authorized uses.) The opinion in Texas Attorney General Opinion No. JC-0139 (1999) explains that counties do not have a general power to incur debt, which is defined as "any pecuniary obligation imposed by contract, except such as will, at the date of the

[38] Tex. Loc. Gov't Code Sec. 395.011
[39] Tex. Loc. Gov't Code, Sec. 395.012
[40] VIA Metropolitan Transit. (2007). "VIA Facts & Figures." Retrieved from: http://www.viainfo.net/organization/facts.aspx
[41] Holland, Clayton T. and Charles R. Kimbrough. (2012). Basic Taxation and Other Revenue Possibilities for Counties. Presented at the South Texas County Judges and Commissioners Association Conference.

contract, within the lawful and reasonable contemplation of the parties, be satisfied out of current revenues for the year, or out of some fund then within the immediate control of the city [or county]." The opinion concludes that counties may not borrow money and repay the loan with the proceeds of ad valorem property taxes levied for that purpose without issuing bonds or other obligations evidencing the loan.[42] Short term borrowing that will be paid back within a year is generally not considered by the constitution as the creation of debt. [43]

General Obligation Bonds. Counties have the authority to issue bonds or other obligations if they are secured by a pledge of ad valorem taxes and there is statutory authorization. Most county tax-backed bonds and other obligations have a limited tax pledge that use the $.80 per $100.[44]

Revenue Bonds: Counties can issue revenue bonds. No election is required under state law to issue revenue bonds. Revenue debt is used for allowed county purpose, such as acquiring, constructing, remodeling and renovating waste water and sewer systems, toll roads and hospitals.[45]

The list below displays specific bonding authority purposes granted to Texas counties:[46]

Texas Constitution

- Construction and maintenance of roads. (Art. 3, §52)

Local Government Code

- May issue revenue bonds in connection with county parks. (§320.071)
- May issue bonds to finance construction of seawalls. (§421.006)
- May issue bonds for acquisition of land and buildings for parks, playgrounds, and historical museums. (§331.004)
- Counties over 600,000--building authority may issue bonds to provide courthouse. (§293.051)

Government Code

- May issue bonds for the following purposes: To erect county courthouse and jail; to purchase land/buildings for homes for dependent and delinquent boys and girls; to establish county poor houses, farms, and homes for needy or indigent in the county; to purchase and construct Issue bonds for irrigation. (§1474.001)
- Issue bonds for irrigation. (§1474.001)

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[42] Cornyn, John. (1999). Opinion No. JC-0139. Office of the Attorney General - State of Texas. Retrieved from: https://www.oag.state.tx.us/opinions/opinions/49cornyn/op/1999/htm/jc0139.htm
[43] Pollan, Thomas M. (2012). Public Finance Handbook for Texas Counties. Bickerstaff Health Delgado Acosta LLP. Retrieved from: http://www.county.org/resources/legal/pdf/publicfinancehandbook.pdf
[44] Pollan, Thomas M. (2012). Public Finance Handbook for Texas Counties. Bickerstaff Health Delgado Acosta LLP. Retrieved from: http://www.county.org/resources/legal/pdf/publicfinancehandbook.pdf
[45] Tex. Local Gov't Code §361.053
[46] Brooks, David B. 2009 Guide to Texas Laws for County Officials. Texas Association of Counties. Retrieved from: http://www.county.org/resources/legal/pdf/2009Guide_to_TXLaws.pdf

- May issue revenue bonds to acquire and operate sports center (counties over 1.3 million.) (§1432.001 et seq)
- May issue bonds to acquire manufacturing or commercial facilities. (§1477.001 et seq.)
- May issue certificates of indebtedness for construction and operation of firefighter training facilities. (§1477.201 et seq.)
- May issue bonds to pay for surveys, plats and maps, and assess tax to finance (counties over 500,000.) (§ 1477.252)
- May issue revenue bonds if authorized in election to finance acquisition of water. (§1477.051 et seq.)
- May issue bonds or time warrants to finance acquisition of fire-fighting equipment. (§1477.151 et seq.)
- Counties over 275,000 may issue bonds to erect public health administration buildings and acquire sites and equipment. (§1473.171 et seq.)
- Counties over 900,000 may issue bonds and levy taxes for acquisition/construction of county workhouses and farms for prisoners. (§1473.191 et seq.)
- Counties over 900,000 may issue certificate of indebtedness for acquiring, constructing, and repairing crime detention facilities. (§1473.231 et seq.)
- Issuance of bonds for athletic and sports centers. (§1432.001 et seq.)
- Issuance of higher education improvement bonds. (Chapter 1434)
- Issuance of bonds for parks and fairground facilities. (Chapter 1435)
- Issuance of bonds for firefighting equipment. (§1477.151 et seq.)
- Issuance of bonds for county water supply. (§1477.051 et seq.)
- Payment of interest on county bonds. (§1301.004)
- Economic development bonds. (§1433.001 et seq.)
- Issuance of bonds for county buildings. (Chapter 1473)
- Issuance of private activity bonds. (§1372.001 et seq.)
- Issuance of bonds for employment, industrial, and health resource purposes. (Chapter 1433)
- May issue bonds to purchase or otherwise acquire a public library building. (§1473.001 et seq.)

Transportation Code

- Counties or portions of counties may join together to form road districts and issue bonds for road construction, maintenance, and operation—can levy tax to pay road district bonds. (§257.112)
- Must levy tax to pay interest and provide sinking fund before selling bonds. (§256.051)
- May authorize bonds for causeways, bridges, tunnels, turnpikes, or highways. (bracket legislation) (Chapter 284)

Health & Safety Code

- May issue bonds for solid waste facilities. (Chapter 364)
- Have bonding authority related to clean air financing. (Chapter 383)

- Have bonding authority for creating hospital districts (counties of 75,000 or less.) (Chapter 282)
- Have authority to levy tax for optional hospital district. (Chapter 283)
- Have a bonding authority for establishment of hospital and/or other health facilities. (Chapter 263)
- County hospital authority may issue revenue bonds. (Chapter 264)

City

Authority to Issue Debt. The Texas Constitution declares that a home rule city has the power to issue debt if the city collects a sufficient sum to pay the interest and creates a sinking fund of at least 2%.[47]

General Obligation Bonds. A city may issue bonds payable from ad valorem taxes to construct or purchase permanent improvements, streets and bridges, and buildings and sites for public schools and other institutions of learning.[48] Cities with more than 600,000 persons may incur total bonded debt through the issuance of bonds payable from taxes in an amount not to exceed 10% of the total appraised value of property.[49] Lastly, the Texas Government Code allows for a home-rule municipality to issue bonds on the credit of the municipality to make permanent public improvements or for other public purposes in the amount and to the extent provided by its charter subject to voter approval.[50] The purposes of the bonds must be permitted under the city's home rule charter. Home rule cities also have statutory authority to issue bonds for specific purposes.

Revenue Bonds. Revenue bonds are secured by a pledge of revenues from an income-producing facility, such as a utility system, and do not require voter approval unless required by a city's charter. The holder may never be able to demand payment from property taxes, which means they are not backed by the full faith and credit of the city.[51]

The following displays specific bonding authority authorized to municipalities: [52]

Texas Constitution

- Improvements to rivers, creeks, and streams, to prevent overflow, or to permit irrigation or navigation. (Art. 3, §52)
- Construction of paved, graveled or macadamized roads, and turnpikes. (Art. 3, §52)
- Construction of ponds, lakes, dams, reservoirs, and canals for the purpose of irrigation, drainage, or navigation. (Art. 3, §52)
- May issue bonds for construction and maintenance of roads. (Art. 3, §52)

[47] Tex. Const. Art. 11 §5
[48] Texas Government Code §1331.001
[49] Texas Government Code §1331.051
[50] Texas Government Code §1331.052
[51] Tex. Gov't Code §53.51
[52] Oommen, Kuruvilla and Carolyn McLaughlin. (2012). "Municipal Finance: The Basics of Budgeting, Revenue Sources, Borrowing, Depositories, and Investments." The Thirteenth Annual Riley Fletcher Basic Municipal Law Seminar. Retrieved from: http://www.texascityattorneys.org/2012speakerpapers/rileyfletcher/MunicipalFinancePaper2-24-12%20_Read%20Only_Handout.pdf

Texas Local Government Code

- Purchase land to be used for hospital purposes. (§280.003)
- Acquiring or improving land, buildings, or historically significant objects for park purposes or for historic or prehistoric preservation purposes. (§331.004)

The Texas Government Code

- Construction or purchase of permanent improvements with the city boundaries, including public buildings, waterworks, and sewers. (§1331.001(1))
- Construction or improvement of streets and bridges of municipality. (§1331.001(2))
- Construction or purchase of building sites of buildings for the public schools or other institutions of learning inside the municipality, if the municipality has assumed exclusive control over those facilities. (§1331.001(3))
- Purchase, repair, and construction of a utility system, park, or swimming pool. (§1502)
- Establish, acquire, lease, construct, improve, enlarge, equip, repair, operate or maintain a civic center, auditorium, opera house, music hall, exhibition hall, coliseum, museum, library, or other municipal building; or a golf course, tennis court, and other similar recreational facility. (§1504)
- Payment of a final judgment rendered by a court of competent jurisdiction; the judgment must be against the city or payment of the judgment is the responsibility of the city, requiring the city to pay the plaintiff an amount in cash, and the municipality does not have the money available to pay the amount of the judgment plus the interest and cost and expenses associated with judgment or decree. (§1507)

Summary of Debt

Counties do not have a general authority to incur debt (but still have the authority to issue debt for many items expressly granted to them), whereas a home rule city has the power to issue debt if the city collects a sufficient sum to pay the interest and creates a sinking fund of at least 2%. Both cities and counties must have specifically granted authority to issue bonds. However, home rule cities can issue bonds if it authorized by their own charter, whereas counties can only issue bonds if authorized by a specific statute under state law.

LAND USE

County

County land use authority is granted in Section 232 of the Local Government Code. The provisions of this section are discussed below.

Subdivision and Manufactured Home Regulation. Subchapter A of section 232 of the Local Government Code details county regulation of subdivisions. The owner of a tract of land in the unincorporated area must have a plat of his or her subdivision prepared if the owner divides the tract into two or more parts to lay out a subdivision (including an addition), lots, or streets, alleys, parks, or other parts of the tract

intended for public use or use by owners of lots within the subdivision.[53] The county government must approve a plat if it meets the statutory requirements and the county's regulatory requirements.[54]

Plat approval is important for counties because counties can order certain regulatory requirements. These include certain right-of-way distances and widths of roads, road construction and storm water drainage standards, financial security requirements, and disclosure statements on the availability of water.[55] Counties can also create standards for manufactured home rental communities, including the infrastructure, road, and environmental protection requirements.[56]

Planning Commission. The Texas Local Government code allows counties within 50 miles of the Mexican border to establish a planning commission, but this is not granted to other counties.[57] All counties may join with governmental units to establish a Regional Planning Commission as a separate political subdivision to plan for public utilities, land uses, water supply, sanitation, facilities, drainage, open spaces, and population densities.[58] However, it appears that the main purpose of a regional planning commission is to make studies and plans but would not grant a county any additional planning authority.

Regulation in Unincorporated Area. Subchapter E of §232.101 details infrastructure planning provisions in certain urban counties and allows counties to adopt rules governing plats and subdivisions within the unincorporated area of a county to promote the "health, safety, morals, or general welfare of the county and the safe orderly and healthful development of the unincorporated area of the county." This provision is very similar to broad powers that cities are given to regulate subdivisions, and could warrant further consideration of how much counties can regulate planning in subdivisions in the unincorporated area.

The section then prohibits the regulation of the following:

(1) the use of any building or property for business, industrial, residential, or other purposes;
(2) the bulk, height, or number of buildings constructed on a particular tract of land;
(3) the size of a building that can be constructed on a particular tract of land, including without limitation and restriction on the ratio of building floor space to the land square footage;
(4) the number of residential units that can be built per acre of land;
(5) a plat or subdivision in an adjoining county; or
(6) road access to a plat or subdivision in an adjoining county.[59]

The Code then details the authority counties do have, including expanded authority regarding road widths (through major thoroughfare plans), lot frontage standards, building and setback lines, developer participation contracts, and utility connections.[60]

[53] Tex. Loc. Gov't Code §232.001
[54] Tex. Loc. Gov't Code §232.002
[55] Tex. Loc. Gov't Code §232.003
[56] Tex. Loc. Gov't Code §232.007
[57] Tex. Loc. Gov't Code §232.024
[58] Tex. Loc. Gov't Code §391.001
[59] Tex. Loc. Gov't Code §232.101(b)

Plat rules that apply to the unincorporated areas previously granted only to urban counties have been extended to all counties, which include:

(1) registered surveyor or engineer certification;
(2) metes and bounds, lot number, and public area dimension descriptions;
(3) descriptions of the water, sewer facilities, roads, and easements dedicated for the provision of water and sewer facilities to be constructed or installed, and a statement specifying the date by which those facilities will be fully operable;
(4) certification by a registered engineer that proposed water and sewer facilities are in compliance with the Model Subdivision Rules adopted under Section 16.343 of the Texas Water Code;
(5) drainage provisions and floodplain descriptions certified by a registered surveyor or engineer; and
(6) certification that the subdivider has complied with Section 232.032 of the Texas Local Government Code (previously available only to border counties) and that water quality and connections, sewer connections or septic tanks, electrical connections, and gas connections will meet minimum state standards.[61]

Counties may adopt additional requirements that:

(1) the subdivider shall furnish a certified letter from the utility provider stating that water is available in quantity and quality sufficient to meet minimum state standards and will be made available to the point of delivery to all lots;
(2) the subdivider shall furnish sewage treatment facilities that meet minimum state standards, or furnish certification by appropriate county or state officials that all lots can be adequately and legally served by septic systems under Chapter 366 of the Texas Health and Safety Code;
(3) the subdivider shall furnish roads satisfying minimum county standards and furnish adequate drainage meeting standard engineering practices; and
(4) the subdivider shall make a reasonable effort to have electric and gas utility service installed by a utility.[62]

Additionally, counties may require developers to construct certain fire suppression improvements for subdivisions not served by a state-certified fire hydrant system.[63]

Construction Codes. New residential construction of a single family house or duplex in the unincorporated area of a county must abide by the International Residential Code. Inspections are required to take place during three stages of residential inspection: the foundation stage, the framing and mechanical systems stage and upon completion of construction. The inspections must be done for the construction of new residential units and the expansion of existing units. However, the county government may not charge for the inspections or the cost of administering the inspection

[60] Tex. Loc. Gov't Code §232.102 - 6
[61] Tex. Loc. Gov't Code §232.108
[62] Tex. Loc. Gov't Code §232.101-232.109
[63] Tex. Loc. Gov't Code §232.109

requirement.[64] Additionally, the rule goes on to detail that "this subchapter may not be construed to require prior approval by the county before the beginning of new residential construction" and "authorize the commissioners court of a county to adopt or enforce zoning regulations."[65]

Flood Management. A county may acquire property to build canals, drains, and other improvements to provide for flood control and water outlets.[66] Counties are required to regulate standards for flood management pursuant to standards set forth by the Federal Emergency Management Agency under the National Flood Instance Act.[67] Counties can also impose comprehensive floodplain regulations in order to qualify under the National Flood Insurance Program.[68]

City

Zoning. Municipalities are granted zoning authority "for the purpose of promoting the public health, safety, morals, or general welfare." Home rule cities can regulate the height, number of stories and size of buildings, the size of open yards, population density, the location and use of buildings, the pumping and use of groundwater, and the bulk of buildings. Zoning regulations must be enacted in accordance with a comprehensive plan, and home rule municipalities shall appoint a zoning commission.[69] Home-rule cities are authorized to appoint a zoning commission, which shall recommend boundaries for zoning districts and zoning regulations for these districts[70]

Subdivision Regulations. Municipalities may adopt rules that govern plats and subdivisions that "promote the health, safety, morals, or general welfare of the municipality and the safe, orderly, and healthful development of the municipality."[71] Cities can govern development plats of lands within their limits and the extraterritorial jurisdiction.[72] The governing body may also extend subdivision and property development authority above to the extraterritorial jurisdiction, as well as other ordinances related to "access to public roads or the pumping, extraction, and use of groundwater." However, cities may not use its zoning authority to the extraterritorial jurisdiction.[73] Additionally, home rule cities have the authority to impose up to 120-day moratorium on property development if needed to prevent shortage of essential public facilities.[74]

Construction Codes. Cities must abide by the International Residential Code as a residential building code.[75] Also, the National Electric code must be followed as the municipal electrical construction code for all residential and commercial electrical construction applications.[76]

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[64] Capital Area Council of Governments (2009). "County Land Use Authority in Texas."
[65] Tex. Loc. Gov't Code §233.153
[66] Tex. Loc. Gov't Code §411.001
[67] Tex. Loc. Gov't Code §232.030
[68] Tex. Water Code, Subchapter I, Chapter 16
[69] Tex. Loc. Gov't Code §211.001 – 211.007
[70] Tex. Loc. Gov't Code §211.007
[71] Tex. Loc. Gov't Code §212.002
[72] Tex. Loc. Gov't Code §212.044
[73] Tex. Loc. Gov't Code §212.003
[74] Tex. Loc. Gov't Code §212.003 - .138
[75] Tex. Loc. Gov't Code §214.212

Summary of Land Use

Counties are constrained in their planning and zoning abilities compared to cities in Texas. Cities and counties both can regulate subdivisions. Cities have this authority in their limits and may extend it to the ETJ, whereas the county can regulate subdivisions in the unincorporated areas and a city's ETJ. Additionally in the unincorporated area, counties are given a broad authority to regulate the health, safety, and welfare, but are specifically denied several zoning powers. Counties are then granted several powers to provide basic services and standards in the unincorporated area. In contrast, cities possess a broad, general power to zone and plan. Subdivision regulation focuses on construction, access, and availability to public facilities, such as streets and utilities, whereas zoning deals with land use.

The ability of counties to regulate subdivisions allow for there to be important standards on water supply, transportation infrastructure, drainage, wastewater and other environmental issues. Additionally, the power of counties to apply construction codes in the unincorporated area is an important ability. However, the limited land use and zoning powers have resulted in rapidly-growing counties being unable to control development in an acceptable manner. The commissioners court does not have the ability to deny a plat applicant if he or she follows all rules.

ECONOMIC DEVELOPMENT

County

Chapter 381: County Development Growth of the Texas Local Government Code describes powers counties have to promote economic development, housing community development and workforce development.

Growth and Development Promotion. Subject to voter approval, a county may appropriate general fund money not to exceed $.05 per $100 assessed valuation to advertise and promote growth and development of the county. The money will be placed in a separate fund to be known as the board of development fund. (The board consists of five members who are appointed by the commissioners court and who serve terms of two years from the date of appointment.)[77]

Authorized Community, Economic Development, and Housing Projects. A county may administer and engage in community and economic development projects authorized under Title I of the Housing and Community Development Act of 1974 or under any other federal law creating community and economic development program. Additionally, counties can exercise powers necessary to participate in housing and community development programs authorized under the Cranston-Gonzalez National Affordable Housing Act. This authority includes the power to impose assessments on real property and the owners of the property to recover all or part of the cost of a public improvement. The commissioners court may (1) use county funds, as matching funds, as may be necessary to obtain grants or financial assistance under that Act; or (2) obtain grants and financial assistance under any other federal law creating housing and community development programs.

[76] Tex. Loc. Gov't Code §214.214
[77] Tex. Loc. Gov't Code §381.002

To stimulate business and commercial activity in a county, the commissioners court of the county may develop and administer a program:

(1) for state or local economic development;
(2) for small or disadvantaged business development;
(3) to stimulate, encourage, and develop business location and commercial activity in the county;
(4) to promote or advertise the county and its vicinity or conduct a solicitation program to attract conventions, visitors, and businesses;
(5) to improve the extent to which women and minority businesses are awarded county contracts;
(6) to support comprehensive literacy programs for the benefit of county residents; or
(7) for the encouragement, promotion, improvement, and application of the arts.

Additionally, a county may support a children's advocacy center that provides services to abused children.

A county may contract with another entity for the administration of the program, and use county employees or funds for the program. Additionally, the Texas legislature may appropriate unclaimed money the comptroller receives under Chapter 74, Property Code, for a county to use in carrying out a program established under this section.[78]

Authorized Workforce Development Programs. A county may provide services authorized by Chapter 2308, Government Code, if the commissioners court enters into a contract with a local workforce development board. Services authorized by Chapter 2308 include the promotion of the development of a highly-skilled workforce and the development of an integrated workforce development system. The commissioners court may collect fees for the services performed and for unreimbursed costs associated with the provision of the services unless (1) state law prohibits the collection of the fee or unreimbursed cost; or (2) the service provided is a service described by Subsections (a) and (b), 29 U.S.C. Section 49f.[79]

Development Corporation. A county or city may use a corporation to issue bonds on the unit's behalf to finance the cost of a project, including a projected in an empowerment zone, enterprise community, or enterprise zone to promote and develop new and expanded business enterprises for the promotion and encouragement of employment and the public welfare.[80] The corporation may only pay its financial obligations from bond proceeds, revenue realized from the lease or sale of a project, revenue realized from a loan made by the corporation or money granted under a contract with a municipality.[81]

[78] Tex. Loc. Gov't Code §381.004
[79] Tex. Loc. Gov't Code §381.003
[80] Tex. Loc. Gov't Code §501.006
[81] Tex. Loc. Gov't Code §501.008

City

Municipal Development District. A municipality may municipal development district under this chapter to plan, acquire, establish, develop, construct, or renovate one or more development projects beneficial to the district.[82] The district may include all or part of a city's ETJ.[83] A district may perform any act necessary to the full exercise of the district's powers, accept grants and loans, acquire, sell, lease, convey, or otherwise dispose of property or an interest in property, including a development project, under terms and conditions determined by the district, and employ necessary personnel. A district may contract with a public or private person to plan, acquire, establish, develop, construct, or renovate a development project and perform any other act the district is authorized to perform under this chapter.[84] To fund the district, a sales and use tax can be levied, subject to voter approval, just as long as the combined rate of all local taxes is at or below 2%.[85] Additionally, a district may issue bonds, including revenue bonds and refunding bonds, or other obligations to pay the costs of a development project.[86]

Neighborhood Empowerment Zone. A municipality may create a neighborhood empowerment zone covering a part of the municipality if the municipality determines the creation of the zone would promote: (1) the creation of affordable housing, including manufactured housing, in the zone; (2) an increase in economic development in the zone; (3) an increase in the quality of social services, education, or public safety provided to residents of the zone; or (4) the rehabilitation of affordable housing in the zone.[87] In addition to other powers that a municipality may exercise, a municipality may waive or adopt fees related to the construction of buildings in the zone, enter into agreements for refunds of municipal sales tax on sales made in the zone, enter into agreements abating municipal property taxes on property in the zone and set baseline performance standards.[88]

Municipal Development Corporation. A municipality may create a municipal development corporation.[89] The corporation may perform any act necessary to the full exercise of the corporation's powers.[90] A sales and use tax can be levied for the corporation subject to voter approval.[91] A corporation may develop and implement programs for:

> (1) job training, including long-term job training and in-training support service grants;
> (2) early childhood development that prepare each child to enter school and make each child ready to learn after completing the program and that provide educational services that must include services designed to enable a child to…
> (3) after-school programs for primary and secondary schools;

[82] Tex. Loc. Gov't Code §377.021
[83] Tex. Loc. Gov't Code §377.002
[84] Tex. Loc. Gov't Code §377.071
[85] Tex. Loc. Gov't Code §377.101
[86] Tex. Loc. Gov't Code §377.073
[87] Tex. Loc. Gov't Code §378.002
[88] Tex. Loc. Gov't Code §378.004
[89] Tex. Loc. Gov't Code §379A.001
[90] Tex. Loc. Gov't Code §379A.052
[91] Tex. Loc. Gov't Code §379A.081

(4) the provision of funding to accredited postsecondary educational institutions, including public and private junior colleges, public and private institutions of higher education, and public and private technical institutions, to be used to award scholarships;
(5) the promotion of literacy; and
(6) any other undertaking that the board determines will directly facilitate the development of a skilled workforce.

A corporation may accept donated property, may develop or use land, buildings, equipment, facilities, and other improvements in connection with a program described by Subsection (a), or may dispose of property or an interest in property under terms determined by the corporation. A municipality may contract with a community nonprofit organization that sponsors long-term job training and related support services.[92]

Economic Development Programs. A city may establish and administer economic development programs, including programs for making loans and grants of public money and providing services of the city in order to promote state or local economic development and stimulate business and commercial activity. This includes area that has been annexed by the municipality for limited purposes and area that is in the ETJ of a city.[93]

A home-rule city with more than 100,000 residents may create programs for the grant of public money to a non-profit for the public purposes of development and diversification of the economy of the state, elimination of unemployment or underemployment, and development or expansion of commerce in the state. Additionally, a home-rule city may, under a contract with a development corporation created by the city under the Development Corporation Act, grant public money to the corporation. The corporation shall use the grant money for the development diversification of the economy of the state, elimination of unemployment or underemployment in the state, and development and expansion of commerce in the state.[94]

Development Corporation. A county or city may use a corporation to issue bonds on the unit's behalf to finance the cost of a project, including a projected in an empowerment zone, enterprise community, or enterprise zone to promote and develop new and expanded business enterprises for the promotion and encouragement of employment and the public welfare.[95] The corporation may only pay its financial obligations from bond proceeds, revenue realized from the lease or sale of a project, revenue realized from a loan made by the corporation or money granted under a contract with a municipality.[96]

[92] Tex. Loc. Gov't Code §379A.051
[93] Tex. Loc. Gov't Code §380.001
[94] Tex. Loc. Gov't Code §380.002
[95] Tex. Loc. Gov't Code §501.006
[96] Tex. Loc. Gov't Code §501.008

Summary of Economic Development

Texas cities have more options to create and finance economic development programs or districts. Counties do have some options and are able to participate in certain programs (including all authorized by the Cranston-Gonzalez National Affordable Housing Act), create an economic development corporation, and appropriate $.05 per assessed valuation towards promoting a county. Cities can also create a development corporation and establish programs. Cities have additional methods to fund projects and programs, including a municipal development corporation and a municipal development district and employ other tools through a neighborhood empowerment zone.

PUBLIC SAFETY, UTILITIES, AND TRANSPORTATION

Police Protection

County

Counties with a population of 210,000 or more may have a county police force appointed by the sheriff,[97] which can be paid for by the general fund. Additionally, counties may contract with a nongovernmental association for law enforcement services by the county on a fee basis.[98] The fees must recover 100% of the cost for the law enforcement services, including salaries and any additional expense. The contract must provide for the payment of fees to the county and the fees shall be deposited in the general fund of the county.[99]

City

Municipalities may establish and regulate a municipal police force.[100]

Fire Protection

County

Counties may furnish fire protection or fire-fighting equipment to county residents. The county can purchase fire trucks and other fire-fighting equipment, issue time warrants and levy and collect taxes to pay the principal of and interest on the time warrants as provided by law, and contract with a municipality located within the county to use fire trucks or other equipment that belongs to that municipality. Counties may contract with an incorporated volunteer fire department in the county to provide protection. Fire protection may be paid for from the general fund.[101] The commissioners court of a county can establish a fire marshal to administer the firefighting service.[102]

[97] Tex. Loc. Gov't Code §85.006
[98] Tex. Loc. Gov't Code §351.061
[99] Tex. Loc. Gov't Code §351.062
[100] Tex. Loc. Gov't Code §341.001
[101] Tex. Loc. Gov't Code §352.001
[102] Tex. Loc. Gov't Code §352.011

Counties that have a population of over 250,000 or are adjacent to a county with this population can adopt a fire code in the unincorporated area. However, this power only includes commercial, public or multifamily buildings and does not include single-family residential homes.[103]

City

Home-rule cities may provide for a fire department.[104]

Waste Disposal Service

County

A county may appropriate and spend money from its general revenues to manage solid waste and to administer a solid waste program, as well as charge reasonable fees for those services.[105] A county may regulate solid waste collection, handling, storage, and disposal in areas of the county that are not in a municipality or a municipality's ETJ.[106] A county may acquire, construct, operate, and maintain all or part of one or more solid waste disposal systems. It may also contract out the collection, transportation and handling of solid waste.[107] Additionally, a county may offer, require the use of, and charge fees for solid waste disposal for its residents. It can establish the service as a utility separate from other utilities in its territory.[108]

City

A city has the authority to adopt rules for solid waste collection, handling, transportation, storage, processing and disposal[109] and is required to ensure that solid waste management services are provided to all persons in its jurisdiction.[110] Cities are authorized to fund solid waste management by various means[111] and are able to require the use of services and charge fees for them.[112]

Utilities

County

A county may own, operate, or maintain a water or sewer utility in the same manner as a municipality.[113] A county may also acquire, own, finance, operate, or contract for the operation of a water or sewer utility system to serve an unincorporated area of the county in the same manner and under the same regulations as a municipality. A county with a population of two million or more, with the municipality's approval, serve an area within a municipality. To finance a water or sewer utility system, a county may issue bonds payable only from the revenue generated by the water or sewer utility system. A bond issued is not a debt of the county but is only a charge on the revenues pledged. A

[103] Tex. Loc. Gov't Code §233.061-062
[104] Tex. Loc. Gov't Code §342.011
[105] Tex. Health and Safety Code §361.153
[106] Tex. Health and Safety Code § 364.011
[107] Tex. Health and Safety Code §364.013
[108] Tex. Health and Safety Code §364.034
[109] Tex. Health and Safety Code, § 363.111
[110] Tex. Health and Safety Code, §363.113
[111] Tex. Health and Safety Code, §363.119
[112] Tex. Health and Safety Code, §364.034
[113] Tex. Loc. Gov't Code §562.015

county with a population of two million or more may issue general obligation bonds with the approval of voters.[114]

A county with a population of more than 1.3 million and in which a municipality of more than one million is primarily located may enter a contract with a district under which the district will provide and operate a water supply system or sewage system in areas of the county located outside the limits of a municipality.[115]

Authorized agents have general authority over the location, design, construction, installation, and proper functioning of on-site sewage disposal systems.[116] Counties with a population of 1.8 million or more may regulate water wells in the unincorporated area to prevent contamination from an on-site sewage disposal system.[117]

City

A municipality may purchase, construct, or operate a utility system, which includes water, sewer, gas, or electricity system inside or outside the municipal boundaries. It may sell water, sewer, gas, or electric services to any person outside its boundaries.[118]

A home-rule city may buy, own, construct, and maintain a gas system, electric lighting plant, sewage plant, or other public service or utility inside or outside the city limits, and charge compensation for services. A city may also manufacture its own electricity, gas, or anything else used by the public. A city may require waterworks, gas, streetcar, telephone, telegraph, and electric companies who hold a franchise from the city to extend their services to territory as required.[119]

A home-rule municipality may own, construct, and operate a water system for the use of its residents and prescribe rates for the water used.[120]

Cities may also establish a municipal drainage utility system, provide rules for the use, operation and financing of the system, and prescribe bases on which a municipal drainage utility system may be funded and fees in support of the system may be assessed, levied and collected.[121]

A municipality may provide for a sanitary sewer system and require property owners to connect to the sewer system.[122]

[114] Tex. Loc. Gov't Code §562.016
[115] Tex. Loc. Gov't Code §562.012
[116] Tex. Health and Safety Code §366.011
[117] Tex. Loc. Gov't Code §240.042
[118] Tex. Loc. Gov't Code §402.001
[119] Tex. Loc. Gov't Code §402.002
[120] Tex. Loc. Gov't Code §402.017
[121] Tex. Loc. Gov't Code §402.042
[122] Tex. Loc. Gov't Code §214.013

Transportation

County

A county has general authority over roads, highways and bridges, and has the authority to construct and maintain all roads and bridges.[123] As mentioned earlier, sections 232.003 specify road construction standards counties may require in submitted plats. Payment for material needed for the general system of county roads shall be made from the county road and bridge fund or from the proceeds of any county bond issue.[124] Certain counties may contract with transit authorities to provide public transportation to the public for a fee.[125]

A county may construct, maintain, operate, regulate and police an airport.[126]

City

Home rule municipalities have exclusive control of public highways, streets, and alleys.[127] Additionally, cities can establish, maintain, and operate freeways.[128]

A city may construct, maintain, operate, regulate and police an airport.[129]

Summary of Public Safety, Utilities, and Transportation

Texas counties and cities can both establish and regulate a police force and fire protection. However, it appears cities have more flexibility in terms of financing these departments. Counties do not have revenue outside the general fund available for fire service contracts. Cities and counties are both able to regulate and charge for solid waste disposal, sewer, and water service. However, counties can only regulate solid waste disposal outside a municipality or municipality's ETJ. Cities have additional authority to regulate electricity and gas. Cities are required to ensure that all persons receive solid waste disposal service, unlike counties.

SUMMARY

The chart below displays a general summary of the authority a county has compared to a home-rule city. First, a major hindrance to counties is their inability to adopt a home-rule charter or enact ordinances. This results in counties being unable to create the laws to best govern their county, and impacts the other issues discussed. For instance, counties do not have zoning authority. Home-rule cities can create zoning ordinances to ensure development occurs in a responsible manner, but counties cannot do this.

Next, considering revenue, counties can levy most of the same types of revenue as a city (ad valorem, special purpose, special district). However, because of a city's ability to levy a 1 cent sales tax for its

[123] Tex. Transportation Code §251.003
[124] Tex. Transportation Code §251.006
[125] Tex. Transportation Code §457
[126] Tex. Transportation Code §22.011
[127] Tex. Transportation Code § 311.001
[128] Tex. Transportation Code § 311.032
[129] Tex. Transportation Code § 22.011

general fund and to charge franchise fees, cities can rely on revenues from many sources and are not completely reliant on the property tax.

Figure 3: Texas County and City Authority Comparison

	County	Home-Rule City	Bexar County
Can Adopt Home Rule Charter		X	
Limits on Overall Increase in Revenue	X	X	X
Authority To Levy Property Tax	X	X	X
Authority to Levy General Fund Sales and Use[1]	X	X	
Authority to Levy Special Purpose Tax[2]	X	X	X
Authority to Create Special Districts	X	X	X
Authority to Charge Franchise Fees		X	
Authority to Levy Impact Fee[3]	X	X	
General Debt Contracting Authority		X	
Zoning Authority		X	
Solid Waste Disposal Service Authority[4]	X	X	*
Water Service Authority	X	X	X
Sewerage Service Authority	X	X	X
Public Transit Authority	X	X	X
Airport Authority	X	X	X

1. Bexar County cannot levy a general fund sales and use tax because it has territory inside a rapid transit authority. (See Tex. Tax Code, §323.101, 103.)

2. Special Purpose Tax is tax levied for purpose other than general fund.

3. Only counties with a population of more than 3.3 million, which Bexar County does not have, may levy certain types of impact fees. (See Tex. Loc. Gov't Code §395.079.)

4. A county may only regulate this if its not in a munipality or municpality's ETJ. Bexar County has little land not within a municipality or municipality's ETJ. (See Tex. Health and Safety Code § 364.011.)

X: Entity has authority listed.

*: Entity is limited in its authority.

A GLANCE AT BEXAR COUNTY AND SAN ANTONIO

BEXAR COUNTY

The Bexar County FY2011-2012 Adopted Budget[130] contains a total of $1.392 billion for all funds. The largest source of revenue is ad valorem taxes, which is set at a rate of $0.326866 per $100 valuation. This rate results in revenues of approximately $235.8 million available for the General Fund.

The funds that compose Bexar County's budget include the following:

Figure 4: Bexar County Funds

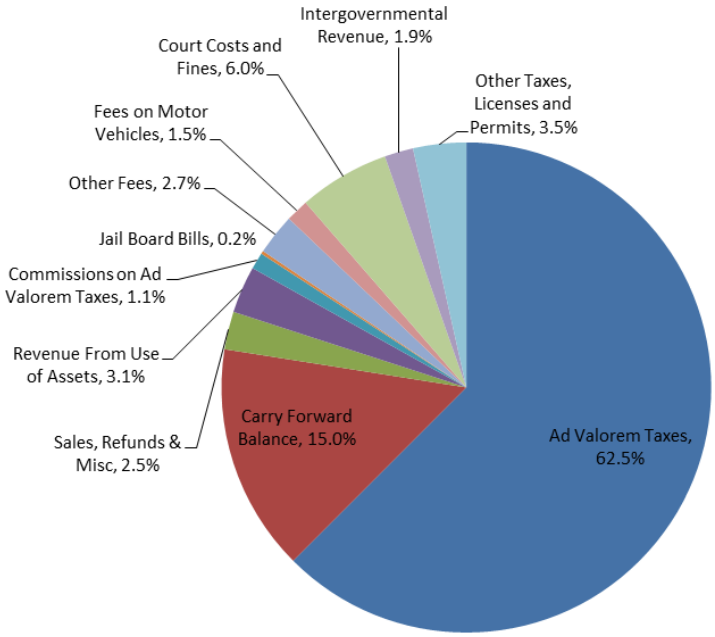
Bexar County Funds			
General Fund	Road Funds	Other Operating Funds	Grant Funds
Capital Improvement Fund	Debt Service Fund	Venue Project Funds	Enterprise Funds

General Fund. The figure below displays the source of revenue for Bexar County's General Fund. Revenue is derived from:

- Ad valorem taxes (62.5%)
- Carry forward balance (15%)
- Court costs and fines (6%)
- Other taxes, licenses and permits (3.5%)
    - Includes revenue from the rendition penalty, mixed beverage tax, bingo taxes, vehicle sales tax from the County Road and Bridge Fund, vehicle inventory tax overages, beer and liquor licenses, marriage licenses, bondsmen licenses, and building permits.
- Revenue from use of assets (3.1%)
- Other fees (2.7%)
- Sales, refunds & misc. (2.5%)
- Intergovernmental revenue (1.9%)
    - Payments from various federal, state, and local agencies for services provided by Bexar County.
- Fees on motor vehicles (1.5%)
    - Collected on vehicles licenses issued and certificates of title issued.
- Commissions on ad valorem taxes (1.1%)
    - Payments from the hospital district, schools, municipalities, and special districts for the collection of ad valorem taxes.
- Jail board bills (0.2%)
    - Revenue generated through detention related activities, such as work release, detention contracts with various entities, and U.S. Marshall contracts.

[130] County of Bexar. (2011). 2011-2012 Adopted Budget. Retrieved from: http://www.bexar.org/budget/Docs/Budget%2011_12/20112012Budget_GeneralFund.pdf

Figure 5: Bexar County General Fund - FY2011 - 12 Total Available Funds

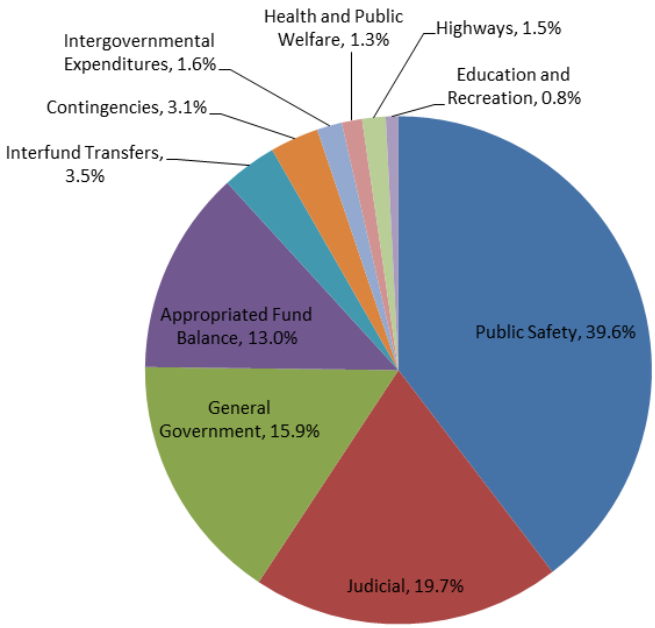


The graph below displays how Bexar County's General Fund was appropriated for the 2011-2012 fiscal year. General funds were delegated to:

- Public safety (39.6%)
  - Appropriations for all law enforcement, including adult and juvenile facilities management, community supervision and corrections, constables, criminal laboratory, fire marshal, juvenile institutions, medical examiner's office, and sheriff's office.
- Judicial (19.7%)
  - Appropriations for Bail Bond Board, Central Magistration, Criminal District Attorney's Office, all District Courts, County Courts-At-Law, Probate Courts , Justice of the Peace Courts, District Clerk's Office, DPS Warrants, Fourth Court of Appeals, Judicial Services, Jury Operations, and Trial Expense.
- General government (15.9%)
  - Includes offices and departments, such as the Budget Department, Commissioners Court, County Auditor's Office, County Clerk's Office, County Manager's Office, Countywide Mail, Economic Development, Elections, Facilities Management – County Buildings, Human Resources, Information Technology, Management and Finance, Purchasing, and the Tax Assessor – Collector's Office
- Appropriated fund balance (13%)
  - Meets commitment to investors and rating agencies to maintain operating reserves of at least 10%
- Interfund transfers (3.5%)
- Contingencies (3.1%)
  - Vary widely in scope and purpose and change from year to year.

- Intergovernmental expenditures (1.6%)
  - Payments to the City of San Antonio for library and animal control services provided to County residents
- Health and public welfare (1.3%)
  - Includes community resources functions of administration, community programs, and mental health, as well as economic development SWMBE, and public works – environmental services.
- Highways (1.5%)
  - Includes projects within the County Road and Bridge, the 2003 Bond Referendum and the Texas Department of Transportation and Advanced Transportation District Multi-Year Fund.
- Education and recreation (.8%)
  - Represents infrastructure services, including parks and agricultural extension services.

Figure 6: Bexar County General Fund - FY2011 - 12 Appropriations



Some of Bexar County's other funds are detailed below.

Road Funds. This fund includes operating and capital expenditures for road maintenance and new road projects.

Other Operating Funds. Include resources and services such as records management, courthouse security, child support, dispute resolution, parking facilities, technology management, fleet maintenance, and Justice of the Peace Technology.

Grant Funds. Funds that are allocated to Bexar County by various Federal, State, and Private sources in support of services provided by County Offices and Departments.

Capital Improvement Fund. This fund consists of the County Buildings Fund, Economic Development Improvements Fund, Adult and Juvenile Detention Facilities Fund and the 2003 Bond Referendum Fund. The Capital Improvement Fund is used to fund capital projects, such as construction and renovation for detention, courtroom, and office facilities. All proceeds in these funds come from the sale of debt instruments. These funds also include Flood Control Funds which pay annual debt service requirements on flood control projects as well as operating expenses associated with the Bexar County Flood Control Department.

Debt Service Fund. The Debt Service Fund has one main source of revenue: ad valorem taxes ($65,451,000). The fund's only other revenues come from interest earned on investments ($1,200,000), Build America Bonds Tax Credit ($2,959,387), and interfund transfers ($6,393,030). This fund pays for debt service associated with debt issued for County Building Capital Improvement Projects, detention facility projects, the construction of road and bridge projects, flood control, pass thru financing initiatives, and the parking garage. This fund is projected to generate revenues in the amount of $76,003,417 for FY 2011-12.

Enterprise Funds. These funds include expenditures for programs in which revenue sources cover the cost of providing the services provided by these funds.

Venue Project Fund. Includes expenditures associated with the Community Arena Venue Project, including construction costs, contingency accounts, Project Improvement Fund expenditures, and debt service.

SAN ANTONIO

The FY 2012 Adopted Budget[131] appropriation for All Funds is $2.21 billion, excluding transfers of $223 million. This amount includes total operating expenses of $1.65 billion and $565 million in capital expenditures.

San Antonio's tax rates include the following:

- FY2012 property tax rate: $0.56569 per $100 of taxable valuation.
  - Consists of two components: Maintenance & Operations (M&O) and Debt Service.
    - FY 2012 M&O tax rate is $0.35419 per $100 of taxable value.
    - FY 2012 Debt Service tax rate is $0.2115 per $100 of taxable value.
- Sales tax: 2%. (Total sales tax is 8.25%, with 6.25% going to the State of Texas.)
  - Reflects revenue distributed to other governmental entities and for specific purposes.

Funds that comprise San Antonio's budget are displayed below.

[131] City of San Antonio. (2011). City of San Antonio Adopted Annual Operating and Capital Budget Fiscal Year 2012. Retrieved from: http://www.sanantonio.gov/budget/documents/FY2012/2012_Adopted_Document.pdf

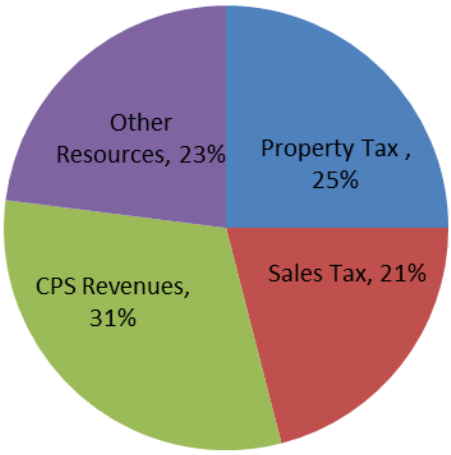
Figure 7: San Antonio Funds

San Antonio Funds		
General Fund	Special Revenue Funds	Enterprise Funds
Expendable Trust Funds	Interal Service Funds	Debt Service Funds

General Fund. General Fund available resources are anticipated to be $948 million. The three principal sources of General Fund revenue are property tax, CPS Energy payments to the City, and sales tax. The City's payment from CPS Energy represents the largest source (30%) of revenue to the General Fund. Fourteen percent of CPS Energy gas and electric non-exempt customer revenue is paid to the City as a return on investment. A breakdown of San Antonio's revenue sources for its general fund is presented below. It consists of the following:

- CPS revenues (31%)
- Property tax (25%)
- Sales tax (21%)
- Other (23%)
    - Includes Business and Franchise Taxes, payment from the City's water utility San Antonio Water System (SAWS), EMS Transport Fees, licenses and permits, liquor by the drink and other revenues.

Figure 8: San Antonio FY 2012 General Fund Revenues



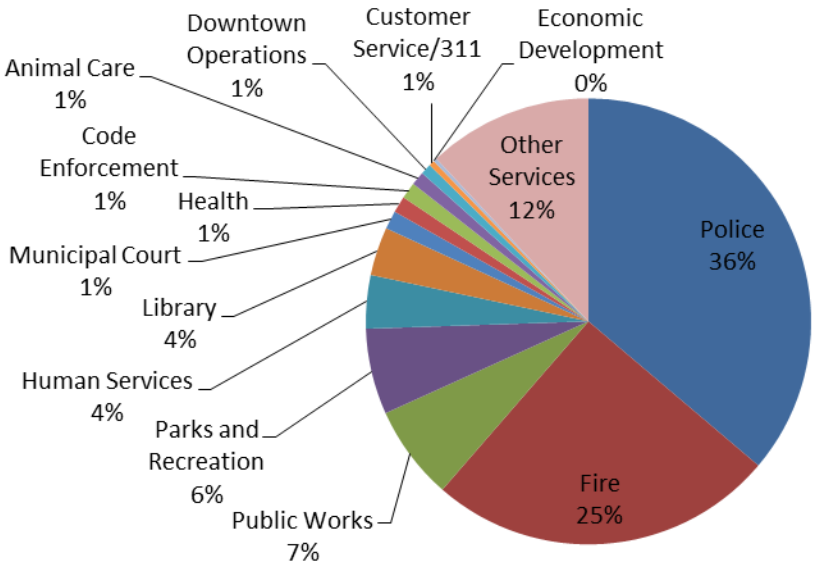
San Antonio delegated its General Fund revenues to the following:

- Police (36.2%)
    - Includes funding for 2,375 police officers.
- Fire (25.2%)
    - Includes funding for 1,658 firefighters.
- Public Works (6.9%)
    - The general fund provides funding for the department to perform the following:
        - Provides oversight and direction for the department.

        - Coordinates policies and facility modifications in compliance with 1973 Rehabilitation Act, the Fair Housing Amendments Act, and the Americans with Disabilities Act (ADA).
        - Plans, designs, constructs, operates and maintains traffic engineering functions, traffic control devices, transportation engineering, and multi-modal intelligent transportation systems.
        - Street resurfacing and rehabilitation, designs and prepares contract street maintenance plans and specifications for the streets maintenance contract, pothole patching, sidewalk construction, bridge repair, railroad crossing monitoring and alley maintenance.
        - Engineering and infrastructure assessment of street and storm water projects.
- Parks and Recreation (6.2%)
    - Operates the City's recreational and cultural programs and develops and maintains City-owned parks, swimming pools, gymnasiums, cemeteries, sports facilities, greenways, recreation centers, and the Botanical Gardens.
- Human Services (3.9%)
    - Develops, coordinates and invests in comprehensive human services strategies that promote the health, welfare and safety of the community. These strategies serve to raise the education and skill level of our workforce and promote family economic success.
- Library (3.5%)
    - The City maintains and operates 26 libraries including the Central Library.
- Municipal Court (1.3%)
- Health (1.2%)
    - The San Antonio Metropolitan Health District (SAMHD) is the single public agency charged by State Law, City Code, and County Resolution with the responsibility for public health programs in San Antonio and the unincorporated areas of Bexar County.
- Code Enforcement (1.2%)
- Animal Care (1.0%)
    - Animal Care Services is responsible for protecting the health and safety of the citizens and their pets in San Antonio and unincorporated portions of Bexar County. The Department accomplishes this objective through the following three priorities: (1) Enhanced enforcement of existing laws and codes; (2) controlling the stray animal population; (3) increasing the Department's live release rate.
- Downtown Operations (0.8%)
    - The Downtown Operations Department includes programs which create and sustain partnerships with numerous City departments, downtown stakeholders, neighborhoods and businesses engaged in the downtown area.

- Customer Service/311 (0.4%)
    - The Office of Customer Service/311 System is responsible for promoting the City's Customer First initiative and delivering direct customer services through the use of the Community Link Service Centers and a 311 Customer Service Call Center.
- Economic Development (0.3%)
    - Allocated to stimulate development and investment, create new jobs, and retain, expand and attract new business to San Antonio.
- Other Services (12%)

Figure 9: San Antonio FY 2012 General Fund Appropriations



Development Services Fund. The FY 2012 Adopted Budget for the Development Services Fund is $24.1 million. The Development Services Fund was established in FY 2007 to account for revenues and expenditures generated from all development-related activities and to ensure that development fees are used to support the activities associated with supporting the development community. Departments included in the Fund include:

- Development Services
- Planning and Community Development
- Office of Historic Preservation.
    - Funded by the General Fund via a transfer to the Development Services Fund.

Solid Waste Fund. The FY 2012 Adopted Budget for the Solid Waste Operating and Maintenance Fund is $91.8 million and encompasses the operation and management of Solid Waste, Recycling, Brush Collection, and other related services. This fund is paid for through a monthly solid waste fee.

Hotel Occupancy Fund. This fund captures revenues associated with Hotel Occupancy Tax collections. The current rate of 16.75% levied on every room night charge is broken out to:

- 1.75% for Bexar County
- 7% for the City
- 6% for the State
- 2% is a dedicated source of revenue to pay debt service and fund capital improvements for the Henry B. Gonzalez Convention Center Complex

The Community and Visitor Facilities Fund (CVF). This fund was established in FY 2004 to account for revenues and expenditures generated from all convention, tourism, sports, and entertainment related facilities and activities. The primary sources of revenue from operation of the CSEF are facility rentals, catering commissions, food and beverage concessions, reimbursable expenses and various event-related fees. Total Convention Center and Alamodome revenue in FY 2011 is estimated at $17.5 million.

Convention and Visitors Bureau Fund. The Convention and Visitors Bureau (CVB) Fund was established in FY 2007 to account for revenues and expenditures generated from the promotion of San Antonio as a premier leisure, business and convention destination. The FY 2012 Adopted Transfer to the CVB Fund is $19.5 million or 37% of the $52.5 million HOT Fund appropriations.

Cultural Affairs Fund. The Cultural Affairs Fund was created in FY 2007 to account for expenses generated in support of San Antonio art and cultural programming. The FY 2012 Adopted Budget maintains the Cultural Affairs Fund at the maximum 15% of HOT Collections with a budget of $7.3 million.

History & Preservation. The HOT Fund contributes 15% of revenues through a transfer to the General Fund under History and Preservation in order to support various visitor related activities such as maintenance of the River Walk, HemisFair Park and La Villita.

Parking Operations and Maintenance Fund. The FY 2012 Adopted Budget for the Parking Operations and Maintenance Fund is $8.9 million and maintains a financial operating reserve of $5.2 million. The Parking Operations and Maintenance Fund accounts for revenues and expenditures associated with the operation and maintenance of the City's parking facilities to include enforcing all on-street parking meters and off-street parking spaces under the City's control in downtown San Antonio.

Storm Water Fund. The FY 2012 Adopted Budget for the Storm Water Operating Fund is $39.1 million. The primary revenue source for the Storm Water Fund is the Storm Water Fee which is assessed to all property platted within the City. Programs supported by the Storm Water Fee include River Maintenance, Vegetation Control, Tunnel Operations, Street Cleaning, Engineering, and Floodplain Management.

Advanced Transportation District (ATD) Fund. In FY 2005, the Advanced Transportation District (ATD) Fund was established to account for all revenues and expenditures associated with the administration and project delivery of the ATD Program. The ATD Program delivers projects that increase mobility,

reduce traffic congestion, and improve neighborhood connectivity. The FY 2012 Adopted Budget for ATD appropriations totals $15.0 million. Total resources for the ATD Fund in FY 2012 include $11.4 million in collected sales taxes and $3.8 million available from the Fund's beginning balance.

Aviation Fund. The FY 2012 Adopted Budget for the Airport Operating & Maintenance Fund is $86.8 million. The Adopted Budget for the San Antonio Airport System includes the operating and maintenance budgets for the both the San Antonio International Airport and Stinson Municipal Airport facilities.

Summary of Bexar County and San Antonio

Figure 10: Revenue Comparison

	Bexar County	San Antonio
Property Tax Rate per $100 Valuation	0.326866	0.56569
General Fund Sales and Use Tax	0	1%
Percent General Fund Revenue from Ad Valorem Taxes	62.5%	25%
Percent Revenue from Sales Tax	0%	21%
Percent General Fund Revenue from Utility Franchise Fees	0%	31%
Percent General Fund Revenue from Other Sources	37.5%	21%

San Antonio has a much more diversified revenue stream than Bexar County. Bexar County relies on property taxes and receives some money from fines, taxes, and fees. San Antonio, in contrast, receives large chunks of revenue from many sources, specifically property taxes, sales and use taxes, and revenue from utilities. San Antonio also receives much of its operating budget from charges and fees and grants. Because San Antonio has many types of revenue sources, they have greater flexibility in collecting revenue. Also, the large amount of fees enables the City to provide greater services for the fees. As shown below, San Antonio charges a higher property tax rate than Bexar County, but neither entity is close to the limit they are allowed to charge per $100 assessed valuation.

For sales tax, as of FY2013 the total rate charged in San Antonio is 8.25%. Of this, 6.25 cents goes to the state, 1 cent goes to the city, 1/2 of a cent goes to VIA, 1/4 of a cent is allocated to the Advanced Transportation District, 1/8 of a cent goes towards Edwards Aquifer protection and parks development and expansion, and 1/8 of a cent goes towards the City's Pre-K initiative. In contrast, Bexar County does not impose a sales and use tax. This is because counties inside a transit authority are not authorized to impose one. A sales tax imposed outside of San Antonio would include money for the state, VIA, or other taxing entities, but would not go towards Bexar County's general fund.

As a result of the county and city's differing ordinance-making authority and revenue authority, San Antonio has a wider range of services and funds. Considering the two general funds, both spend a high proportion of their funds on public safety, but San Antonio offers a much wider range of services than Bexar County.

Comparison of Texas to Urban Counties in Other States

The legislative authority of Texas counties will be compared to the authority of the counties in five other states: Arizona, California, Colorado, Florida, and New Mexico. These states were chosen due to either their proximity to Texas or the border with Mexico and their size, and thus may deal with similar issues that Texas counties do. Information was primarily gathered from the National Association of Counties' reports, *County Authority: A State by State Report* and *A Look at County Revenue Authority: A State by State Report* as well as legislation for each state.

ARIZONA

Derivation of Authority

Counties with populations of more than 500,000 can call for the election of a charter commission, who can create a charter conferring home rule power on the county.[132] The following is the constitutional text on the authority of a county that has adopted a charter:

> "Charter counties shall provide the same state mandated services and perform the same state mandated functions as non-charter counties. Charter counties may exercise, if provided by the charter, all powers over local concerns of the county consistent with, and subject to, the constitution and the laws of this state."[133]

Finance

Property Tax. Arizona counties have the authority to levy property taxes, and the tax rate that a county (as well as cities) imposes on residential property may not exceed 1%. Exceptions to this rule include taxes for bonded indebtedness and taxes levied in special districts.[134] Total revenues from county property taxes may not be 2% higher than the revenues from the previous year. Counties have the authority to levy an additional property tax in excess of these limits for a specific purpose, time length and maximum amount of the tax is approved by the voters.[135]

Sales and Use Tax. A county with a population of 1,500,000 or less may levy a sales tax that cannot exceed 10% of the rates that the state imposes on different classes of businesses. The state government transmits the net revenues collected to the treasurer of the county levying the tax, and the county shall use these revenues to support and enhance countywide services.[136]

Special Districts. A county can create special tax districts for several purposes, including county improvement, fire protection, county television, sanitation, community park maintenance, special road,

[132] AZ Const., Art 12
[133] AZ Const., Art 12
[134] AZ Const., Art 9 §18
[135] AZ Const., Art 9 §19
[136] Ariz. Rev. Stat. §42-6103

power, hospitals, drainage and flood prevention, irrigation and water conservation, county library, county jail, stadium, and several others.[137]

Service and Utility Fees. A county may adopt fees for any products and services the county provides to the public.[138]

Franchise Fees. A county may level a franchise fee under its sales tax authority. [139]

Impact Fees. A county may assess development fees if the county has adopted a capital improvements plan. The fees may be in the covered planning area to assess the capital costs for water, sewer, streets, parks, and public safety facilities to be necessary for public services.[140]

Debt. A county may contract debt up to 6% of the assessed valuation of taxable property in the county, subject to voter approval and an election to levy a tax to discharge the debt.[141]

Planning and Zoning

A county may establish planning and zoning commissions to assist the county commission to create such zones as will preserve public health and safety and foster growth, adopt a master plan and effectuate that plan by passing zoning ordinances, and regulate the type, size, height, bulk, and other characteristics of buildings through zoning ordinances. Thus, counties have zoning authority.[142]

A county may adopt and enforce, for the unincorporated areas of the county, a building code and other related codes to regulate the quality, type of material and workmanship of all aspects of construction of buildings or structures. Additionally, a fire, electrical, plumbing, mechanical, and wild land-urban interface code may be adopted in the unincorporated area.[143]

Public Safety, Utilities, and Transportation

Law enforcement. A county may "make and enforce all local, police, sanitary and other regulations not in conflict with general law."[144] A county may also create and enforce ordinances related to public safety, such as the treatment of domestic animals, curfews for juveniles, and fines for violations of public safety ordinances.

Fire Protection Authority. Fire districts may employ any personnel and provide services deemed necessary for fire protection and preservation of life.[145] A county may levy a county fire district

[137] Ariz. Rev. Stat. §48
[138] Ariz. Rev. Stat. §11-251.08
[139] McLaurin, Joshua . (2008). A Look at County Revenue Authority. A State by State Report. National Association of Counties.
[140] Ariz. Rev. Stat. §11-1102
[141] AZ Const., Art 9 §8
[142] Ariz. Rev. Stat. §11-802, 821
[143] Ariz. Rev. Stat. §11-861
[144] Ariz. Rev. Stat. §11-251
[145] Ariz. Rev. Stat. §48-805

assistance tax on the taxable property in the county of no more than $.10 per $100 of assessed valuation.[146]

Solid Waste Disposal Service. Each county shall provide or ensure proper arrangements are made for public facilities as necessary for the safe and sanitary disposal of solid waste generated within its jurisdiction.[147]

Sewer Service. Counties with populations between one and two million may operate sewerage systems, sewage mains, and other treatment and collection facilities. These counties may raise taxes, issue bonds, and charge rates for the use of the system.

Transportation. A county is charged with constructing and maintaining all highways, bridges, public rights of way, and easements. A county may operate ferries. To fund these activities, a county may levy a tax as well as contract debt and borrow money. Bond issuances must be approved by referendum. A county may receive land by purchase, lease, or gift for aviation fields, and the county is authorized to construct facilities for the operation of an airport.

COLORADO

Derivation of Authority

A Colorado county may choose to adopt a home rule charter, granting it greater authority to preserve public health and safety, as well as promote the welfare of residents. Counties must still perform all functions required by law.[148]

Finance

Property Taxes. A county may levy a property tax. The revenues generated may not exceed 105.5% of the previous year's revenues added to the amount of tax revenues that the county refunded in the previous year once income from taxes on property not previously included in the assessment rolls has been subtracted. Colorado has measures to serve as a buffer against increased taxes, including advanced voter approval through elections of any new tax or tax rate increase.[149]

Special Districts. A home rule county may levy special district fees and ad valorem taxes to fund local improvements, but they are subject to the limits described above.

Sales and Use Taxes. A county may levy general sales and use tax. A county sales or use tax must be approved by the voters.[150]

Special Purpose Local Option Taxes. A county that lies outside of the regional transportation district may levy a sales tax, a use tax, or both rates of .5% for the purpose of construction and maintenance of mass transportation systems if approved by the voters. Counties can also levy taxes for managing water

[146] Ariz. Rev. Stat. §48-80
[147] AZ Rev. Stat. §49-741
[148] CO Const. Art. XIV § 16
[149] CO Const. Art. X
[150] C.R.S. § 29-2-103

rights, health care services, and mental health care services if approved by the voters. These taxes are exempt from the cap on combined sales tax in a jurisdiction.

Franchise Fees. A home rule county may contract to private corporations or individuals the right to provide water services and cable television to residents in exchange for fees.

Fees and Charges for Services. A county may levy a fee, with voter approval, to pay for operations costs of local public safety services, including any public agency dedicate to ensuring public safety, public health, or successful emergency management. Also subject to voter approval, a county may impose a tax for the construction and operation of a solid waste disposal site.

Impact Fees. A local government may impose an impact fee or other similar development charge to fund expenditures by such local government on capital facilities needed to serve new development.[151] "Local government" includes counties.

Debt. A county has the authority to contract debt. No county may issue debt without an "irrepealable" legislative action which provides for a method to discharge the debt, enumerating the specific purposes for contracting the debt, and levying a tax to discharge the debt. Alternately, county legislatures may issue bonds in anticipation of tax revenues. Counties may not extend credit to individuals or to corporations, public or private, nor may they become joint owners or stockholders of any private corporation.[152]

Planning and Zoning

Counties are authorized to provide for the physical development and zoning of the unincorporated territory within the county.[153] Additionally, a county planning commission can be appointed, which can create a zoning plan for zoning all or any part of the unincorporated territory.[154]

A county is authorized to adopt a building code in all or part of the county. Additionally, a building energy code shall be adopted and the construction of fireplaces shall be regulated.[155]

Public Safety, Utilities, and Transportation

A county is required to maintain public health and safety, giving the county the authority to make ordinances to protect and promote public health, safety, and welfare.

Police Department. A county may establish a law enforcement authority, which can levy a tax for the payment of operative expenses, contract with the sheriff's department, and employ others as needed. The authority may enforce any county ordinance and regulation within its boundaries.[156]

[151] C.R.S. § 29-20-104.5
[152] C.R.S. §30-26
[153] C.R.S. §30-28-102
[154] C.R.S. §30-28-111
[155] C.R.S. §30-28-201
[156] C.R.S. §30-11-401 - 11

Additionally, the Colorado Revised Statutes declares

> "It is the intent of the general assembly in the enactment of this part 4 to provide an alternative and additional means to provide law enforcement for the citizens of this state, especially those residing in developed or developing unincorporated areas of counties, to combat the rising crime rate therein, and to better assist police and other law enforcement agencies in the prevention of crime and in the detection and apprehension of criminal offenders."[157]

This shows the state's recognition that a developing unincorporated area is something that requires county authority to govern.

Fire Protection Authority. The sheriff serves as fire warden and may operate fire protection services. A county may enter into agreements with other counties or regionally to provide firefighting service and equipment. The county may purchase equipment and establish firefighting programs in the unincorporated areas of the county.[158] The county may also establish a fire planning authority.[159]

Solid Waste Disposal Service. The county may operate a landfill or solid waste disposal program. To fund the program, the county may levy a solid waste disposal and facility tax in addition to any other lawful tax on the property.[160]

Water Service, Sewer Service, and Electricity Service. A county may acquire, construct, operate and maintain sewerage facilities, sewer mains, waterworks, and water mains, funded through bonds, taxes, or fees assessed on the uses of the water and sewer system.[161]

A county may create service authorities to deliver sewer, water, and other services to provide services to people living within the authority's jurisdiction. The county commission may delegate the powers given to the authority, including the power to tax, issue bonds, and charge reasonable service fees to fund the authority's operations.[162]

Transportation. A county may provide for the lighting of public streets by assessing fees to those who benefit from the streetlights. Counties have the authority to operate a mass transit system alone or with other government units. A county may also acquire land for airstrips and airports and charge fees for the use of the airport.

[157] C.R.S §30-11-402
[158] C.R.S. §30-10-152
[159] C.R.S. §30-11-124
[160] C.R.S. §30-20
[161] C.R.S. §30-20-402
[162] C.R.S. §30-1

FLORIDA

Derivation of Authority

A Florida county may adopt a county home rule charter by voter approval.[163] This gives counties the authority to exercise any power not specifically prohibited by the state.

Revenue Collection

Property Taxes. A county may levy a property tax not to be in excess of ten mills Each year, a property's assessed value may not increase by more than 3% or the rate of inflation, whichever is lesser. A county may levy a tax with a uniform rate on real property and personal property within its jurisdiction.[164]

Special Purpose Local Option Taxes. Counties do not have broad authority to levy sales or use taxes. Counties do receive a portion of the local government half-cent sales tax. The proportion received can only be used for countywide tax relief or countywide program.[165] The county does have the power to impose specific taxes for purposes defined in state law. However, voters must approve the tax and the combined rate generally may not exceed 1%. Special purposes include capital improvements in infrastructure, indigent care and trauma centers, county public hospitals, and school capital improvements.[166]

Franchise Taxes and Fees. A county may impose fees on utilities making use of public right-of-way within the county. Utilities subject to this fee may include electricity, gas, water, sewer, telephone, and cable television.

Fees and Charges for Services. A county may assess fees and levies on property that benefit from a public work to pay for the project. A county receives a portion of the Emergency Management, Preparedness and Assistance Trust Fund as well as a state fee charged to support local maintenance of the E911 telephone system. A county with a population of 500,000 or more may establish greenspace management districts to help preserve the environment. Fees may be collected to fund the administration of these districts.

Impact fees. Impact fees may be adopted by counties, municipalities, and local governments.[167]

Debt. A county may issue debt for specific purposes, including the construction or renovation of a jail, courthouse, or other public building, the construction of hard-surface highways, and to fund the outstanding indebtedness of the county. General obligation bonds and revenue bonds can be issued if the county raises a tax on property to pay off the debt. A county also has the authority to create special act development commissions to issue bonds to fund economic development programs and initiatives.[168]

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[163] Fla. Stat. § 125.60
[164] Fla. Const. Art 9
[165] Fla. Stat. §218.61
[166] Fla. Stat. §212.054
[167] Fla. Stat. §163.31801
[168] Fla. Stat. § 130.01

Planning and Zoning

A county may establish, coordinate zoning and business regulations as necessary for the protection of the public. A county may also prepare and enforce comprehensive plans for the development of the county. The purpose of the comprehensive plan is to promote public health, safety, comfort, good order, appearance, convenience, and to prevent the overcrowding of land and to avoid undue crowding of population.[169] It may also provide for future orderly development of the community and restrict the designated areas or zones to specified uses and types of buildings.[170]

Public Safety, Utilities and Transportation

Florida counties are authorized to established municipal service taxing or benefit units for any part or all of the unincorporated area of the county. Services include fire protection, law enforcement, recreation service and facilities, water, streets, garbage collection, waste and sewage collection and disposal, drainage, transportation, and other essential facilities and municipal services. All counties are authorized to levy additional taxes within the limits set for cities within these units.[171]

Law Enforcement Authority. Counties are authorized to provide law enforcement services through a taxing district.

Fire Protection Authority. A county may provide fire protection to residents but not charge any fees for first responder services. Alternative methods of funding for fire departments that can be used include levying a tax and issuing bonds.[172]

Solid Waste Service. A county has responsibility and authority to provide for the operation of solid waste disposal facilities for incorporated and unincorporated areas of the county. Counties may charge reasonable fees for the handling and disposal of solid waste at their facilities.[173]

Water Service. A county may acquire land, construct, improve, expand, maintain, and operate water supply systems, paid for through general obligation bonds and water supply revenue bonds. Improvements can be funded by fees on property that benefits from the improvement. Water service districts can be created in the unincorporated areas of the county that provide water supply service, and the users of which are assessed a fee.

Sewer Service. A county may acquire land, construct, improve, expand, maintain, and operate sewerage disposal systems, paid for by general obligation bonds and sewer revenue bonds. Improvements can be funded by fees on property that benefit from the improvement. A county may also create sewage service districts in the unincorporated areas of the county, subject to voter approval, where they may provide water supply services and charge a fee for the use of the sewage system.

[169] Fla. Stat. § 163.3161(3)
[170] Fla. Stat. § 163.3177
[171] Fla. Stat. § 125.01(q)
[172] Fla. Stat. § 125.01(d)
[173] Fla. Stat. § 403.706

A county may grant licenses to individuals to construct, remove, repair, and maintain water, sewage, gas, power and telephone lines along public roads in the county.

Transportation. A county may lay out, construct, and maintain county roads, as well as establish and maintain public transportation facilities. To fund these activities, a county may levy taxes and contract debt. A county also has the authority to construct bridges and issue bonds to fund the construction and maintenance.

NEW MEXICO

Derivation of Authority

Counties are able to gain "urban county" status, which allows the county commission to take steps to handle a large population in the unincorporated areas of the county. Urban counties are granted the same powers of municipalities unless there is a statutory or constitutional conflict. Additionally, even without this designation, New Mexico counties have broad authorities and are able to enact ordinances to provide for the health, safety, welfare and prosperity and morals of the community.[174]

Revenue Collection

Property Taxes. A county may levy a property tax. The taxable value of residential property may not increase by more than 3% from year to year or more than 6.1% every two years. The general property tax rate imposed by a county may not exceed 11.85 per $1,000 of value. Also, the total amount of tax revenues in a year from property may not exceed the previous year's amount plus an adjustment for inflation no greater than 5%.

Sales and Use Taxes. Counties do not have the authority to levy general sales or use taxes.

Special District. A county may establish tax districts for special purposes, many of which are related to water conservation and irrigation. A county may also establish an enterprise zone within the unincorporated parts of its jurisdiction to attract businesses. A county may create improvement districts that are necessary to public health, welfare, or safety, and issue bonds to pay for public improvements in the district. A county may levy property taxes and assess fees on property benefitting from the improvement.

Franchise Taxes and Fees. A county may impose fees on utilities making use of public rights-of-ways in unincorporated towns to offset the costs of granting to these utilities. A county may establish an enterprise zone within the unincorporated part of its jurisdiction.

Impact Fees. If it complies with the Development Fees Act, a municipality or county may enact or impose impact fees on land within its respective corporate boundaries.[175]

[174] Young, Tasia. (2011). The New Mexico County Commissioner: A Reference Handbook, January 2011 Edition. NM EDGE, New Mexico State University. Retrieved from: http://countycollege.nmsu.edu/documents/nm-commissioners-handbook-jan-2011.pdf

[175] N.M. Stat. Ann. § 5-8-1 et seq

Debt. A county may issue general obligation bonds and revenue bonds for many purposes, and general obligation bonds are subject to approval in an election. A county may only borrow money for the erection of public buildings, constructing or repairing roads, constructing or acquiring a system for the distribution of water, constructing a sewer system, constructing a sanitary landfill, constructing an airport, acquiring land for open space or open space trails, and for the purchase of books or other library resources. A county can only contract debt up to 4% of the assessed value of all land in the county.

Planning and Zoning

New Mexico law grants its counties "such powers as are necessary and proper to carry out and promote county planning.[176] Such planning includes that which is necessary for accomplishing a coordinated and harmonious development of the county to best promote the health, safety, morals, order, convenience, and general welfare. A county may divide itself into zones, establish a minimum standard of building, and regulate the characteristics of buildings to guide the growth of the county. To oversee the administration of a comprehensive plan, a county may establish planning commissions.

Public Safety, Utilities, and Transportation

Police Department. A county may issue law enforcement protection revenue bonds for the purchase and repair of law enforcement equipment.

Fire Protection Authority. A county may issue bonds in fire protection districts to employ personnel, purchase equipment, and acquire and maintain facilities necessary to provide fire protection service. A county may contract with cities to provide fire protection services.

Solid Waste. The county has the authority to collect and dispose of all solid waste. A county may establish refuse disposal districts to operate refuse disposal and collection equipment. The county has the power to provide employees, facilities, and equipment in the district, as well as issue bonds and assess fees for the use of refuse disposal service.

Sewer and Wastewater. A county may issue bonds to fund the construction of sewerage and water treatment and distribution facilities.

Transportation. A county may construct, alter, maintain, and improve county roads and other duties related to roads that the legislature establishes by law. Bonds may be issued to fund these projects. Counties have authority over roads in unincorporated areas. Counties may also issue bonds to construct bridges. A county may establish a road and street fund in an improvement district and levy taxes to finance it. A county is also able to establish, construct, and operate a county airport, as well as issue bonds to fund it.

[176] N.M. Stat. Ann. § 4-57-2

SUMMARY

Texas counties possess limited authority when compared to counties of other states.

Texas counties cannot adopt a home-rule charter, or anything similar under any circumstance. In contrast, many of the counties in other states studied have increased power which enables them to govern more effectively the unincorporated areas. Arizona, Colorado, and Florida can adopt a home rule charter, which enables the county to exercise all power except what has been specifically been denied to it by the state. A New Mexico county can be granted "urban county status" to help govern unincorporated areas with large populations.

Considering revenue, counties in Texas are somewhat more constrained than counties in other states. Counties in Texas, Arizona, Colorado, and New Mexico are all subject to limits on their overall increase in revenue, but Florida is not. All counties can levy a property tax, but only Colorado counties can levy a general sales and use tax. New Mexico is the only state surveyed where counties cannot levy a special purpose tax, but counties in the state can create special districts. Texas counties are the only counties in the surveyed states that cannot charge franchise fees. All counties examined are able to provide water and sewer service through special districts. All counties can issue debt, but Texas counties can only issue debt on items that have specifically been granted to them.

Texas counties are also extremely limited in their power to zone and plan in the unincorporated areas compared to counties in other states. Counties in other states have the ability to zone, create a comprehensive plan, create a planning commission, and enforce building codes. Texas counties do not have this ability, and thus cannot control the amount of development or standards of development in the unincorporated area.

Figure 11: County Authority Comparison

	TX	AZ	CO	FL	NM
Can Adopt Home Rule Charter		X	X	X	X
Limits on Overall Increase in Revenue	X	X	X		X
Authority To Levy Property Tax	X	X	X	X	X
Authority to Levy General Sales and Use			X		
Authority to Levy Special Purpose Tax	X	X	X	X	
Authority to Create Special Districts	X	X	X	X	X
Authority to Charge Franchise Fees		X	X	X	X
Authority to Levy Impact Fee	X	X	X	X	X
General Authority to Issue Debt		X	X	X	X
Zoning Authority		X	X	X	X
Solid Waste Disposal Service	X	X	X	X	X
Water Service	X	X	X	X	X
Sewerage Service	X		X	X	X

Recommended Legislative Changes

Based on the analysis above, the following provisions prevent Texas urban counties from providing more city-like services in the unincorporated area:

- The Texas Constitution declares that counties in Texas are legal subdivision of the State.[177]
- No county, city or town shall levy a tax rate in excess of $.80 on $100 in valuation in any one (1) year for general fund, permanent improvement fund, road and bridge fund and jury fund purposes.[178]
- A county may impose a general sales and use tax at a rate of .5%[179] if it (a) does not have territory inside a rapid transit authority; (b) the combined sales and use tax rate of the county and other political subdivisions in any location in the county does not exceed 2 percent; and (c) the sales and use tax is used for property tax relief.[180]
- The rollback tax rate is equal to 108% of the maintenance and operating effective tax rate and required taxes to pay for general obligation debt.[181]
- Unless otherwise authorized by state law, a commissioners court shall not regulate under this section: (1) the use of any building or property for business, industrial, residential, or other purposes; (2) the bulk, height, or number of buildings constructed on a particular tract of land; (3) the size of a building that can be constructed on a particular tract of land, including without limitation and restriction on the ratio of building floor space to the land square footage; (4) the number of residential units that can be built per acre of land; (5) a plat or subdivision in an adjoining county; or (6) road access to a plat or subdivision in an adjoining county.[182]

Statutory, regulatory, and revenue generating authority changes:

1. **Amend Texas Constitution to allow for county home rule, or a rule similar to New Mexico's "urban county" status.**

The following is the constitutional text on becoming an urban county in New Mexico:

> "A. A county that is less than one thousand five hundred square miles in area and has, at the time of this amendment, a population of three hundred thousand or more may become an urban county by the following procedure…
> B. An urban county may exercise all legislative powers and perform all governmental functions not expressly denied to municipalities, counties or urban counties by general law or charter and may exercise all powers and shall be subject to all limitations granted to municipalities by Article

[177] TX Constitution, Art. 11, Sec.1
[178] TX Constitution, Art. 8, Sec.9
[179] Counties with no territory within the limits of a municipalities may impose a sales and use tax of 1 percent (Tex. Tax Code, §323.103.
[180] Tex. Tax Code, §323.101, 103, 404
[181] Tex. Tax Code, §26.06
[182] Tex. Loc. Gov't Code §232.101(b)

9, Section 12 of the constitution of New Mexico. This grant of powers shall not include the power to enact private or civil laws except as incident to the exercise of an independent municipal power, nor shall it include the power to provide for a penalty greater than the penalty provided for a misdemeanor. No tax imposed by the governing body of an urban county, except a tax authorized by general law, shall become effective until approved by a majority vote in the urban county."[183]

2. **Allow Texas counties to have authority to create and enforce ordinances.**

3. **Allow Texas counties in transit districts to be able to levy a general fund sales tax, so long as it is still subject to the 2% limit.**

4. **Allow Texas counties to increase taxes higher than roll-back rate limitation.**

5. **Increased zoning and land use powers to better control development in the unincorporated areas.**

[183] N.M. Const. Art X

TASK 1.3: ANNEXATION ANALYSIS

Prepared for

Bexar County, Texas

December 2014

TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, Suite S240
Bethesda, MD 20816
800-424-4318
www.tischlerbise.com

TischlerBise
4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318

www.tischlerbise.com

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Executive Summary

The population of Bexar County grew 23 percent to over 1.7 million people between 2000 and 2010. Significantly, the unincorporated area of Bexar County grew to over 260,000 people, an increase of almost 90 percent. During the same time period, housing units in the unincorporated area increased 83 percent to over 85,000 units. Additionally, the City of San Antonio has significantly reduced its annexation activity in recent years, although the City has recently updated its annexation policy and is developing a new annexation plan. The citizens of the unincorporated area of Bexar County receive limited services compared with incorporated areas of the County, including limited fire protection, and limited access to library and animal control services. Portions of the unincorporated area have developed urban-like conditions, and it is reasonable to assume that residents may expect city-type services.

To address the demand for city-type services in the unincorporated area, a few options are available. One option for service provision to these residents is for San Antonio or other existing cities within Bexar County to annex the more populous areas in the unincorporated county.

The City of San Antonio has steadily annexed property in Bexar County for many decades, but has limited its annexations over the past 10 years due to more cumbersome annexation requirements, passed in 1999. San Antonio has created 441 annexation ordinances since 1940, and has grown by more than 237,000 acres reflecting a 1,000 percent increase in land area. Additionally, during this time, many smaller cities within Bexar County have incorporated and annexed land as well.

The City of San Antonio's reduction in annexation activity is due in part to legislative changes, specifically S.B. 89, passed in 1999, which overhauled Texas' Municipal Annexation Act (Texas Local Government Code §43). The law requires cities to implement a 3-year annexation plan that includes extensive community outreach along with a three-year waiting period between when an annexation is proposed and when it can be formalized. Cities must have adequate services for newly annexed areas in place *before* the annexation occurs. This can be difficult for the annexing city because services are required to be provided before any revenue from the area has been generated.

San Antonio's annexation practices have affected the quality and quantity of development in the unincorporated county. Development in incorporated areas is subject to higher construction and building standards, zoning, and other regulations than the unincorporated area. Additionally, cities can establish minimum standards for the use and occupancy of buildings. Because of continued growth pressure and curtailed annexations by the City of San Antonio, Bexar County is experiencing what could be considered unsustainable development such as an aging housing stock, substandard infrastructure, and sprawl.

Annexation offers several advantages for residents of an unincorporated area. These include increased levels of service and infrastructure. When annexing an area, cities are required to provide full city services to that area, including police, fire, EMS, solid waste collection, water, sewer, roads and street

maintenance, and parks. Additionally, residents and developers must follow stricter land use and building regulations, which should result in higher-quality development with higher property values as well as more economic development and a more competitive region as a whole. Finally, annexed citizens should experience an increased voice in government as tax-paying voters, including providing input on policy and decisions on how taxes and other revenues are spent.

However, many residents of unincorporated areas are not in favor of annexation by a city because they must pay a city property tax. Additionally, residents are subject to increased government regulation. Some residents would prefer not to become part of a larger city because they feel they will lose their identity as a smaller community or town.

PURPOSE AND ORGANIZATION OF THIS PAPER

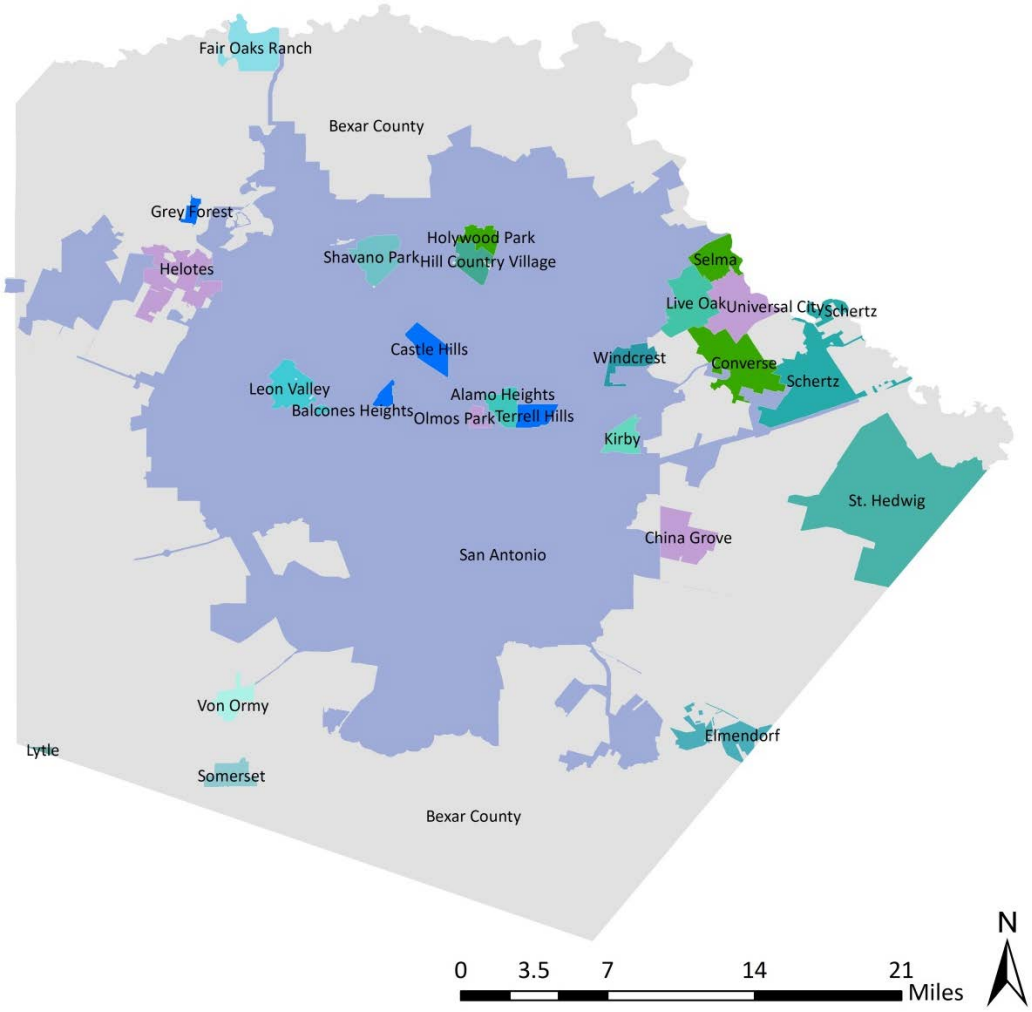
TischlerBise is under contract with the County of Bexar to conduct a study of the unincorporated area in the County, the services which the County provides, the gap in services as compared to those provided by municipalities, and options for persons living in such areas to obtain the desired services. This paper is the third in a series of papers for Phase I of the study. It includes an historical overview of past annexations in Bexar County by San Antonio and all other municipalities; an analysis of legislative changes that may have facilitated annexations; an analysis of the impact of current annexation policies and practices on development patterns and sustainability of development in the incorporated areas; and the perceived pros and cons for unincorporated residents being annexed.

Past Annexations in Bexar County

The first part of this paper covers historical annexations by the City of San Antonio and other municipalities in the County. Past annexations in Bexar County are summarized below. San Antonio is discussed first, followed by smaller cities and towns in Bexar County. Most cities and towns are completely in Bexar County[1] with a few crossing boundaries into adjacent counties.[2]

The incorporated cities in Bexar County are displayed in the map below:

Figure 1: Municipalities in Bexar County[3]



[1] Cities located entirely in Bexar County: Alamo Heights City, Balcones Heights City, Castle Hills City, China Grove Town, Converse City, Grey Forest City, Helotes City, Hill Country Village City, Hollywood Park Town, Kirby City, Leon Valley City, Live Oak City, Olmos Park City, Shavano Park City, Somerset City, St. Hedwig Town, Terell Hills City, Universal City, Von Ormy City, and Windcrest City.

[2] Cities located in multiple counties: Cibolo City, Elmendorf City, Fair Oaks Ranch City, Lytle City, Schertz City, and Selma City.

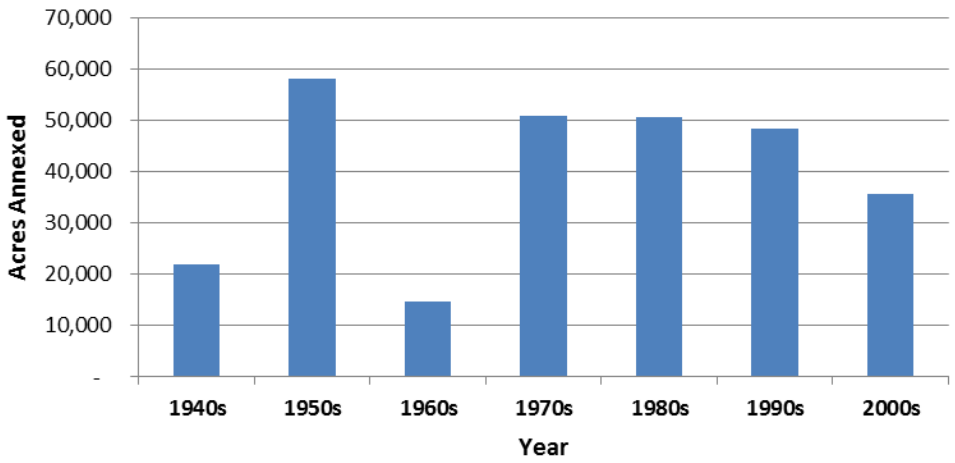
[3] Bexar County. Map created by TischlerBise, 2013.

SAN ANTONIO

The City of San Antonio has created a listing of annexed areas from 1940 to the present, along with a corresponding map. The listing and map can be found in Appendices A and B. In summation, 441 annexation ordinances have been created since the 1940s, when the City was 23,040 acres. Seven of the ordinances were limited annexations and 21 were disannexations. The limited annexations occurred in 2003 and 2004. The year that saw the largest number of annexations was 1952, which included 51,134.8 acres annexed. San Antonio has annexed approximately 239,325 acres since 1940, including limited purpose annexations and disannexations.

Figure 2 displays the acres annexed by decade. The City of San Antonio annexed around 50,000 acres in each decade during the 70s, 80s, and 90s. The 2000s total is 35,610 acres, but this total includes 40,000 acres of limited purpose annexation, some of which became full purpose, but many acres were disannexed, showing a shift away from traditional annexations. The City of San Antonio is now almost 300,000 acres.

Figure 2: Acres Annexed by the City of San Antonio by Decade[4]



The chart below shows annexation activity in San Antonio since 2000, and includes full purpose annexations, limited purpose annexations, and disannexations. The rows highlighted in green are disannexations and those in blue are limited purpose. The largest single annexation, which was over 10,000 acres, was the Government Canyon/City Property in West Bexar County, next to Helotes. This is a "natural area" where protection of the property's natural state is the primary objective, so development and traditional services are not needed in this area. Some smaller parcels were annexed around the borders of the city throughout the decade as well. Lastly, seven large areas of land located to the south of San Antonio were annexed for limited purpose to create the City South Management Authority. Most of these areas were disannexed, but Southside Areas 2 and 3 were full-purpose annexed in 2006. Overall, around 34,600 acres have been added to the City of San Antonio since 2000.

[4] City of San Antonio. (2008). "Annexation Areas Listing 1940 to Present."

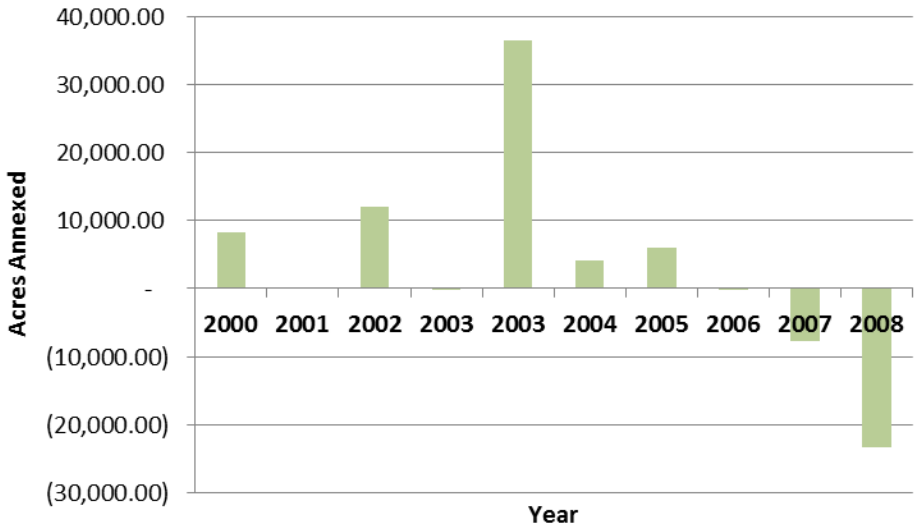
Figure 3: Inventory of Annexation Activity 2000 - Present[5]

Ordinance	Date	Acres	Description
91155	4/6/2000	392.60	La Paz Subdivision
92902	12/31/2000	2290.00	Potranco Rd/ FM 1604 Area
92903	12/31/2000	400.00	Area West of IH 10
92904	12/31/2000	1597.00	Redland Woods/ Emerald Forest
92905	12/31/2000	1982.00	Bulverde Rd/ FM 604 Area
92906	12/31/2000	1186.00	Foster Meadows Area
92907	12/31/2000	310.00	Culebra 1604
92908	12/31/2000	89.00	Babcock North of FM 1604
92909	12/31/2000	3.28	Algae Removal Facility
94498	10/31/2001	16.00	The Heights at stone Oak PUD
94499	11/25/2001	94.90	IH 10 West/Boerne Stage Road
96547	12/31/2002	22.00	Galm Rd/ Loop 1604 Area
96548	12/31/2002	10283.00	Gov't Canyon/ City Properties
94549	12/31/2002	244.00	Sheldon Tracts
96553	12/31/2002	1279.00	Thrift Tract/ City Property
96555	12/31/2002	142.00	Stage Run Area
98580	12/28/2003	-5.31	Disannexation to City of Live Oak
96557	1/5/2003	8358.00	Southside Area "1" Limited Purpose
96558	1/5/2003	3762.00	Southside Area "2" Limited Purpose
96559	1/5/2003	9796.00	Southside Area "3" Limited Purpose
96560	1/5/2003	2936.00	Southside Area "4" Limited Purpose
96561	1/5/2003	3104.00	Southside Area "5" Limited Purpose
96562	1/5/2003	8502.00	Southside Area "6" Limited Purpose
99352	8/1/2004	4080.00	Southside Area "7" Limited Purpose
101053	6/20/2005	4345.00	Timberwood Park Limited Purpose
101600	12/30/2005	10.00	QVC San Antonio Area (voluntary annexation)
101601	12/11/2005	97.68	Hunter's Pond Area (voluntary annexation)
101602	12/31/2005	146.00	Helotes Park Terrace/ Park at French Creek
101603	12/31/2005	1312.00	Kyle Seale/ Loop 1604
101604	1/5/2006	2644.00	Southside Area "2" Full Purpose Annexation
101604	1/6/2006	-3762.00	Disannexation Southside Area "2" Limited Purpose for Full Purpose
101605	1/5/2006	9796.00	Southside Area "3" Full Purpose Annexation
101605	1/6/2006	-9796.00	Disannexation Southside Area "3" Limited purpose for Full Purpose
2006-10-12-1197	10/12/2006	38.00	Culebra/ 1604 (Voluntary Annexation)
2006-11-30-1372	11/30/2006	-0.02	Boundary Adjustment with Converse
2007-02-08-0150	2/8/2007	-3104.00	Disannexation Southside Area "5" from Limited Purpose
2007-02-15-0186	2/15/2007	-4345.00	Disannexation of Timberwood Park from Limited Purpose
2007-08-02-0811	8/2/2007	-229.13	Windcrest Disannexation
2008-02-07-0102	3/1/2008	-7825.41	Disannexation Southside Area "1" from Limited Purpose
2008-02-07-0102	3/1/2008	-2936.00	Disannexation Southside Area "4" from Limited Purpose
2008-07-07-0102	3/1/2008	-8502.00	Disannexation Southside Area "6" from Limited Purpose
2208-09-18-0837	3/1/2008	-4080.00	Disannexation Southside Initiative Expansion Area 7 from Limited Purpose
2008-09-18-0837	9/28/2008	-61.70	Disannexation of Espada Commercial Tracts
Total Acres Annexed		**34,610.89**	

[5] City of San Antonio. (2008). "Annexation Areas Listing 1940 to Present."

The information above is presented in the graph below to display the number of acres annexed by the city of San Antonio by year, including limited purpose annexations and disannexations.

Figure 4: Acres Annexed since 2000 by the City of San Antonio by Year[6]



OTHER CITIES AND TOWNS IN BEXAR COUNTY

Other cities and towns in Bexar County have annexed property over the years. Appendix C includes a detailed inventory and timeline of annexation activity for each municipality in the County. Information from 1970 to the present was obtained from the U.S. Census. From that time, municipalities in Bexar County (other than San Antonio) have annexed approximately 171,554 acres. (Data for these annexations from 1970 to present can be found on the U.S. Census website.[7] Information on annexations prior to 1970 is not available from a consolidated source, but some annexations were obtained from the histories of individual cities.) See Figure 4 for a summary by municipality.

[6] City of San Antonio. (2008). "Annexation Areas Listing 1940 to Present."
[7] U.S. Census. (2012). Boundary and Annexation Survey (BAS): Annexation Data – Texas. Retrieved from: ftp://ftp2.census.gov/geo/pvs/bas/annexation/48/

Figure 5: Inventory of Annexation Activity: Other Cities and Towns in Bexar County[8]

City	Total Acres Annexed	Years	County
Alamo Heights		1928 - 1944	Bexar
Balcones Heights		1950 - 1954	Bexar
Castle Hills	-	-	Bexar
China Grove	522.0	1982 - 2002	Bexar
Cibolo	11,589.0	1970 - 2005	Bexar, Guadalupe
Converse	10,051.4	1971 - 2008	Bexar
Elmendorf	17,494.2	1972 - 2007	Bexar, Wilson
Fair Oaks Ranch	1,103.6	1991 - 2011	Bexar, Comal, Kendall
Grey Forest	5.4	1992 - 1994	Bexar
Helotes	2,489.9	1991 - 2007	Bexar
Hill Country Village	2,906.4	1972 -2006	Bexar
Hollywood Park	455.0	1970 - 1980	Bexar
Kirby	1,642.9	1971 - 2009	Bexar
Leon Valley	1,128.2	1971 - 1989	Bexar
Live Oak	13,327.5	1970 - 2007	Bexar
Lytle	-	-	Atascosa, Bexar, Medina
Olmos Park	-	-	Bexar
Schertz	57,466.4	1970 - 2011	Bexar, Comal, Guadalupe
Selma	38,882.2	1971 - 2006	Bexar, Comal, Guadalupe
Shavano Park	5.3	1982 - 2000	Bexar
Somerset	-	-	Bexar
St. Hedwig	-	-	Bexar
Terrell Hills	-	-	Bexar
Universal City	11,723.5	1972 - 2003	Bexar
Von Ormy	149.0	2011	Bexar
Windcrest	612.2	1973 - 2007	Bexar
Total	**171,554.1**		

Together with San Antonio's annexation activity of approximately 279,863 acres since 1940, a total of 451,417 acres have been annexed. This reflects 57% percent of the total land area (793,484 acres[9]) of Bexar County.

[8] U.S. Census. (2012). Boundary and Annexation Survey (BAS): Annexation Data – Texas. Retrieved from: ftp://ftp2.census.gov/geo/pvs/bas/annexation/48/

[9] U.S. Census Bureau. (2010). Bexar County, Texas. State and County Quickfacts.

Major Legislative Changes Affecting Annexation

HOME RULE CONSTITUTIONAL AMENDMENT (1912)

Prior to 1912, annexation by a city required approval of the Texas Legislature. In 1912, the Texas Constitution was amended to allow cities that have a population of more than 5,000 people to adopt a home-rule charter, which "has the full power of local self-government, subject to certain statutory limitations."[10] This provision allows cities to have all power except which has been specifically denied to them by the state of Texas or the United States. There is no state law that prohibits home rule municipalities from annexing surrounding area, which gives these cities the inherent power to annex.

Cities were able to annex territory up to the corporate boundaries of another city. Courts adhered to the "first in time, first in right" rule, which meant that the first to begin annexation or incorporation proceedings was authorized to complete the process. This resulted in annexation contests between an area attempting to incorporate and a city trying to annex the same area before the beginning of incorporation proceedings by the first area.

MUNICIPAL ANNEXATION ACT (1963)

Tex. Loc. Gov't Code §42 and 43

In 1963, the Texas Legislature enacted the Municipal Annexation Act (Tex.Riv.Civ.Stat.Ann. art. 970a now codified as Tex. Loc. Gov't Code, §42 and 43). The Act provided procedures for annexation, including notice and hearing requirements and a service plan that describes the extension of full municipal services into the area to be annexed. It specified how unincorporated areas can petition for annexation, established a procedure for disannexation, and prohibited the creation of political subdivisions within the extraterritorial jurisdiction. The Act also restricts cities from annexing more than 10% of their total size in a year, but if this full amount is not annexed, the remainder can be carried over to the following years, with a maximum limit of 30%.

This Act also created the concept of extraterritorial jurisdiction (ETJ). ETJ refers to the area of land that extends beyond the city limits, which ranges from a half mile for small cities to 5 miles for cities with more than 100,000 residents. The city can maintain some control over this area. A city's annexation authority is limited to the area within the ETJ, and the ETJ is extended as the city annexes additional area.

Despite these changes, annexations performed by cities resulted in complaints and came under attack in the legislature. Residents of unincorporated areas sometimes were unhappy being brought into a city

[10] Tex. Const., Art. XI, §5

involuntarily. Bills to curb unilateral annexations have been proposed in every session of the legislature for the past 50 years.[11]

GOVERNING LIMITED PURPOSE ANNEXATION AND STRIP ANNEXATION (1987)

Tex. Loc. Gov't Code §43.054 and 43.056

In 1987, the legislature passed S.B. 962. This bill requires the minimum width of annexations to be 1,000 feet, as opposed to the previous standard of 500 feet. (A city may annex an area that is less than this width if the corporate limits of the city are contiguous with the property on at least two sides. Additionally, adjacent cities may accomplish mutually agreeable adjustments in their boundaries of areas that are less than 1,000 feet in width.)

The bill prohibited a service plan from requiring the creation of another political subdivision and from requiring a landowner in a newly annexed area to fund capital improvements. The service plan provision of the Act was updated to require capital improvements to begin construction begin within 2 ½ years and be substantially complete within 4 ½ years.

Lastly, the bill provided for rules on limited-purpose annexations. [12]

FULL MUNICIPAL SERVICES (1989)

Tex. Loc. Gov't Code §43.056 and §42.046

Additional legislation was passed in 1989 that discussed service provision to newly annexed areas. H.B. 3187, codified as Tex. Loc. Gov't Code §43.056, requires that full municipal services be provided to the annexed area no later than 4 ½ years after the annexation. "Full municipal services" refer to "services provided by the annexing municipality within its full purpose boundaries."

This bill also included the addition of a section, Tex. Loc. Gov't Code §42.046: "Designation of a Planned Unit Development District in Extraterritorial Jurisdiction." This provision discusses how a city that has disannexed territory previously annexed for limited purposes may designate that area as a planned unit development district.

ENFORCEMENT OF SERVICE PLAN (1995)

Tex. Loc. Gov't Code §43.056

H.B. 2758, passed in 1995, allows residents of newly annexed areas to issue a writ of mandamus to enforce the annexation service plan if the city fails to provide adequate services. If the court issues the writ, the city is required to pay the person's costs for bringing the action and must provide the option of disannexing the area within thirty days.

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[11] Houston, Scott. (2012). Municipal Annexation in Texas. Texas Municipal League. Retrieved from: http://www.tml.org/legal_pdf/ANNEXATION.pdf

[12] S.B. No. 962. 70th Legislature. Retrieved from: http://www.lrl.state.tx.us/scanned/sessionLaws/70-0/SB_962_CH_1077.pdf

OVERHAUL OF MUNICIPAL ANNEXATION ACT (1999)

Tex. Loc. Gov't Code §43

The most dramatic overhaul of the Municipal Annexation Act came in 1999 with the passage of S.B. 89. The Act sets two different annexation schemes depending on whether an annexation is or is not subject to a municipal annexation plan, creates requirements and time frames for municipal annexation plans, revises requirements for service provision, sets forth negotiation and arbitration procedures, and makes changes regarding strategic partnership agreements and continuation of land use in annexed areas.

Overall, major changes that cities must implement include creating a 3-year annexation plan that requires extensive community outreach and adhering to a three-year transition period between when annexation is proposed and when it can be formalized. Additionally, there are limits on the size of parcels that can be annexed, and cities must have adequate services for newly annexed areas, including fire protection, in place before the annexation occurs.

Key revisions are summarized below:

Annexation Procedural Schemes

The revisions call for two annexation procedural schemes, based on either the inclusion or exclusion of an area in a city's annexation plan. Cities must determine whether an area they wish to annex is included under one of the exemptions from the annexation plan requirements, listed under Tex. Loc. Gov't Code §43.052(h). An area is considered exempt if it:

> (1) contains fewer than 100 separate tracts of land on which one or more residential dwellings are located on each tract;
> (2) will be annexed by petition of more than 50% of the real property owners in the area proposed for annexation or by vote or petition of the qualified voters or real property owners as provided by Subchapter B;
> (3) is the subject of an industrial district contract or a strategic partnership agreement.
> (4) is located in a colonia;
> (5) is annexed under Section 43.026, 43.027, 43.029, or 43.031;
> (6) is located completely within the boundaries of a closed military installation; or
> (7) the municipality determines that the annexation of the area is necessary to protect the area from imminent destruction of property or injury to persons or a condition or use that constitutes a public or private nuisance.

If an area is not exempt, the city must include the area in a municipal annexation plan and wait three years to annex the area under the directions established by §43, Subchapter C: Annexation Procedure for Areas Annexed Under Municipal Annexation Plan.

If an area is exempt, the city must follow §43, Subchapter C-1: Annexation Procedure for Areas Exempted from Municipal Annexation Plan. Thus, these areas do not need to be included in a Municipal Annexation Plan, but must follow certain procedures.

Requirements and Time Frames for Municipal Annexation Plans

Certain requirements and time frames are mandated by the Act:

- If an area is not exempt, the city must include the area in a municipal annexation plan and wait three years to annex the area. The plan can be amended to include new areas if the city wishes, but the city may not annex these areas until three years after the area is included in the plan. If the annexation does not occur before 31 days after the three-year period, it is prohibited from annexing the area for five years from the last date eligible for completion.
- The act prohibits a utility or special district from taking certain actions without the city's consent after being notified of annexation, including lowering tax rates, divesting assets, and entering into certain contracts.
- A municipality that has a website must post information regarding proposed and amended annexation plans.
- The city must give written notice no later than 90 days after the city adopts or amends an annexation plan to property owners, public and private service providers, and affected railroad companies.[13]
- Once an annexation plan is adopted, a city must compile a comprehensive inventory of services and facilities provided by public and private entities in each area proposed for annexation.[14]
- The governing body of a city must conduct two public hearings on annexation prior to beginning of annexation proceedings. If a written protest is filed, one must be held in the proposed annexation area. Notice of the hearings must be published online or in a newspaper and by mail.[15] If a municipality has a population of less than 1.6 million,[16] the municipality and the property owners of the area proposed for annexation shall negotiate for the provision of services to the area after annexation.[17] The governing body of a city with a population of less than 1.6 million can also negotiate with an area for the provision and funding services in lieu of annexation.[18]

Provision of Services

Section 43.056, which details provisions of services to an annexed area, was updated as part of this major overhaul. A city must have a complete service plan created 10 months after the inventory of services is completed. The plan must include provisions for full services to be set up by 2½ years after the effective date of the annexation; however, the city may propose to extend the period up to 4½ years.

[13] Tex. Loc. Gov't Code §43.052
[14] Tex. Loc. Gov't Code §43.053(b)
[15] Tex. Loc. Gov't Code §43.0561
[16] Latest estimate of City of San Antonio population is 1.36 million (2011)
[17] Tex. Loc. Gov't Code §43.0562
[18] Tex. Loc. Gov't Code §43.0563

A service plan must include a program under which the city will initiate the acquisition or construction of capital improvements. If the level of services in the annexed area was at or below the level of services in the city, the service plan is required to provide services, infrastructure, and infrastructure maintenance (services) in the annexed area at the same level as provided in the municipality. A city with a population of 1.6 million or more may not impose a fee in an annexed area, higher than property taxes or fees in the city before annexation to maintain the level of services. A person that lives or owns land in an annexed area in a city with a population of 1.6 million or more may enforce a service plan by petitioning the city for a change in policy or procedures to ensure compliance with the plan. A city may not prohibit the collection of solid waste by a private service in an area annexed within two years of annexation.[19]

Other Provisions

The Act restricts a municipality's taxing authority in strategic partnership agreements, places restrictions on strip annexations and annexations in which the municipality is annexing property it already owns and allows a municipality with a population of less than 1.6 million to enter into a contract for services in lieu of annexation.

The Act also prohibits a municipality from changing land use under certain conditions and establishes that if an area is disannexed due to the municipality's failure to provide services, the municipality may not reannex the area for 10 years. If an area is disannexed for any reason, the municipality must refund certain taxes and fees to area landowners. In addition, a seller of property must notify the buyer that the property is currently or could be subject in the future to municipal annexation.

Finally, the act requires a municipality to apply for "preclearance" from the U.S. Department of Justice under Section 5 of the Voting Rights Act of 1965 for a proposed annexation plan by the 90th day before the effective date of annexation and prohibits a municipality from preventing a qualified voter from voting in a municipal election if the municipality has obtained preclearance.[20] (A preclearance means that the United States Department of Justice will "preclear" any attempt to change "any voting qualification or prerequisite to voting, or standard, practice, or procedure with respect to voting." A jurisdiction must show that a proposed voting change will not have cause discrimination based on race or color.)[21]

[19] Tex. Loc. Gov't Code §43.056

[20] Texas Legislative Council. (1999). Summary of Enactments, 76th Legislature. Retrieved from: http://www.tlc.state.tx.us/pubssoe/76soe/76soe.pdf

[21] U.S. Commission on Civil Rights. (2006). "Voting Rights Enforcement and Reauthorization: The Department of Justice's Record of Enforcing Temporary Voting Rights Act Provisions."

OTHER LEGISLATIVE CHANGES

Several other legislative changes have occurred over the last decade to amend annexation practices and procedures. This section summarizes those changes, which are minor relative to the changes described above.

Annexation of County Road (2001)

Tex. Loc. Gov't Code §43.106

This bill (H.B. 958) requires that a city that proposes to annex a portion of a paved county road must also annex the entire width of the county road and the adjacent right-of-way.[22]

Consent of Municipal Annexation (2001)

Tex. Loc. Gov't Code §43.901

This amendment (H.B. 1264) clarifies that after two years have passed without an objection, an annexation is presumed conclusively to be adopted with the consent of all appropriate persons, except another municipality.[23]

Preclearance Requirements (2001)

Tex. Loc. Gov't Code §43.906(a)

On the earliest date permitted by federal law, a city is required to apply for a preclearance under Section 5 of the Voting Rights Act of 1965.[24] This amendment (H.B. 1265) was made so that preclearances are submitted well in advance of their next municipal election.[25]

General-Law Municipality Annexation Modifications (2005)

Tex. Loc. Gov't Code §43.032 and 43.033

This change (H.B. 1772) authorizes a general-law city with a population of 1,500 to 1,599 to annex an adjacent area that is not being served with water or sewer service from a government entity and for which a petition requesting annexation has been filed.[26] Additionally, the bill expands the criteria that must be met for a general-law municipality to annex territory without voter consent.[27]

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[22] Texas. Legislature Online. (2001). Bill Summary: House Bill 958 http://www.legis.state.tx.us/billlookup/BillSummary.aspx?LegSess=77R&Bill=HB958
[23] Texas Legislature Online. (2001). Bill Summary: House Bill 1264. Retrieved from: http://www.legis.state.tx.us/billlookup/BillSummary.aspx?LegSess=77R&Bill=HB1264
[24] Tex. Loc. Gov't Code§43.906(a)
[25] Houston, Scott. (2012). Municipal Annexation in Texas. Texas Municipal League. Retrieved from: http://www.tml.org/legal_pdf/ANNEXATION.pdf
[26] Tex. Loc. Gov't Code§43.032
[27] Tex. Loc. Gov't Code§43.033

Service Plan Modifications (2007)

Tex. Loc. Gov't Code §43.052

In general, this bill (H.B. 610) makes technical changes to provision of service rules. A city's annexation service plan must include a list of all services to be provided under the plan. Next, a city may annex an area at any time on petition of the area's owner if the area is currently or previously in the annexation plan. Lastly, the bill allows a city with less than 1.6 million people to negotiate a written agreement for funding and provision of services instead of annexation.[28]

Mandatory Development Agreement Offer In Lieu of Annexation for Rural Land (2007)

Tex. Loc. Gov't Code §43.035

This amendment (H.B. 1472) prohibits a city from annexing land (1) eligible to be the subject of a development agreement under Subchapter G of Chapter 212 of the Local Government Code or (2) appraised for agriculture, wildlife management, or timber production use, unless the city (a) offers to make a development agreement with a landowner and the landowner declines and (b) the area subject to a development agreement is adjacent or contiguous to the city.[29]

While many city officials argued that farming operations already had sufficient protections from city regulations, the Texas Farm Bureau and others strongly supported H.B. 1472. The bill adds an additional layer of bureaucracy to the process, but amendments to the bill throughout the process sought to ensure that it would not limit annexations of land that is truly poised for development rather than for farming.

Terms of Development Agreement (2011)

Tex. Loc. Gov't Code §212.172(b)

This bill (H.B. 1643) provides that a city may make a written contract, for which the terms may not exceed 45 years (an increase from 15 years under previous law), with a landowner in the ETJ to guarantee the continuation of extraterritorial status of the land and immunity from annexation by the city.[30]

[28] Texas Legislature Online. (2007). Bill Summary: House Bill 610. Retrieved from: http://www.legis.state.tx.us/billlookup/BillSummary.aspx?LegSess=80R&Bill=HB610
[29] Texas Legislature Online. (2007). Bill Summary: House Bill 1472. Retrieved from: http://www.legis.state.tx.us/billlookup/BillSummary.aspx?LegSess=80R&Bill=HB1472
[30] Houston, Scott. (2012). Municipal Annexation in Texas. Texas Municipal League. Retrieved from: http://www.tml.org/legal_pdf/ANNEXATION.pdf

THE EFFECT OF LEGISLATIVE CHANGES ON ANNEXATIONS IN BEXAR COUNTY

The progression of annexation legislation over the past 100 years has increased the burdens put upon cities to annex a property, especially S.B. 89. This overhaul of the Municipal Annexation Act makes municipal annexation more expensive, time-consuming, and cumbersome in certain circumstances. The changes do not have much impact on home rule and general law city annexation of small, barely-populated areas. The law has the biggest effect on home rule cities interested in unilaterally annexing large residential subdivisions. [31]

The City of San Antonio continued to have an aggressive annexation policy until 2003, when it annexed Government Canyon in the Northwest and sections of City South's territory. Since then, it stopped annexing new areas and disannexed some properties. (The map found in Appendix B shows San Antonio's growth by annexations by decade.) Additionally, many of the annexations that took place since 1999 were limited purpose annexations. (Limited purpose annexation only lasts for three years and extends city codes to include zoning and building codes. There are no city taxes or city services provided in limited purpose annexation.) [32]

The major shift in San Antonio's annexation practice illustrates the impact of the above recent legislative changes. The municipal services plan required three years in advance and the requirement that services must be provided as soon as an area is annexed are particularly cumbersome. City services must be provided a year or so before any revenue from the area is collected. Prior to the legislative change, San Antonio could phase in various services as revenue from the annexed area was collected.[33] However, the curbing of annexations can also be attributed to the city attempting to control their finances and infrastructure. For example, the newly-annexed neighborhood of the Dominion experienced an expensive fire prompting many city officials to worry that the city was expanding too quickly.[34]

[31] Houston, Scott. (2012). Municipal Annexation in Texas. Texas Municipal League. Retrieved from: http://www.tml.org/legal_pdf/ANNEXATION.pdf
[32] City of San Antonio. (2012). City Council Minutes, April 19, 2012. Retrieved from: http://www.sanantonio.gov/clerk/minutes/2012/2012-04-19.pdf
[33] Jefferson, Greg. (2012). No Man's Land. City of Sandy Oaks. Retrieved from: http://cityofsandyoaks.info/wp-content/uploads/2012/04/No_mans_land_no_photos.pdf
[34] (2012). After Six Years, "A" Word Heard Again at San Antonio City Hall. Radio WOAI. Retrieved from: http://radio.woai.com/pages/localnews.html?feed=119078&article=10062174#ixzz2C7quNlVx

Impact of Current Annexation Policy on Development

The following is an analysis of the impact of current annexation policies and practices on development patterns and sustainability of development in Bexar County. Development in the incorporated area is subject to a higher standard of development and regulation than in the unincorporated area. These regulatory differences are described followed by a look at conditions in Bexar County.

DEVELOPMENT AUTHORITY DIFFERENCES

There are several differences in the ability of cities and counties to regulate development, and thus promote sustainable, responsible development. Legislative authority in the areas of development codes, zoning and land use, and authority over dangerous structures are examined below.

Development Codes: Municipalities in Texas must adhere to the International Residential Code (applies to single family units)[35], the National Electrical Code (applies to all residential and commercial electrical construction applications)[36], and the International Building Code (for commercial buildings and multi-family units).[37] Cities with more than 1.7 million people can adopt an ordinance establishing minimum habitability standards for multi-family rental buildings, including requiring maintenance of proper operating conditions. A city can also create a program for the inspection of multi-family rental buildings to determine if they meet required standards.[38] A home-rule municipality may require that the construction of buildings comply with the energy conservation standards in the municipal building code.[39]

Counties are able to require compliance with the International Residential Code (IRC) or a modified version of the IRC for construction of single-family or duplex homes. If required by the county, the builder must submit whether or not the inspection showed compliance.[40] Additionally, the commissioner's court of a county with, or next to a county with, a population of over 250,000 may adopt a fire code and rules necessary to administer and enforce the fire code. The county may inspect for fire code compliance upon construction or substantial improvement, and charge fees for an inspection and the issuance of a building permit. However, these provisions do not apply to single-family homes. [41]

As shown above, development within incorporated areas is generally subject to equal or higher standards than development in the unincorporated area. Municipalities are able to require more buildings codes than counties. It is important that basic construction standards be required and enforced to prevent inexperienced home buyers from being taken advantage of. Additionally, higher standards of development overall tends to result in higher property values.

[35] Tex. Loc. Gov't Code §214.212
[36] Tex. Loc. Gov't Code §214.214.
[37] Tex. Loc. Gov't Code §214.216.
[38] Tex. Loc. Gov't Code §214.219.
[39] Tex. Loc. Gov't Code §214.901
[40] Tex. Loc. Gov't Code §233, Subchapter F
[41] Tex. Loc. Gov't Code §233, Subchapter C

Bexar County is subject to the 2009 International Fire Code, International Residential Code, and International Building Code. San Antonio is subject to the 2012 International Building Code, International Energy Conservation Code, International Existing Building Code, International Fire Code, International Fuel Gas Code, International Mechanical Code, International Plumbing Code, and International Residential Code.[42] According to the County Fire Marshal, the two codes are generally consistent with only minor differences.[43] For development in the City of San Antonio's ETJ, the City code prevails.

Authority Over Dangerous Structures: Cities can make an ordinance establishing minimum standards for the use and occupancy of buildings and can require the relocation of occupations, repair, or demolition of a building that is a hazard to the public health, safety, and welfare.[44]

Counties are not issued with similar powers. Counties can fine or prosecute persons who have created a nuisance. Some of the definitions of nuisance include "maintaining premises in a manner that creates an unsanitary condition likely to attract or harbor mosquitoes, rodents, vermin, or disease-carrying pests" and "maintaining a building in a manner that is structurally unsafe or constitutes a hazard to safety, health, or public welfare because of inadequate maintenance, unsanitary conditions, dilapidation, obsolescence, disaster, damage, or abandonment or because it constitutes a fire hazard." However, the nuisance must reach a certain threshold where the public health is endangered for the county can take any action. Additionally, property owners must be given 30 days' notice before any legal action can be taken.[45]

Zoning and Land Use: Municipalities are granted zoning authority "for the purpose of promoting the public health, safety, morals, or general welfare."[46] The basic purposes of zoning are to conserve property values and the welfare of the community, encourage the most effective use of land, and to prevent one person from committing their property to a use that would affect his or her neighbors' use and enjoyment of their property.[47]

Counties do not have the authority to zone and control land use. Because of a county's lack of power, annexation by a city such as San Antonio prevents the establishment of incompatible development patterns by extending land use and other regulatory controls intended to protect existing and future

[42] Texas. (2012). International Code Council. Retrieved from: http://www.iccsafe.org/gr/Pages/TX.aspx
[43] Interview with County Fire Marshal, December 2012.
[44] Tex. Loc. Gov't Code §214.001
[45] Tex. Health and Safety Code §343, Subchapter B
[46] Tex. Loc. Gov't Code §211.001 – 211.007
[47] Dougherty, James L. and Reid C. Wilson. Zoning: A Quick Review of Concepts, Key Procedures, Words of Art, etc. Retrieved from:
http://www.wcglaw.net/docs/1280339455_Zoning%20-%20A%20Quick%20Review%20of%20Concepts.pdf

land uses. Annexation can be used to promote orderly development patterns and more efficient provision of public services and infrastructure.[48]

The lack of power to zone has resulted in many problems in the unincorporated areas of Texas counties that are urban in character, such as haphazard development, incompatible uses, overcrowding, and reduced property values. Residents are typically concerned about the effects on their property values due to adjacent industrial development and other land uses such as manufactured-home parks. Because of limited County authority, counties must often turn to the Texas Legislature to help resolve local land-use conflicts, which can take years and has contributed to a confusing piecemeal of statutory grants of county authority.[49] Another by-product is that companies and developers may choose to avoid city taxes by locating in a "no annex zone," resulting in a distortion of natural land use patterns.[50]

Lastly, the ability to zone and regulate land use and development can prevent sprawl. Sprawl is low-density unplanned growth that occurs in an urban area or along the edge—such as in an unincorporated area. Because it is not dense and is distant from more developed centers, it is often characterized by single-occupancy vehicle travel and thus results in congestion, increased air pollution, and a larger need for transportation improvements and downtown parking. Besides increased air pollution, there are other negative environmental consequences of sprawl, including loss of agricultural land, natural landscapes, and wildlife habitat.

Another major problem associated with sprawl is the higher cost of providing infrastructure and services. New roads and utilities built for low-density communities are costly and often redundant given that underutilized roads and utilities may exist elsewhere. Increased suburban activity generally leads to a greater demand for city-type services such as police, fire, and parks and recreation. In addition, suburban residents typically utilize city streets and other infrastructure as they access the services and amenities of central cities. If these areas develop without land use regulations, a governing body may face potentially significant fiscal challenges. To address these challenges, governments can employ rules such as zoning regulations, or implement comprehensive smart growth plans or urban growth boundaries.[51]

EFFECTS OF ANNEXATION POLICIES ON DEVELOPMENT IN BEXAR COUNTY

As described above, San Antonio has not annexed any major areas since 2006, due to legislative changes that have made it more difficult to annex and San Antonio's priorities. There are currently no public

[48] City of Fort Worth Texas. (2006). Annexation Policy. Comprehensive Plan. Retrieved from: http://fortworthtexas.gov/uploadedFiles/Planning/Comprehensive_Planning/24AnnexationPolicy_06.pdf

[49] Phillips, Travis. (2002). Do Counties Need New Powers to Cope with Urban Sprawl? House Research Organization, Texas House of Representatives. Retrieved from: http://www.hillcountryalliance.org/uploads/HCA/caurbansprawl.pdf

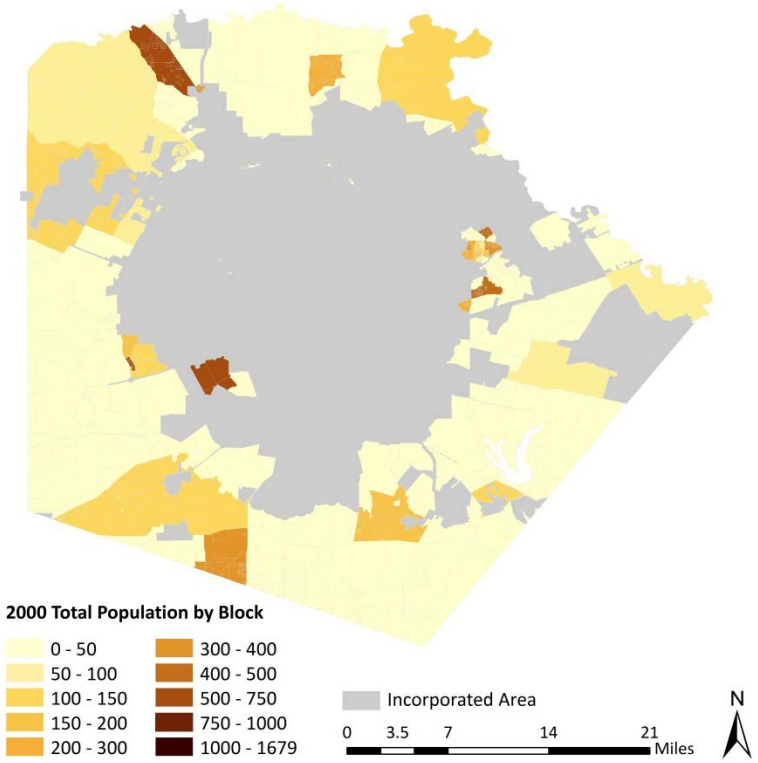
[50] Perryman Group. (2003). The Impact of Overly Restrictive Annexation Policy on Economic Activity in Texas and Its Metropolitan Regions. Prepared for Texas Municipal League. Retrieved from: http://www.tml.org/pdf/2003PerrymanReport.pdf

[51] Snyder, Ken and Lori Bird. (1998). Paying the Costs of Sprawl: Using Fair-Share Costing to Control Sprawl. Retrieved from: http://www.smartcommunities.ncat.org/articles/sprawl.pdf

plans for the City of San Antonio to annex a significant area of Bexar County[52] although they have updated their Annexation Policy (as of February 2013), and are developing a new ten-year Annexation Program that will identify areas of the County to potentially annex. Because of the differences in authority governing development described above, Bexar County does not have the powers of San Antonio to ensure development occurs in a sustainable manner.

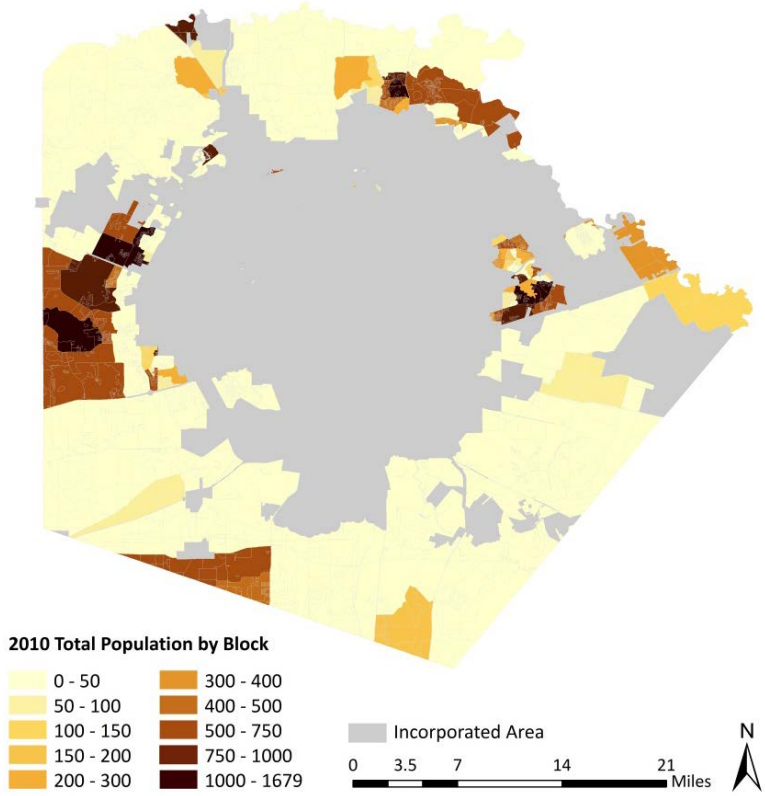
The two maps below display Bexar County and population by block in the unincorporated area for 2000 and 2010. The gray area represents the current incorporated areas, including all cities. As can be shown from the change between the two maps, much growth has occurred in the unincorporated area. In particular, large amounts of growth can be seen in the west and northeast. The cluster of population to the west has reached a population around the size of Waco, Texas (126,000 people). [53]

Figure 6: Unincorporated Area of Bexar County - Population by Block, 2000[54]



[52] Wolff, Nelson. (2011). State of County Address. Retrieved from: http://www.bexar.org/CountyJudge/Speeches/StateofCounty2011.pdf
[53] Wolff, Nelson. (2011). State of County Address. Retrieved from: http://www.bexar.org/CountyJudge/Speeches/StateofCounty2011.pdf
[54] Bexar County, U.S. Census. Map Created by TischlerBise, 2013.

Figure 7: Unincorporated Area of Bexar County - Population by Block, 2010[55]



Sprawl: As shown from the maps above, over the past decade, unincorporated Bexar County has seen enormous growth, resulting in densely populated areas with an urban feel. These developments are far from the city center and services, resulting in growth that is straining the County. Additionally, these citizens receive limited police and fire protection, limited animal control, and inadequate street maintenance funding. The current and growing population of these areas exacerbates the need for these services. Federal and State funding for new highways is dwindling while demands continue to increase from residents and commuters living farther and farther from employment and recreation centers. Additionally, EPA regulations and other environmental laws are difficult to meet due to sprawling developments, according to Judge Wolff.[56] The County and San Antonio are trying to encourage inner city/infill growth instead, but Bexar County cannot control the amount of development happening within its borders nor encourage a redirection of that growth.[57]

Although annexation may increase San Antonio or another city's size and potential problems associated with sprawl, a city is better equipped to curb potential harmful effects by encouraging dense

[55] Bexar County, U.S. Census. Map Created by TischlerBise, 2013.
[56] Nelson, Wolff. (2011). State of County Address. Retrieved from: http://www.bexar.org/CountyJudge/Speeches/StateofCounty2011.pdf
[57] Degellado, Jessie. (2011). Bexar County Judge Warns of Urban Sprawl. KSAT – San Antonio. Retrieved from: http://www.ksat.com/news/Bexar-County-Judge-Warns-Of-Urban-Sprawl/-/478452/4744696/-/h3npo6/-/index.html

development, establishing growth boundaries, or other strategies. In addition, cities in Texas have more resources to address and mitigate urban issues.

Housing Conditions: Bexar County's unincorporated area has an aging housing stock. There is a major need for the rehabilitation of older, owner-occupied homes, especially in the south and east. Additionally, there is a rapidly emerging need for multi-family housing because of many lower-income residents who do not have adequate housing, especially in the south, west, and east.[58] Manufactured homes are also prevalent in many parts of the unincorporated County. For instance, most of the residents of Waterwood, part of the Sandy Oaks community, live in manufactured housing. According to recent reports, the Waterwood management company does not strongly enforce deed restrictions, the purpose of which is to regulate the appearance and upkeep of homes. [59]

Infrastructure: Bexar County's Consolidated Plan (required to participate in the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) Programs) found that a major impediment to affordable housing was lack of land with access to adequate infrastructure. Infrastructure needs identified in this report are sewer, drainage, sidewalks, water, and street reconstruction. The plan found that even with allocations of CDBG funds, state money, and other funds, Bexar County would still need $75 million to meet its water, sewer, drainage, and street needs over the next five years. (This total includes participating jurisdictions in the CDBG and HOME programs, which includes the unincorporated area, 15 cities, but not San Antonio.)

Bexar County does not have the authority or ability to raise the funds necessary to provide infrastructure improvements for the growing unincorporated population. Every year, Bexar County receives requests for infrastructure projects to serve low-income and substandard areas—including water, sewer, and drainage—at a level that is four times the amount allocated to the County from HUD. As the population grows, demand for services increases, so issues related to substandard infrastructure will continue unless areas are annexed and brought up to city standards. Additionally, it was reported that improved infrastructure in Bexar County encourages economic development, so areas that are brought up to better standards, whether through annexation or by the county, could have an increase in commercial revenue.[60]

Current Status: The City of San Antonio has updated its annexation policy (adopted February 2013) and is considering annexation again. The updated policy would provide increased flexibility to annex developed areas, undeveloped areas, and places where dense development is expected.[61] In the updated plan, San Antonio will "annex areas that benefit from a level of service calibrated for a

[58] http://www.bexar.org/CDP/documents/CDBG/Bexar_County_Consolidate_Plan.pdf
[59] Jefferson, Greg. (2012). No Man's Land. City of Sandy Oaks. Retrieved from: http://cityofsandyoaks.info/wp-content/uploads/2012/04/No_mans_land_no_photos.pdf
[60] Bexar County. (2011). Five Year Consolidated Plan, 2011 - 2016. Retrieved from: http://www.bexar.org/CDP/documents/CDBG/Bexar_County_Consolidate_Plan.pdf
[61] Hicks, Nolan. (2012). City Again Looking at Annexing Land. San Antonio News Express. Retrieved from: http://www.mysanantonio.com/news/local_news/article/City-again-looking-at-annexing-land-3917690.php#ixzz2IcxLkBnA

suburban vs. rural area." [62] Additionally, San Antonio will oppose new political bodies that may negatively impact the city. Factors for release of ETJ include: equal exchange; adequate land use control in the released area; clarification of service delivery boundaries; no negative fiscal impact; and cumulative effect of individual releases. The city will aim to annex areas that will capture revenue from growing population around city, annex commercial areas to support residential areas, and annex area to keep economic activity, and associated tax revenue within city limit.[63]

[62] Dugan, John. (2012). Annexation Policy and the Comprehensive Plan. City of San Antonio. Retrieved from: http://imaginesanantonio.files.wordpress.com/2012/11/dugan_isa-growthconference_110912.pdf

[63] Dugan, John. (2012). Annexation Policy and the Comprehensive Plan. City of San Antonio. Retrieved from: http://imaginesanantonio.files.wordpress.com/2012/11/dugan_isa-growthconference_110912.pdf

Pros and Cons of Unincorporated Residents Being Annexed

Advantages of Annexation

There are several advantages that residents in an unincorporated area would enjoy if annexed by a major city, including increased levels of service, improved infrastructure, and better-regulated development.

1. **City Levels of Service and Infrastructure:** It is not legal or financially feasible for Texas counties to provide similar services as a city. Major expenditures by city governments include fire and police protection, road and bridge construction and maintenance, water, sewage, garbage pickup, and parks and recreation. Other services can include planning and zoning, economic development, building codes and enforcement, libraries, airports, and hospitals. Because of Texas counties' limited revenue raising abilities and statutory authority, these items are often provided at a lower level than in cities, especially a large city, or not provided at all. Additionally, residents in unincorporated areas may have lower standards for roads, facilities, parks, and other infrastructure. (See the TischlerBise paper, "Comparative Analysis of Legislative Authority.")

   If an unincorporated resident is annexed, he or she is supposed to receive all services that a city resident receives as well as upgraded infrastructure. When annexing an area, cities are required to provide full city services to that area, which include the following:

   (1) police protection
   (2) fire protection
   (3) emergency medical services;
   (4) solid waste collection
   (5) operation and maintenance of water and wastewater facilities in the annexed area that are not within the service area of another water or wastewater utility;
   (6) operation and maintenance of roads and streets, including road and street lighting;
   (7) operation and maintenance of parks, playgrounds, and swimming pools; and
   (8) operation and maintenance of any other publicly owned facility, building, or service.[64]

   As an unincorporated area increases in population, city services become more necessary. For instance, with higher population density, fire risks increase and the number of emergency responses rise. This requires more specialized equipment and training, and volunteer departments are often replaced by career departments and paid crews, greatly increasing the cost of fire protection. Special districts are used in counties to provide this service if volunteer departments are not adequate or available, but often the revenue in unincorporated areas is not sufficient to pay for the district. As the population in unincorporated Bexar County has grown, the ability of the County's Emergency Services Districts (ESDs) and the County have been stretched, sometimes to their limits. Fire departments of large cities are typically able to provide this service more efficiently and quickly

[64] Tex. Loc. Gov't Code §43.056

than counties because cities have more authority, revenue-raising ability, and a lower cost per resident due to economies of scale.[65]

2. **Reduced Costs for Services.** As mentioned above, cities can often provide services more efficiently due to economies of scale. The cost per resident of many services decreases as a city becomes larger. Thus, a resident of a city may pay less for a service than they would have while under a utility district, emergency services district, or other special district.[66]

3. **More Ordinances and Enforcement:** Counties in Texas do not possess general ordinance making power. If annexed by San Antonio or another city, these persons will be subject to that city's ordinances. Some may feel that increased regulatory power is a disadvantage of being annexed, which is discussed below. However, some people may prefer increased regulation and enforcement power, because it can create a more orderly society. For example, in Bexar County, the commissioners are unable to create an ordinance that requires landlords to set up trash and solid waste removal services for their properties. As a result, in some neighborhoods, illegal dumping is prevalent and vacant homes are magnets for trash.[67] In Montgomery County, Texas, the Sheriff's office received 6,317 noise complaint calls, but the County does not have the authority to pass a noise ordinance.[68]

4. **More Sustainable Development due to Zoning, Land Use Control, and Building Standards.** As described above, development in the incorporated area is subject to higher standards, and the city is able to plan and regulate growth due to its zoning powers. If a city requires and enforces appropriate codes and subjects a newly-annexed area to a comprehensive plan, this area will most likely have higher-quality housing stock and more sustainable land use than if it were not annexed. This can result in higher and better protected property values.

5. **Economic Development:** The orderly provision of infrastructure and services, as described above, will encourage economic development and help develop the tax base for the city and region. Additionally, Texas cities have more economic development tools than counties. (See the TischlerBise paper, "Comparative Analysis of Legislative Authority.")

6. **Increased Voice in Government.** Unincorporated residents are often impacted by the actions of a neighboring city, especially if these residents are located in that city's ETJ, but they have no say on

[65] Harris County Fire Marshal. (2011). County Fire Prtotection 2025, Study Concept Guide. Retrieved from: http://www.hcfmo.net/documents%5Creports%5C2011_FPS_2025_Study_Concept_Guide.pdf
[66] Berk & Associates. (2008). City of Everett: Annexation Study. Retrieved from: http://www.mrsc.org/govdocs/e9annexrpt.pdf
[67] Hicks, Nolan. (2012). DA Files Charges to Force Camelot II, Windsor Oaks Cleanup. San Antonio News Express. Retrieved from: http://www.mysanantonio.com/news/local_news/article/DA-files-charges-to-force-Camelot-II-Windsor-4078439.php#ixzz2E6qjxJXb
[68] Cardenas, Lucretia. (2009). Unincorporated Areas Can't Block Out Noise with Ordinance. Your Houston News. Retrieved from: http://www.yourhoustonnews.com/courier/news/article_40743434-e59f-5ba9-a98c-019b269d7942.html

decisions made by the city. As part of a city, a resident has greater control over actions taken by local government including how tax and other revenues are spent.[69]

7. **More Competitive Region and State:** It is important to consider the health of the entire region. Cities and suburbs depend on the health of each other to compete as a region. As described earlier, unhindered suburban expansion that results in sprawling developments impose much greater burdens on infrastructure and services, making them more expensive for a government entity to maintain and provide. Without a way to control development or a way for a government to recoup the costs of the expansion, a negative externality is created that limits the prospects and capacity for growth of the entire area.[70] Secondly, differences in infrastructure, building standards, and enforcement of certain ordinances can create decaying areas, which can hinder the entire region. Annexing unincorporated areas, specifically those that do not have adequate infrastructure, will bring these areas up to code with that of the city. A city will not survive if it is surrounded by a ring of decaying infrastructure, substandard homes, and crime.

Disadvantages of Annexation

1. **Higher Property Taxes:** A resident living in a city in Texas must pay a property tax to the city as well as a property tax to a county, whereas unincorporated residents only pay a property tax to a county. The general fund county tax rate has a cap of $0.80 per $100 assessed valuation. Home-rule cities that have a population of 5,000 or more have the statutory authority to levy property tax of up to $2.50 per $100 of assessed value.[71] Because of the much higher property tax cap rate in the city, a city-resident has the potential to pay a much higher amount of property tax than a person living in the county. However, if a county resident is already paying a property tax to a district (e.g., Emergency Services District), these services would be provided by the city and these taxes would no longer need to be paid. In regards to Bexar County and San Antonio, neither entity taxes their residents the maximum amount. The property tax rate in the County is $0.326866 per $100 valuation, and the City rate is $0.56569 per $100 valuation.

2. **Increased Regulation:** Because of the difference in the statuses of counties and home-rule cities under Texas law, residents living in a home-rule city will be subject to many more ordinances than a person living in a county. Some persons may feel increased regulation and enforcement of these laws can create a more orderly society, whereas others do not trust governmental authority over private property, and cite this as a reason for moving into the unincorporated area initially.[72]

[69] Indiana Rural Community Assistance Program. (2003). What Does Annexation Mean to Me?
[70] Houston, Scott. (2012). Municipal Annexation in Texas. Texas Municipal League. Retrieved from: http://www.tml.org/legal_pdf/ANNEXATION.pdf
[71] Tex. Const, Art. XI §5
[72] House Research Organization. (2002). Do Texas Counties Need New Powers to Cope with Urban Sprawl? Texas House of Representatives. Retrieved from: http://www.hillcountryalliance.org/uploads/HCA/caurbansprawl.pdf

3. **Higher Housing Costs:** Many developers build in unincorporated areas to avoid the expense of complying with zoning ordinances, codes, and other municipal regulations. Additional city regulations could increase costs of homes.

4. **Loss of Community Identity.** Some residents would prefer not to become part of a larger city because they feel they will lose their identity as a smaller community or town.[73]

[73] Interview with Mayor Art Martinez de Vara, January 11, 2013.

Appendix A: City of San Antonio's Cataloging of Past Annexation, 1940 – Present

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
		4/19/1905	**23,040.00**	**36.001**	**1936 City Limits**		
					1940 Annexed Areas		
1	1816	5/6/1940	63.82	0.100	Jefferson Manor Area		
2	1845	5/13/1940	971.08	1.517	Los Angeles Heights		
3	1939	5/31/1940	194.67	0.304	Spanish Acres		
4	1940	5/31/1940	231.86	0.362	Westmoreland		
5	1941	5/31/1940	836.09	1.306	Olmos Terrace		
6	1942	5/31/1940	443.57	0.693	Stinson Field		
1940 SUB TOTAL			**2,741.09**	**4.283**			
CUMULATIVE TOTAL			***25,781.09***	***40.284***			
					1941 Annexed Areas		
7	**3129**	5/29/1941	**16.91**	**0.026**	Los Angeles Hts Add'n blks. 171, 175, 184 & 185		
1941 SUB TOTAL			**16.91**	**0.026**			
CUMULATIVE TOTAL			***25,798.00***	***40.310***			
					1942 Annexed Areas		
8	922	3/5/1942	7.29	0.011	Los Angeles Heights Addition		
1942 SUB TOTAL			**7.29**	**0.011**			
CUMULATIVE TOTAL			***25,805.29***	***40.322***			
					1944 Annexed Areas		
9	1256	8/3/1944	1,045.87	1.634	Territory adjacent to City on the East		
10	1257	8/3/1944	2,090.77	3.267	Territory adjacent to City on the North		
11	1258	8/3/1944	1,801.77	2.815	Territory adjacent to City on the West		
12	1259	8/3/1944	1,338.34	2.091	Territory adjacent to City on the Southwest		
13	1391	9/23/1944	4,033.47	6.302	Territory adjacent to City on the Southeast		
14	1446	10/12/1944	354.45	0.554	Territory adjacent to City on the North		
15	1447	10/12/1944	425.16	0.664	Territory adjacent to City on the North (Olmos Basin)		
16	1448	10/12/1944	516.07	0.806	Territory adjacent to City on the West		
17	1449	10/12/1944	77.14	0.121	Territory adjacent to City on the NW (North of Hwy)		
18	1450	10/12/1944	636.36	0.994	Territory adjacent to City on the NW (Woodlawn Hills)		
19	1595	11/30/1944	412.3	0.644	Territory adjacent to City on the NW (Monticello Hts)		
1944 SUB TOTAL			**12,731.70**	**19.893**			
CUMULATIVE TOTAL			***38,536.99***	***60.215***			
					1945 Annexed Areas		
20	2381	7/3/1945	278.24	0.435	Territory adjacent to the City on the West		
21	2545	8/23/1945	363.64	0.568	Exposition Park & Willow Springs		
22	2590	9/6/1945	2,127.87	3.325	Territory adjacent to the City on the West (Unit-4)		
23	2941	12/29/1945	63.36	0.099	Territory adjacent to the City on the North		

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
24	2942	12/29/1945	205.69	1.321	Territory adjacent to the City on the East		
1945 SUB TOTAL			**3038.8**	**5.748**			
CUMULATIVE TOTAL			***41,575.79***	***65.963***	4.7848		
1946 Annexed Areas							
25	3178	3/19/1946	32.3	0.051	Oakcrest Subdivision		
26	3742	7/25/1946	11.17	0.018	Los Angeles Hts. Add'n Blocks, 177, 178, 181 & 182.		
27	3822	8/15/1946	1.35	0.002	South San Antonio Factory Sites Lots 54 & 55.		
28	3909	8/19/1946	6.26	0.010	Los Angeles Hts. Add'n, Blks, 188, 196.		
29	3958	9/5/1946	41.78	0.065	Area between Burr Road & the old City limits line		
30	3959	9/5/1946	5.86	0.009	Amending Par. Ord. No. 1257 Passed 08/03/44.		
31	4156	10/17/1946	79.75	0.125	University Park Subdivision Unity 1		
1946 SUB TOTAL			**178.47**	0.279			
CUMULATIVE TOTAL			***41,754.26***	***66.242***	**0.2789**		
1947 Annexed Areas							
32	4745	3/8/1947	1,623.45	2.537	Terrell Wells (No. 3 South)		
33	4965	4/17/1947	74.75	0.117	Austin Highway Heights		
34	5256	6/5/1947	1.37	0.002	Stinson Field with the old City limits line		
35	5257	6/5/1947	63.23	0.099	University Park Subdivision Unit 2		
36	5309	6/19/1947	177.71	0.278	St. Mary's University		
37	5614	7/31/1947	59.99	0.094	Lincolnshire		
38	5745	8/21/1947	50.64	0.079	University Park Unity 3		
39	5864	9/11/1947	5.27	0.008	Los Angeles Hts. Add'n. Blk. 189 & 190		
40	6039	10/16/1947	4.65	0.007	Los Angeles Hts. Add'n. Blks. 195, 202.		
1947 SUB TOTAL			2,061.06	3.220			
CUMULATIVE TOTAL			***43,815.32***	***69.462***			
1948 Annexed Areas							
41	6842	4/22/1948	10.84	0.017	Highland Hills		
42	7598	7/22/1948	76.12	0.119	University Park Unit 4.		
43	7886	9/9/1948	54.16	0.085	Highland Hills Unit 2.		
44	8291	11/18/1948	26.44	0.041	Final University Park.		
1948 SUB TOTAL			**167.56**	**0.262**			
CUMULATIVE TOTAL			***43,982.88***	***69.724***			
1949 Annexed Areas							
45	9058	3/3/1949	43.53	0.068	Highland Hills Unit 3		
46	9171	3/17/1949	85.27	0.133	Woodlawn Hts.		
47	9565	5/12/1949	46.42	0.073	West Ave. Place		
48	9566	5/12/1949	4.06	0.006	Los Angeles Hts. Add'n., Blk.187.		
49	10161	7/28/1949	109.21	0.171	Allena Village Unit 1.		

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
50	10422	9/8/1949	218.55	0.342	Blanco, Basse, Mariposa & IH 10.		
51	10545	9/29/1949	63.4	0.099	Wonder Homes		
52	10710	12/1/1949	257.8	0.403	Wonder Homes No. 2 & West Ave.		
53	11066	12/13/1949	14.6	0.023	Highland Hills No. 4.		
54	11153	12/29/1949	46.5	0.073	Meadowbrook Add'n.		
1949 SUB TOTAL			**889.34**	**1.389**			
CUMULATIVE TOTAL			***44,872.22***	***71.113***			
			44,872.90	***70.120***	***1950 CENSUS***	**408,422**	
Annexed Area 1950							
55	11468	3/3/1950	38.5	0.060	Dellbrook Add'n.		
56	11680	4/13/1950	11.82	0.019	Part of CB 5131 (South Highland No. 2)		
57	11681	4/13/1950	39.13	0.061	Broadway Heights		
58	12107	6/22/1950	75.15	0.117	Brookhaven Hts.		
59	12108	6/22/1950	99.16	0.155	Wilshire Village Unit 6		
60	12363	7/27/1950	10.16	0.016	Goliad Rd., Ophelia & Woodruff Ave.		
61	12364	7/27/1950	213.27	0.333	Seguin Rd., Artesia Ave. & Exposition		
62	12365	7/27/1950	15.22	0.024	South Highlands No. 1		
63	12611	8/31/1950	730	1.141	Shearer Hills area		
64	12672	8/31/1950	15.6	0.024	Parts of Hillcrest Village & Woodlawn Hills.		
65	13013	10/5/1950	31.37	0.049	Coliseum Park No. 1.		
66	13075	10/12/1950	67.21	0.105	Highland Hills Numbers 4,6 & 7.		
67	13076	10/12/1950	28.39	0.044	Woodlawn Hills Blk., C & CB 5710.		
68	13126	10/19/1950	53.63	0.083	Monticello Hts., No. 2		
69	13324	11/9/1950	36.12	0.056	Highland Hills No. 8 (North part)		
70	13476	11/30/1950	16.61	0.026	150' Strip of land along Babcock Rd.		
71	13607	12/14/1950	15.89	0.025	South Highlands No. 3 & 4.		
1950 SUB TOTAL			**1497.23**	**2.339**			
CUMULATIVE TOTAL			***46,369.45***	***73.452***			
1951 Annexed Areas							
72	13809	1/11/1951	25.79	0.040	West Ave. Place No. 2.		
73	14020	2/2/1951	17.41	0.027	Harlandale School Property (Pleasanton Rd. & Formosa		
74	14067	2/8/1951	76.92	0.120	Brentwood Village.		
75	14286	3/5/1951	1.55	0.002	CB 5287 (Wonder Homes, NCB 10178).		
76	14493	3/29/1951	157.61	0.246	Dellview		
77	14797	5/3/1951	39.83	0.062	Highland Hills No. 8 (South part).		
78	15765	8/16/1951	946.26	1.479	ST. Hedwig, Salado Creek & Sulpher Springs Rd.		
79	14299	10/18/1951	2.72	0.004	West Gardendale Add'n.		

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
80	16300	10/18/1951	194	0.303	Brookhaven Hts., at Blanco Rd., & Railroad.		
81	16776	12/13/1951	49.51	0.077	Highland Hills No. 9.		
1951 SUB TOTAL			**1,511.60**	**2.362**			
CUMULATIVE TOTAL			***47,881.05***	***75.814***			
1952 Annexed Areas							
82	16910	1/3/1952	1.71	0.003	So. Highlands No. 5.		
83	17959	1/24/1952	20.38	0.032	Oak Park Estates No. 1 & 2.		
84	17098	1/31/1952	27.01	0.042	Highland Hills No. 10.		
85	17099	1/31/1952	28.96	0.045	Bellair Subdivision Sec. 1.		
86	17246	2/21/1952	13.5	0.021	Parts of Dellview Numbers 2 & 4.		
87	18115	9/25/1952	51,043.24	79.755	Large Annexation/Fort Sam Houston		
1952 SUB TOTAL			**51,134.80**	**79.898**			
CUMULATIVE TOTAL			**99,015.85**	**155.712**			
1954 Annexed Areas							
88	20819	12/23/1954	200.00	0.313	Tuttle Power Plant (Perrin-Beitel Rd.).		
1954 SUB TOTAL			***200.00***	***0.313***			
CUMULATIVE TOTAL			***99,215.85***	***156.025***			
1955 Annexed Areas							
89	21436	6/30/1955	11.18	0.018	Hillcrest Subd No. 1 & Strip adj City of Balcones		
1955 SUB TOTAL			***11.18***	***0.018***			
CUMULATIVE TOTAL			***99,227.030***	***156.042***			
1956 Annexed Area							
90	23318	7/26/1956	112.85	0.176	Part of Dellcrest Subdivision No. 1.		
1956 SUB TOTAL			**112.85**	**0.176**			
CUMULATIVE TOTAL			**99,339.88**	**156.218**			
1957 Annexed Area							
91	25568	9/19/1957	3,571.20	5.580	Area between the east City limits line & LOOP 410.		
1957 SUB TOTAL			**3571.2**	**5.580**			
CUMULATIVE TOTAL			**102,911.08**	**161.798**			
1958 Annexed Area							
92	26874	8/28/1958	1.78	0.003	Tract at the SW corner Of Loop 410 & Callaghan Rd.		
1958 SUB TOTAL			***1.78***	***0.003***			
CUMULATIVE TOTAL			***102,912.86***	***161.801***			
1959 Annexed Area							
93	27621	6/4/1959	24.38	0.038	IH 35 and Loop 410 at Pratt Rd.		
94	27726	7/2/1959	53.75	0.084	Harmony Hills Subd., Unit 1A		

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
95	27919	9/3/1959	11.57	0.018	Part of tracts 8A & 9B (Oak Hills Unit 3)		
96	28151	12/10/1959	33.2	0.052			
1959 SUB TOTAL			**122.9**	**0.192**			
CUMULATIVE TOTAL			103,035.76	161.993			
			103035.5	**161.990**	**1960 CENSUS**	**587,718**	
1961 Annexed Areas							
97	29234	4/27/1961	9.31	0.014	Whispering Oaks Subdivision		
1961 SUB TOTAL			**9.31**	**0.014**			
CUMULATIVE TOTAL			**103,045.07**	**162.007**			
1962 Annexed Areas							
98	30178	4/11/1962	26.24	0.041	Parts of Harmony Hills Unit 2C, 20D & 2E.		
99	30492	8/1/1962	48.47	0.076	Parts of harmony Hills Unity 2F and j all of 3A		
1962 SUB TOTAL			**74.71**	**0.117**			
CUMULATIVE TOTAL			**103,119.78**	**162.124**			
1963 Annexed Areas							
100	30998	1/30/1963	2.53	0.004	Northeast corner of Rittiman Rd., & IH 35.		
101	31044	2/20/1963	8.3	0.013	Part of Town West Add'n.		
102	31907	11/21/1963	1,364.48	2.132	Medical Center & Southwest Methodist Hospital Area.		
103	31909	11/21/1963	52.32	0.082	Colony North Subdivision Unit 1A.		
104	31911	11/21/1963	86.73	0.136	Beacon Circle & Harmony Hills Units 3B & 3F.		
105	31913	11/21/1963	26.43	0.041	Parts of Mc Arthur Terrace.		
106	31915	11/21/1963	49.66	0.078	Quincy Lee Property, near 410.		
107	31917	11/21/1963	26.49	0.041	Parts of CB 5094, 5095 & 5097, Phillips Petroleum Co.		
1963 SUB TOTAL			**1,616.94**	**2.526**			
CUMULATIVE TOTAL			**104,736.72**	**164.650**			
1964 Annexed Areas							
108	32160	4/16/1964	14.19	0.022	Harmony Hills Unit 4A.		
109	32161	4/16/1964	0.57	0.001	Holly Hills Estates.		
110	32166	5/28/1964	7.45	0.012	Colonies North Subd., - Litchfield Colony.		
111	32188	6/11/1964	73.64	0.115	Camelot Subd., - G. Rodriguez Survey NO. 132.		
112	32167	7/16/1964	36.81	0.058	Colonies North Subdivision - Tioga Colony.		
113	32534	8/13/1964	13.52	0.021	Colonies North Subd/Quakertown Colony.		
114	32609	9/24/1964	44.8	0.070	North of Beacon Circle/Int'Nat'l/Airport.		
115	32610	9/24/1964	1,977.60	3.090	North of Int/Nat'l Airport, South of Lockhill-Selma Rd.		
116	32611	9/24/1964	1,324.80	2.070	Area bounded by Wetmore Rd., RR, and the City limits.		
117	32612	9/24/1964	211.2	0.330	IH 35 S., to a point on a 5 miles from the City limits line.		
118	32613	9/24/1964	134.4	0.210	US Hwy 90 W., to the east ROW line of Observation Rd.		

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
119	32614	9/24/1964	403.2	0.630	IH 10 TO FM 1604, West 5 miles from the City limits.		
120	32615	9/24/1964	134.4	0.210	I&GN RR, MK&T RR, Schertz & Weidner Rd., & IH 35.		
121	32616	9/24/1964	172.8	0.270	IH 10 E. to a point on a 5 miles from the City limits.		
122	32617	9/24/1964	134.4	0.210	Sulpher Springs Rd. to a point 5 miles from the City limits.		
123	32618	9/24/1964	128	0.200	US HWY 181 to intersection with NW line of Foster Rd.		
124	32619	9/24/1964	70.4	0.110	US HWY 281 S. to a point 5 miles from the City limits.		
125	32620	9/24/1964	57.6	0.090	Culebra Rd. to a point on a 5 miles from the City limits.		
126	32680	10/1/1964	39.44	0.062	Harmon Hills Unit 4B.		
127	32674	12/17/1964	614.4	0.960	North part of Stonegate Area.		
1964 SUB TOTAL			**5,593.62**	**8.740**			
CUMULATIVE TOTAL			**110,330.34**	**173.390**			
1965 Annexed Areas							
128	33007	2/18/1965	364.800	0.569	South part of Stonegate Area.		
129	33076	3/18/1965	2060.800	3.220	Heimer Rd. between US Hwy 281 & Jones-Maltsberger Rd.		
130	33077	3/25/1965	7.060	0.011	Parts of Glen Oaks Park Units 3 & 4.		
131	33077	3/25/1965	2.890	0.005	Portion of Dewhurst Rd. disannexed by Balcones Hts.		
132	33136	4/15/1965	18.480	0.029	Colonies North - Clearfield Colony.		
133	33206	5/13/1965	40.900	0.064	Northeast Ind. School District Site/Camelot Subdivision.		
134	33402	7/29/1965	108.880	0.170	Colonies North - Tioga No. 2, Market Place.		
135	33533	8/26/1965	52.100	0.081	Beacon Circle Industrial Subdivision.		
136	33534	8/26/1965	13.940	0.022	Camelot Subdivision Unit 5.		
137	33752	11/11/1965	19.990	0.031	Harmony Hills Subdivision Unit 4C.		
138	33810	12/16/1965	107.160	0.167	Coliseum Park Gardens & Eastgate Subdivisions.		
139	33872	12/23/1965	38.200	0.060	Oliver Wendell Homes High School (NSISD).		
1965 SUB TOTAL			**2,835.20**	**4.429**			
CUMULATIVE TOTAL			**113,165.54**	**177.819**			
1966 Annexed Areas							
140	33866	1/20/1966	113.85	0.178	Sungate Subdivision Area.		
141	33954	1/20/1966	2,599.87	4.062	Areas A & B adjacent to Kelly AFB, North & South.		
142	34305	5/26/1966	112	0.175	Beacon Circle West Ind. Subd. (Evers & LOOP 410.)		
143	34306	5/26/1966	100.56	0.157	Market Place Unit 3 & Tioga Colony Units 1 & 2.		
144	34307	5/26/1966	111.8	0.175	Beacon Circle (West Ave. & North Loop Rd.)		
145	34381	6/23/1966	13.77	0.022	Camelot Subdivision Unit 6.		
146	34728	9/15/1966	50.02	0.078	Harmony Hills Units 4D & 4F		
147	34781A	16/06/66	8.95	0.014	ABC Rendering Plant.		
148	34801	10/13/1966	242.51	0.379	Great Southwest Industrial Park.		
149	34802	10/13/1966	40.14	0.063	Rolling Ridge Subdivision		
1966 SUB TOTAL			**3,393.47**	**5.302**			

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
CUMULATIVE TOTAL			**116,559.01**	**183.121**			
1967 Annexed Areas							
150	35067	1/26/1967	24.40	0.038	Middletown Colony & Middletown Colony Unity 2.PA		
151	35191	3/16/1967	25.00	0.039	Shenandoah Unit 1.		
152	35423	6/15/1967	18.86	0.030	Colonial Village.		
153	35541	7/27/1967	50.25	0.079	Austin Hwy Industrial Park Unity 1.		
154	35542	7/27/1967	13.85	0.022	Middletown Colony Unit 3.		
155	35543	8/10/1967	38.56	0.060	Garden Court East Unit 1.		
156	35581	11/2/1967	19.43	0.030	Shenandoah Unit 2		
157	35810	11/2/1967	5.91	0.009	Rolling Ridge Subdivision Unit 1A.		
158	35811	11/2/1967	2.44	0.004	Rolling Ridge Subdivision Unit 1B.		
159	35812	11/2/1967	8.71	0.014	Shenandoah Unit 3.		
160	35813	11/2/1967	1.15	0.002	Shenandoah Unit 5.		
161	35814	11/2/1967	43.63	0.068	MT. Laurel Subdivision Unit 1.		
162	35893	12/7/1967	35.46	0.055	Rolling Ridge Subdivision Unit 2.		
1967 SUB TOTAL			**287.65**	**0.449**			
CUMULATIVE TOTAL			**116,846.66**	**183.570**			
1968 Annexed Areas							
163	35996	1/11/1968	8.51	0.013	Tract north of Evers Rd., & South of IH Loop 410.		
164	35997	1/11/1968	28.8	0.045	Tract at IH Loop 410 & Evers Rd.		
165	35998	1/11/1968	23.65	0.037	Shenandoah Subdivision Unit 4.		
166	35999	1/11/1968	39.99	0.063	Middletown Colony Unit 4.		
167	36165	2/29/1968	36.61	0.057	Whispering Oaks		
168	36240	3/21/1968	48.45	0.076	Garden Oaks East Units 2,3, & 4.		
169	36431	5/16/1968	18.32	0.029	Shenandoah Subdivision Unity 6.		
170	36531	6/27/1968	1.34	0.002	Tract at Vance Jackson Rd., & Wurzbach Rd.		
171	36600	7/25/1968	104.96	0.164	Tract between US Hwy 90 West & Lackland AFB.		
172	36636	8/8/1968	2.28	0.003	Tract of Shady Oaks Subdivision.		
173	36651	8/15/1968	34.97	0.055	Charter Oaks Unit 1.		
174	36652	8/15/1968	21.12	0.033	Middletown Colony Unit 5.		
175	36733	9/19/1968	13.86	0.022	Tract between Wurzbach Rd. & Vance Jackson Rd.		
176	36734	9/19/1968	25.19	0.039	Whispering Oaks Commercial.		
177	36860	10/24/1968	11.2	0.002	Tract part of Shenandoah Subdivision.		
178	36861	10/24/1968	11.5	0.018	IH 10 & Ramsgate.		
179	38886	10/31/1968	45.15	0.071	EL Dorado U-1 & portion of Weidner & Leonhardt Rd.		
1968 SUB TOTAL			**475.9**	**0.727**			
CUMULATIVE TOTAL			**117,322.56**	**184.297**			

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
1969 Annexed Areas							
181	37372	5/1/1969	21.55	0.034	Whispering Oaks East, Units 2,3, &4.		
182	37389	5/8/1969	7.45	0.012	EL Dorado Subdivision Unit 1A.		
183	37453	5/29/1969	5.55	0.009	Part of University Estates Unit 1		
184	37461	6/5/1969	33.75	0.053	Park North Unit 1 & Part of Perrin-Beitel Rd.		
185	37544	7/3/1969	23.51	0.037	Rolling Ridge Subdivision Unit 5.		
186	37557	7/10/1969	50.04	0.078	Shenandoah Unit 7.		
187	37725	8/28/1969	57.79	0.090	EL Dorado Subdivision Unit 2.		
188	37726	8/28/1969	5.99	0.009	Oakdell Clinic No. 1.		
189	37727	8/28/1969	5.13	0.008	Whispering Oaks Subdivision Unit 5.		
190	37805	9/18/1969	44.81	0.070	EL Dorado Hills Units 1 & 2.		
191	37806	9/18/1969	2.02	0.003	Tract at US Hwy 81 & Plumnear Rd.		
192	37807	9/18/1969	0.34	0.001	University Estates Unit 2.		
193	38000	12/7/1967	60.05	0.094	Leslie Neal property near Ingram & Callaghan Rd.		
1969 SUB TOTAL			**317.98**	**0.497**			
CUMULATIVE TOTAL			**117,640.54**	**184.794**			
			117,775	**184.0**	**1970 CENSUS**	**654,153**	
1970 Annexed Areas							
194	38133	1/8/1970	26.39	0.041	Whispering Oaks Subdivision Unit 6.		
195	38134	1/8/1970	1.97	0.003	University Estates Subdivision Unit 3.		
196	38135	1/8/1970	25.69	0.040	Pat Neff Jr. High School Evers & Daughtry Roads.		
197	38136	1/8/1970	26.82	0.042	Eckert Rd., & part of Huebner & Babcock Roads.		
198	38175	1/22/1970	15.78	0.025	Shenandoah Oak Subdivision Unit 8.		
199	38221	2/19/1970	27.96	0.044	EL Dorado Subdivision Unit 3.		
200	38224	2/19/1970	9.70	0.015	University Estates Subdivision Unit 4.		
201	38329	4/2/1970	3.33	0.005	Park North Commercial Subdivision.		
202	38522	6/11/1970	14.07	0.022	EL Dorado North Subdivision Unit 1.		
203	38813	9/10/1970	29.69	0.046	Westglen Village Subdivision Unit 1.		
204	38814	9/10/1970	19.68	0.031	EL Dorado North Subdivision Unit 2.		
205	38943	10/29/1970	12.35	0.019	Alamo Hills Subdivision Unit 1.		
1970 SUB TOTAL			**213.43**	**0.333**			
CUMULATIVE TOTAL			**117,853.97**	**185.127**			
1971 Annexed Areas							
206	39104	1/7/1971	13.07	0.020	Pan Am Subdivision (Weidner Rd. & Bienvile Dr.)		
207	39159	1/28/1971	21.15	0.033	Palo Alto Terrace (Off of LOOP 410 South)		
208	39169	2/11/1971	18.14	0.028	The Hills Subdivision Units 3 & 6		

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
209	39169	2/25/1971	4,115.20	6.430	UTSA and surrounding area		
210	39378	4/29/1971	3.83	0.006	Shenandoah Unit 2 (Vance Jackson & Shenandoah).		
211	39379	4/29/1971	90.73	0.142	IH 10 and Wurzbach (northeast corner).		
212	39443	5/27/1971	2,623.81	4.100	Twenty Pocket Areas.		
213	39556	7/8/1971	10.27	0.016	Palo Alto Terrace Units 4 & 5.		
214	39659	8/12/1971	505.21	0.789	Thunderbird Hills (Ingram to Bandera & Loop 410).		
215	39660	8/12/1971	432.4	0.676	USAA Site (Fredericksburg Rd. & IH 10).		
216	39661	8/12/1971	33.89	0.053	William Hobby Subdivision (Vance Jackson Rd.).		
217	39953	10/28/1971	932.99	1.458	Palo Alto Village Unit 1 & 2/Palo Alto Terrace Unit 6.		
1971 SUB TOTAL			**8,800.69**	**13.751**			
CUMULATIVE TOTAL			**126,654.66**	**198.878**			
1972 Annexed Areas							
217-A	40625	5/25/1972	40,565.01	63.383	Large annexation - 13 areas.		
217-B	40806	6/15/1972	-40,565.01	(63.383)	Repeal ordinance of 13 areas.		
218	41014	9/11/1972	145.51	0.227	Heimer Road (Northwest Extremity).		
219	41015	9/11/1972	207.01	0.323	Hamilton-Wolf Rd., & Fredericksburg Rd.		
220	41419	12/26/1972	2,759.00	4.311	Area 1A Lackland City & Hillside Acres.		
221	41420	12/26/1972	2,358.00	3.684	Area 1B Valley-Hi & Lackland City.		
222	41421	12/26/1972	125	0.195	Area II North of Lackland AFB.		
223	41422	12/26/1972	3,781.00	5.908	Area IIIA Westwood Village & Lackland Terrace.		
224	41423	12/26/1972	1,394.00	2.178	Area IIIB Southwest Research Institute		
225	41424	12/26/1972	782.00	1.222	Area IV Culebra Rd.		
226	41425	12/26/1972	1,526.00	2.384	Area V Oak Hill Terrace		
227	41426	12/26/1972	7,344.00	11.475	Area VI South of UTSA Site.		
228	41427	12/26/1972	525.00	0.820	Area VII Turtle Creek Area (Wurzbach Rd. & IH 10).		
229	41428	12/26/1972	4,216.00	6.588	Area VIII Area between IH 10 & San Pedro.		
230	41429	12/26/1972	2,393.00	3.739	Area IX Shady Oaks & Kentwood Manor.		
231	41430	12/26/1972	4,472.00	6.988	Area X El Dorado, The Hills & Sierra North.		
232	41431	12/26/1972	2,179.00	3.405	Area XI Camelot.		
233	41432	12/26/1972	69.11	0.108	Area XII Green Acres (Loop 410 & Hwy 87E).		
234	41433	12/26/1972	7.67	0.012	Area XIII Mission Espada.		
235	41434	12/26/1972	144.90	0.226	Area XIV Villa Coronado.		
236	41435	12/26/1972	6.63	0.010	Area XV Saenz Street & Villa Coronado.		
1972 SUB TOTAL			**34,434.83**	**53.804**			
CUMULATIVE TOTAL			**161,089.49**	**252.682**			
1973 Annexed Areas							
237	42200	6/14/1973	985	1.539	El Chaparral & Ranchland Hills.		

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
238	42390	6/21/1973	-41.006	(0.064)	Disannexation to the City of Windcrest.		
1973 SUB TOTAL			**943.994**	**1.475**			
CUMULATIVE TOTAL			**162,033.48**	**254.157**			
					1974 Annexed Areas		
239	43495	4/22/1974	172.09	1.539	Meadowcliff Area (WC & ID #20).		
240	43744	6/24/1974	5,885.54	9.196	South of Randolph AFB to IH 10.		
241	43988	8/19/1974	255	0.398	Nacogdoches Rd to the County line.		
242	44492	12/9/1974	17.21	0.027	Northeast Ind. School District., Stahl Rd. & O'Connor Rd.		
1974 SUB TOTAL			6329.84	11.161			
CUMULATIVE TOTAL			168,363.32	265.317			
					1977 Annexed Areas		
243	47700	4/11/1977	90.45	0.141	Ingram Mall Site & Loop 410 & Culebra Rd.		
1977 SUBTOTAL			***90.45***	***0.141***			
CUMULATIVE TOTAL			***168,453.77***	***265.459***			
			168,453.77	***265.5***	***1980 CENSUS***	**786,023**	**277,803**
					1980 Annexed Areas		
244	51924	4/21/1980	324.85	0.508	Hunters Creek	701	221
245	52044	5/8/1980	63.28	0.099	Castle Hills Forest Units 1 & 2	506	157
246	52045	5/8/1980	196.00	0.306	Woods of Shavano	1,255	396
247	52046	5/8/1980	162.50	0.254	Churchill Estates	506	174
248	52047	5/8/1980	162.00	0.253	Bluffview of Camino Real	79	25
249	52122	5/29/1980	7.78	0.012	Ingram Center Subdivision		
250	52123	5/29/1980	87.00	0.136	Churchill Forrest	91	165
251	52124	5/29/1980	95.84	0.150	Woodlands of Camino Real	108	342
252	52125	5/29/1980	1,118.00	0.747	Folsom Properties		-
253	52455	8/20/1980	224.00	0.350	Oak Meadows Subdivision	1,316	415
254	52456	8/20/1980	51.00	0.080	Ingram Place Commercial 0.00		
255	52824	10/30/1980	45.00	0.070	Castle Hills Forest Subdv. U-3 & 4	90	20
256	53020	11/8/1980	(0.92)	(0.001)	Disannexation to City of Hollywood Park		
1980 SUB TOTAL			**2,536.33**	**2.963**	3.963015625	**4,652**	**1,915**
CUMULATIVE TOTAL			**170,990.1**	**268.422**			
					1981 Annexed Areas		
257	53901	7/27/1981	32.04	0.050	Eastside Middle School Subdivision		
258	53902	7/27/1981	75.33	0.118	Ganahl Walker Tract	1	1
259	**54215**	**10/12/1981**	**210.00**	**0.328**	Voelcher Tract	2	1
1981 SUB TOTAL			**317.37**	**0.496**		3	2
CUMULATIVE TOTAL			***171,307.47***	***268.918***			

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1982 Annexed Areas							
260	56133	12/22/1982	124	0.194	Naco-Simon Property		-
261	56134	12/22/1982	263	0.411	Midway Dev/Afton Oaks Property		
1982 SUB TOTAL			**387**	**0.605**			
CUMULATIVE TOTAL			**171,694.47**	**269.522**			
1983 Annexed Areas							
262	57129	8/1/1983	809.00	0.483	Dym Property		
263	57130	8/1/1983	63.50	0.099	Meyers Property		
264	57131	8/1/1983	35.00	0.055	Mercado Square Mall		
265	57132	8/1/1983	24.38	0.038	Marbach Sq. Handy Dan Property		
266	57385	9/8/1983	5.00	0.008	Northwest Bank		
267	57496	9/29/1983	36.20	0.057	Marris/Petro Stop Property		
1983 SUB TOTAL			**973.08**	**0.739**			
CUMULATIVE TOTAL			**172,667.55**	**270.261**			
1984 Annexed Areas							
268	58291	3/22/1984	40.00	0.063	Churchill Estates Unit-9	-	-
269	58667	6/18/1984	49.19	0.077	Santikos/Bitters Property	-	-
270	59765	12/31/1984	82.94	0.130	Santikos/Hwy. 281 Property	-	
271	59766	12/31/1984	5.00	0.008	Randolph Blvd. East	-	-
272	59767	12/31/1984	93.00	0.145	Randolph Blvd. West	113	35
273	59768	12/31/1984	769.61	0.203	Encino Park/Redland/281 Property	1,531	512
274	59769	12/31/1984	182.00	0.284	Pioneer Cement Property	-	-
275	59770	12/31/1984	686.00	0.072	Pearsall/410 Property	5,659	1,521
276	59771	12/31/1984	0.41	0.001	Bandera Plaza at Loop 410	-	-
277	59772	12/31/1984	306.00	0.478	Vulcan Property	-	-
278	59773	12/31/1984	685.00	0.070	Wetmore/Thousand Oaks	885	295
279	59774	12/31/1984	107.81	0.169	Baker Tool Industrial	-	-
280	59775	/31/84 16.8	16.82	0.026	Churchill Estates Unit-10	-	-
281	59776	12/31/1984	3000.00	4.688	Westside Expressway	3	1
1984 SUB TOTAL			**6,023.78**	**6.412**		**8,191**	**2,364**
CUMULATIVE TOTAL			**178,691.33**	**276.673**			
1985 Annexed Areas							
282	61607	12/30/1985	1,900.00	2.969	Concord Property	8,388	2,919
283	61608	12/30/1985	1,850.00	2.891	Gulley Property	40	14
284	61609	12/30/1985	342.00	0.534	Hidden Forest	2,016	659
285	61610	12/30/1985	365.00	0.570	Westlakes Property	755	629
286	61611	12/30/1985	414.00	0.647	Classen - 1604 Property	15	5
287	61612	12/30/1985	394.00	0.616	Thousand Oaks Property	2,523	865

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MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
288	61613	12/30/1985	26.13	0.041	Hollows Property	518	432
289	61614	12/30/1985	311.00	0.486	Stahl Road South	1,229	416
290	61615	12/30/1985	1,083.00	1.692	Voelker Lane	1,205	440
291	61616	12/30/1985	796.00	1.244	Eisenhauer Park	16	6
292	61617	12/30/1985	1,003.00	1.567	Standard Electric	13	4
293	61618	12/30/1985	435.00	0.680	Montalvo Ranch	3	1
294	61619	12/30/1985	655.00	1.023	Rittiman (East)	1,205	425
295	61620	12/30/1985	73.00	0.114	Rittiman (West)	-	-
296	61621	12/30/1985	557.00	0.870	Redland Oaks	51	18
297	61622	12/30/1985	774.00	1.209	Stahl Road North	3,069	1,039
298	61623	12/30/1985	297.00	0.464	FM 1604 - 90 Property	27	10
299	61624	12/30/1985	914.00	1.428	Culebra - Grissom (West)	3,404	1,822
300	61625	12/30/1985	300.00	0.469	Culebra - Grissom (East)	24	8
301	61626	12/30/1985	205.00	0.320	Loop 410 South	116	38
302	61627	12/30/1985	184.00	0.288	Loop 410 East (#1)	-	-
303	61628	12/30/1985	863.00	1.348	Loop 410 East (#2)	109	35
304	61629	12/30/1985	181.00	0.283	Loop 410 East (#3)	357	115
305	61630	12/30/1985	776.00	1.213	Ackerman Road	28	9
306	61631	12/30/1985	368.00	0.575	IH 10 East (#1)	98	33
307	61632	12/30/1985	1,621.00	2.533	IH 10 East (#2)	71	23
308	61633	12/30/1985	232.00	0.441	Judson Road	1,488	524
309	61634	12/30/1985	21.86	0.034	Lackland (East)	-	-
310	61635	12/30/1985	34.98	0.039	Lackland (West)	-	-
1985 SUBTOTAL			**16,975.97**	**26.587**		**26,768**	**10,489**
CUMULATIVE TOTAL			**195,667.30**	**303.260**			
1986 Annexed Areas							
311	62545	5/12/1986	270.50	0.422	IH 10/FM 1518	57	22
312	62546	5/12/1986	20.00	0.031	Lackland North	-	-
313	62547	5/12/1986	625.00	0.977	Norte Dame/Northwest Crossroads	-	-
314	63089	7/1/1986	(3,830.00)	(5.984)	Disannexation of Randolph South-	176	70
315	64017	12/29/1986	550.00	0.859	IH 10 North	3	1
316	64018	12/29/1986	115.28	0.180	Blanco Road West Area #1	-	-
317	64019	12/29/1986	495.00	0.773	Blanco Road West Area #2	896	288
318	64020	12/29/1986	267.00	0.417	Blanco Road East Property	232	72
319	64021	12/29/1986	194.00	0.303	Robarts Property	221	69
320	64022	12/29/1986	1,390.00	2.172	Rosillo Creek	210	61
321	64023	12/29/1986	365.00	0.570	Lakeside Property	2,198	639
322	64024	12/31/1986	276.00	0.431	Culebra Potranco	1,018	293

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
323	64025	12/31/1986	285.00	0.445	Tezel/Mainland	-	-
324	64026	12/31/1986	272.00	0.425	Culebra West		-
325	64027	12/31/1986	1,550.00	1.422	W. W. White Road	15	5
1986 SUB TOTAL			**2,844.78**	**3.444**	4.44496875	**5,026**	**1,520**
CUMULATIVE TOTAL			**198,512.08**	**306.704**			
1987 Annexed Areas							
326	64345	2/12/1987	115.50	0.180	NW Military/FM 1604	-	-
327	64899	5/21/1987	15.00	0.023	Sinclair Elementary School	-	-
328	65237	6/25/1987	(383.00)	(0.598)	Melford Boeck Disannexation	(5)	(2)
329	66013	12/31/1987	555.00	0.867	Lakeside South	2,262	692
330	66014	12/31/1987	220	0.344	IH 10 North #1	-	-
331	66015	12/31/1987	325	0.508	IH 10 North #2	-	-
332	66016	12/31/1987	1,130.00	1.766	IH 10 North #3	-	-
333	66017	12/31/1987	1,950.00	3.047	Mitchell Lake	-	-
334	66018	12/31/1987	25	0.039	Salado/Dos Rios #1	-	-
335	66019	12/31/1987	5,800.00	9.063	Salado/Dos Rios #2	16	5
336	66020	12/31/1987	550	0.859	Bandera West	681	227
337	66021	12/31/1987	560	0.875	De Zavala Road	1,125	375
338	66022	12/31/1987	378	0.591	Nacogdoches #1	9	3
339	66023	12/31/1987	886	1.384	Nacogdoches #2	12	4
340	66024	12/31/1987	17	0.027	Nacogdoches #3	-	-
341	66025	12/31/1987	12	0.019	Monte Robles	10	4
1987 SUB TOTAL			**12,155.50**	**18.992**		**4,110**	**1,308**
CUMULATIVE TOTAL			**210,667.58**	**325.696**			
1988 Annexed Areas							
342	66482	3/14/1988	17.19	0.027	North Ellison Drive	-	-
343	66793	3/17/1988	-0.69	(0.001)	Disannex of Lot 20, blk. 4, NCB 9904		
344	66960	5/31/1988	55.61	0.087	NW Crossroads Ind Dist #1	-	-
345	66961	5/31/1988	8.36	0.013	Laurel Ridge Hospital	-	-
346	68291	12/31/1988	580	0.906	Southwest Loop 410 Property	-	
347	68292	12/31/1988	1,490.00	2.328	Southside City Golf Course West	11	30
348	68293	12/31/1988	220	0.344	Southside City Golf Course East		
349	68294	12/31/1988	210	0.328	Northwest City Golf Course	-	-
350	68295	12/31/1988	330	0.516	Camp Bullis Property	-	-
351	68300	12/31/1988	1,270.00	1.984	Somerset Road Property	-	-
1988 SUB TOTAL			**4,180.47**	**6.532**		**11**	**30**
CUMULATIVE TOTAL			**214,848.05**	**332.228**			

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
					1989 Annexed Areas		
352	68585	1/10/1989	(0.62)	(0.001)	Disannex Hill Country Village	-	-
353	68963	3/12/1989	(110.00)	(0.172)	Disannex Dominion Property	-	
354	68800	3/26/1989	3.81	0.006	First Federal Savings & Loan	-	-
355	69189	4/1/1989	(0.89)	(0.001)	Disannex to City of Leon Valley	-	-
356	69199	5/21/1989	130	0.203	San Antonio IH. 10 Ltd. Inc.		
357	68296	12/31/1989	2,110.00	3.297	Great Northwest Property	16,565	6,413
358	68297	12/31/1989	790	1.234	Misty Oaks Property	1,845	714.00
359	68298	12/31/1989	300	0.469	Timber Creek Property	896.00	315.00
360	68299	12/31/1989	360	0.565	Twin Creek Property	4,652	1,801
361	70435	12/31/1989	475	0.742	Westlakes Area	440.00	300.00
362	70436	12/31/1989	60	0.094	Horal/Loop 410 Property	-	-
363	70437	12/31/1989	55	0.086	US 90/Loop 410 Property	-	-
364	70438	12/31/1989	26	0.041	Montgomery Road Property	-	-
1989 SUB TOTAL			**4,198.30**	**6.560**		**24,398**	**9,543**
CUMULATIVE TOTAL			**219,046.35**	**338.788**			
			219,046	**338.8**	**1990 CENSUS**	**935,933**	
					1990 Annexed Areas		
365	72262	9/13/1990	-3.9	(0.006)	Disannex/Vacant lots/Great NW	-	-
366	72637	12/31/1990	22.96	0.036	St. Hedwig Industrial District	-	-
367	72638	12/31/1990	9.02	0.014	MG Industries	-	-
368	72639	12/31/1990	256	0.400	Voight/FM 1604 A & B Property	5	2
369	72640	12/31/1990	69	0.108	Seguin Property	25	9
370	72641	12/31/1990	1.27	0.002	Cedar Creek Property	-	-
1990 SUB TOTAL			**354.35**	**0.554**		**30**	**11**
CUMULATIVE TOTAL			**219,400.70**	**339.341**			**9,554**
					1991 Annexed Areas		
371	73255	4/30/1991	239.00	0.373	Hyatt San Antonio Resort Property 0.00		
372	73256	4/30/1991	3.00	-	Robert Cervantes Property		
373	73905	10/7/1991	435.00	0.680	Greystone Property	-	
374	74354	9/19/1991	(0.39)	(0.001)	Area Adjacent/Shavano Park disanx		
375	74750	12/31/1991	206.00	0.322	Deerfield area/Bitters & Huebner		
375	74750	12/31/1991	3.31	0.005	Huebner Rd/Lockhill Selma Rd	140	55
375	74750	12/31/1991	384.00	0.600	Blanco/1604 Area	-	-
1991 SUB TOTAL			**1,269.92**	**1.980**		**140**	
CUMULATIVE TOTAL			**220,670.62**	**341.321**			

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
1992 Annexed Areas							
376	76894	12/31/1992	711.5	1.111	Covel Road Property	28	11
377	76895	12/31/1992	652	1.019	Sea World Property	-	-
378	76896	12/31/1992	710	1.109	Mainland Drive Property	1,555	535
379	76897	12/31/1992	982.45	1.535	Inwood Property	1,220	434
380	77127	12/31/1992	88.4	0.138	Quail Creek Units 1 & 2	556	191
381	77128	12/31/1992	48.54	0.076	Oakwood Property	-	-
1992 SUB TOTAL			***3,192.89***	***4.988***		***3,359***	***1,171***
CUMULATIVE TOTAL			***223,863.51***	***346.309***			
1993 Annexed Areas							
382	77321	5/2/1993	297.70	0.465	La Cantera Property	-	-
383	79034	12/31/1993	418.00	0.653	Judson Road South Area	19	11
384	79035	12/31/1993	426.00	0.666	WCID #16	5,364	1,745
385	79036	12/31/1993	82.00	0.128	VLSI Industrial District Property	-	-
386	79037	12/31/1993	2,173.00	3.395	Guilbeau/FM 1604 Area	12,569	4,410
387	79038	12/31/1993	1,769.00	2.764	Oak Grove/Bandera Road Area	3,066	1,123
388	79039	12/31/1993	1,366.00	2.134	Hausman/Prue Road Area	3,660	1,212
389	79040	12/31/1993	-	-	Quail Creek Area-Re-Annexation	-	-
390	79041	12/31/1993	-	-	Huebner/1604 - Re - Annexation	-	-
1993 SUB TOTAL			**6,531.70**	**10.206**		**24,678**	**8,501**
CUMULATIVE TOTAL			**230,395.21**	**356.515**			
1994 Annexed Areas							
391	81102	12/31/1994	897	1.402	Green Spring Valley	2,560	840
392	81103	12/31/1994	526	0.838	Rain Tree area	920	280
393	81104	12/31/1994	847	1.323	Sunrise are	4,470	1,720
394	81105	12/31/1994	723	1.130	Quintana Road area	190	80
395	81106	12/31/1994	481	0.752	Adams Hill area	3,290	1,020
396	81107	12/31/1994	2,366.00	3.697	Timber Ridge area	6,340	2,150
1994 SUB TOTAL			***5,840.00***	***9.141***		***17,770***	***6,090***
CUMULATIVE TOTAL			***236,235.21***	***365.656***			
1995 Annexed Areas							
397	81597	3/9/1995	88.5	0.138	AFS/AFD PROPERTY	-	-
398	83132	12/31/1995	2,770.00	4.328	Long's Creek Area	6,060	2,150
399	83133	12/31/1995	7	0.011	Flying "J" Area	-	-
400	83135	12/31/1995	1,307.00	2.042	SW 410 Area	220	100

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
401	83136	12/31/1995	1,310.00	2.047	Heritage NW Area	12,180	4,020
402	83137	12/31/1995	33.28	0.052	Seven Points North Area	-	-
1995 SUB TOTAL			**5,515.78**	**8.618**		**18,460**	**6,270**
CUMULATIVE TOTAL			**241,750.99**	**374.274**			
1996 Annexed Areas							
403	85087	12/31/1996	620	0.969	Walzem/Gibbs-Sprawl Rd. Area	-	-
404	85088	12/31/1996	15	0.023	Heritage Park area	60	20
405	85089	12/31/1996	1,400.00	2.188	Mountain View area	190	120
406	85090	12/31/1996	3,130.00	4.891	Greystone area	60	20
407	85091	12/31/1996	364	0.569	Medio Creek area	-	-
408	85092	12/31/1996	1,739.00	2.717	Kelly AFB	-	-
1996 SUB TOTAL			**7,268.00**	**11.356**		**310**	**160**
CUMULATIVE TOTAL			**249,018.99**	**385.630**			
1997 Annexed Areas							
409	86864	12/31/1997	150	0.234	Bandera NW area	10	2
410	86866	12/31/1997	6,974.00	10.897	Stone Oak area	5,970	2,240
1997 SUBTOTAL			**7124**	**11.131**		**5,980**	**2,242**
CUMULATIVE TOTAL			**256,142.99**	**396.761**	**11.1311**		**2,242**
1998 Annexed Areas							
411	87819	7/5/1998	1,196.00	1.869	NW Military/FM 1604 area	-	-
412	87820	7/5/1998	270	0.422	US 281 North area	-	-
413	87821	7/5/1998	1,190.00	1.859	Judson/FM 1604 area	-	-
414	87822	7/5/1998	3,575.00	5.586	Evans Road area	-	-
415	88720	11/1/1998	131.5	0.206	Schoenfeld, Rogers TR & Alamo Cement Co 0.00	-	-
416	88824	12/31/1998	4,769.00	7.452	IH 10 West Area	2,940	1,170
1998 SUBTOTAL			**11,131.50**	**17.393**		**2,940**	**1,170**
CUMULATIVE TOTAL			**267,274.49**	**414.154**			**3,412**
1999 Annexed Areas							
	90554	10/4/1999	17.14	0.027	Travel Centers of America	-	-
1998 SUBTOTAL			**17.14**	**0.027**		**-**	**-**
CUMULATIVE TOTAL			**267,291.63**	**414.181**			
			267,297.60	**414.18**	**2000 CENSUS**	**1,009,600**	
2000 Annexed Areas							
418	91155	4/6/2000	392.6	0.613	La Paz Subdivision	-	-
419	92902	12/31/2000	2,290.00	3.578	Potranco Rd/FM 1604 Area	3,822	1,230
420	92903	12/31/2000	400	0.625	Area West of IH 10	155	130
421	92904	12/31/2000	1,597.00	2.495	Redland Woods/Emerald Forest	2,513	878

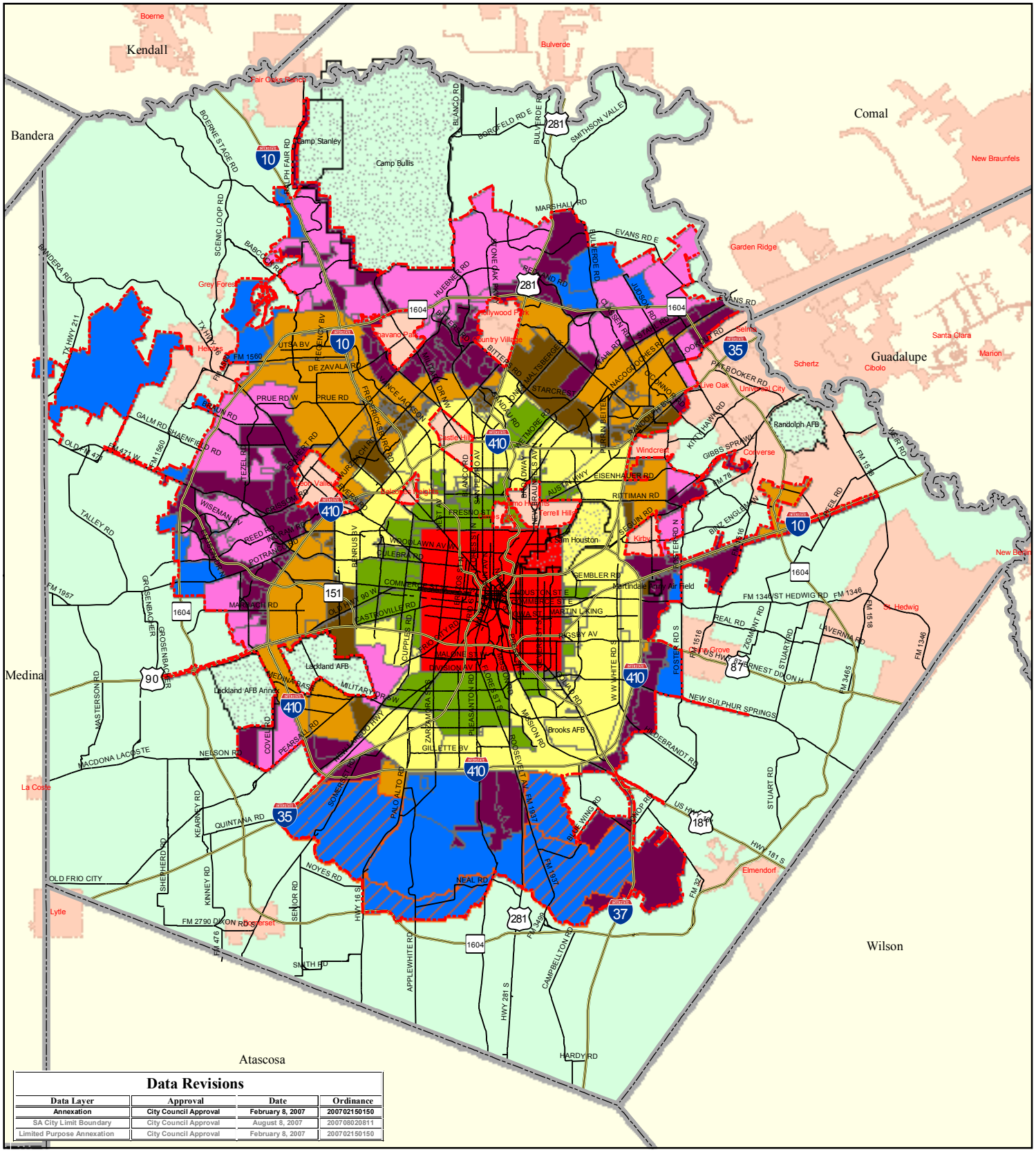
ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
422	92905	12/31/2000	1,982.00	3.097	Bulverde Rd/FM 1604 Area	26	12
423	92906	12/31/2000	1,186.00	1.853	Foster Meadows Area	321	110
424	92907	12/31/2000	310	0.484	Culebra 1604	-	-
425	92908	12/31/2000	89	0.139	Babcock North of FM 1604	-	-
426	92909	12/31/2000	3.28	0.005	Algae Removal Facility (75' Rd)	-	-
2000 SUB TOTAL			**8,249.88**	**12.890**		**6,837**	**2,360**
CUMULATIVE TOTAL			**275,541.51**	**427.071**			
2001 Annexed Areas							
427	94498	10/31/2001	16.0	0.025	The Heights at Stone Oak PUD	-	-
428	94499	11/25/2001	94.9	0.148	IH 10 West/Boerne Stage Road	-	-
2001 SUB TOTAL			**110.9**	**0.173**		**-**	**-**
CUMULATIVE TOTAL			**275,652.4**	**427.244**			
2002 Annexed Areas							
429	96547	12/31/2002	22.0	0.034	Galm Rd/Loop 1604 Area	-	-
430	96548	12/31/2002	10283.0	16.067	Gov't Canyon/City Properties	-	
431	96549	12/31/2002	244.0	0.381	Sheldon Tracts	-	-
432	96553	12/31/2002	1279.0	1.998	Thrift Tract/City Property	-	-
433	96555	12/31/2002	142.0	0.222	Stage Run Area	-	-
2002 SUB TOTAL			**11970.0**	**18.703**		**-**	**-**
CUMULATIVE TOTAL			**287,622.42**	**445.947**			
2003 Annexed Areas							
440	98580	12/28/2003	-5.31	(0.008)	Disannexation to City of Live Oak	-	-
2003 SUB TOTAL			**-5.31**	**(0.008)**		**-**	**-**
CUMULATIVE TOTAL			**287,617.11**	**445.939**			
2003 Limited Purpose Annexed Areas							
434	*96557*	*1/5/2003*	*8,358.00*	*13.059*	*Southside Area "1" Limited Purpose*	678	185
435	*96558*	*1/5/2003*	*3,762.00*	*5.878*	*Southside Area "2" Limited Purpose*	550	187
436	*96559*	*1/5/2003*	*9,796.00*	*15.306*	*Southside Area "3" Limited Purpose*	363	106
437	*96560*	*1/5/2003*	*2,936.00*	*4.588*	*Southside Area "4" Limited Purpose*	106	27
438	*96561*	*1/5/2003*	*3,104.00*	*4.850*	*Southside Area "5" Limited Purpose*	328	112
439	*96562*	*1/5/2003*	*8,502.00*	*13.284*	*Southside Area "6" Limited Purpose*	1,534	473
2003 SUB TOTAL			**36,458.00**	**56.966**		**3,559**	**1,090**
CUMULATIVE TOTAL			**324,075.11**	**502.904**			
2004 Limited Purpose Annexed Area							
440	*99352*	*8/1/2004*	*4,080.00*	**6.375**	Southside Initiative Area "7" Limited Purpose		
2004 SUB TOTAL			**4,080.00**	**6.375**		**428**	
CUMULATIVE TOTAL			**328,155.11**	**509.279**			

ANNEXATION AREAS LISTING 1940 TO PRESENT

MAP NO.	ORDI-NANCE NO.	DATE	ACRES	SQUARE MI.	GENERAL DESCRIPTION OF THE AREA	POPULA-TION	HOUSING UNITS
2005 Annexed Areas							
442	*101053*	6/20/2002	4,345.00	6.790	Timberwood Park Limited Purpose Annexation		
443	101600	12/30/2005	10.00	0.020	QVC San Antonio Area (voluntary annexation)		
444	101601	12/11/2005	97.68	0.150	Hunter's Pond Area (voluntary annexation)		
445	101602	12/31/2005	146.00	0.230	Helotes Park Terrace/Park At French Creek		
446	101603	12/31/2005	1,312.00	2.050	Kyle Seale / Loop 1604		
2005 SUBTOTAL			**5,910.68**	**9.240**			
CUMULATIVE TOTAL			**334,065.79**	**518.519**			
2006 Annexed Areas							
447	101604	1/5/2006	3,644.00	5.730	Southside Area "2" Full Purpose Annexation		
447	101604	1/6/2006	(3,762.00)	(5.88)	Disannextion Southside Area "2" Limited purpose for Full Purpose		
448	101605	1/5/2006	9,796.00	15.306	Southside Area "3" Full Purpose Annexation		
448	101605	1/6/2006	(9,796.00)	(15.31)	Disannexation -Southside Area "3" Limited purpose for Full Purpose		
	2006-10-12-1197	10/12/2006	38.00	0.059	Culebra/1604 (Voluntary Annexation)		
	2006-11-30-1372	11/30/2006	(0.02)	(0.00)	Boundary Adjustment with Converse		
2006 SUBTOTAL			**(80.02)**	**(0.09)**			
CUMULATIVE TOTAL			**333,985.776**	**518.431**			
2007 Annexed Areas							
438	2007-02-08-0150	2/8/2007	(3,104.00)	(4.85)	Disannexation Southside Area "5" from limited purpose		
	2007-02-15-0186	2/15/2007	(4,345.00)	(6.79)	Disannexation of Timberwood Park from limited purpose		
	2007-08-02-0811	8/2/2007	(229.13)	(0.36)	Windcrest (Walzem Rd Development Project (Windor Park Mall Disannexation		
2007 SUBTOTAL			**(7,678.13)**	**(12.00)**			
CUMULATIVE TOTAL			**326,307.645**	**506.4**			
2008 Annexed Areas							
434	2008-02-07-0102	3/1/2008	(7,825.41)	(12.23)	Disannexation Southside Area "1" from limited purpose annexation	(678)	(185)
437	2008-02-07-0102	3/1/2008	(2,936.00)	(4.59)	Disannexation Southside Area "4" from limited purpose annexation	(106)	(27)
439	2008-02-07-0102	3/1/2008	(8,502.00)	(13.28)	Disannexation Southside Area "6" from limited purpose annexation	(1,534)	(473)
440	2008-02-07-0102	3/1/2008	(4,080.00)	(6.38)	Disannexation Southside Initiative Expansion Area 7 from limited purpose annexation	(428)	(142)
	2008-09-18-0837	9/28/2008	(61.70)	(0.10)	Disannexation of Espada Commercial Tracts approx. 62 Acres	-	-
2008 SUB TOTAL			**(23,405.11)**	**(36.57)**		**(2,318)**	**(685)**
CUMULATIVE TOTAL			**302,902.54**	**469.86**			

Appendix B: City of San Antonio Annexation Growth Map


Kendall
Bandera
Comal
Guadalupe
Medina
Atascosa
Wilson
Boerne
Bulverde
New Braunfels
Garden Ridge
Grey Forest
Hollywood Park
Country Village
Castle Hills
Windcrest
Converse
Schertz
Cibolo
Live Oak
Universal City
Randolph AFB
Sam Houston
Kirby
Terrell Hills
Martindale Army Air Field
St. Hedwig
Lackland AFB
Lackland AFB Annex
Brooks AFB
La Coste
Lytle
Somerset
Elmendorf
Camp Stanley
Camp Bullis
Fair Oaks Ranch
Helotes
Leon Valley
Balcones Heights
Olmos Park
Alamo Heights
Shavano Park
Santa Clara
Marion
New Berlin
Selma
Grey Forest
Hollywood Park
Country Village
Castle Hills
Windcrest
Converse

Appendix C: Other Cities in Bexar County Inventory of Past Annexations

Data on the following annexations from 1970 to present can be found on the U.S. Census website.[74] Information on annexations prior to 1970 is not available from a consolidated source, and any listed below were found from histories of the individual cities and towns. In the charts below, the (D) under the acres column denotes a disannexation.

Alamo Heights

Alamo Heights incorporated in 1922. It annexed Bluebonnet Hills in 1928 and Sylvan Hills in 1944. Alamo Heights is completely surrounded by the City of San Antonio.[75]

Figure C-8: Alamo Heights Past Annexations

Alamo Heights			
Ordinance No.	**Effective Date**	**Acres**	**Description**
Unknown	1928	*Unknown*	Bluebonnet Hills
Unknown	1944	*Unknown*	Sylvan Hills

Balcones Heights

Balcones Heights incorporated in 1948. It has not annexed any additional land, but it did deannex two areas, one south of Balcones Heights Road in 1950 and one north of Hillcrest Drive in 1954. These deannexations shrunk the territory 10%, to its ultimate size of .7 square miles. The City is bounded by San Antonio.

Figure C-9: Balcones Heights Past Annexations[76]

Balcones Heights			
Ordinance No.	**Effective Date**	**Acres**	**Description**
Unknown	1950	(D)	South of Balcones Heights Road
Unknown	1954	(D)	North of Hillcrest Drive

Castle Hills

Castle Hills incorporated in 1951. It is entirely surrounded by the City of San Antonio and no information could be found on any past annexations.[77]

[74] U.S. Census. (2012). Boundary and Annexation Survey (BAS): Annexation Data – Texas. Retrieved from: ftp://ftp2.census.gov/geo/pvs/bas/annexation/48/

[75] City of Alamo Heights. (2012). History of Alamo Heights. Retrieved from: http://www.alamoheightstx.gov/about/about-history.php

[76] Fisher, Lewis F. (2000). Balcones Heights, A Crossroads of San Antonio. Retrieved from: http://www.balconesheights.org/newhistory.pdf

[77] Martinez, Melissa. (2012). Castle Hills Neighborhood Profile. About San Antonio. Retrieved from: http://sanantonio.about.com/od/neighborhoods/p/Castle_Hills.htm

China Grove

China Grove incorporated in 1960.[78] It is located to the east of San Antonio and is inside the City's ETJ.

Figure C-10: China Grove Past Annexations

China Grove		
Ordinance No.	**Effective Date**	**Acres**
860904	9/1/1982	*Unknown*
Unknown	1/1/1987	*Unknown*
871203	12/1/1987	*Unknown*
910801	8/1/1991	0
920702	7/2/1992	519
930204	2/4/1993	0
950504	5/4/1995	3
95688	4/25/2002	*Unknown*

[78] City of China Grove. (2009.) Retrieved from: http://www.cityofchinagrove.org/

Cibolo

Cibolo became an independent township in 1965.[79] It is mostly located in Guadalupe County, to the west of Bexar.

Figure C-11: Cibolo Past Annexations

Cibolo		
Ordinance No.	**Effective Date**	**Acres**
36	10/21/1970	1000
41	7/6/1972	1771
45	10/19/1972	1474
51	2/1/1973	284
56	7/19/1973	645
64	4/18/1974	300
67	4/18/1974	5
109	6/4/1974	450
129	6/13/1974	972
130	6/13/1974	385
132	6/14/1974	730
133	6/14/1974	298
134	6/15/1974	53
135	6/15/1974	367
181	6/20/1975	766
183	6/21/1974	244
242	9/1/1977	267
292	11/8/1981	46.1
296	6/3/1982	41.2
325	12/19/1983	121
328	2/21/1984	71.3
341	10/16/1984	10
342	10/16/1984	198.1
363	7/29/1985	392.5
375	5/6/1986	24
375	5/6/1986	28
400	6/19/1990	2
864	11/19/1996	0
865	3/18/1997	0

Cibolo		
Ordinance No.	**Effective Date**	**Acres**
866	4/15/1997	0
867	7/22/1997	0
5801	8/31/1992	0
519	1/23/2001	70.4
527	8/14/2001	21.4
551	1/8/2002	163.2
552	1/8/2002	76.7
557	4/23/2002	49.2
558	5/9/2002	78
559	5/9/2002	10.1
560	5/9/2002	5
561	7/9/2002	0.6
562	7/9/2002	0.6
580	10/8/2002	10.2
582	11/12/2002	10
587	4/8/2003	*Unknown*
588	4/8/2003	*Unknown*
589	4/22/2003	*Unknown*
623	1/27/2004	*Unknown*
629	3/9/2004	48.9
630	3/9/2004	4
631	3/9/2004	5.8
632	3/9/2004	4
633	3/9/2004	3.3
634	3/9/2004	1.5
663	2/8/2005	17.9
669	3/22/2005	25.1
675	5/10/2005	37.9

[79] City of Cibolo. (2010). Cibolo History. Retrieved from: http://www.cibolotx.gov/Community/History.aspx

Converse

The City of Converse incorporated in 1961. Converse is considering annexing more land and is in the process of creating a master annexation plan.[80]

Figure C-12: Converse Past Annexations

Converse		
Ordinance No.	Effective Date	Acres
105	9/28/1971	2464
108	1/4/1972	950
119	3/7/1972	120
126	5/7/1972	643
127	8/1/1972	1073
129	11/7/1972	40
130	11/7/1972	3
131	11/7/1972	22
132	11/7/1972	6
137	5/1/1973	10
141	6/12/1973	202
157	6/4/1974	225
183	5/17/1977	13
188	6/2/1977	506
201	9/5/1979	5
209	10/2/1979	143
210	10/2/1979	1421
212	1/22/1980	11.5
253	11/3/1981	24.2
260	5/4/1982	17.7
261	5/4/1982	8
272	12/21/1982	1.1
273	12/21/1982	7.1
277	5/3/1983	83
284	11/1/1983	6.7
286	12/6/1983	55.8
301	12/6/1984	73.7
306	1/31/1985	25.5
319	4/18/1985	59.9
312	5/23/1985	35
316	8/22/1985	174.5

Converse		
Ordinance No.	Effective Date	Acres
317	8/22/1985	1.9
318	8/22/1985	59.6
324	12/19/1985	44
326	3/4/1986	0.2
327	5/6/1986	27
328	5/6/1986	37.6
329	5/6/1986	204.9
330	5/6/1986	21.3
331	5/6/1986	36.4
339	10/21/1986	25.8
340	10/21/1986	179.4
351	4/21/1987	110.3
357	7/7/1987	1.7
358	7/7/1987	2.5
359	7/7/1987	5.7
368	7/7/1987	18.1
362	9/1/1987	2.3
374	2/2/1988	6.9
375	2/2/1988	14
376	2/2/1988	30
377	2/2/1988	1.4
387	4/4/1988	134
386	4/18/1988	110
869	5/23/2000	35.5
868	5/23/2000	137.4
872	3/6/2006	94.6
870	5/2/2006	8.5
871	11/7/2006	79.4
873	7/31/2007	136.8
874	7/31/2008	47.3
875	7/31/2008	7.2

[80] City of Converse. (2012). City Council Meeting Minutes of February 7, 2012. Retrieved from: http://www.conversetx.net/archives/37/CC%20Minutes%20February%207,%202012.pdf

Elmendorf

The City of Elemdorf incorporated in 1885.[81] It is mostly located in Bexar County, with a small portion in Wilson County.

Figure C-13: Elmendorf Past Annexations

Elmendorf		
Ordinance No.	**Effective Date**	**Acres**
Unknown	12/12/1972	2773
Unknown	8/1/1979	5
Unknown	2/25/2000	13458.3
Unknown	2/25/2000	-2028.7
Unknown	4/23/2003	1200
021005-1C	2/10/2005	350
021009-1D	2/10/2005	311.1
82500501	8/25/2005	1261.1
04262007-1	4/26/2007	6.7
04262007-2	4/26/2007	13.7
04262007-1	4/26/2007	6.7
04262007-2	4/26/2007	137.3

[81] *Christopher Long, "ELMENDORF, TX," Handbook of Texas Online. Texas State Historical Association. Retrieved from: http://www.tshaonline.org/handbook/online/articles/hle14*

Fair Oaks Ranch

Fair Oaks Ranch incorporated in 1988.[82] It is located in Bexar, Comal and Kendall Counties.

Figure C-14: Fair Oaks Ranch Past Annexations

Fair Oaks Ranch		
Ordinance No.	Effective Date	Acres
61	4/18/1991	0
78	12/17/1992	0
81	1/21/1993	0
86	8/19/1993	0
88	11/18/1993	0
89	3/17/1994	0
91	8/18/1994	0
93	9/22/1994	0
96	12/15/1994	0
101	3/16/1995	0
106	2/2/1996	0
109	6/20/1996	65.9
112	9/19/1996	0
114	3/20/1997	0
115	5/15/1997	0
116	8/21/1997	0
122	11/18/1997	0
121	11/18/1997	0
128	10/15/1998	33.9
127	11/19/1998	2.7
129	6/14/1999	88.6

Fair Oaks Ranch		
Ordinance No.	Effective Date	Acres
70	4/1/1992	0
102	5/1/1995	0
135	9/21/2000	10.8
136	9/21/2001	55.4
142	4/17/2003	52.3
144	10/16/2003	28.9
146	9/16/2004	28.8
147	11/18/2004	77
149	4/21/2005	64.6
151	10/20/2005	45
154	10/19/2006	149
155	11/16/2006	6
156	11/16/2006	1.9
157	12/21/2006	3
171	5/1/2007	275.8
172	5/1/2007	0.3
173	5/1/2007	61.2
178	5/1/2008	19
168	4/19/2007	8.2
2011-16	12/15/2011	25.3

Grey Forest

Grey Forest incorporated in 1962. It has annexed two areas since 1970.[83]

Figure C-15: Grey Forest Past Annexations

Grey Forest		
Ordinance No.	Effective Date	Acres
68	4/7/1992	1
86	12/20/1994	4.4

[82] City of Fair Oaks Ranch. Fair Oaks Ranch Information. Retrieved from: http://www.fairoaksranchland.com/ranch.html

[83] Chandler, Natalie. (2012). Grey Forest Celebrates on the QT. My San Antonio. Retrieved from: http://www.mysanantonio.com/community/northwest/news/article/Grey-Forest-celebrates-on-the-QT-3875202.php

Helotes

The City of Helotes incorporated in 1981.[84] It borders San Antonio to the northwest.

Figure C-16: Helotes Past Annexations

Helotes		
Ordinance No.	**Effective Date**	**Acres**
75	10/24/1991	169.7
77	11/14/1991	8.1
Unknown	12/31/1996	47.6
101	5/2/1997	91.3
104	12/2/1997	299
114	8/18/1998	200
113	8/18/1998	200
115	10/13/1998	2
123	1/19/1999	2.9
140	6/8/2000	1.6
204	6/13/2002	608
206	7/11/2002	76.9
209	8/8/2002	99.2
214	9/12/2002	66.8
284	12/26/2005	*Unknown*
293	3/1/2006	55.7
307	10/1/2006	21.9
318	12/26/2006	141.4
319	1/1/2007	169.1
320	2/1/2007	228.7

[84] The City of Helotes. (2012). Welcome to Helotes. Retrieved from: http://www.helotes-tx.gov/index.asp?Type=B_BASIC&SEC={90E823C5-DC0D-4248-8316-49BB7CC9F557}

Hill Country Village

Hill Country Village incorporated in 1956.[85] It is surrounded by San Antonio and Hollywood Park Town in the north of the county.

Figure C-17: Hill Country Village Past Annexations

Hill Country Village		
Ordinance No.	**Effective Date**	**Acres**
103	12/23/1972	682
115	6/20/1974	1161
125	9/28/1974	15
140	6/19/1975	20
174	7/31/1978	682
187	12/13/1978	10
188	12/21/1978	87
201	6/28/1979	240
427	5/4/1988	1
428	11/16/1988	-1.6
726	12/18/1997	4.5
973	3/9/2006	4.1
997	11/16/2006	1.4

Hollywood Park

Hollywood Park incorporated in 1955.[86] It is located above the City of Hill Country Village.

Figure C-18: Hollywood Park Past Annexations

Hollywood Park		
Ordinance No.	**Effective Date**	**Acres**
118	4/31/1970	448
224	8/19/1980	-23.6
227	12/23/1980	30.6

[85] The City of Hill Country Village. City History. Retrieved from: http://www.hcv.org/?page_id=82
[86] Hollywood Park Homeowners Association. History of Hollywood Park. Retrieved from: http://hptxhoa.com/?page_id=13

Kirby

Kirby incorporated in 1955.[87] It is located in the east of San Antonio, surrounded by the City.

Figure C-19: Kirby Past Annexations

Kirby		
Ordinance No.	**Effective Date**	**Acres**
162	7/29/1971	492
170	7/20/1972	1063
349	5/19/1983	51.9
2009-0516	6/28/2009	9.2
2009-0516	6/28/2009	13.9
2009-0516	6/28/2009	14
0-2009-677	8/20/2009	-0.5
0-2009-677	8/20/2009	-0.6

Leon Valley

Leon Valley incorporated in 1952.[88] It is an enclave in the west of San Antonio.

Figure C-20: Leon Valley Past Annexations

Leon Valley		
Ordinance No.	**Effective Date**	**Acres**
8	5/18/1971	225
7	10/19/1971	178
6	12/21/1971	75
5	7/18/1972	399
4	11/21/1972	323
9	11/21/1972	-492
3	4/17/1973	68
1	6/19/1973	48
2	7/17/1973	154
659	7/6/1976	-15
660	7/6/1976	15
753	5/16/1978	21

Leon Valley		
Ordinance No.	**Effective Date**	**Acres**
753	5/16/1978	-21
800	4/17/1979	19
801	4/17/1979	19
802	4/17/1979	-45
895	6/2/1981	146
946	3/16/1982	4.6
1001	5/17/1983	-0.6
1002	5/17/1983	0.6
1010	9/20/1983	-0.4
1129	9/17/1985	5.4
1273	2/16/1988	0.7
1311	7/3/1989	0.9

[87] City of Kirby, Texas. (2012). Retrieved from: http://www.kirbytx.org/
[88] City of Leon Valley. (2012). History of Leon Valley. Retrieved from: http://www.leonvalleytexas.gov/how_do_i/history.php

Live Oak

The City of Live Oak incorporated in 1960.[89] It borders the northeast side of San Antonio.

Figure C-21: Live Oak Past Annexations

Live Oak		
Ordinance No.	**Effective Date**	**Acres**
146	7/7/1970	1623
156	11/3/1970	243
191	11/30/1970	237
199	3/28/1972	192
244	11/11/1974	1571
245	11/11/1974	2224
257	5/6/1975	2717
343	12/22/1977	1586
351	5/9/1978	495
372	10/10/1978	1839
447	3/10/1981	595.6
699	8/12/1986	6.9
1199	2/1/2004	5.3
1320	6/26/2007	-7.3

Lytle

Lytle incorporated in 1951.[90] It is located in Atascosa, Bexar, and Medina Counties. No annexations were found for this city.

Olmos Park

Olmos Park incorporated in 1939.[91] It is located in the center of San Antonio. No instances of annexation were found.

[89] City of Live Oak Texas. (2012). Retrieved from: http://www.liveoaktx.net/
[90] City of Lytle, Texas. About Lytle. Retrieved from: http://www.lytletx.org/index.aspx?nid=192
[91] City of Olmos Park. (2011). Annual Financial Report. Fiscal Year Ended September 30, 2011. Retrieved from: http://www.olmospark.org/City-Hall/admin-and-council/budget/11financialreport.pdf

Schertz

Schertz incorporated in 1958.[92] It is located in Bexar, Comal, and Guadalupe Counties.

Figure C-22: Schertz Past Annexations

Schertz		
Ordinance No.	Effective Date	Acres
214	4/12/1970	1903
216	6/25/1970	585
218	7/9/1970	1600
227	4/1/1971	1250
228	4/1/1971	1250
228	4/1/1971	1250
230	5/6/1971	750
233	6/8/1971	277
235	7/29/1971	1523
236	7/29/1971	666
237	7/29/1971	733
238	8/12/1971	30
239	8/12/1971	27
243	1/27/1972	1023
252	4/6/1972	1600
253	4/13/1972	1540
254	4/13/1972	1600
257	5/18/1972	1588
272	9/7/1972	240
73-A-7	4/3/1973	67
73-A-20	10/25/1973	17
74-A-24	6/28/1974	1491
74-A-24	6/28/1974	742
74-A-28	7/2/1974	717
74-A-24	7/26/1974	802
74-A-28	7/26/1974	1123
74-A-37	9/3/1974	606
74-A-37	9/3/1974	253
74-A-49	12/5/1974	855
74-A-50	12/23/1974	710
75-A-16	7/1/1975	2148
75-A-23	8/12/1975	835
75-A-25	9/2/1975	354
75-A-32	9/16/1975	348
75-A-34	10/21/1975	132

Schertz		
Ordinance No.	Effective Date	Acres
77-17	12/20/1977	321
77-17	12/20/1977	1440
77-17	12/20/1977	731
79-A-20	1/2/1979	9
79-A-18	10/2/1979	2250
79-A-18	10/2/1979	750
79-A-19	10/2/1979	20
79-A-23	12/4/1979	3350
79-A-24	12/4/1979	3241
80-A-5	3/4/1980	-7.5
80-A-19	9/2/1980	34
80-A-20	9/2/1980	75
80-A-21	9/2/1980	207.9
80-A-23	10/7/1980	-3
80-A-25	11/4/1980	177.7
81-A-4	2/3/1981	*Unknown*
81-A-10	4/7/1981	*Unknown*
81-A-10	4/7/1981	103.7
81-A-11	4/7/1981	331.3
81-A-11	4/7/1981	*Unknown*
81-A-12	4/7/1981	130.3
82-A-7	3/2/1982	-48.7
82-A-8	3/2/1982	-10
82-A-8	3/2/1982	-49.1
83-A-5	5/3/1983	127.5
83-A-8	6/7/1983	266
84-A-3	1/17/1984	10.5
84-A-9	4/3/1984	305.5
84-A-15	6/5/1984	296.8
84-A-22	10/16/1984	850.5
85-A-17	9/17/1985	88.9
85-A-20	10/15/1985	83.2
85-A-24	12/3/1985	34.5
86-A-4	2/18/1986	21.2

Schertz		
Ordinance No.	Effective Date	Acres
86-A-13	6/17/1986	41.7
86-A-15	7/1/1986	5143.7
86-A-19	8/5/1986	29.2
86-A-30	12/2/868	121.9
87-A-6	4/21/1987	30.5
87-A-6	4/21/1987	30.4
87-A-7	4/21/1987	107.6
87-A-19	9/15/1987	383.4
88-A-20	11/1/1988	-4
88-A-22	11/15/1988	27
88-A-22	11/15/1988	4
90-A-5	2/6/1990	960
92-A-7	3/17/1992	251
92A26	12/15/1992	0
97-A-20	6/17/1997	35.3
97-A-29	10/21/1997	82.2
1	4/4/2000	16.6
01-A-26	1/1/2002	495.5
01-A-27	1/1/2002	310.3
02-A-24	10/8/2002	119.4
02-A-24	10/8/2002	-3.8
02-A-27	12/30/2002	835.3
03-A-40	12/30/2003	655.5
04-A-42	12/29/2004	37.4
04-A-43	12/29/2004	14.3
04-A-44	12/29/2004	119.4
04-A-45	12/29/2004	216.8
04-A-46	12/29/2004	224.4
04-A-47	12/29/2004	163.4
07-A-33	7/31/2007	35.9
07-A-34	7/31/2007	194.6
08-A-03	1/15/2008	5.1
11-A-09	4/12/2011	206.6
11-A-22	8/2/2011	802.6

[92] City of Schertz. (2012). Schertz History. Retrieved from: http://schertz.com/?page_id=1761

Selma

Selma incorporated in 1964.[93] It is located in Bexar, Comal, and Guadalupe Counties.

Figure C-23: Selma Past Annexations

Selma		
Ordinance No.	**Effective Date**	**Acres**
512-713	5/21/1971	2840
521-711	5/21/1971	1150
521-712	5/21/1971	2450
521-713	5/21/1971	1000
521-714	5/21/1971	1070
521-715	5/21/1971	1730
521-716	5/21/1971	500
722-711	7/22/1971	500
722-711	7/22/1971	8000
1027-731	10/21/1973	1060
117-741	1/17/1974	1130
38-741	3/8/1974	*Unknown*
712-741	7/12/1974	1500
712-741	7/12/1974	*Unknown*
526-751	5/26/1975	*Unknown*
526-751	5/26/1975	2150
9-8-752	9/8/1975	240
819-761	8/19/1976	40

Selma		
Ordinance No.	**Effective Date**	**Acres**
421-771	4/21/1977	430
216-781	2/16/1978	1500
518-782	5/18/1978	1500
102678-3	10/26/1978	*Unknown*
102678-4	10/26/1978	4050
102678-4	10/26/1978	6620
618-812	6/18/1981	-39.3
716-811	7/16/1981	72.3
721-821	7/21/1982	-673.6
721-821	7/21/1982	-55
921-831	9/21/1983	*Unknown*
7-24851	7/24/1985	*Unknown*
102102-005	10/21/2002	-108
111802-006	11/18/2002	92
111802-007	11/18/2002	91.8
111802-008	11/18/2002	17.3
111802-010	11/18/2002	1
12-14-06-1	12/14/2006	23.7

Shavano Park

Shavano Park incorporated in 1956. It is an enclave of San Antonio.[94]

Figure C-24: Shavano Park Past Annexations

Shavano Park		
Ordinance No.	**Effective Date**	**Acres**
1	11/23/1982	5.3
100-06-00	9/5/2000	*Unknown*
100-07-00	9/5/2000	*Unknown*

[93] City of Selma. (2012). History. Retrieved from: http://ci.selma.tx.us/about/history/
[94] City of Shavano Park. (2011). About Shavano Park. Retrieved from: http://www.shavanopark.org/Home/AbouttheCity/tabid/76/Default.aspx

Somerset

Somerset incorporated in 1973. [95] It is located to the southeast of San Antonio and does not border the City. No annexations for this city were found.

St. Hedwig

St. Hedwig incorporated in 1957.[96] It is located to the west of San Antonio but does not border the City. No annexations for this town were found.

Terrell Hills

Terrell Hills incorporated in 1939.[97] It is an enclave of San Antonio and no annexations for this city were found.

Universal City

Universal City incorporated in 1960.[98] It is located to the east of Live Oak.

Figure C-25: Universal City Past Annexations

Universal City		
Ordinance No.	**Effective Date**	**Acres**
250	11/20/1972	7000
257	4/17/1973	3230
274	4/6/1976	170
275	5/4/1976	350
292	10/4/1977	-33
294	11/15/1977	933
283-A	7/7/1981	-66.9
238-C	7/7/1981	39.3
353	5/20/1986	-6.9
563	6/3/2003	108

[95] City of Somerset. Retrieved from: http://somersettx.gov/
[96] Mylius, Kris and Michelle S. Lovering. (2010.) The History of St. Hedwig, Texas. Polish Texans. Retrieved from: http://www.polish-texans.com/2010/05/the-history-of-st-hedwig-texas/
[97] City of Terrell Hills. Retrieved from: http://www.terrell-hills.com/ourcity.html
[98] Universal City, Texas. Retrieved from: http://www.universalcitytexas.com/index.aspx?NID=2

Von Ormy

Von Ormy recently incorporated in 2008. It is located to the southwest of San Antonio, and has annexed land twice. It absorbed 20 acres to the north that includes Union Pacific facilities. It then annexed 129 acres in November 2011.[99]

Figure C-26: Von Ormy Past Annexations

Von Ormy		
Ordinance No.	**Effective Date**	**Acres**
Unknown	*Unknown*	20
Unknown	11/14/2011	129

Windcrest

Windcrest incorporated in 1959.[100] It located in the east of Bexar County,

Figure C-27: Windcrest Past Annexations

Windcrest		
Ordinance No.	**Effective Date**	**Acres**
106	7/9/1973	410
110	3/11/1974	68
111	7/8/1974	19
155	12/12/1981	4.2
534	9/1/2007	111

[99] Gonzalez, John W. (2011). Von Ormy Grows 11 Perecent with Annexation. San Antonio Express News. Retrieved from: http://www.mysanantonio.com/default/article/Von-Ormy-grows-11-percent-with-annexation-2280717.php

[100] Windcrest Texas. (2012). Economic Development Corporation. Retrieved from: http://www.ci.windcrest.tx.us/index.aspx?nid=136

TASK 1.4: INCORPORATION ANALYSIS

Prepared for

Bexar County, Texas

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TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, Suite S240
Bethesda, MD 20816
800-424-4318
www.tischlerbise.com

TischlerBise
4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318

www.tischlerbise.com

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Executive Summary

Bexar County's population in its unincorporated area has rapidly grown and portions have developed urban-like conditions. Residents of this area do not receive city-type services similar to those of San Antonio, but current and future densities suggest that city-like services would be advisable or desired by residents. To address the demand for city-type services in the unincorporated area of Bexar County, a few options are available. One of which is that citizens within the unincorporated area could join together and choose to incorporate themselves as new cities, and levy their own city taxes, and provide their own city services.

There are several advantages for citizens of the unincorporated area of a county to form a city. Counties in Texas do not have the authority to provide certain services, set building standards, control land use, and several other items. However, cities are able to adopt and enforce ordinances and establish services, which would allow a community to choose how it should be governed and the level of services that should be provided. Cities can establish safety codes and control land use and development, which can allow for safe, orderly, and sustainable development. Additionally, cities can set their own tax rate and qualify for federal or state grants. Lastly, by incorporating, a community can prevent being annexed by another city. Overall, incorporation allows a community to govern itself and have greater control over its future.

However, there are some important items a community should consider when deciding whether to incorporate. Some new cities have had trouble providing and funding services, as well as finding leaders and other volunteers to run the city. Additionally, a new city often will most likely have higher taxes than the unincorporated area of a county. Also, it can be presumed that some citizens choose to live in the unincorporated area because they do not want to be subject to additional regulations that come with being in a city.

There are four types of municipalities in Texas:

1. General-law type A,
2. General-law type B,
3. General-law type C, and
4. Home rule.

Steps to incorporate include meeting certain population and land requirements, submitting a petition and application, and having an election of the citizens of the proposed city. A proposed city that is within the extraterritorial jurisdiction (ETJ) of an existing city must be granted release from the ETJ prior to incorporation. The governing body of the existing city must give written consent by an ordinance or resolution.

Case studies in Texas show the pros and cons of incorporation, along with best practices for how to incorporate. Von Ormy and Fair Oaks Ranch are two of the most recent cities to form in Bexar County. Fair Oaks Ranch is seen as a successful model for incorporation due to high property values and

hundreds of knowledgeable volunteers. Von Ormy has a much lower level of property valuation to derive funds from, but has been able to provide some services due to sales tax revenues. Our analysis reveals the following key findings:

- Release from San Antonio's ETJ is a major barrier to incorporation.
- A minimum population is not necessarily a prerequisite to incorporation.
- However, identifying sufficient tax revenues and other revenue sources and a direction for a city is very important. For example, the Woodlands, a township outside of Houston, is currently considering incorporation, but a study revealed very high costs for the city if this occurs, in part due to the consolidation of Municipal Utility Districts.

Introduction

BACKGROUND

The population of Bexar County grew 23 percent to over 1.7 million people between 2000 and 2010. Significantly, the unincorporated area of Bexar County grew to over 260,000 people, an increase of almost 90 percent. During the same time period, housing units in the unincorporated area increased 83 percent to over 85,000 units. Additionally, the City of San Antonio has significantly reduced its annexation activity in recent years, although the City has recently updated its annexation policy and is developing a new annexation plan. The citizens of the unincorporated area of Bexar County receive limited services compared with incorporated areas of the County, including limited fire protection, and limited access to library and animal control services. Portions of the unincorporated area have developed urban-like conditions, and it is reasonable to assume that residents may expect city-type services.

To address the demand for city-type services in the unincorporated area, a few options are available. One of which is that citizens within the unincorporated area could join together and choose to incorporate themselves as new cities, levy their own city taxes, and provide their own city services.

PURPOSE OF THIS PAPER

TischlerBise is under contract with the County of Bexar to conduct a study of the unincorporated area in the County, the services the county provides, the gap in services as compared to those provided by municipalities, and options for persons living in such areas to obtain the desired services. This paper is one of a series of papers for Phase I of the study.

This technical memorandum provides an analysis of the pros and cons of portions of unincorporated Bexar County choosing to incorporate as new cities. It then includes an outline of legally required steps to incorporate as a home-rule city, followed by the steps to incorporate as a general law city. The paper concludes with case studies on two communities in Bexar County that incorporated and one large master-planned community in another county that is currently considering incorporation as an option.

Pros and Cons of Incorporation

PROS AND CONS OF INCORPORATION

Reasons for Incorporation

There are several important reasons a community in an unincorporated area would choose to incorporate. Counties in Texas do not have the authority to provide certain services, set building standards, control land use, and several other things. An incorporated city has the power to perform these functions and may adopt the most appropriate rules and regulations that serve the best interest of the city. Advantages of a community incorporating into a city are listed below:

1. **Provides Community with a Voice and Identity.** An incorporated city has a city council that provides more direct and responsive governance. Citizens in an incorporated city are likely to have more influence over their surroundings than in an unincorporated area. Additionally, it provides the community with an identity that may be nebulous as an unincorporated area or be lost if annexed by another city.
2. **Pass and Enforce Ordinances.** The governing body of an incorporated city may adopt regulations that it feels best meets the needs of its citizens. In contrast, counties in Texas do not possess general ordinance making power. As a result, some unincorporated areas are plagued by problems such as trash, noise, and wild animals. This is in part due to a county's inability to regulate these issues.[1]
3. **Provides Residents with Services.** An incorporated city can determine for itself the type and level of services that it needs and collect funds to provide such services. Services include fire, police, traffic controls, trash and recycling pick-up, water, sewer, and more. If an unincorporated area is not currently receiving a service, and the county or nearby city has no intention of providing it, then an incorporated city can initiate it themselves.
4. **Set Tax Rates.** The local government of a city can set its own property tax rate and sales tax rate according to state law and funds can be devoted specifically to running and improving the city.
5. **Control Land Use and Building Construction.** A city may control the zoning and land use of an area to retain some control over development unlike the powers available in the unincorporated county. Additionally, land use regulations can be implemented to prevent one person's indiscriminate use of property from damaging another person's property or injuring others.
6. **Establish Safety Codes.** An incorporated city can establish and enforce safety codes, including building and electrical codes. This reduces the likelihood of a person or property being damaged.
7. **Qualify for Federal or State Grants.** Many federal or state grant programs are available only to general-purpose local governments. An example of a program is Community Development Block Grants from the Texas Department of Housing and Community Affairs, Texas Parks and Wildlife Grants, and Economic Development Administration Grants. Additionally, counties and

[1] Sam Martin. (2010). Incorporation. Retrieved from: http://martinmanor.com/martin4mayor/Incorporation.pdf

other entities generally do not entrust public funds to an unincorporated community, but would do so for a city. [2]

8. **Prevent Annexation by Another City.** Most home rule charters in Texas allow for unilateral annexation by home rule cities. This means that unincorporated citizens in an existing city's ETJ could be annexed into that city without their consent. Once a city has incorporated, it cannot be unilaterally annexed by another city.[3]

Reasons against Incorporation

1. **Responsibility for Services.** A city that incorporates becomes responsible for the cost of the new layer of government, providing services, and enforcing regulations. Additionally, some responsibilities paid for by the county, such as county road maintenance, can become the responsibility of the city. Some small cities have trouble affording an adequate level of basic services to meet the needs of their citizens. A city that only needs improvement with a single service might be better off financially having it provided by an existing government or private entity, and many contracting powers are allowed through the Interlocal Contracting Act. There are also different types of special service districts that can be created in Texas (see TischlerBise report, "Summary of Special Districts."
2. **Higher Taxes.** A resident of an unincorporated community only pays county property taxes (unless the area is located in other taxing districts). As an incorporated municipality, an additional property tax rate is likely to be established, which will increase property taxes for its citizens. Some residents likely initially choose to live in the unincorporated area to pay the lowest level of taxes possible.
3. **Volunteers Necessary.** Volunteers are needed to devote time and resources to incorporate the community into a city as well as run the city. However, smaller cities have had difficulty finding volunteers who can spend much time without getting paid. [4]
4. **Liability.** A city may be liable for damages and is eligible to sue and be sued. For example, the City of Midland, Texas, has been held liable for over $2 million in damages for not clearing an obstruction of brush at an intersection.
5. **Costs Associated with Special District Consolidation.** If homes are being annexed or incorporated into a city that are covered by a Municipal Utility District (MUD) mostly outside the city, the portion of debt associated with these homes must be paid off before they are included under a new city. [5] This circumstance exists in the Woodlands, which is detailed in the case study section of this memorandum.

[2] Interview with Mayor Art Martinez de Vara, January 11, 2013.
[3] Houston, Scott. (2012). Municipal Annexation in Texas: Is it Really That Complicated? Texas Municipal League. Retrieved from: http://www.tml.org/legal_pdf/ANNEXATION.pdf
[4] Interview with Mayor Art Martinez de Vara, January 11, 2013.
[5] Economic & Planning Systems, Inc. (2012). The Woodlands Incorporation Study: Working Paper #2. Financial Model and Results. Prepared for Partners for Strategic Action, the Woodlands Township. Retrieved from: http://www.thewoodlandstownship-tx.gov/DocumentCenter/Home/View/1766

6. **Additional Layer of Government.** It can be presumed that some people choose to live in the unincorporated area of a county to be free from government bureaucracy and regulations, therefore another layer of government would not be supported.[6]

[6] Sam Martin. (2010). Incorporation. Retrieved from: http://martinmanor.com/martin4mayor/Incorporation.pdf

Steps for Incorporation

MINIMUM REQUIREMENTS

There are four types of municipalities in Texas: (1) general-law type A; (2) general-law type B; (3) general-law type C; and (4) home rule.

- General law cities are smaller and can only do what the state authorizes them to do.
- A home rule city can adopt a charter, which establishes a city's structure of government and distribution of power. In contrast to general-law cities, home rule cities can take any action that is not prohibited by the state.

The following is the population requirement for each type of city:

Figure 1: Population Requirements for Incorporation

City Type	Inhabitants
Type A General	≥ 600
Type B General	201 - 9,999
Type C General	201 - 4,999
Home Rule	>5000

A community may not incorporate as a general-law municipality unless it

(1) Constitutes an unincorporated city or town;
(2) Meets the population requirements described above; and
(3) Meets the following territorial requirements:[7]

Figure 2: Territorial Requirements for Incorporation

Inhabitants	Surface Area in Sq Miles
≤ 2,000	≤ 2
2,001 - 4,999	≤ 4
5,000 - 9,999	≤ 9
≥ 10,000	N/A

Next, a community must determine what its city limits will be. A city must have an engineer or surveyor create a "metes and bounds" description of the area to be incorporated and prepare a map showing the territory and the proposed city limits.[8]

[7] Tex. Loc. Gov't Code §5.901
[8] Sam Martin. (2010). Incorporation. Retrieved from: http://martinmanor.com/martin4mayor/Incorporation.pdf

A proposed city that is within the extraterritorial jurisdiction (ETJ) of an existing city must be granted release from the ETJ prior to incorporation. The governing body of the existing city must give written consent by an ordinance or resolution.[9] If the governing body of the existing city refuses to do so, the proposed municipality may petition the existing city to annex the area, which requires a majority of voters in the area and the owners of at least 50% of the land. If the governing body fails or refuses to annex the area within six months of the petition, this constitutes the governing body's consent to the incorporation of the proposed municipality.[10]

If the release is granted, the incorporation must be initiated within six months after the date of the consent and must be completed within 18 months after the date of the consent. Failure to comply with either time requirement terminates the consent. [11]

For context, the cities in Bexar County that operate under a home-rule charter are shown below. There are ten in total.

Figure 3: Home Rule Cities in Bexar County

Home Rule Cities
Alamo Heights
Cibolo
Converse
Kirby
Live Oak
San Antonio
Schertz
Terrell Hills
Universal City
Windcrest

GENERAL LAW MUNICIPALITIES

Type A and B General-Law Municipalities

Type A and B general-law cities following the aldermanic form of government and have the same procedure for incorporating. The aldermanic form of government consists of a mayor and generally five alderman, often called councilpersons or councilmembers. If a city is divided into wards, the governing body shall be an at-large mayor and 2 alderman from each ward who are elected by the voters of the ward. Type A general-law municipalities carry the term "city" or "town". A Type B general-law municipality is known as a "town" or "village." A Type A general-law city has a maximum tax rate of

[9] Tex. Loc. Gov't Code §42.041(a)
[10] Tex. Loc. Gov't Code §42.041(b)
[11] Tex. Loc. Gov't Code §42.041(d)

$1.50 per $100 assessed valuation, whereas a Type B general-law city has a maximum tax rate of $.25 per $100 assessed valuation.[12]

1. **Minimum Requirements.** A community must determine that it has the minimum population and surface area requirements described above.
2. **Permission for Release from ETJ.** A proposed city that is within the ETJ of an existing city must receive written consent from that city releasing it from the ETJ.
3. **Petition to Incorporate:** The residents of a community may initiate an incorporation by filing an application with the county judge signed by at least 50 qualified voters who are residents. The application must state the proposed boundaries and name of the municipality, and it must be accompanied by a plat of the proposed municipality that contains only the territory to be used strictly for municipal purposes.[13]
4. **Election Order:** If satisfactory proof that the community filing an application to incorporate contains the requisite number of inhabitants, the county judge shall order an incorporation election to be held on a specified date and place.[14]
5. **Election Officers:** The county judge shall appoint an officer to preside at an incorporation election, who will appoint two election judges and two election clerks to assist.[15]
6. **Notice of Election:** Notice of the election must be posted at three public places in the community for the 10 days preceding the date of the election.[16]
7. **Order of Incorporation:** Within 20 days of the election, if the majority of votes cast are for incorporation, a judge shall make an entry in the records of the commissioners court. The incorporation of the community is effective on that date.[17]
8. **Initial Election of Governing Body.** After the town or village is declared incorporated, the county judge shall immediately call another election to elect a mayor, five alderman, and a marshal.[18]

Type C General Law Municipality

A community incorporating as a Type C general-law municipality adopts the commission form of government, and has a governing body made up of a mayor and two commissioners (known as the Board of Commissioners.) The Board of Commissioners adopts a clerk, treasurer, assessor, and collector of taxes. It may also appoint and define the roles of other officers as necessary, such as a city attorney and police force.

1. **Permission for Release from ETJ.** A proposed city that is within the ETJ of an existing city must receive written consent from that city releasing it from the ETJ.

[12] Sam Martin. (2010). Incorporation. Retrieved from: http://martinmanor.com/martin4mayor/Incorporation.pdf
[13] Tex. Loc. Gov't Code §7.002
[14] Tex. Loc. Gov't Code §7.003
[15] Tex. Loc. Gov't Code §7.004
[16] Tex. Loc. Gov't Code §7.005
[17] Tex. Loc. Gov't Code §7.007
[18] Tex. Loc. Gov't Code §23.021

2. **Petition to Incorporate:** The residents of a community may initiate an incorporation by filing an application with the county judge signed by at least 10% of the qualified voters of the community. The petition must request the county judge to order an election to determine whether the community will incorporate as a Type C general-law municipality.[19]
3. **Election Order:** If a county judge receives the petition and if satisfactory proof is made that the community contains the requisite number of inhabitants, the judge shall order an incorporation election to be held on a specified date and place.[20]
4. **Election Officers:** The county judge shall appoint two election judges and two election clerks to conduct the incorporation election. The county judge shall designate one of the election judges to be the presiding judge.[21]
5. **Notice of Election:** Notice of an incorporation election must be published in a newspaper in the community 30 days before the election. If there is no newspaper it must be posted at three public places in the community for 30 days before the election.[22]
6. **Order of Incorporation:** If a majority of votes cast are for incorporation, the county judge shall enter an order in the minutes of the commissioners court that the community is incorporated. The incorporation is effective on the date the order is entered.
7. **Initial Election of Governing Body.** At the election at which a community votes to incorporate as a Type C general-law municipality, a mayor and two commissioners must be elected. The officers elected under this section serve until the date of the first regular election for municipal officers.[23]

City Manager Form of Government

All types of general-law cities that have a population of less than 5,000 persons may adopt the city manager plan after it is incorporated.[24]

1. **Petition.** The residents of the municipality may file a petition with the clerk of the municipality requesting the mayor to call a special election to determine whether the municipality shall adopt the city manager form of government. The petition must be signed by at least 20 percent of the total number of qualified voters who voted for mayor at the most recent municipal election.[25]
2. **Proclamation Ordering Election.** Within 10 days after the petition is filed, the mayor shall issue a proclamation ordering a special election, which must state the election is ordered to determine whether the city will adopt the city manager form of government. It must be must be signed by the mayor and attested by the clerk of the municipality.[26]

[19] Tex. Loc. Gov't Code §8.002
[20] Tex. Loc. Gov't Code §8.003
[21] Tex. Loc. Gov't Code §8.004
[22] Tex. Loc. Gov't Code §8.005
[23] Tex. Loc. Gov't Code §24.021
[24] Tex. Loc. Gov't Code §25.021
[25] Tex. Loc. Gov't Code §25.022
[26] Tex. Loc. Gov't Code §25.023

3. **Notice of Election.** A copy of the proclamation must be posted in at least five conspicuous places in the municipality for at least the 10 days preceding election day.[27]
4. **Election.** The election must be held on the first authorized election day to consider the city manager form of government. If the majority of votes are for adoption, the city shall operate under the city manager form of government.[28]
5. **Appointment of City Manager.** If the city manager form of government is adopted, the governing body of the municipality shall appoint a city manager within 60 days after the election day and by ordinance shall set the manager's salary.[29]

HOME-RULE MUNICIPALITIES

A general law type A city with more than 5,000 people may adopt a home rule charter to become a home rule city. As mentioned earlier, a home rule city can take any action that is not specifically prohibited to them by federal or Texas law. The procedures to adopt a home rule charter are as follows:

1. **Petition for Charter Commission**: The governing body shall by ordinance order an election if presented with a petition signed by at least 10 percent of the qualified voters of the municipality.
2. **Election Ordinance**: The election ordinance shall provide for the election to be held on the date of the municipality's next general election scheduled after the 30th day but on or before the 90th day after the date the ordinance is adopted.
3. **Election for Charter Commission**: The governing body of the municipality may, by an ordinance adopted by at least a two-thirds vote of its membership, order an election by the voters of the municipality on the question: "Shall a commission be chosen to frame a new charter?"
4. **Election to Draft Charter:** The ballot at the election on the question shall also provide for the election from the municipality at large of a charter commission to draft a charter if a majority of the qualified voters voting on the question of choosing a charter commission approve the question. The commission must consist of at least 15 members, but if it has more than 15 members it may not have more than one member for each 3,000 inhabitants of the municipality. The ballot may not contain any party designation.
5. **Other Options for Charter Commission Selection:** The provisions above regarding the selection of a charter commission do not apply to the first charter election in a municipality if the governing body of the municipality selects a charter commission; a charter commission is selected at a mass meeting; the mayor of the municipality appoints a charter commission; and the charter commission has proceeded with the formation of a charter for the municipality.
6. **Vote on Charter.** The charter prepared by the charter commission shall be submitted to the qualified voters of the municipality at an election to be held on the first authorized uniform election date that occurs on or after the 40th day after the date the charter commission completes its work. At least 30 days before the election, the governing body of the municipality

[27] Tex. Loc. Gov't Code §25.024
[28] Tex. Loc. Gov't Code §25.025
[29] Tex. Loc. Gov't Code §25.026

shall order the municipal clerk or the municipal secretary to mail a copy of the proposed charter to each registered voter of the municipality. The charter commission shall prepare the charter so that to the extent practicable each subject may be voted on separately.[30]

7. **Adoption of Charter:** A proposed charter for a municipality or a proposed amendment to a municipality's charter is adopted if it is approved by a majority of the qualified voters of the municipality. A charter or an amendment does not take effect until the governing body of the municipality enters an order in the records of the municipality declaring that the charter or amendment is adopted.[31]

[30] Tex. Loc. Gov't Code §9.003
[31] Tex. Loc. Gov't Code §9.005

Case Studies

FAIR OAKS RANCH

Fair Oaks Ranch occupies 7.2 square miles located in northern Bexar/western Comal/eastern Kendall counties. Fair Oaks Ranch became a Class A General Law municipality on January 21, 1988. The population at the time of incorporation was 1,500 people.

Reasons for Incorporation: In 1975, a Homeowners Association was formed that recruited many volunteers to serve on its board. It provided many services to the community and collected dues from residents. The Homeowners Board was concerned about the appropriate provision of services as the small city grew and about possible annexation from San Antonio or Boerne. Basic services were not available to the community because of vast amounts of undeveloped land and distance from other major cities. The distance away from the county sheriff was seen as a public safety issue, and the volunteer fire service was funded by donations from property owners. Lack of animal control was also an issue.

The Homeowners' Association assigned a Director of Planning to determine the feasibility of forming a city.[32] Overall, it was determined there was a general desire in Fair Oaks Ranch to control future development, which necessitated becoming a city. The community supported minimal government and "personal responsibility," which made incorporation a more desirable option than becoming part of San Antonio or Boerne. The property tax could be kept low because only basic services of police, water, sewer, and EMS would be provided.[33] (The high property value contributed to the low tax as well.)

Incorporation Process: Due to state regulations on population and mileage area, two cities were initially incorporated, Fair Oaks North and Fair Oaks South, each with their own mayor and council. Then a vote was held to combine the two cities into a Class A General-Law city. An agreement was made with the City of San Antonio that relinquished Fair Oaks Ranch from its ETJ if Fair Oaks Ranch did not have an ETJ of its own. (However, in 2006, San Antonio approved a petition that granted Fair Oaks Ranch 3,258 acres of land as part of a new ETJ.)[34]

Volunteers were essential during the incorporation process. The Homeowners' Association took the lead on the incorporation and volunteers served through numerous legal proceedings to help Fair Oaks Ranch become a city. The current Mayor, Cheryl Landman, describes how the city is fortunate that many residents have CEO and mid-management experience as well as professional certifications in areas such as engineering. As the city has grown, many of the volunteer positions have been replaced with paid

[32] Martz, Leslee. (2013). The History of Fair Oaks Ranch. Leslee Martz, San Antonio Real Estate. Retrieved from: http://lesleemartz.com/Fair-Oaks-Ranch-n8644.html
[33] Interview with Mayor Cheryl Landman, January 14, 2013.
[34] Danley, Rachel. (2010). The History of Fair Oaks Ranch. Fair Oaks Ranch Magazine. Retrieved from: http://fairoaksranch.communitycircular.com/pdf/iPad/ed2010Apr.pdf

staff. Overall, Fair Oaks Ranch was able to run its city and maintain a low property tax rate due to dedicated and very knowledgeable volunteers. [35]

Current Status of City: Fair Oaks Ranch has grown in terms of land area through annexations and population, and as of 2012 has more than 6,000 residents. The City has its own police force, emergency medical service (EMS), and is served by the Leon Springs Volunteer Fire Department, which operates two fire stations within the City limits.[36] There are 13 police officers and 43 volunteer firefighters. Other services and regulations provided by Fair Oaks Ranch include city water and wastewater, development and building codes, animal control, and street maintenance. The city plans for the population to grow to around 9,000 in the next 8-10 years. The city is developing a Strategic Plan for the City Council to consider, which will include new infrastructure, replacement infrastructure, and upgrades to the water and wastewater facilities. [37]

Volunteers have been essential in running the city. Currently, volunteers serve in the positions of City Engineer, City Historian, City Treasurer, City Beautification, City Planning Committee, and Capital Improvements Advisory Committee.[38] Volunteer ad hoc committees, which include 6-10 persons who are occasionally put into place to solve a specific challenge. (For instance, the Deer Ad-Hoc Advisory Committee was formed to deal with thousands of deer in the community.)[39] In addition, around 50 volunteers serve as board members for homeowners' associations.

Fair Oaks Ranch has also been able to reduce some traditional city costs due to the ongoing system of Convenants and Homeowners' Associations. As the city developed, areas developed one at a time, and sets of rules called Covenants were designed specifically for each area/ neighborhood. As a result, each area has a set of Convenants and a volunteer committee to enforce these rules. Additionally, many of these neighborhoods also have smaller Homeowners' Associations that also have specific rules and common goals, such as repair and maintenances of streets in gated communities. Because of this, ordinance and enforcement costs are kept low. Also, Fair Oaks Ranch does not own any parks or trails. The Fair Oaks Ranch Homeowners Association currently maintains private parks and trails, hosts community events, and provides other services. [40]

The City describes their "economic development plan" as new housing and re-selling homes, because maintaining high property values is a high priority. The mayor cites several factors as important to

[35] Interview with Mayor Cheryl Landman, January 14, 2013.
[36] City of San Antonio. (2009). Camp Bullis: Joint Land Use Study. Office of Economic Development, Department of Defense. Retrieved from: http://www.sanantonio.gov/oma/pdf/Camp%20Bullis%20FINAL%20PRINT%202009%2008%2003%20RRR.pdf
[37] Interview with Mayor Cheryl Landman, January 14, 2013.
[38] City Legal and Volunteer Positions. City of Fair Oaks Ranch Texas. Retrieved from: http://www.fairoaksranchtx.org/index.aspx?nid=66
[39] Sparks, Scott. Volunteers in Fair Oaks Ranch: Leaving a Lasting Legacy. Fair Oaks Ranch Magazine. Retrieved from: http://fairoaksranch.communitycircular.com/articles04-volunteers.php
[40] Interview with Mayor Cheryl Landman, January 14, 2013.

supporting this goal including: responsible water supply, a golf course, an outstanding school district, and great developers and builders. [41]

Since incorporation, the city has faced challenges with fewer home buyers due to the recession. As will be discussed below, most of Fair Oaks Ranch's revenue is derived from property taxes, so a decrease in new home construction and a decrease in property values results in lower revenues than anticipated. Additionally, the city was built 25 years ago, and infrastructure needs to be updated or replaced, which will be a large financial commitment.[42]

Revenues and Expenditures: The city's ad valorem tax rate is $.2415 per $100 assessed valuation. The sales and use tax is 1.5%, of which 1% goes towards the general fund, .25% is allocated to maintenance and repair of city streets, and .25% is used to reduce the property tax rate. The City of Fair Oaks Ranch receives around two-thirds of its revenue from ad valorem taxes. The FY2011-2012 Budget plans for $2.3 million in property tax revenue. The next largest source of revenue is the local sales tax, at $185,000 in FY2011-2012. Other important sources of revenue include municipal court fines, franchise fees, utility management fees, and building permits.

The FY2011-2012 Budget allocates funds to administration, municipal court, public safety, public health and emergency response, building codes, public works, culture/recreation, and capital outlays. The largest portion of the budget (41%) is allocated to public safety. Next, 23% is allocated to public works followed by 17% to administration.[43]

Figure 4: Fair Oaks Ranch Expenditures

	Fair Oaks Ranch 2011 Expenditures	
	Expenditure	Percent of Total
Administration	$591,238	17%
Municipal Court	$82,939	2%
Public Safety	$1,414,508	41%
Public Health/Emergency	$244,350	7%
Building Codes	$91,505	3%
Public Works	$785,819	23%
Culture/Recreation/Other	$174,000	5%
Capital Outlays	$25,000	1%
Total	***$3,409,359***	100%

Source: City of Fair Oaks Ranch Adopted General Fund Budget, 2011

Fair Oaks Ranch also has a Utility Fund Budget for water and sewer enterprise funds. In 2011, the water budget was $2.5 million and $760,000 for the sewer budget.

[41] Interview with Mayor Cheryl Landman, January 14, 2013.
[42] Interview with Mayor Cheryl Landman, January 14, 2013.
[43] City of Fair Oaks Ranch. (2011). Adopted General Fund Budget. Retrieved from: http://www.fairoaksranchtx.org/archives/44/GF2011-12Budget.pdf

VON ORMY

Von Ormy incorporated in 2008 as a Type-A general law municipality. The city is located on a 1206.66 acre tract of land, located along I-35, between the Medina River and Loop 1604. At the time of incorporation, Von Ormy had a population of 1,350, 500 registered voters, and a median household income of $32,621.[44]

Reasons for Incorporation: Prior to incorporation, Von Ormy did not have access to a public sewer system, an adequate potable water supply, public safety organizations, and other public services. As of 2007, the City of San Antonio did not have any intention of providing these services.[45] The Resolution to form the City of Von Ormy stated that "in evaluation of the situation, options for remedy, and pressing and dire community needs the citizens of Von Ormy have found that becoming a new and incorporated municipality is the only venue to adequately address the public needs of their community" and creation of the City would "create access to a public sewer system, increase access to a potable water system, provide public safety and public based services, promote economic development, and stimulate business and commercial access in the city."[46] The current mayor also cited lack of adequate sidewalks, parks, animal control, and trash and recycling collection as reasons for incorporation.[47]

Incorporation Process: City leaders, including those in the volunteer fire department, began discussions on forming a city, and created the Committee to Incorporate Von Ormy in 2006. The citizens of Von Ormy did not want to be part of San Antonio, and preferred a low-tax, low-regulation environment. As part of the outreach effort, the Committee to Incorporate Von Ormy articulated to the voters that the City would not have high tax rates and only create regulations that would best fit the needs of Von Ormy.[48]

A major barrier to incorporation cited by Von Ormy was release from San Antonio's ETJ.[49] San Antonio did not want to grant a resolution releasing the area from the ETJ. The current mayor, Art Martinez de Vara, a law student during the time of incorporation, sought to solve this problem by proposing a new law to the Texas Legislature that would allow identifiable communities that existed before another city's extraterritorial jurisdiction was created should be allowed to form their own city. Von Ormy had been a community for hundreds of years. He felt that the area was underserviced, and there was no real governmental purpose to deny an election to incorporate. However, the bill never went to a vote and San Antonio allowed Von Ormy to vote on incorporation, which passed 117 to 16.[50] This process showed

[44] Martinez de Vara, Art. (2008). Election to Incorporate Von Ormy, Texas Presentation. Committee to Incorporate Von Ormy.
[45] Committee to Incorporate Von Ormy. (2007). An Informational Guide to the Muncipal Incorporation of Von Ormy, Texas. Retrieved from: http://www.vonormytexas.com/uploads/6/0/0/2/6002676/civo_info_guide.pdf
[46] Committee to Incorporate Von Ormy. (2007). An Informational Guide to the Muncipal Incorporation of Von Ormy, Texas. Retrieved from: http://www.vonormytexas.com/uploads/6/0/0/2/6002676/civo_info_guide.pdf
[47] Interview with Mayor Art Martinez de Vara, January 11, 2013.
[48] Interview with Mayor Art Martinez de Vara, January 11, 2013.
[49] Interview with Mayor Art Martinez de Vara, January 11, 2013.
[50] Rose, Barbara. (2011). His Town: Firefighter, Lawyer, Now Mayor of the City He Helped Incorporate. ABA Journal. Retrieved from:

the necessity of having someone with legal knowledge to be an advocate for incorporation and realizing which legal challenges are surmountable.

Current Status of City: Since incorporation, Von Ormy has established a City Marshals Office, street lighting, trash and recycling pickup, animal control, and the resurfacing of some streets. The City has also created a Parks Master Plan and an Infrastructure Master Plan, which will help the City in applying for grants and other funding tools.[51] Von Ormy is also currently building a fire station, a multi-use municipal building, parks, and more. [52] San Antonio granted Von Ormy 4.243 Square Miles of ETJ, enabling Von Ormy to accept voluntary annexations. [53] (As a Type-A general law city, Von Ormy can annex areas that request to be annexed that are one-half mile or less in width and contiguous to the city.)

However, Von Ormy still faces some challenges. The lack of a sewer system has been described as a "deal-killer for prospective businesses," so this is a major priority for Von Ormy.[54] In July 2011, Bexar County approved $200,000 in Community Development Block Grants to help pay for a new sewer system. Another challenge the city faces is having enough dedicated leaders with vision and time to devote to running the city. [55]

Revenues and Expenditures: Von Ormy receives the majority of its general fund revenue from property taxes and sales taxes, each bringing in slightly over $80,000 in FY2011-2012. The ad valorem tax rate was lowered for the third year in a row in 2012 to $.288 per $100 assessed valuation. The city is enjoying increased economic activity due to the Eagle Ford Shale nearby, and the sales tax from these enterprises has allowed the city to cut its tax rate.[56]

The general fund pays for city offices, including the municipal court, city marshal office, fire department and city engineering and planning. It also funds code compliance and inspections, as well as street lighting, attorney fees, and city council and mayor fees. Von Ormy has a Street Maintenance Fund, an Economic Development Fund, and a Community Development Fund. Each of these funds obtains their revenue from a separate sales tax. The Street Maintenance Fund and Economic Development Fund each brought in $20,500 in 2012, and the Community Development Fund brought in $41,000. The Street

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http://www.abajournal.com/magazine/article/his_town_firefighter_lawyer_now_mayor_of_the_city_he_helped_incorporate/

[51] City of Von Ormy. (2011). Press Release: San Antonio Releases 4.243 Square Miles of Extraterritorial Jurisdiction (ETJ) to City of Von Ormy. Retrieved from: http://www.vonormytexas.com/uploads/6/0/0/2/6002676/september_2_2011_-_etj_release.pdf

[52] Interview with Mayor Art Martinez de Vara, January 11, 2013.

[53] City of Von Ormy. (2011). Press Release: San Antonio Releases 4.243 Square Miles of Extraterritorial Jurisdiction (ETJ) to City of Von Ormy. Retrieved from: http://www.vonormytexas.com/uploads/6/0/0/2/6002676/september_2_2011_-_etj_release.pdf

[54] Gonzalez, John W. (2011). It's Not Big, but It's a City. San Antonio Express-News. Retrived from: http://www.mysanantonio.com/news/local_news/article/It-s-not-big-but-it-s-a-city-1667342.php#ixzz2FW6f8TEn

[55] Interview with Mayor Art Martinez de Vara, January 11, 2013.

[56] Gonzalez, John W. (2012). Von Ormy plans another 10-percent cut to property tax rate. San Antonio News Express. Retrieved from: http://www.mysanantonio.com/news/local_news/article/Von-Ormy-plans-another-10-percent-cut-to-property-3717742.php#ixzz2FVtahrkU

Maintenance fund pays for street surface maintenance, mowing, and litter control. The Economic Development Fund paid for street lighting, street signs, and programs and events to promote the city. Lastly, the Community Development Fund paid for a multi-purpose center and covers animal control, emergency management, a city website, and other items.[57]

Comparison of Fair Oaks Ranch and Von Ormy

Both cities have successfully incorporated, accomplished many goals in terms of providing services, but have faced different challenges.

Figure 5 displays demographic and housing characteristics obtained from the U.S. Census comparing Fair Oaks Ranch and Von Ormy. As shown, the median home value, median household income, and mean household income are substantially higher in Fair Oaks Ranch than Von Ormy. Most of the housing units in Fair Oaks Ranch are single family homes, whereas 41% of Von Ormy's housing stock is mobile homes. The poverty level in Fair Oaks Ranch is 2.5%, but is 22.5% in Von Ormy. The homeownership rate is higher in Fair Oaks Ranch. Additionally, Fair Oaks Ranch has a larger population with more housing units. This works out to the benefit of Fair Oaks Ranch because its homes have such high values.

Figure 5: Demographic and Housing Comparison

	2010 Demographics	
	Fair Oaks Ranch	Von Ormy
Population	5,986	1,085
Homeownership Rate	97%	80%
Housing Units	2072	437
Percent single family units	98.5%	58%
Percent multi-family units	1.5%	1%
Percent mobile homes	0%	41%
Median value of owner-occupied units	$388,100	$52,300
Median household income	$139,519	$41,094
Mean household income	$160,569	$43,880
Per capita income	$58,576	$13,145
Percent below poverty level	2.50%	22.50%

Source: 2010 U.S. Census and 2006-2010 American Community Survey

Next, Figure 6 compares fiscal information obtained from the Bexar County Tax Assessor-Collector and each city's FY2011-2012 budgets. The 2011 taxable value of Fair Oaks Ranch is around 25 times higher than that of Von Ormy, but only has around six times as many people. Fair Oaks Ranch collected $3,409,359 in revenues, the vast majority coming from property taxes. A large portion of Von Ormy's $293,000 revenues were obtained from sales tax ($80,000 allocated to the general fund and $80,000

[57] City of Von Ormy. (2011). City of Von Ormy Adopted Fiscal Year 2011-2012 Budget. Retrieved from: http://www.vonormytexas.com/uploads/6/0/0/2/6002676/fy_2011-2012_adopted_budget.pdf

dedicated to dedicated funds.) The 2011 expenditure per capita in Fair Oaks Ranch was $533.29 compared to $248.02 in Von Ormy.

Figure 6: Fiscal Condition Comparison

	Fiscal Conditions Comparison			
	Fair Oaks Ranch		**Von Ormy**	
2011 Market Value	$655,206,025		$30,003,778	
2011 Taxable Value	$624,679,957		$25,017,842	
2011 Propety Tax Rate per $100 assessed valuation	$0.2461		$0.3200	
FY2011-2012 Revenues	*Revenues*	*Percent of Total*	*Revenues*	*Percent of Total*
Total	$3,409,359	100%	$293,800	100%
Property Tax	$2,311,094	68%	$90,000	31%
General Use Sales Tax	$185,000	5%	$80,000	27%
Other	$913,265	27%	$43,800	15%
Special Sales Tax	$0	0%	$80,000	27%
FY2011-2012 Total Expenditures	**$3,409,359**		**$275,550**	
General Fund Expenditures	*$3,409,359*		*$174,550*	
*Special Fund Expenditures**	*$0*		*$101,000*	
2011 population	6,162		1,111	
Expenditures per Capita	**$553**		**$248**	

*Von Ormy collects a sales tax to pay for a street maintenance fund, economic development fund and community development fund. Similar expenditures are included in Fair Oaks Ranch's general fund, so Von Ormy's were included to compare the two cities.

Sources: Bexar County Tax Assessor-Collector, City of Fair Oaks Ranch Adopted General Fund Budget, 2011 and City of Von Ormy Adopted FY2011-2012 Budget

Lessons Learned

- **Develop a Clear Vision and Tax Plan.** It is important that a city be governed in a manner that is appropriate and the citizens are in favor of. Fair Oak Ranch's plan is to maintain high property values through good development and other amenities, keep a low tax rate, and use volunteers and Homeowners' Associations to maintain a well-cared for city. Von Ormy was approved by the voters because the leaders planned a low-tax, low-regulation city that would not be similar to San Antonio. It has been able to identify sources of sales tax and has encouraged some businesses to locate in the city due to low taxes and limited regulations. Services are able to be provided while still maintaining a low rate.
- **Minimum Population Threshold is not a Necessary Criterion**. As described above, both Von Ormy and Fair Oaks Ranch incorporated with a population of less than 2,000 people. However, they have very different levels of revenue and have faced different challenges. This may indicate that a population threshold is not necessary for a city to incorporate as much as having revenue sources and staff.

- **Ensure Adequate Property Tax Base.** At the time of incorporation, Fair Oaks Ranch and Von Ormy had similar populations. However, the median value of homes is much higher in Fair Oaks Ranch. The property tax rate is slightly lower in Fair Oaks Ranch, but this revenue makes up around 66% of the general fund. Von Ormy's property tax provides around 37.5% of the general fund.
- **Identify Sources of Sales Tax Revenue**. Despite being a very small city, Von Ormy is able to obtain sales tax revenue in an equal amount to its property tax and is expecting more due to the Eagle Ford Shale. Additionally, Von Ormy purposefully included an interstate within its boundaries so that tax revenue could be obtained from current and future businesses in the corridor
- **Recruit Dedicated Volunteers Prior to Incorporation**. Fair Oaks Ranch already had a sophisticated Homeowners' Association in place that included members who later became the mayor and other city staff. Additionally, Fair Oaks Ranch currently has many knowledgeable, experienced residents that serve as volunteers to help the city function. Von Ormy also successfully became a city through the help of volunteers, but the city has had problems obtaining adequate citizen turnout at meetings.[58]
- **Employ Lawyer to Help with ETJ Release and Incorporation.** Both Fair Oaks Ranch and Von Ormy maintained that negotiating with San Antonio was a complicated step in the process that requires substantial legal expertise.

THE WOODLANDS

The Woodlands, considered one of the best master-planned communities in the country, is home to more than 100,000 people and 37,000 housing units across 8 villages, as well as 26.5 million square feet of retail and office space. The community located mostly in Montgomery County, Texas, is quickly approaching its buildout goal of 130,000 residents. The Woodlands currently operates under a Township form of governance and thus is not a municipality. The residents are opposed to the area being annexed by nearby Houston or Conroe and is currently debating the advantages and disadvantages of incorporation.

Background: Until 2007, the community was governed by an assortment of municipal management districts and community associations. The utility districts provided water and sewer services while the county provided police, road, public, health, and library services. All public facilities and services not provided by the Township or other overlapping governmental entities, including fire, garbage collection, parks, and street maintenance were provided and funded by three community associations in The Woodlands through imposition and collection of ad valorem property assessments, as authorized in

[58] Rose, Barbara. (2011). His Town: Firefighter, Lawyer, Now Mayor of the City He Helped Incorporate. ABA Journal. http://www.abajournal.com/magazine/article/his_town_firefighter_lawyer_now_mayor_of_the_city_he_helped_incorporate/

property covenants. Most of the township's revenues came from sales tax paid by persons who frequent the popular downtown promenade and amphitheater.[59]

In 2007, legislation[60] overwhelmingly passed allowing The Woodlands to operate under a township form of government. After the Township was enabled, voters approved expanding the boundaries to the entire unincorporated area of the Woodlands, to authorize the previously approved sales and hotel occupancy tax, and to authorize an unlimited ad valorem tax. The Township assumed all services and responsibilities performed by the community associations, and the associations were dissolved. The 2007 election also approved Regional Partnership Agreements (RPAs) with the cities of Houston and Conroe, releasing the areas from the jurisdiction of each city. This allows the community to avoid annexation by these over the next 50 years, and mandates a vote on incorporation to be held at some point, as early as 2014, over this time period. In exchange for not being annexed, the Woodlands is paying Houston $45 million over the next 30 years to help pay for regional projects.[61]

Current Status: Since January 1, 2010, The Woodlands Township has served as a single community-wide governmental organization. The Township collects an ad valorem property tax, a sales and use tax, and a hotel occupancy tax. [62] The property tax rate is 32.5 cents per $100 of assessed valuation and the sales tax rate is set at the maximum amount allowed by the state.

As the 2014 potential voting date approached, the Township's Board of Directors started a process to determine if the Township governance structure is appropriate for the community now and into the future, or if another form would be more suitable. A "gap analysis" of the effectiveness of the existing service delivery and the need for expanded and new services and tools was performed, as well as a financial analysis. The Woodlands Township Board of Directors delayed a 2014 vote on whether the township should incorporate as a city. This vote must take place by 2047.[63] According to a recent survey, 80% of residents opposed a 2014 vote, and 36% wish to remain a township. The Woodlands has a long period of time to determine whether to incorporate or not, but as the city rapidly grows, it is important to consider if incorporation would suit the city.

Pros to Incorporation: By becoming its own city, the Woodlands would experience many of the advantages listed above and realized by Fair Oaks Ranch and Von Ormy. The Woodlands could create and enforce ordinances, have local control over their services, and prevent annexation by another city. As of 2006, Township residents overwhelmingly disapprove of annexation with 90% of surveyed

[59] Shoot, Brittany. (2012). What's the True Cost of Incorporation*?* Atlantic Cities. Retrieved from: http://www.theatlanticcities.com/politics/2012/10/whats-true-cost-incorporation/3639/

[60] The Woodlands Township Enabling Legislation. (2009). Retrieved from: http://www.thewoodlandstownship-tx.gov/DocumentCenter/Home/View/943

[61] Lee, Renee C. (2012). Taxes Dampen Enthusiasm for Woodlands Incorporation. Houston Chronicle. Retrieved from: http://www.chron.com/news/houston-texas/article/Higher-taxes-dampen-enthusiasm-for-Woodlands-3465234.php

[62] Partners for Strategic Action, Inc. (2012). The Woodlands Township Future Governance Outreach Summary. http://www.thewoodlandstownship-tx.gov/DocumentCenter/View/2957

[63] Bolt, Andrea & Brian Walzel. (2012). Woodlands Township Board Decides Against 2014 Incorporation Vote. *Community Impact News.* Retrieved from: http://impactnews.com/articles/woodlands-township-boards-decides-against-2014-incorporation-vote

residents being opposed to annexation.[64] Additionally, consolidation of services could create a more manageable system and make it easier to plan for future growth.

Cons to Incorporation: A study performed by Economic & Planning Systems Inc. found there would be a large amount of new government costs and responsibilities if the Township incorporated. New costs include the following:

- *Additional Government Departments and Related Staff:* It is estimated that 194 additional employees would be needed to fully staff departments and offices that would need to be established. Departments include: City Council and Mayor, City Manager's Office, Intergovernmental Relations, Human Resources, Information Technology, City Secretary, Legal Services, Finance, Communications and Marketing, Public Works, Parks and Recreation, Planning and Development, Development Services, and Economic Development.[65]
- *Police/ Law Enforcement:* A city would need its own police staff, department building, vehicle fleet and equipment, and training. If a stand-alone Police Department is established, a Municipal Court will need to be created to respond to all misdemeanor criminal charges, city code violations, traffic violations, and more. Total cost is estimated at $35 million.
- *Water and Sewage Systems:* Montgomery and Harris County Municipal Utility Districts (MUDs) currently provide water distribution, wastewater collection and treatment, and stormwater management to the Woodlands. If incorporated, the MUDs would be dissolved and service would be consolidated in a new utilities fund would be created, which would be responsible for operation. Additionally, the Woodlands would be responsible for debt service associated with the initial construction of water, wastewater, and stormwater infrastructure.
- *County Roads:* Montgomery County would transfer control of 894 lane miles to the City. Road maintenance would require a staff, an annual cost, as well as a large initial investment in equipment and any scheduled capital projects.
- *Other Capital Expenditures:* Becoming an incorporated City would require the Woodlands to invest in items previously provided by other entities, including the counties. Some of these include a vehicle fleet, public works facility, police station, and municipal court
- *Consolidation of MUDs*: Water, wastewater, and stormwater management are currently provided to Woodlands residents through 14 different Municipal Utility Districts. If incorporated, all MUDs in the Township will need to be dissolved and consolidated. However, some homes in the Township are covered by a MUD that is mostly outside of the Township, and the portion of debt associated with these homes must be paid off before they can consolidated under a new city.

Because of the costs listed above, incorporation would result in a much higher ad valorem tax rate.

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[64] Peyton, Lindsay. (2012). Should the Woodlands Become a City? *Houston Chronicle.* Retrieved from: http://www.chron.com/neighborhood/woodlands-news/article/Should-The-Woodlands-become-a-city-3421540.php

[65] Bolt, Andrea & Brian Walzel. (2012). Woodlands Township Board Decides Against 2014 Incorporation Vote. *Community Impact News.* Retrieved from: http://impactnews.com/articles/woodlands-township-boards-decides-against-2014-incorporation-vote

- The Township's 2012 general fund revenues are estimated to be $82 million, and general fund operating expenses are $65.5 million. Adding transfers, capital expenses, and debt service payments results in total expenses of $81.5 million, leaving the township with a net revenue of $500,000.
- The study found that under incorporation, the city's revenues would be around $109 million (assuming no change from the current property tax rate). Annual costs would be $149.5 million, resulting in a yearly deficit of $40.5 million (of which $12 million is for existing shortfalls and could be covered by bonds).
- The necessary property tax rate needed to fund the costs associated with incorporation is estimated to be $.5539 per $100 of assessed valuation. This is a 70.2% increase above the existing rate of $.325. [66]

The Woodlands situation is different than the circumstances surrounding incorporation of Von Ormy and Fair Oaks Ranch, because The Woodlands is much larger, and thus would need a large city staff. Additionally, the township does not face a lack of basic services that smaller cities in rural unincorporated areas face. The Woodlands also has some more complicated issues dealing with the consolidation of MUDs. This case study shows the large cost of running a city compared with just using special districts. The future of the Woodlands depends on the vision and tax plan that the leaders and citizens see for the community, and whether self-determination and better regulation are worth the increase in taxes.

[66] Economic & Planning Systems, Inc. (2012). The Woodlands Incorporation Study: Working Paper #2. Financial Model and Results. Prepared for Partners for Strategic Action, the Woodlands Township. Retrieved from: http://www.thewoodlandstownship-tx.gov/DocumentCenter/Home/View/1766

TASK 1.5: INVENTORY OF SPECIAL DISTRICTS AND FINANCING TOOLS

Prepared for

Bexar County, Texas

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TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, Suite S240
Bethesda, MD 20816
800-424-4318
www.tischlerbise.com

TischlerBise
4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318

www.tischlerbise.com

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Executive Summary

Bexar County's population in its unincorporated area has rapidly grown and portions have developed urban-like conditions. Residents of this area do not receive city-type services similar to those of San Antonio, but current and future densities suggest that city-like services would be advisable or desired by residents. However, it is not legal or financially feasible for Texas counties to provide similar services as a city.

This document should be viewed as a "cookbook" for citizens. It provides an inventory of Special Service Districts available under Texas law for consideration in determining options for additional or augmented services. The body of this report includes descriptions of relevant special districts including an analysis of pros and cons, Texas examples, and characteristics of successful implementation in Texas.

Below, Figure 1 serves as a guide through the publication by grouping Special Districts by service desired. This enables a County resident or interested stakeholder to first identify the services needed and explore the types of districts that may be able to meet those needs. A reader can then follow the hyperlink in the table to the specific section of the document on that district. Because many districts serve very broad purposes, the list is not necessarily exhaustive as some districts provide a wide range of services. However, it should provide guidance to the reader matching service needs with appropriate special districts.

After Figure 1, we provide a series of figures grouping the Special Districts by general purpose. Each table includes the legislative code that the district is governed by, as well as important information on how a district is formed, which entity can create the district (e.g., County Commissioners, Municipality, State Agency), available revenue sources, the authority to issue debt, and the type of debt that can be issued.

As part of this discussion, it is important to highlight revenue limitations:

- ***Property Taxes:***
  - **Counties** are limited to a maximum rate of $.80 per $100 property valuation with additional property taxes allowed for maintenance of public roads subject to voter approval, not to exceed $0.15 (per $100 assessed valuation) and an additional $0.30 (per $100 assessed valuation) to pay for the construction and maintenance of Farm to Market Roads or for Flood Control. Counties must provide a rollback rate that effectively serves as a revenue cap.
  - **Cities:** Home-rule cities that have a population of 5,000 or more have the statutory authority to levy property tax of up to $2.50 per $100 of assessed value. General Law cities have a cap of $1.50. Cities are subject to the rollback requirement as well.
- ***Sales Taxes***: The combined rate of all of local sales and use taxes (city, county, and metropolitan transit authority/city transit department) **may not exceed 2% in any one taxing district** as required by state law.[1]

[1] Tex. Administrative Code §3.251

Figure 1: Services and Corresponding Districts

Service Needed	Applicable District
Affordable Housing	• Defense Adjustment Mgt Authority • Homestead Preservation District • Public Improvement District • Type B Economic Development Corporation
Beautification	• Municipal Management District • Public Improvement District
Community Venue	• Municipal Development District • Public Improvement District • Sports and Community Venue District • Type B Economic Development Corporation
Cultural Life	• Arts & Entertainment District • Public Improvement District • Sports and Community Venue District • Type B Economic Development Corporation
Drainage	• Drainage District • Groundwater Conservation District • Levee Improvement District • Municipal Management District • Municipal Utility District • Navigation District • Public Improvement District • Special Utility District • Stormwater Control District • Water Control Improvement District • Water Improvement District
Economic Development	• Agricultural Development District • County Assistance District • County Development District • Defense Adjustment Mgt Authority • Municipal Development District • Municipal Management District • Public Improvement District • Type A Economic Development Corporation • Type B Economic Development Corporation
EMS	• Emergency Services District • Fire Control, Prevention, and EMS District
Environmental Conservation	• Municipal Utility District • Noxious Weed Control District • Sports and Community Venue District • Type B Economic Development Corporation • Water Control Improvement District • Wind Erosion District

Service Needed	Applicable District
Fire Protection	• County Assistance District • Emergency Services District • Fire Control, Prevention, and EMS District • Special Utility District
Fishing, Hunting, Boating Reg.	• Irrigation District • Water Control Improvement District • Water Improvement District
Flood Control	• Drainage District • Groundwater Conservation District • Levee Improvement District • Municipal Management District • Municipal Utility District • Navigation District • Special Utility District • Stormwater Control District • Water Control Improvement District • Water Improvement District
Health Care	• Health Services District • Hospital District
Hydroelectric	• Municipal Management District • Municipal Utility District • Water Control Improvement District • Water Improvement District
Infrastructure Improvements in General	• Defense Adjustment Mgt Authority • Municipal Development District • Municipal Management District • Public Improvement District
Irrigation	• Irrigation District • Municipal Management District • Municipal Utility District • Navigation District • Special Utility District • Water Control Improvement District • Water Improvement District
Law Enforcement and Detention	• County Assistance District • Crime Control and Prevention District • Jail District
Parks and Recreational Facilities	• County Assistance District • Municipal Management District • Municipal Utility District • Public Improvement District • Sports and Community Venue District • Stormwater Control District • Type B Economic Development Corporation

Service Needed	Applicable District
Public Library	• County Assistance District • Library District • Public Improvement District
Road Construction and Maintenance	• County Assistance District • Municipal Management District • Municipal Utility District • Public Improvement District • Road District • Road Utility District
Sewer	• Defense Adjustment Mgt Authority • Groundwater Conservation District • Freshwater Supply District • Levee Improvement District • Public Improvement District • Special Utility District • Stormwater Control District • Water Control Improvement District • Water Improvement District
Solid Waste	• Defense Adjustment Mgt Authority • Municipal Utility District • Special Utility District
Sports Facility	• Sports and Community Venue District • Sports Facility District • Type B Economic Development Corporation
Street Lighting	• Drainage District • Freshwater Supply District • Levee Improvement District • Municipal Management District • Municipal Utility District • Public Improvement District • Special Utility District • Stormwater Control District • Water Control Improvement District • Water Improvement District
Tourism	• County Assistance District • County Development District • Municipal Development District • Municipal Management District • Public Improvement District • Sports and Community Venue District • Sports Facility District • Type B Economic Development Corporation

Service Needed	Applicable District
Water Supply (Treated)	• Defense Adjustment Mgt Authority • Groundwater Conservation District • Freshwater Supply District • Municipal Utility District • Navigation District • Public Improvement District • Special Utility District • Water Improvement District
Water Supply (Untreated)	• Groundwater Conservation District • Freshwater Supply District • Irrigation District • Municipal Utility District • Navigation District • Special Utility District • Water Control Improvement District • Water Improvement District

Figure 2: Agriculture Districts

							REVENUE SOURCES			DEBT AUTHORITY	
District	Statute[1]	Creating Entity[2]	City Permission if in ETJ	Population Requirement	Petition	Hearing and/ or Election	Sales and Use Tax	Property Tax	Assessment	GO Bond	Revenue Bond
Agricultural Development	AC §60	CC			X	H			X	X	X
Noxious Weed Control	AC §78	CC			X	H & E			X		
Wind Erosion	AC §202	CC			X	E			X		

Figure 3: Community and Economic Development Districts

							REVENUE SOURCES			DEBT AUTHORITY	
District	Statute[1]	Creating Entity[2]	City Permission if in ETJ	Population Requirement	Petition	Hearing and/ or Election	Sales and Use Tax	Property Tax	Assessment	GO Bond	Revenue Bond
Arts and Entertainment	LGC §309	M		X							
County Assistance	LGC §387	CC				E	X				
County Development	LGC §383	CC		X	X	E	X				
Defense Adjustment Management	LGC §375, Subchapter O	M		X		H	X				
Homestead Preservation	LGC §373A	M		X							
Library	LGC §326	CC			X	E	X				
Municipal Development	LGC §377	M				E	X				X
Municipal Management	LGC §382	TCEQ			X	H	X	X	X	X	X
Public Improvement	LGC §372 & 382	CC or M	X		X	H	X	X	X	X	X
Sports and Community Venue	LGC §334 & 335	CC or M				E					
Sports Facility	LGC §325	CC									X

Figure 4: Health and Safety Districts

							REVENUE SOURCES			DEBT AUTHORITY	
District	Statute[1]	Creating Entity[2]	City Permission if in ETJ	Population Requirement	Petition	Hearing and/ or Election	Sales and Use Tax	Property Tax	Assessment	GO Bond	Revenue Bond
Crime Control and Prevention	LGC §363	CC or M		X		E	X				
Emergency Services	HSC §775	CC	X		X	H & E	X	X		X	
Fire Control, Prevention, and EMS	LGC §344	M		X		E	X				
Health Services	HSC §287	CC or HD					X				X
Hospital (HD)	HSC §286	CC			X	H & E	X	X		X	X
Jail	LGC §351	CC			X	H & E		X			

Figure 5: Transportation Districts

							REVENUE SOURCES			DEBT AUTHORITY	
District	Statute[1]	Creating Entity[2]	City Permission if in ETJ	Population Requirement	Petition	Hearing and/ or Election	Sales and Use Tax	Property Tax	Assessment	GO Bond	Revenue Bond
Road	TC §257	CC			X	H & E		X	X	X	X
Road Utility	TC §441	TTC			X	H & E		X	X		

Figure 6: Water and Utility Districts

							REVENUE	DEBT AUTHORITY	
District	Statute[1]	Creating Entity[2]	City Permission if in ETJ	Population Requirement	Petition	Hearing and/ or Election	O & M Tax	Tax Bond Authority	Revenue Bond
Drainage	WC §56	CC			X	H & E	X	X	X
Groundwater Conservation	WC §36	TCEQ & TWDB			X	H & E	X	X	X
Freshwater Supply	WC §53	CC			X	H	X	X	X
Irrigation	WC §58	CC or TCEQ			X	H	X	X	X
Levee Improvement	WC §57	CC			X	H	X	X	X
Navigation District	WC §60, 61, 62, & 63	CC			X	H & E	X	X	X
Municipal Utility District	WC §54	TCEQ	X		X	H	X	X	X
Special Utility	WC §65	TCEQ	X			H			X
Stormwater Control	WC §66	TCEQ		X	X	H	X	X	X
Water Control and Improvement	WC §51	CC or TCEQ			X	H & E	X	X	X
Water Improvement	WC §55	CC or TCEQ			X	H & E	X		X

1. AC: Texas Agricultural Code
   LGC: Texas Local Government Code
   HSC: Texas Health and Safety Code
   TC: Texas Transportation Code
   WC: Texas Water Code
2. CC: County Commissioners
   M: Municipality
   HD: Hospital District
   TCEQ: Texas Commission on Environmental Quality
   TTC: Texas Transportation Commission
   TWDB: Texas Water Development Board

SPECIAL DISTRICTS THAT CAN BE CREATED BY COUNTIES

Figure 7 displays the special districts in Texas that can be created by a **county government**, as opposed to a municipality or state agency.

- Of those listed below, two require permission from a municipality if land in the district is within a city's ETJ. These include both types of *Public Improvement Districts* and *Emergency Services Districts*.
- A County Assistance District must provide notice to a municipality if the proposed district includes any territory of the municipality. The governing body of the municipality may exclude the territory of the municipality from the proposed district by notifying the county.[2]

Figure 7: County Special Districts and Relationship with Municipalities

District	Creating Entity[1]	City Permission if in ETJ
Agricultural		
Agricultural Development	CC	
Noxious Weed Control	CC	
Wind Erosion	CC	
Community and Economic Development		
County Assistance	CC	*
County Development	CC	
Library	CC	
Public Improvement (LGC §372)	CC or M	X
Public Improvement (LGC §382)	CC	X
Sports and Community Venue	CC or M	
Sports Facility	CC	
Health and Safety		
Crime Control and Prevention	CC or M	
Emergency Services	CC	X
Health Services	CC or HD	
Hospital	CC	
Jail	CC	
Transportation		
Road	CC	
Water and Utility		
Drainage	CC	
Freshwater Supply	CC	
Irrigation	CC or TCEQ	
Levee Improvement	CC	
Navigation District	CC	
Water Control and Improvement	CC or TCEQ	
Water Improvement	CC or TCEQ	

1. CC: County Commissioners
   M: Municipality
   TCEQ: Texas Commission on Environmental Quality
   TTC: Texas Transportation Commission
   TWDB: Texas Water Development Board

X: County requires permission if district is in municipality's ETJ.

*: County must notify municipality if district is in municipality's territory.

[2] Tex. Loc. Gov't Code §387.003(b-1)

Introduction

BACKGROUND

The population of Bexar County grew 23 percent to over 1.7 million people between 2000 and 2010. Significantly, the unincorporated area of Bexar County grew to over 260,000 people, an increase of almost 90 percent. Housing units increased 83 percent to over 85,000 units. Additionally, the City of San Antonio has significantly reduced its annexation activity. The citizens of the unincorporated area of Bexar County receive limited services compared with incorporated areas of the county, including limited fire protection, and limited access to library and animal control services. Portions of the unincorporated area have developed urban-like conditions, and it is reasonable to assume that residents may expect city-type services.

To address the demand for city-type services in the unincorporated area, a few options are available. First, the Texas state legislature could allow for urban counties to possess additional statutory, regulatory, and ordinance-making authority, along with new revenue streams needed to fund city-like services. Secondly, incorporated cities within Bexar County, including the City of San Antonio could re-initiate more aggressive annexation policies. Thirdly, citizens within the unincorporated area could join together and incorporate themselves as new cities, and levy taxes and provide their own services.

Additionally, there are other options available to citizens in the unincorporated area who need and/or desire more and/or different services that the County is currently able to provide. State of Texas statutes describe a number of special service districts that, under certain circumstances, can be formed within counties. Some examples include Public Improvement Districts and Municipal Utility Districts. It is important that citizens are aware of these districts, how they can be formed, and the costs and benefits of each, so that they can make informed decisions about the services they can received.

PURPOSE OF THIS DOCUMENT

TischlerBise is under contract with the County of Bexar to conduct a study of the unincorporated area in the county, the services the county provides, the gap in services as compared to those provided by municipalities, and options for persons living in such areas to obtain the desired services. This paper is one of a series of papers for Phase I of the study.

This report on special service districts provides a "cookbook" for citizens outlining each type of special service district available under Texas law. **Figure 1 above allows for navigation through this publication with hyperlinks to the applicable section of the document with details on each special district/financing tool.** Each entry includes a discussion of:

- Statutory characteristics of the district:
    - A citing of the statutory authority
    - The purpose of the district and the services authorized to be delivered by the district
    - The governance structure
    - Revenue collection authority or tax-levying authority
    - The necessary steps to create the district

For some of the districts that can provide "city-like" services, we provide further detail on the characteristics of the district to help determine if it would be suitable in providing services not provided by the county—but may be expected in a more urban incorporated area—such as economic development, fire/EMS, police, planning and zoning, and sanitation. The analysis of these districts includes:

- The pros and cons of each type of district
- Implementation examples from Texas
- Characteristics of successful implementation in Texas

This report does not include a discussion of school districts. Recommendations regarding parts of the unincorporated area of Bexar County that might be suitable for certain special districts will be provided at a later date in Phase II of the study.

Agriculture Districts

AGRICULTURAL DEVELOPMENT DISTRICT

Tex. Agricultural Code §60: Texas Agricultural Development Districts

Purpose and Powers

The purpose of the district is to provide economic and agricultural development. A district may encourage the economic development by:

- fostering the growth of agricultural enterprises;
- stimulating innovation in agricultural enterprises;
- seeking to eliminate unemployment or underemployment in the state; and
- developing or expanding transportation resources for agricultural purposes.[3]

To promote agricultural development, a district may:

- promote all agricultural enterprises, facilities, and services of the district;
- encourage the maintenance and conservation of soil and water in the district;
- acquire, design, construct, and operate an agricultural enterprise; and
- expand, develop, and diversify production, processing, marketing, and export of Texas agricultural products.[4]

Governing Body

The district is governed by a board of directors selected by an election. On approval of the county commissioner's court of each county in which the district is located, the board may increase or decrease the number of directors on the board by resolution if the board finds that to do so is in the best interest of the district.[5]

Revenue and Debt

The statute authorizes agricultural development districts to impose certain charges and issue any type of bond for any district purpose. These districts are also authorized to impose an assessment on real property or on an agricultural product produced on real property for a district expense or to finance a project or service, or for any other purpose authorized in the statute. The board must approve a petition requesting an assessment for a specific purpose and hold a hearing on the advisability of the assessment before a district is authorized to impose one.[6]

[3] Tex. Agricultural Code §60.052
[4] Tex. Agricultural Code §60.053
[5] Tex. Agricultural Code §60.081
[6] Tex. Agricultural Code §60.103

Steps to Create District

1. **Petition**: A petition must be submitted to the commissioner's court of a county in which an agricultural facility of the proposed district is to be located, signed by at least 10 residents in the district, five of whom own property in the district. The petition must include the boundaries of the district, a name for the district, landowner signatures, five potential temporary directors, counties and municipalities in which any agricultural facilities are to be located, the purpose and cost of the development, necessity and feasibility of the district, and a pledge that the district will make payments in lieu of taxes to any school district and county.[7]
2. **Hearing**: Within 30 days after the receipt of the petition, the commissioner's court is required to call a public hearing at which the petition will be considered. The commissioner's court by order will grant the petition creating the district upon finding that the creation of the district and the proposed development is feasible and necessary and would serve the public purpose of economic development.
3. **Temporary Directors:** The commissioner's court is required to appoint five persons to serve as temporary directors until an election can be held confirming the creation of the district and the initial permanent directors. If a majority of the votes cast in the election favor the creation of the district, the temporary board shall order the district to be created in its minutes.

[7] Tex. Agricultural Code §60.022

NOXIOUS WEED CONTROL DISTRICT

Tex. Agricultural Code §78: Noxious Weed Control Districts

Purpose and Powers

The purpose of this district is to reclaim land from noxious weeds in the interest of conservation and development of the natural resources of the state. Noxious weeds are present in Texas to a degree that poses a threat to agriculture and is deleterious to the proper use of soil and other natural resources.[8]

The board may determine which noxious weeds are subject to control and what appropriate methods of control are to be used, including spraying, cutting, burning, tilling, or any other appropriate method; prescribe specific areas in the district in which control measures are to be used; prescribe the period during which control measures are to be used; and incur expenses and take other actions necessary to carry out the purposes of this chapter.[9]

Governing Body

The district is governed by a board composed of five persons.[10]

Revenue and Debt

The board may impose an annual uniform assessment on land within the district in order to pay the expenses of the district, which may not exceed six cents an acre.[11]

Steps to Create District

1. **Petition**: Landowners must submit a petition to the commissioner's court, signed by 50 landowners or a majority of landowners in the district. The petition must include the name and boundaries of the district.[12]
2. **Hearing**: After receiving a petition, the commissioner's court shall set a date for a hearing. Notice shall be given two or more times in a newspaper of general circulation. A landowner in the proposed district may testify for or against the district at the hearing if the commissioner's court finds that the proposed district will provide a public benefit to a substantial portion of the district, it will grant the petition.[13]
3. **Election:** After granting the petition, the commissioner's court shall order an election, give notice of the election, and set up the election. If the majority of the votes are in favor, the commissioner's court shall issue an order declaring the creation of the district.[14]

[8] Tex. Agricultural Code §78.002
[9] Tex. Agricultural Code §78.041
[10] Tex. Agricultural Code §78.031
[11] Tex. Agricultural Code §78.051
[12] Tex. Agricultural Code §78.011
[13] Tex. Agricultural Code §78.012 - 17
[14] Tex. Agricultural Code §78.018 - 20

WIND EROSION DISTRICT

Tex. Agricultural Code §202: Wind Control Districts

Purpose and Powers

The purpose of a district is to conserve the soil by prevention of unnecessary erosion caused by wind and reclamation of land that has been depreciated or denuded of soil by wind.[15] A district may:

- prevent or aid in the prevention of damage to land, highways, and public roads due to the unnecessary movement of sand, dust, and soil from land inside or outside the district;
- make improvements and maintain facilities to stop or prevent wind erosion of soil or land in the district; and
- enter land in the district to prevent soil erosion and damage to other land in the district.[16]

Governing Body

The governing body is the commissioner's court.[17]

Revenue and Debt

A district may borrow money for the corporate purposes of the district, pledge certificates, obligations, or securities held by the district as security for a loan and pledge and assign revenue or income to secure repayment of a loan. An obligation, bond, warrant, debenture, or other evidence of indebtedness must not be paid out of money received from ad valorem taxes.[18] The commissioner's court may transfer an amount not to exceed 20 percent of automobile registration fees to the district. The district may use those funds on soil erosion work. On approval of the voters of the county, the commissioner's court may also transfer all of part of the county road and bridge fund to the district.[19]

The district is prohibited from imposing an ad valorem tax; however, the commissioner's court, acting as the governing body of the district, may make an assessment on land after a hearing in which the governing body determines the necessity of an assessment to pay for soil conservation work. The governing body may not, make an assessment on land claimed as a homestead, but may take a lien securing the assessment similar to a lien to secure the cost of improvements on a homestead.

Steps to Create District

1. **Petition:** A petition may be submitted to the commissioner's court of the county to conduct an election on the creation of a district. It must be signed by at least 50 qualified tax paying voters.
2. **Election Order:** After receiving a petition, the commissioner's court shall order than an election be held throughout the county on whether or not a district should be created.[20]

[15] Tex. Agricultural Code §202.002
[16] Tex. Agricultural Code §202.022
[17] Tex. Agricultural Code §202.021
[18] Tex. Agricultural Code §202.031
[19] Tex. Agricultural Code §202.034
[20] Tex. Agricultural Code §202.011

3. **Election:** An election will be held in compliance with requirements for elections to vote bonds for public improvements.[21] If the majority of votes are in favor of the district, the county judge shall issue an order to be created and incorporated.[22]

[21] Tex. Agricultural Code §202.012
[22] Tex. Agricultural Code §202.013

Community and Economic Development Districts

ARTS AND ENTERTAINMENT DISTRICT

Tex. Loc. Gov't Code §309: Arts and Entertainment District

Purpose and Powers

The purpose of an arts and entertainment district is to promote arts and culture, by developing an area in a way that provides public benefit through interpretive, educational, and recreational uses. Municipalities may do so by designating an area as a district and providing it with a zoning code that promotes arts and entertainment. Cities may also provide incentives and tax breaks to persons to facilitate development.

Governing Body

This district is governed by the municipality. Only cities with more than one million people may create an arts and entertainment district.

Revenue and Debt

To fund the district, the municipality may solicit grants and donations.

Steps to Create District

1. **Designation of Area as District.** The governing body of a municipality with a population of more than one million may designate a defined area an arts and entertainment district.[23]

[23] Tex. Loc. Gov't Code §309.001

COUNTY ASSISTANCE DISTRICT

Tex. Loc. Gov't Code §387, County Assistance District

Purpose and Powers

The purpose of a county assistance district (CAD) is to fund public services, projects, and programs. There are a broad range of functions a district can perform, including the following:

- construction, maintenance, or improvement of roads or highways;
- provision of law enforcement and detention services;
- maintenance or improvement of libraries, museums, parks, or other recreational facilities;
- provision of services that benefit the public health or welfare, including firefighting and fire prevention services; or
- promotion of economic development and tourism.[24]

A district may:

- perform any act necessary to the full exercise of the district's functions;
- accept a grant or loan from the United States, a Texas political subdivision, or person;
- acquire, sell, lease, convey, or otherwise dispose of property or an interest in property;
- employ necessary personnel;
- adopt rules to govern the operation of the district and its employees and property; and
- enter into agreements with municipalities necessary or convenient to achieve the district's purposes, including agreements regarding the duration, rate, and allocation between the district and the municipality of sales and use taxes.[25]

Governing Body

A CAD is governed by the commissioner's court of a county or an appointed board of directors if the county chooses. The board of directors, appointed by the county commissioners, serve staggered terms of two years.[26] All Texas counties are able to create up to four county assistance districts, but multiple districts may not be in a commissioner's precinct. [27]

Revenue and Debt

A CAD may impose a sales and use tax in increments of 1/8th of one percent, subject to voter approval.[28] The rate can be increased, but if it is higher than the initial amount, it must be approved by voters.[29] A district may not levy an ad valorem tax.[30]

[24] Tex. Loc. Gov't Code §387.003(a-1)
[25] Tex. Loc. Gov't Code §387.006
[26] Tex. Loc. Gov't Code §387.005
[27] Tex. Loc. Gov't Code §387.003(a)
[28] Tex. Loc. Gov't Code §387.007
[29] Tex. Loc. Gov't Code §387.010
[30] Tex. Loc. Gov't Code §387.006(c)

Steps to Create District

1. **Election on Question of County Assistance District:** The commissioners' court of the county may call an election on the question of creating a county assistance district. The district is created if a majority of the votes received at the election favor the creation of the district. The order calling the election must define the boundaries of the district, ensuring that no area would exceed the maximum sales and use tax rate.[31]
2. **Notice to Municipality:** Notice should be sent by certified mail to the governing body of a municipality if the proposed district includes any territory of the municipality or the municipality has created a development corporation. The governing body of the municipality may exclude the territory of the municipality from the proposed district by notifying the county.[32]
3. **Appointment of Board of Directors:** The county commissioner's court may choose to appoint a five-member board of directors to govern the district.
4. **Adoption of Tax:** The adoption of the tax (as well as an increase, reduction, or repeal) takes effect on the first day of the new quarter after the comptroller receives a copy of the order of the district's governing body.[33] If the district adopts the tax, a tax is imposed on the receipts from the sale at retail of taxable items in the district at the rate approved at the election.[34]

Case Study and Best Practices

- **Pros and Cons:** A County Assistance District (CAD) provides counties with a wide range of items that can be financed, and is relatively easy to create. The election must only state the boundaries of the district and the tax rate, and it can be governed by the county commissioners. However, the only source of revenue is the sales tax, which is subject to a total cap of 2% for any one jurisdiction, so if an area is already at this limit, a CAD cannot be created.

- **Case Study - Ford Bend County:** Fort Bend County, adjacent to Harris County (where Houston is located), voted to create four County Assistance Districts (CADs) in 2011. One CAD was rejected. The districts are largely in undeveloped areas of the county and along major highways and frontage roads of the county in the extraterritorial jurisdictions of Houston, Sugar Land, and Pearland. The districts collect a sales and use tax at a rate of 1% of the total sales price for any transaction conducted within the districts' boundaries, and the resulting revenues are to be used for construction, maintenance, and improvements of highways and county roads.[35] Some of the districts are also responsible for collecting and remitting sales and use tax to the city of Houston due to a strategic partnership agreement between a utility district and the city of Houston. The districts do not include any area within the Houston MTA. The first project approved with CAD revenues was the use of around $2 million in sales tax revenue to build an

[31] Tex. Loc. Gov't Code §387.003
[32] Tex. Loc. Gov't Code §387.003(b-1)
[33] Tex. Loc. Gov't Code §387.012
[34] Tex. Loc. Gov't Code §387.011
[35] Zheng, Zen. (2011). Proposed new tax districts in Fort Bend County on ballot for Nov. 8. Houston Chronicle. Retrieved from: http://www.chron.com/neighborhood/fortbend-news/article/Proposed-new-tax-districts-in-Fort-Bend-County-on-2224349.php

exit and access road on the Grand Parkway Toll Road and make improvements at the West Bellfort intersection. The cost of the improvements is estimated to be $3.2 million, and the County Assistance District will fund $2 million. The remaining amount will be paid for by a Municipal Utility District.[36]

- **Best Practices:**
    1. Form partnerships with other districts or government entity to pay for services or projects.

[36] Kumar, Seshadri. (2012). County commissioners split on access road to theater complex. Fort Bend Independent. Retrieved from: http://fbindependent.com/county-commissioners-split-on-access-road-to-theater-complex-p4823-1.htm

COUNTY DEVELOPMENT DISTRICT

Tex. Loc. Gov't Code §383: County Development District

Purpose and Powers

The purpose of a county development district is to develop and diversify the economy of Texas by providing incentives for the location and development of projects in certain counties to attract visitors and tourists. [37]

A district may acquire and dispose of projects and has all of the other powers, authority, rights, and duties that will permit accomplishment of the purposes for which the district was created. The district has the power to provide for general promotion and tourist advertising of the district and its vicinity and to conduct a marketing program to attract visitors, any of which may be conducted by the district pursuant to contracts for professional services with persons or organizations selected by the district. Additionally, the district has the powers of a municipal management district created under Chapter 375 to the extent not inconsistent with this chapter. [38]

A county with a population of 400,000 or less may create a county development district. [39] [40]

Governing Body

A district is governed by a board of five directors appointed by the commissioner's court of the county in which the district is located. The temporary directors initially appointed shall become permanent directors of the district, if the creation of the district is confirmed at the confirmation election. [41]

Revenue and Debt

The district may issue bonds for the purpose of defraying all or part of the cost of any project as provided in this chapter. The board may provide for the payment of principal of and interest and redemption price on bonds from taxes, revenues or fees from a project, and grants and donations.[42] A district may impose a sales and use tax for the benefit of the district if authorized by a majority of the qualified voters of the district voting at an election called for that purpose.[43]

Steps to Create District

1. **Petition:** A petition requesting creation must be filed with the commissioner's court of the county in which all of the land in the proposed district is located. The petition must be accompanied by a sworn statement indicating consent to creation signed by the holders of fee

[37] Tex. Loc. Gov't Code §383.002
[38] Tex. Loc. Gov't Code §383.061
[39] Tex. Loc. Gov't Code §383.021.
[40] Although not applicable to Bexar County given population threshold, information is provided for further reference on types of authorities available elsewhere in the State.
[41] Tex. Loc. Gov't Code §383.041
[42] Tex. Loc. Gov't Code §383.082
[43] Tex. Loc. Gov't Code §383.101

simple title of all of the land in the proposed district. The petition must include the boundaries, name, temporary directors, general nature of the proposed work and cost, and the necessity and feasibility of the district.

2. **Hearing**: A hearing shall be held, with proper notice given. At the hearing, the commissioner's court shall examine the petition to ascertain its sufficiency, and any interested person may appear before the commissioner's court to offer testimony on the sufficiency of the petition and whether the district should be created.[44]
3. **Granting or Refusing Petition**: After the hearing, if the commissioners court finds that the petition conforms to the requirements of Section 383.022 and that the creation of the district and the proposed project is feasible and necessary and would serve the public purpose of attracting visitors or tourists to the county, the commissioners court may make that finding and enter an order creating the district.[45]
4. **Temporary Directors:** If the commissioner's court grants the petition, it shall appoint to serve as temporary directors of the district five persons who are qualified under this chapter to serve as directors.[46]
5. **Confirmation and Sales and Use Tax Election:** The temporary board of directors shall conduct an election in the district to confirm the creation of the district and authorize a sales and use tax in conformity with this chapter.[47]

[44] Tex. Loc. Gov't Code §383.026
[45] Tex. Loc. Gov't Code §383.027
[46] Tex. Loc. Gov't Code §383.028
[47] Tex. Loc. Gov't Code §383.028

DEFENSE ADJUSTMENT MANAGEMENT AUTHORITY

Tex. Loc. Gov't Code §375: Municipal Management Districts in General, Subchapter O

Purpose and Powers

The purpose a defense adjustment management authority is for a municipality to negate the negative impact the closing of defense bases can have on the economy through economic development. Strategies include promoting a favorable business climate, preparing the workforce, and supporting infrastructure development around defense bases that are intended to be annexed by a municipality.[48]

An authority:

- may plan, design, implement, develop, construct, and finance eligible projects;
- may enter into regional development agreements;[49]
- has the powers of a municipality under Chapter 211: Municipal Zoning Authority and 212: Municipal Regulation of Subdivisions and Property Development in the area of the authority, including an area of the authority that is in the boundaries of a municipality's limited purpose jurisdiction;[50]
- has the powers of a municipality under Chapter 378: Neighborhood Empowerment Zone;
- may not issue bonds without approval of the city, operate a charter school, or levy property taxes.[51]

"Eligible project" includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that are:

- for the creation or retention of primary jobs; and
- found by the board of directors to be required or suitable for the development, retention, or expansion of:
    - manufacturing and industrial facilities;
    - research and development facilities;
    - military facilities, including closed or realigned military bases;
    - transportation facilities, including airports, hangars, railports, rail switching facilities, maintenance and repair facilities, cargo facilities, related infrastructure located on or adjacent to an airport or railport facility, marine ports, inland ports, mass commuting facilities, and parking facilities;
    - sewage or solid waste disposal facilities;
    - recycling facilities;
    - air or water pollution control facilities;
    - facilities for furnishing water to the public;
    - distribution centers;

[48] Tex. Loc. Gov't Code §375.301
[49] Tex. Loc. Gov't Code §375.313
[50] Tex. Loc. Gov't Code §375.312
[51] Tex. Loc. Gov't Code §375.308

- small warehouse facilities capable of serving as decentralized storage and distribution centers;
- primary job training facilities for use by institutions of higher education; or
- regional or national corporate headquarters facilities.[52]

Eligible project also includes programs for:

- job training, including long-term job training and in-training support service grants;
- early childhood development;
- after-school programs for primary and secondary schools;
- the provision of funding to accredited postsecondary educational institutions;
- the promotion of literacy; and
- any other undertaking that the board determines will directly facilitate the development of a skilled workforce. [53]

The board may vote to annex or disannex territory to an authority. A municipality that creates an authority may annex all or part of the territory located in the authority.[54]

An authority may be created in an area that is

- in the same county as a military facility that is closed or realigned under the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. Section 2687 note) or a base efficiency project as defined by Section 379B.001; AND
- in an area that has been annexed or disannexed for full or limited purposes by a municipality with a population of at least 1.1 million, either in the city limits or ETJ.[55]

Governing Body

The authority is governed by 11 directors. The city appoints four members, the county appoints four members, and school districts appoint three.[56]

An authority may only develop or construct public improvements or eligible projects in areas designated in an authority plan based on the economic needs approved by the board and the governing body. The plan must include the information required for a municipal reinvestment zone.[57]

Revenue and Debt

An authority may impose a sales and use tax to support or finance public infrastructure projects and eligible projects authorized under this subchapter if the tax is authorized by the voters.

[52] Tex. Loc. Gov't Code §501.101
[53] Tex. Loc. Gov't Code §379A.051
[54] Tex. Loc. Gov't Code §375.3085
[55] Tex. Loc. Gov't Code §375.304
[56] Tex. Loc. Gov't Code §375.306
[57] Tex. Loc. Gov't Code §375.310

Steps to Create District

1. **Two Hearings:** The city must hold two public hearings to consider the creation of the proposed authority. The municipality must publish notice of each public hearing in a newspaper of general circulation in the area of the proposed authority at least seven days before each public hearing.[58]
2. **Resolution or Ordinance:** Between 30 and 60 days after the hearing, the governing body may create an authority by resolution or ordinance.

Case Study and Best Practices

This district, which is included under the chapter for Municipal Management Districts, is highlighted because one exists in Bexar County. A Defense Adjustment Management Authority is a useful district because it allows for land use controls to be implemented as well as a wide range of eligible projects and programs to improve neighborhoods and promote economic and workforce development. This type of authority may levy a sales tax.

- **Case Study – City South Management Authority:** The City South Management Authority was created on May 19, 2005 by the City of San Antonio with the goal of providing "a regional vision for sustainable growth within a 63 square mile area in the southern part of San Antonio and Bexar County." It was created as a "Defense Adjustment Management Authority" as a means to provide planning for the area to prepare for eventual annexation by San Antonio. This vision includes planning that would promote development of communities that incorporate "lifecycle housing, walkable streets and trails with bicycling, integrated retail and office uses, low-impact storm water practices…" Sustainable communities can be achieved through "tax increment finance zones, county public improvement districts, and development agreements."

  "City South" is overseen by an 11-member board, four of which are appointed by San Antonio, four by Bexar County, and three by San Antonio area Independent School Districts. The Board has the authority to levy a sales and use tax, develop and finance projects within its boundaries, administer planning and zoning regulations, and enter into regional development agreements. *City South does not currently levy a sales tax*, so does not have its own dedicated funding source, and has City of San Antonio staff working for it. In general, the board has two tools available to accomplish its goals, regulating land use and advocating for the area.

  Since its creation, several successful residential and commercial developments have located in City South. Major employers in the region include a Toyota manufacturing plant, Texas A&M – San Antonio, Eagle Ford Shale, and a CPS Energy Solar Power project. A few commercial and strip center retail developments have emerged. Two master planned developments, Verano and Hunter's Pond, have managed to gain traction. However, many large projects have been planned in City South over the past decade, but have stalled following the planning phase, such as the Preserve at Medina River and the Espada Conservation Subdivision. The land is generally rural, ranch and agricultural, except for the Toyota facility and Texas A&M, which shows

[58] Tex. Loc. Gov't Code §375.305

enormous potential for development. It is expected that housing demand will increase significantly due to Eagle Ford Shale oil and gas explorations taking place generally ringing the County to the south and east.

An Effectiveness Study & Economic Strategic Plan for the City South Management Authority, completed in Fall 2012 found both strengths and weaknesses of the Authority, but detailed many challenges it faced and ultimately recommended that CSMA be phased out and have San Antonio's annexation and land use policies be implemented in the area instead. Challenges discussed include the following:

- **Inadequate Infrastructure:** City South needs major investment in roads and utilities. (This is a problem for areas outside of city limits, and not unique to City South.) Existing transportation options are limited, especially for traveling east to west. With the opening of Eagle Ford Shale, the traffic burden should increase. Additionally, City South has several major floodplains, which creates dangerous conditions for residents. The report states that because City South is so large, it will take decades for all needed infrastructure to fully support development throughout the region is in place. CSMA is seen as the responsible body for infrastructure investment, but most projects are too expensive.
- **Confusing Land Use and Zoning:** Land use and zoning regulations in City South are described as confusing and complex, which hinders development. The report lists a number of potential conflicts and confusing provisions in the current zoning regulations. The zoning regulations have been changed many times to reduce restrictions to accommodate commercial development, but issues still exist. Additionally, there is a perception among developers and other stakeholders that zoning will add additional costs to any project and the regulatory policies are too difficult to navigate. Even if these concerns are not entirely accurate, the perception is real and has an effect on development.
- **Lack of Development Consensus**: There is no strong consensus on the appropriate amount of development that should occur in City South over the next decade. Some residents prefer a rural area, whereas others would like something more commercial. Those that prefer new development hope this will increase their property value, and are concerned that the overall regulatory environment is preventing the progress of major developments in the area. It was also reported that there is confusion as to what the overall purpose of CSMA is, whether it is to promote a specific type of development, environmental conservation, or something else.
- **No Funding Mechanisms**: CSMA has not attempted to levy a tax and has no major program-related resources. The report maintains that government entities that manage spending through PIDS, TIFS, or MUDs follow a defined, well-understood process to raise funds to accomplish projects, but this does not exist in CSMA. This could change if

the board chose to raise a tax or money was allocated from San Antonio or Bexar County.[59]

Although not discussed in detail in the report, some residents are concerned with the impact of the Toyota buffer on the rights and values of property owners. Toyota created a nonbinding agreement that allowed for a buffer zone around the plant so it wouldn't have residential development that would be non-compatible with heavy manufacturing.[60]

Overall, City South has successfully attracted some development and is home to a few major employers, but the growth is lower than initially expected. The lack of commercial development can be blamed on real and perceived zoning concerns as well as the recession. Additionally, residents are concerned with the condition of infrastructure. Lastly, there does not seem to be a consensus among residents about how the area should be developed or real tools that the board of CSMA can use to fund projects or encourage development.

- **Best Practices**
  1. Develop a clear vision for a community.
  2. Determine dedicated funding source or other tools to improve infrastructure or help fund development costs.
  3. Land use regulations should be easy to understand and align with the mission of the board.

[59] TXP Inc. (2012). Effectiveness Study & Economic Strategic Plan for the City South Management Authority.
[60] Pimente, O. Ricardo. (2012). A 'Master Planning' Experiment Gone Wrong. San Antonio News Express. Retrieved from: http://www.mysanantonio.com/news/news_columnists/o_ricardo_pimentel/article/A-master-planning-experiment-gone-wrong-4102705.php#ixzz2Jft45yMM

HOMESTEAD PRESERVATION DISTRICT

Tex. Loc. Gov't Code §373A: Homestead Preservation District and Reinvestment Zones

Purpose and Powers

The purpose of a homestead preservation district is to promote and expand the ownership of affordable housing and to prevent the involuntary loss of homesteads by existing homeowners in the area.[61] A municipality that creates a homestead preservation district may:

- Provide tax-exempt bond financing;
- Offer density bonuses;
- Provide other incentives to increase the supply of affordable housing and maintain the affordability of existing housing for low-income and moderate-income families. [62]

A municipality may also create a homestead preservation zone for the purpose of development or redevelopment of affordable housing through tax increment funding. Also discussed in Chapter 373A are a municipality's ability to adopt a homestead land bank program and homestead land trusts.

Municipalities may designate an area contiguous to a central business district as a homestead preservation district, subject to certain requirements, including number of residents, households, unemployment rate, and poverty level. [63]

Governing Body

A homestead preservation district is overseen by the municipality. A homestead land trust is governed by a board of directors. If a trust holds land that provides at least 100 housing units, at least one-third of the board members must live in housing units on land held by the trust. [64]

Revenue and Debt

In regards to the homestead preservation zone, the municipality and county collect property taxes which are paid into a tax increment fund. This revenue is required to be used for construction, development, and preservation of affordable housing in the zone by a designated entity. The revenue must be used to benefit families at or below certain poverty levels.

Steps for Creation

1. **Ordinance:** The governing body of a municipality by ordinance may designate an eligible area as a homestead preservation district. The ordinance must describe the boundaries of the district and designate the powers that apply to the district. [65]

[61] Tex. Loc. Gov't Code §373A.051
[62] Tex. Loc. Gov't Code §373A.054
[63] Tex. Loc. Gov't Code §373A.052
[64] Tex. Loc. Gov't Code §373A.104
[65] Tex. Loc. Gov't Code §373A.051

LIBRARY DISTRICT

Tex. Loc. Gov't Code §326: Library District

Purpose and Powers

The purpose of a library district is to establish, equip, and maintain one or more public libraries for the dissemination of general information relating to the arts, sciences, and literature.[66] A district has all of the powers, authority, rights, and duties that will permit the accomplishment of the purposes for which the district was created, including the power to borrow money, purchase and improve land, and acquire and maintain any machinery or appliances necessary.[67]

Governing Body

A district shall be governed by a board of five trustees. The trustees are elected by the voters.[68]

Revenue and Debt

Library districts can levy a sales and use tax on the receipts from the sale at retail of taxable items in the district. The district may also impose an excise tax on the use, storage, or other consumption of taxable items purchased, leased, or rented from a retailer during the period that the tax is effective.[69] A district may also impose any necessary charges or fees for providing a district service.[70]

Steps to Create District

1. **Petition:** A petition must be submitted to the commissioner's court of a county signed by at least 5% of the number of voters in the proposed district that voted in the most recent gubernatorial election. The petition must include a name for the district, the boundaries, five persons for the initial board of trustees the sales tax rate that would be imposed.[71]
2. **Granting of Petition:** The commissioners court shall grant the petition if it conforms to the requirements described above. If it is granted, the commissioner's court shall order an election to confirm the district's creation and to authorize the imposition of a sales and use tax.[72]
3. **Election:** Notice shall be given in advance of the election. If a majority of the votes received in an election favor the district and the sales and use tax, the commissioner's court shall by resolution or order declare that the district is created and the tax adopted. The ballot shall also allow voting for or against each of the five initial trustees listed in the petition.[73]
4. **Initial Trustees:** The commissioner's court shall declare the five persons receiving the highest number of votes for trustee to be elected as trustees.[74]

[66] Tex. Loc. Gov't Code §326.002
[67] Tex. Loc. Gov't Code §326.061
[68] Tex. Loc. Gov't Code §326.041
[69] Tex. Loc. Gov't Code §326.091
[70] Tex. Loc. Gov't Code §326.065
[71] Tex. Loc. Gov't Code §326.023
[72] Tex. Loc. Gov't Code §326.025
[73] Tex. Loc. Gov't Code §326.029
[74] Tex. Loc. Gov't Code §326.030

MUNCIPAL DEVELOPMENT DISTRICT

Tex. Loc. Gov't Code §377: Municipal Development Districts

Purpose and Powers

Municipal Development Districts (MDD) are created to plan, acquire, establish, develop, construct, or renovate one or more development projects beneficial to the district.

- Chapter 377 defines "development project" as any project defined by Section 4B(a) of the Development Corporation Act or a convention center facility, civic center, or related improvements, including an auditorium, parking lots, and civic center hotels.
- A 4B project includes land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that are for the creation or retention of primary jobs and that are found to be suitable for the development, retention, and expansion of certain facilities.[75]

A district may:

- perform any act necessary to the full exercise of the district's powers;
- accept a grant or loan;
- acquire, sell, lease, convey, or otherwise dispose of property or an interest in property, including a development project, under terms and conditions determined by the district;
- employ necessary personnel;
- adopt rules to govern the operation of the district and its employees and property; and
- contract with a public or private person.[76]

A municipal development district (MDD) may be created in all or part of the municipality and/or all or part of the municipality's ETJ. [77]

Governing Body

MDDs are governed by at least 4 directors that serve staggered 2-year terms, appointed by the governing body of the municipality.[78]

Revenue and Debt

An MDD is authorized to impose a sales and use tax, but not an ad valorem tax. All sales tax proceeds are deposited in the development project fund. Money in the development project fund can be used to pay for planning, acquiring, establishing, developing, constructing, or renovating one or more development projects in the district, paying for obligations, and paying for operating or maintaining a development project. [79] The district may also issue revenue bonds and refunding bonds.[80]

[75] Tex. Loc. Gov't Code §377.001
[76] Tex. Loc. Gov't Code §377.071
[77] Tex. Loc. Gov't Code §377.002
[78] Tex. Loc. Gov't Code §377.051
[79] Tex. Loc. Gov't Code §377.101
[80] Tex. Loc. Gov't Code §377.073

Steps to Create District

1. **Order for Election:** A municipality may call an election to create a municipal development district. The order must define the boundaries of the district and call for the election to be held within those boundaries.
2. **Election**: The election asks for authorization of the district and a sales and use tax rate for the purpose of financing development projects. The district is created if a majority of voters vote in favor of the district.[81]

Case Study and Best Practices

- **Pros and Cons:** An advantage of an MDD is flexibility to establish boundaries. A district may include some or all of the city and some or all of its ETJ, or only part of the ETJ. The MDD is the only municipal sales tax that can be levied in a city's extra-territorial jurisdiction. This is helpful for a city that is already at the 2% cap in some areas, but not all. Next, the board of directors of an MDD can have as few as four members, which can be composed of city council members or city employees. This is helpful for small communities that have difficulty recruiting volunteers. Lastly, MDDs have relatively few administrative hurdles to surpass before funding a project. Funding can begin immediately after approval without extensive publication procedures, public hearings, and a 60-day waiting period.[82]

- **Case Study - City of Aransas Pass (in Aransas, Nueces, and San Patricio counties):** The Aransas Pass MDD is funded by a half cent sales tax. The first project of this MDD, the Aransas Pass Aquatic Center, was completed at 2002 and cost $3.4 million. The second project, a 16,000 square-foot civic center was constructed in 2009 using MDD bond money issued in 2007.[83] This project was criticized for losing money, and Aransas Pass ended its contract with VenuWorks, the project's management company. In September 2010, the Civic Center fund recorded a deficit of $425,000. It has been argued that the deficit is due to low sales tax revenues during a time of recession, a lack of revenue generated by the civic center for nearby city businesses, and that the contract with VenuWorks was unaffordable. Additionally, the MDD was charged with paying for the operation of the center when the city could not provide its share of the cost. It is reported that city figures show that neither Aransas Pass nor the MDD will be able to make their loan payments on the bonds used to finance the civic center. [84]

[81] Tex. Loc. Gov't Code §377.021
[82] Gallahan. (2010). Partnering for Impact. *Texas Rising.* Retrieved from: http://www.texasahead.org/texasrising/tr1008/partnering_impact.php
[83] Collette, Mark. (2011). Aransas Pass Officisal Weigh Future of Civic Center. Caller.com. Retrieved from: http://www.caller.com/news/2011/dec/11/aransas-pass-officials-weigh-future-of-civic/?print=1
[84] Civic Center Requests Policy Change. (2012). *The Aransas Pass Progress.* Retrieved from: http://www.aransaspassprogress.com/news/article_9eb4fc04-33e9-11e2-ab8c-001a4bcf887a.html?mode=story

- **Best Practices:**
  1. Because the only source of revenue is sales tax, ensure that the commercial base is sufficient to fund projects.

MUNCIPAL MANAGEMENT DISTRICT

Tex. Loc. Gov't Code §375: Municipal Management Districts

Purpose and Powers

The purpose of a Municipal Management District (MMD) is to promote, develop, encourage, and maintain employment, commerce, economic development, and the public welfare in the commercial areas of municipalities and metropolitan areas of the state. MMDs are created in areas devoted primarily to commercial development or business activity to expand and improve transportation and pedestrian facilities and systems and to landscape and develop certain areas that are necessary for the restoration, preservation, and enhancement of scenic and aesthetic beauty.[85] An MMD is required to attempt to stimulate the growth of disadvantaged businesses, which are businesses owned by persons who have suffered the effects of discriminatory practices, by encouraging such businesses to participate in all aspects of the MMD.[86]

A district may

- incur liabilities, borrow money on terms and conditions the board determines, and issue notes, bonds, or other obligations;
- acquire, hold, use, sell, lease, or dispose of real and personal property, and licenses, patents, rights, and interests necessary;
- acquire, construct, complete, develop, own, operate, and maintain permanent improvements and provide services inside and outside its boundaries;
- enter into agreements;
- establish and maintain reasonable and nondiscriminatory rates, fares, tolls, charges, rents, or other fees or compensation for the use of the improvements constructed, operated, or maintained by the district;
- enter contracts, leases, and agreements with and accept grants;
- lease projects;[87]
- design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads;
- impose ad valorem taxes to provide for mass transit systems.[88]

Governing Body

A district is governed by a board of five to thirty directors who serve staggered four-year terms.[89] The directors are initially appointed by the Texas Commission on Environmental Quality (TCEQ).

[85] Tex. Loc. Gov't Code §375.001
[86] Tex. Loc. Gov't Code §375.222
[87] Tex. Loc. Gov't Code §375.092
[88] Tex. Loc. Gov't Code §375.0921
[89] Tex. Loc. Gov't Code §375.026

Revenue and Debt

For the payment of all or part of the costs of an improvement project or services, the MMDs may issue general obligation and revenue bonds payable from and secured by ad valorem taxes, assessments, impact fees, revenues, grants, gifts, contracts, leases, or any combination of those funds.[90] Additionally, a sales and use tax may be imposed to support or finance public infrastructure projects and eligible if approved by the voters. Under certain circumstances, an MMD may levy assessments against benefited property within the district.[91] The statute provides exemptions from such fees, assessments, and taxes for certain residential property, certain governmental entities, and recreational, park, or scenic use property.[92]

Steps to Create District

1. **Petition**: The TCEQ must receive a petition signed by the majority of property owners or 50 persons who own property. The petition must describe the boundaries of the district, the specific purpose, the general nature, necessity, and costs of the work, projects, or services, and the name of the district. It should also include a proposed list of initial directors and a resolution from the governing body of the city in support of the district.[93]
2. **Hearing**: The TCEQ shall set up a hearing to consider the petition where each person can testify for or against the district. A notice for the hearing must be published in a newspaper of general circulation and must be sent to each property owner in the district. If after the hearing the commission finds that the district is feasible and necessary and would benefit the public, the commission by order shall make that finding and grant the petition.[94]
3. **Initial Directors:** If the TCEQ grants the petition, the commission in the order creating the district shall appoint the initial directors.[95]

Case Study and Best Practices

- **Pros and Cons:** MMDs allow commercial property owners to provide improvements and services to enhance economic development, and have strong power in terms of financing to address development needs. A district can levy property taxes and assessments, impose impact fees, and issue bonds. It also may be used with tax increment financing (TIF) as financing tool to support TIF revenue bonds. Demand for city staff support is small because a district is a separate entity and capable of hiring its own employees and consultants. However, residents or a city might be uncomfortable with giving strong powers to a MMD. Assessments are not always appropriate for large areas with differing ownership interests. If the city and the Board of an

[90] Tex. Loc. Gov't Code §375.201
[91] Tex. Loc. Gov't Code §375.311
[92] Tex. Loc. Gov't Code §375.161
[93] Tex. Loc. Gov't Code §375.022
[94] Tex. Loc. Gov't Code §375.023 - 5
[95] Tex. Loc. Gov't Code §375.026

MMD are incompatible, control over the district can become an issue. It is unclear if a city can dissolve a district, especially if there is a debt. [96]

- **Case Study - Viridian MMD in City of Arlington:** In March 2011, the Viridian MMD issued $12,040,000 Unlimited Tax Utility Bonds and $8,935,000 Unlimited Tax Road Bonds to fund road improvements and to pay for the construction of water, sewer, and drainage improvements for a new development called the Viridian. The Viridian is one of the largest infill developments in the country and will include a 2,000 acre mixed-use community. The bonds are supported by an unlimited ad valorem tax pledge and certain annual incremental ad valorem tax revenues collected within the boundaries of a Tax Increment Reinvestment Zone. The bonds were sold prior to any development on the site. At the time of the sale of the bonds, 99% of the land within the District was owned by the developer, who was therefore responsible for the payment of 99% of the taxes, and diversification will occur over time once housing is purchased by homebuilders and homeowners.[97]

- **Best Practices:**
    1. MMDs should be properly structured and focused on well-defined areas.
    2. Combining with TIFs provides additional revenue for public improvements.
    3. Issue of control must be addressed carefully in the enabling legislation.
    4. Encourage passage of state bill for county or city if necessary.[98]

[96] Economic Development Committee. (2009). Municipal Management Districts. City of Dallas. Retrieved from: http://www.dallascityhall.com/committee_briefings/briefings0109/ECO_MunicipalManagementDistricts_01262009.pdf

[97] Stifel, Nicolaus & Company, Incorporated. (2011). Viridian Municipal Management District – Arlington, Texas. Retrieved from: http://www2.stifel.com/docs/pdf/publicfinance/StifelViridianCaseStudySL2011.pdf

[98] Economic Development Committee. (2009). Municipal Management Districts. City of Dallas. Retrieved from: http://www.dallascityhall.com/committee_briefings/briefings0109/ECO_MunicipalManagementDistricts_01262009.pdf

PUBLIC IMPROVEMENT DISTRICT IN MUNICIPALITIES AND COUNTIES

Tex. Loc. Gov't Code §372: Improvement Districts in Municipalities and Counties
Tex. Loc. Gov't Code §382: Improvement Projects in Certain Counties
Chapter 382 controls to the extent of a conflict between Chapter 382 and Subchapter A, Chapter 372.[99]

Purpose and Powers

The purpose of the district is to fund a public improvement project. If the governing body of a city or county finds that a project creates a special benefit on a definable part of it or the municipality's extraterritorial jurisdiction (ETJ), a project may be undertaken in the city, county, or the ETJ.[100]

Applicable improvements include:

- landscaping;
- erection of fountains, distinctive lighting, and signs;
- acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
- construction or improvement of pedestrian malls;
- acquisition and installation of pieces of art;
- acquisition, construction, or improvement of libraries;
- acquisition, construction, or improvement of off-street parking facilities;
- acquisition, construction, improvement, or rerouting of mass transportation facilities;
- acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- the establishment or improvement of parks;
- projects similar to those listed in Subdivisions (1)-(10);
- acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- payment of expenses incurred in the establishment, administration, and operation of the district; and
- the development, rehabilitation, or expansion of affordable housing.[101]

Governing Body

A Public Improvement District (PID) is governed by the governing body of a county or municipality and an advisory board. The advisory board is primarily responsible for creating a service plan, whereas the

[99] Tex. Loc. Gov't Code §382.005
[100] Tex. Loc. Gov't Code §382.003
[101] Tex. Loc. Gov't Code §372.003

county government is responsible for funding the improvements through property assessment and other mechanisms. The advisory board is composed of:

- Owners of taxable property representing more than 50% of the appraised value in the proposed district AND
- Record owners of property liable for assessment in the proposed district who
    - Constitute more than 50% of all owners of property in the proposed district OR
    - Own taxable property that constitutes more than 50% of the area of all taxable property liable for assessment under the proposal.[102]

Revenue and Debt

A county that plans to create a PID may establish a special improvement district fund in the county treasury. A tax may be levied to support the fund, and may be used to pay for the cost of planning, administration, and the initial cost of the improvement until other funding mechanisms are available. The amount of this fund must be stated in the county's annual budget and be based on an annual service plan that describes the public improvements for the fiscal year.[103] If bonds are issued, a separate public improvement district fund shall be created in the municipal or county treasury for each district.[104]

Costs of improvements may be paid or reimbursed if the improvements are dedicated, leased or otherwise provided for the benefit of a county, a municipality, political subdivisions, or an entity that is approved by the governing body, or is authorized to act as an entity. A cost payable by the county as a whole may be paid from general funds available for the purpose or other available general funds. A cost payable from a special assessment that has been paid in full shall be paid from that assessment.[105] General obligation bonds and revenue bonds may be used to pay costs. Revenue bonds may be issued from time to time in one or more series and are to be payable from and secured by liens on all or part of the revenue derived from improvements authorized, including revenue derived from installment payments of special assessments.[106]

The governing body may pledge all are part of the income from improvements financed towards the payment of obligations. The governing body may enter into an agreement with a corporation to finance an improvement project, including indebtedness to pay capitalized interest and a reserve fund for revenue or general obligation bonds. In addition, the agreement may provide that the corporation is responsible for managing the district title to one or more improvements will be held by the corporation.[107]

[102] Tex. Loc. Gov't Code §372.008
[103] Tex. Loc. Gov't Code §372.021
[104] Tex. Loc. Gov't Code §372.022
[105] Tex. Loc. Gov't Code §372.022
[106] Tex. Loc. Gov't Code §372.024
[107] Tex. Loc. Gov't Code §372.026

Steps to Create District

1. **Petition:** A PID can be created if a petition is submitted to the governing body of the county or municipality where the proposed PID is located. The petition can be initiated by the governing body or a group of affected property owners and must be signed by:
    - owners of at least 50% of the appraised value of taxable real property AND
    - either 50% of the number of property owners in the PID OR
    - owners of at least 50% of the land area.[108]

    The petition of a PID must state the general nature of the improvement, the estimated cost of the district, the boundaries of the district, the proposed method of assessment, the proposed apportionment of cost, the management structure, and other statements.[109]
2. **Advisory Board:** After the petition is received, the governing body may appoint an advisory board to develop and recommend an improvement plan to the governing body. There is not a set number of members required for the advisory board. The advisory board must be composed of (1) owners of 50% or more of the appraised value of taxable property liable for assessment under the proposal; and (2) record owners of real property liable for assessment under the proposal who constitute more than 50% of property owners or owners of 50% of property.[110]
3. **Feasibility Report:** Once the petition has been received, the governing body should prepare a report on the feasibility of the improvements, whether an improvement should be made as proposed, or whether the improvement should be made in combination with other improvements. This report can be made by county or city employees or consultants. The governing body may also require that a preliminary estimate of the cost of the improvement be made.[111]
4. **Hearing:** The governing body of a county must hold a public hearing on the advisability of the improvement. Notice of the hearing must be given in a newspaper of general circulation and information must be mailed to property subject to assessment.[112]
5. **Authorization:** After the hearing, the governing body has six months to authorize the improvement district by adopting a resolution. The authorization takes effect when it has been published one time in a newspaper of general circulation. It is important to note that a county may establish a public improvement district unless within 30 days of a county's action to approve such a district, a home rule municipality objects to its establishment within the municipality's corporate limits or extraterritorial jurisdiction.[113]
6. **Construction:** Construction may not begin until after the 20th day after the authorization takes effect, and may not begin if during this period written protests signed by:
    - Two-thirds of the owners of record of property within the improvement district OR

[108] Tex. Loc. Gov't Code §372.005(b)
[109] Tex. Loc. Gov't Code §372.005(a)
[110] Tex. Loc. Gov't Code §372.008
[111] Tex. Loc. Gov't Code §372.007
[112] Tex. Loc. Gov't Code §372.009
[113] Tex. Loc. Gov't Code §372.003

- Owners of record of property comprising at least two-thirds of the total area of the district are filed with the county secretary.[114]

7. **5-Year Service Plan and Assessment Plan:** The advisory board (or city or county if an advisory board is not appointed) must prepare an ongoing service plan and present it to the governing body for review and approval. The plan must cover a period of at least five years and also define the annual indebtedness and the projected costs for improvements. The plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements.[115] An assessment plan must be included in the service plan.[116] The cost of the improvement to be assessed against property shall be apportioned by the governing body of the county or city, and be made on the basis of special benefits accruing to the property because of the improvement. The governing body may establish reasonable classifications and formulas for the apportionment of the cost between city or county and the area to be assessed and the methods of assessing the special benefits for various classes of improvements. The amount of assessment for each property owner may be adjusted following the annual review of the service plan.[117]
8. **Assessment Role:** If the district is formed by the county, a copy of the proposed assessment role must be filed with the county tax assessor-collector. After the total cost of an improvement is determined, the governing body shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen. This roll is subject to public inspection and a public hearing must be advertised in a newspaper. At the hearing, the governing body must hear and rule on any raised objections.[118]
9. **Governing Body May Levy Special Assessment:** After all objections have been heard and the governing body has passed on the objections, the governing body by ordinance or order shall levy the assessment as a special assessment on the property. The governing body by ordinance or order shall specify the method of payment of the assessment.[119]

Case Studies and Best Practices

- **Pros and Cons:** A PID may help the economic development efforts of a city or county by providing funding for improved infrastructure, which can help existing buildings in older parts of a community. PIDs are governed by the city or county, relieving concern about board turnover or the integrity of the board. Additionally, a PID allows for a higher degree of maintenance, which can enhance property values. PIDs allow for the funding of services and improvements that may not have been able to be constructed or provided by a county or developer in a time of

[114] Tex. Loc. Gov't Code §372.010
[115] Tex. Loc. Gov't Code §372.013
[116] Tex. Loc. Gov't Code §372.014
[117] Tex. Loc. Gov't Code §372.015
[118] Tex. Loc. Gov't Code §372.016
[119] Tex. Loc. Gov't Code §372.017

recession. Developers often favor PIDs because they do not have to use their own funds for infrastructure, and because developers can be reimbursed upon completion because PIDs can be created early in the development process. Advisory bodies allow for property owners to have control over the types of improvements, level of maintenance, and amount of assessments to be levied. Revenue collection is relatively simple compared to homeowner association collection. PIDs also allows for an interest charge and lien on unpaid assessments, ensuring a dependable revenue source. [120]

However, a public improvement district may be cost effective only in certain instances. It is important to determine if it is probable that a PID will result in a net benefit to the city.[121]

- **Case Study - City of Austin, East 6th:** In 2004 the Austin City council authorized the creation of the East 6th St. Public Improvement District. Properties in the District are assessed an additional $.10 per $100 in assessed value, up to a maximum value of $500,000, to pay for the District's programs. In 2009, around 60% of property owners representing 90% of the property valuation have signed petitions to reauthorize the PID, and the assessment rate was increased to $.15 per $100. The District also relies on funds from the City of Austin and the Downtown Austin Alliance. The current 5 year plan has the goals of advocating for the preservation and enhancement of the district's unique historic character, creating a vibrant mixed use district used by locals and visitors, and making Sixth Street an important economic and cultural asset. Major funding areas include infrastructure and physical environment, public safety, membership/communications, and marketing/fundraising/economic development.

- **Best Practices:**
    1. Be careful when determining if the PID will result in a net benefit to the city, and adopt policies to promote it in way to create this net benefit.

[120] City of Grand Prarie. (2012). Public Improvement Districts. Retrieved from: http://www.gptx.org/index.aspx?page=507
[121] McIntyre, Jeanene. (2004). Basics Regarding Statutory Economic Development Tools for Municipal Attorneys. Retrieved from: http://www.tml.org/legal_pdf/EcDevToolBasics.pdf

PUBLIC IMPROVEMENT DISTRICT IN CERTAIN COUNTIES

Tex. Loc. Gov't Code §382: Improvement Projects in Certain Counties

Purpose and Powers

The purpose of this district is economic development, as provided in Section 52-a, Article III, Texas Constitution. A county may engage in economic development projects and create a district and delegate the authority to oversee and manage the economic development project to an appointed board of directors.[122] A county may authorize a board to adopt rules to regulate the private use of public roadways, open spaces, parks, sidewalks, and similar public areas in the district, if the use is for a public purpose.[123] Additionally, to the extent authorized by the Texas Constitution, the county may delegate to the district the authority to construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads or turnpikes, or improvements in aid of those roads or turnpikes, inside the territory targeted by the county for an economic development project, or the district.[124]

A county operating under this chapter has the powers and duties of:

- a county development district under Chapter 383, except for Section 383.066;
- a road district created by a county under Section 52, Article III, Texas Constitution; and
- a municipality or county under Chapter 380 or 381, or under Section 372.003(b)(9).[125]

Chapter 372 (described in the previous section) and Chapter 382 both discuss Public Improvement Districts, but Chapter 382 specifically governs:

(1) a county with a population of 1.5 million or more, other than a county that:
  (A) borders on the Gulf of Mexico or a bay or inlet of the gulf; or
  (B) has two municipalities located wholly or partly in its boundaries each having a population of 225,000 or more; or

(2) a county with a population of 70,000 or more that is adjacent to a county described by Subdivision (1) in which a municipality with a population of 35,000 or more is primarily situated and includes all or a part of the extraterritorial jurisdiction of a municipality with a population of 1.1 million or more.[126]

Chapter 382 controls to the extent of a conflict between Chapter 382 and Subchapter A, Chapter 372.[127]

[122] Tex. Loc. Gov't Code §382.003
[123] Tex. Loc. Gov't Code §382.108
[124] Tex. Loc. Gov't Code §382.109
[125] Tex. Loc. Gov't Code §382.101
[126] Tex. Loc. Gov't Code §382.002
[127] Tex. Loc. Gov't Code §382.005

Governing Body

The county may choose to delegate its authority to govern a PID by appointing a board. The board is composed of 7 directors that serve staggered two-year terms, with three or four directors' terms expiring June 1 of each year to govern the district.[128] A county may authorize the board to adopt rules to administer and operate the district, for the use, enjoyment, availability, protection, security, and maintenance of district property, including facilities; or to provide for public safety and security in the district.[129]

A county is authorized to manage an economic development project in a designated portion of the county, or to create a district and to delegate to a board the county's powers and duties as provided by this chapter. A county may not delegate to a district the powers and duties of a road district or the power to provide water, wastewater, or drainage facilities under this section unless both the municipality and county consent by resolution.

Revenue and Debt

A county or a district may accomplish its purposes and pay the cost of services and improvements by imposing an assessment, an ad valorem tax, a sales and use tax, or a hotel occupancy tax. A district may impose an ad valorem tax, hotel occupancy tax, or sales and use tax to accomplish the economic development purposes prescribed by Section 52a, Article III, Texas Constitution, if the tax is approved by the commissioner's court and the voters. A county must adopt an order providing whether a district has the authority to impose a hotel occupancy tax, sales and use tax, or ad valorem tax, and must provide the rate at which the district may impose the tax. A tax rate approved by the commissioners court and pledged to secure bonds, notes, grant agreements, or development agreements may not be reduced until the obligations of those instruments have been satisfied.[130]

- Ad Valorem Tax. A commissioner's court may authorize a district to impose an ad valorem tax on property in the district in accordance with Chapter 257, Transportation Code.[131]
- Sales and Use Tax. A commissioner's court may authorize a district to impose a sales and use tax in increments of one-eighth of one percent up to a rate of two percent. A sales and use tax must be imposed in accordance with Chapter 383, Local Government Code, or Chapter 323, Tax Code.[132]
- Hotel Tax: If authorized by a county, a district shall impose a hotel occupancy tax in the same manner as provided by Section 352.107, Tax Code. A hotel occupancy tax imposed by a district in a county described by Section 382.002(1) may be used for a purpose described by Chapter 352, Tax Code or to encourage the development or operation of a hotel in the district, including an economic development program for or a grant, loan, service, or improvement to a hotel in the district.[133]

[128] Tex. Loc. Gov't Code §382.051
[129] Tex. Loc. Gov't Code §382.106
[130] Tex. Loc. Gov't Code §382.153
[131] Tex. Loc. Gov't Code §382.157
[132] Tex. Loc. Gov't Code §382.156
[133] Tex. Loc. Gov't Code §382.155

Additionally, a district may issue bonds or notes if approved by the commissioner's court of the county that created the district. Bonds may not be issued unless approved by a majority of the voters of the district voting in an election held for that purpose. If the commissioner's court grants approval, bonds, notes, and other district obligations may be secured by district revenue or any combination of taxes and revenue pledged to the payment of bonds.[134]

A county may authorize a board to establish, revise, repeal, enforce, collect, and apply the proceeds from user fees or charges for the enjoyment, sale, rental, or other use of its facilities or other property, or for services or improvement projects.[135] A county may not grant a tax abatement or enter into a tax abatement agreement for a district.[136]

The commissioner's court may authorize a district, by a lease, lease-purchase agreement, installment purchase contract, or other agreement, or by the imposition or assessment of a tax, user fee, concession, rental, or other revenue or resource of the district, to provide for or secure the payment or repayment of:

- the costs and expenses of the establishment, administration, and operation of the district;
- the district's costs or share of costs of an improvement project; or
- the district's contractual obligations or indebtedness.[137]

Steps to Create District

1. **Petition:** A PID can be created if a petition is submitted to the governing body of the county where the proposed PID is located. The petition can be initiated by the governing body or a group of affected property owners and must be signed by:
    - owners of at least 50% of the appraised value of taxable real property AND
    - either 50% of the number of property owners in the PID OR
    - owners of at least 50% of the land area.[138]

    The petition of a PID must state the general nature of the proposed improvement, the estimated cost, boundaries of district, proposed method of assessment, proposed apportionment of cost, what the management of the district will be, and other statements.[139]
2. **County Establishment by Order:** The commissioners court of a county may on receipt of a petition satisfying the requirements establish by order an economic development project in a designated portion of the county, or, if the county determines it is in the best interests of the county, create a district by order only in an area located in the extraterritorial jurisdiction of a municipality in that county.[140] For a county described by Section 382.002(2), a district may only be created in an area containing at least 2,000 contiguous acres of land that is located wholly or

[134] Tex. Loc. Gov't Code §382.152
[135] Tex. Loc. Gov't Code §382.107
[136] Tex. Loc. Gov't Code §382.151
[137] Tex. Loc. Gov't Code §382.159
[138] Tex. Loc. Gov't Code §372.005(b)
[139] Tex. Loc. Gov't Code §372.005(a)
[140] Tex. Loc. Gov't Code §382.006

partly in the extraterritorial jurisdiction of a municipality with a population of 1.1 million or more. The order must: (1) describe the territory in which the economic development project is to be located or the boundaries of a district; (2) specifically authorize the district to exercise the powers of this chapter if the county has determined that creating a district is in the county's best interests; and (3) state whether the petition requests improvements to be financed and paid for with taxes authorized by this chapter instead of or in addition to assessments.

3. **Resolution Adopted by Municipality:** If the county is a county described by Section 382.002(2), the petition must also be approved by a resolution adopted by the municipality with a population of 1.1 million or more.[141]
4. **Board of Directors:** If a county elects to delegate the authority to govern a PID, it shall appoint a board of seven directors to manage the economic development project or, at the option of the county, govern the district.[142]
5. **Implementation of District:** The county or district may levy an ad valorem tax, sales and use tax, hotel occupancy tax, issue bonds or notes, borrow money, or collect fees to administer and fund the services and improvements. The district will be administered by the county or board of directors, who will determine the rules to administer and operate the district.
6. **Annexation of District:** If the municipality annexes the entire territory of a district, the municipality shall assume the district's assets, but is not liable for the district's debt or other obligations. If the county has authorized a district to have debt or other obligations, the district remains in existence after the territory is annexed by the municipality for the purpose of collecting any taxes or assessments authorized by the county and imposed by the district before annexation. After the debt or other obligations have been discharged, or two years have expired since the date of the annexation, the district is dissolved and any outstanding debt or obligations are extinguished.[143]

Case Study and Best Practices

The Subchapter C PID under §372 was created for one specific project — Cibolo Canyons. However, this subchapter became §382 in 2011. Other PIDs have been approved in Bexar County under this chapter: Westside 211 PID, Crosswind at Southlake PID, Espada I, Espada II, and Espada III.[144]

- **Case Study – Cibolo Canyons, Bexar County:** The property for Cibolo Canyons, located in North Bexar County inside of San Antonio's ETJ, was acquired in a venture in 1985. In 1993, the venture dissolved and a firm known as Lumbermen's Investment Corporation became the sole owner. Throughout the decade, the management team invested in water and sewer and infrastructure for the area, and in 2000, 1,000 acres was acquired for development and enhanced environmental stewardship.

[141] Tex. Loc. Gov't Code §382.006
[142] Tex. Loc. Gov't Code §382.051
[143] Tex. Loc. Gov't Code §382.201
[144] Cibolo Canyons and Westside 211 PIDs currently have property tax rates in place. The other PIDs have been created but are currently inactive (as of October 2013).

State legislation (Senate Bill 1629) established the district in May 2001. The initial requirements included a developer donation of 1,100 acres of open space, district-funded roadway extensions and traffic signals, and district-funded trail head improvements. The developer agreed to provide water, sewer, and roadway improvements. In exchange for the developer land donation, the developer was reimbursed for economic development projects. The district is responsible for the costs of water quality monitoring, conservation and construction compliance improvements. Bexar County agreed to pay for two low water crossings. An environmental management entity was created to insure the protection and non-degradation of the Edwards Aquifer.[145] In 2004, residential development began as well as discussions with the PGA tour and Marriot. Flexible zoning, economic development agreements, and a non-annexation agreement with San Antonio were implemented.

Today, the community includes around 2,500 homes, two PGA Tour Tournament Players Club (TPC) golf courses, a 1,002-room JW Marriott Hotel and Conference Center, and other amenities. Over 70% of the power needs for the resort are provided by wind-generated electricity and each home has systems in place that potentially saves more than 60,000 gallons of water per year. The golf course has a closed loop irrigation system for aquifer preservation.[146] This district shows the value creation associated with flexible zoning and a special PID.

- **Best Practices:**
    1. Invest in infrastructure to accommodate development.
    2. Employ tools such as flexible zoning, economic development agreements, non-annexation agreement, and revenue raising abilities allowed by PID.

[145] Cibolo Canyon Improvement District. No 1. (2002). Fact Sheet.
[146] Forestar. (2012). Forestar Investor Conference Powerpoint Presentation. San Antonio Investor Conference.

SPORTS AND COMMUNITY VENUE DISTRICT

Tex. Loc. Gov't Code §334: Sports and Community Venues
Tex. Loc. Gov't Code §335: Sports and Community Venue Districts

Purpose and Powers

The purpose of a sports and community venue district is plan, acquire, establish, develop, construct, or renovate one or more venue projects in the district subject to voter approval.[147]

"Venue" means:

- an arena, coliseum, stadium, or other type of area or facility:
  - that is used or is planned for use for one or more professional or amateur sports events, community events, or other sports events, including rodeos, livestock shows, agricultural expositions, promotional events, and other civic or charitable events; and
  - for which a fee for admission to the events is charged or is planned to be charged;
- a convention center facility or related improvement such as a convention center, civic center, civic center building, civic center hotel, auditorium, theater, opera house, music hall, exhibition hall, rehearsal hall, park, zoological park, museum, aquarium, or plaza located in the vicinity of a convention center or facility owned by a municipality or a county;
- a tourist development area along an inland waterway;
- a municipal parks and recreation system, or improvements or additions to a parks and recreation system, or an area or facility that is part of a municipal parks and recreation system;
- a project authorized by Section 4A or 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), as that Act existed on September 1, 1997; and
- a watershed protection and preservation project; a recharge, recharge area, or recharge feature protection project; a conservation easement; or an open-space preservation program intended to protect water.[148]

Governing Body

The county judges or mayors of the political subdivisions that create the district appoint a board of at least four directors who serve staggered two-year terms.[149]

Revenue and Debt

A district is authorized to impose any tax that a municipality or county may impose, subject to approval of the voters of the district, including a sales and use tax, a short-term motor vehicle

[147] Tex. Loc. Gov't Code §335.021
[148] Tex. Loc. Gov't Code §334.001
[149] Tex. Loc. Gov't Code §335.031

rental tax, a tax on each ticket sold for admission to an event at the venue, a parking tax, a hotel occupancy tax, and a facility use tax imposed on major league teams that play games in the venue, among other taxes. A sports and community venue district may issue bonds, including revenue bonds and refunding bonds, or other obligations to pay the costs of the approved venue project.[150]

Steps to Create District

1. **Order Creating District:** A county and a municipality, or multiple of each, may create a district under this chapter by adopting concurrent orders. A concurrent order must contain identical provisions, define the boundaries of the district to be coextensive with the combined boundaries of each creating political subdivision, and designate the number of directors, the manner of appointment, and the manner in which the chair will be appointed in accordance.[151]
2. **Resolution Authorizing Project**: The district is required to prepare a resolution providing for the planning, acquisition, establishment, development, construction, or renovation of a venue project, which must be submitted and approved by the Texas Comptroller of Public Accounts (Comptroller). After performing an analysis and determining whether the implementation of the resolution will have a significant negative fiscal impact on state revenue, the Comptroller must provide written notice to the district of the results of the analysis. The resolution must also be submitted to a rapid transit authority that will determine whether the implementation of the resolution will have a significant negative impact on the authority's ability to provide services or will impair any existing contracts. Upon approval by the Comptroller and, if applicable, the rapid transit authority, the board may order an election or elections on the question of approving and implementing the resolution.[152]

[150] Tex. Loc. Gov't Code §335.073
[151] Tex. Loc. Gov't Code §335.022
[152] Tex. Loc. Gov't Code §335.051

SPORTS FACILITY DISTRICT

Tex. Loc. Gov't Code §325: Sports Facility District Established by County

Purpose and Powers

The purpose of this district is to finance and effect the construction, acquisition, or operation of a sports facility to serve the county.[153]

A district may:

- apply for, accept, receive, and administer gifts, grants, loans, and other funds;
- enter into contracts;
- conduct, request, and participate in studies, investigations, and research relating to providing a sports facility;
- advise, consult, and cooperate with the federal government and its agencies, the state and its agencies, local governmental entities including the county, and private entities; [154] and
- acquire land for a sports facility by condemnation if the board determines, after notice and hearing, that it is necessary. [155]

Governing Body

The district is governed by a board of directors composed of five members, with two directors appointed by the commissioners court of the county, two directors appointed by the governing body of the municipality having the largest population in the county, and one director appointed by the governing body of the school district with the largest number of students in average daily attendance in the county. The board shall manage the district and administer this chapter.[156]

Revenue and Debt

The district also has the authority to issue revenue bonds to finance the development of the facility, but no taxing authority is provided to these districts.[157] The board may adopt and enforce all necessary charges, fees, or rentals for providing any district facilities or service.[158]

Steps to Create District:

1. **Order**: The commissioner's court can create the district by order.[159]

[153] Tex. Loc. Gov't Code §325.002
[154] Tex. Loc. Gov't Code §325.031
[155] Tex. Loc. Gov't Code §325.037
[156] Tex. Loc. Gov't Code §325.011
[157] Tex. Loc. Gov't Code §325.081
[158] Tex. Loc. Gov't Code §325.047
[159] Tex. Loc. Gov't Code §325.002

Economic Development Corporations

Cities may impose section 4A and section 4B sales taxes for economic development. These sales taxes for economic development are popular tools for cities to promote economic development. Since 1989, more than 583 cities have levied a 4A or 4B economic development sales tax, raising more than $538 million annually in revenue dedicated to local economic development.[160] Additional information on Type A and B sales taxes can be found in the Texas Attorney General's 2013 Economic Development Handbook: https://www.oag.state.tx.us/AG_Publications/pdfs/econdevhb2013.pdf

TYPE A ECONOMIC DEVELOPMENT CORPORATION

Tex. Loc. Gov't Code §501, Provisions Governing Development Corporations
Tex. Loc. Gov't Code §504, Type A Corporations

Purpose and Powers

A "Type A" Economic Development Corporation can levy a Type A sales taxes, which can be used for manufacturing and industrial development. A city may create a Type A Economic Development Corporation to use revenue generated from this tax to fund land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements for projects that are for:

- the creation or retention of primary jobs for projects including:
  - manufacturing and industrial facilities;
  - research and development facilities;
  - military facilities, including closed or realigned military bases;
  - recycling facilities;
  - distribution centers;
  - small warehouse facilities;
  - primary job training;
  - facilities for use by institutions of higher education, and regional or national corporate headquarters facilities. [161]

The revenue can also be used to fund projects of which the primary purpose is to provide:

- a general aviation business service airport that is an integral part of an industrial park;
- a port-related facility to support waterborne commerce; or
- an airport-related facility, if the authorizing municipality is located within 25 miles of an international border [162]
- the promotion or development of new or expanded business enterprises, including training classes, career centers, and infrastructural improvements[163]

[160] Office of the Attorney General. (2013) Economic Development Handbook 2013. State of Texas. Retrieved from: https://www.oag.state.tx.us/AG_Publications/pdfs/econdevhb2013.pdf
[161] Tex. Loc. Gov't Code §501.101
[162] Tex. Loc. Gov't Code §504.103
[163] Tex. Loc. Gov't Code §501.102

Eligibility

A municipality may create a Type A corporation if it:

1. is located in a county that has a population of 500,000 or less; OR
2. has a population of 50,000 or less AND:
    a. is located in two or more counties, one of which has a population of 500,000 or more;
    b. is located in the limits of, but has not elected to become part of a metropolitan rapid transit authority, the principal municipality of which has a population of less than 1.9 million; and was created before January 1, 1980 and is operating under Chapter 451, Transportation Code; OR
    c. is located within the limits of, but has not elected to become a part of, a regional transportation authority:
        i. the principal municipality of which has a population of more than 750,000; AND
        ii. that was created under Chapter 683, Acts of the 66th Legislature, or Chapter 452, Transportation Code, and is operating under Chapter 452, Transportation Code.[164]

Governing Body

A Type A corporation is governed by a board of at least five directors. The directors are appointed by the governing body of the authorizing municipality. The governing body of the municipality shall determine the number of directors.[165] Type A boards must obtain city council approval for projects. There are no additional public notice or hearing requirements for individual projects.

Revenue and Debt

The authorizing municipality may adopt a sales and use tax for the benefit of a Type A corporation if the tax is approved by a majority of the voters at an election held for that purpose.[166] The rate of the tax must be equal to one-eighth, one-fourth, three-eighths, or one-half of one percent. The authorizing municipality may also allow the voters to vote on a ballot proposition to limit the period for imposition, as well as limit the use to a specific project, of the sales and use tax.[167]

Steps to Create Corporation

1. **Municipality Authorization:** A municipality may authorize the creation of a Type A corporation.[168]

[164] Tex. Loc. Gov't Code §505.002
[165] Tex. Loc. Gov't Code §504.051
[166] Tex. Loc. Gov't Code §504.251
[167] Tex. Loc. Gov't Code §504.257
[168] Tex. Loc. Gov't Code §504.003

TYPE B ECONOMIC DEVELOPMENT CORPORATION

Tex. Loc. Gov't Code §501, Provisions Governing Development Corporations
Tex. Loc. Gov't Code §505, Type B Corporations

Purpose and Powers

A "Type B" Economic Development Corporation may impose a Type B sales tax to fund the items allowed by the Type A tax (such as provision of land, buildings, equipment, infrastructure for the creation of primary jobs for projects including manufacturing, research and development, military, transportation, sewage or solid waste, etc.)[169] However, the Type B tax can fund community development initiatives as well. Authorized recreational and community projects include land, buildings equipment, facilities, and improvements for:

- professional and amateur sports;
- entertainment, tourist, and public park purposes;
- related store, restaurant, and parking facilities; and
- related infrastructure improvements.[170]

The tax can also fund:

- the development and expansion of affordable housing;[171]
- water supply and water conservation programs;[172]
- projects that promote business development.[173]

Eligibility

Only the following may levy a Type B sales and use tax:

1. A municipality that is located in a county with a population of 500,000 or more;
2. A municipality that has a population of 400,000 or more and is located in more than one county;
3. A municipality that:
    a. is located in a county that has a population of 500,000 or less; OR
    b. has a population of 50,000 or less AND:
        i. is located in two or more counties, one of which has a population of 500,000 or more;
        ii. is located in the limits of, but has not elected to become part of a metropolitan rapid transit authority, the principal municipality of which has a population of less than 1.9 million; and was created before January 1, 1980 and is operating under Chapter 451, Transportation Code; OR

[169] Tex. Loc. Gov't Code §501.101
[170] Tex. Loc. Gov't Code §505.152
[171] Tex. Loc. Gov't Code §505.153
[172] Tex. Loc. Gov't Code §505.154
[173] Tex. Loc. Gov't Code §505.156 - 8

iii. is located within the limits of, but has not elected to become a part of, a regional transportation authority:
   1. the principal municipality of which has a population of more than 750,000; AND
   2. that was created under Chapter 683, Acts of the 66th Legislature, or Chapter 452, Transportation Code, and is operating under Chapter 452, Transportation Code.[174]

Governing Body

A Type B corporation is governed by seven directors. Directors are appointed by the governing body of a municipality for two-year terms.[175] Each director of a Type B corporation must be a resident of the municipality if the municipality has a population of 20,000 or more. If a municipality has less than 20,000 persons, a director must be a resident of the municipality, be a resident of the county in which a major part of the municipality is located, or resident within 10 miles of the municipality's boundaries and in a county bordering the county in which most of the area of the municipality is located.[176]

Similar to Type A corporations, Type B corporations must obtain city council approval to pursue a project. However, Type B corporations must provide public notice of the project and hold a public hearing before pursuing a project.[177] Additionally, the public has 60 days to petition for an election to be held on whether the project should be pursued or not.[178]

Revenue and Debt

The authorizing municipality may adopt a sales and use tax for the benefit of a Type B corporation if the tax is approved by a majority of the voters of the municipality voting at an election held for that purpose.[179] The rate of the tax must be equal to one-eighth, one-fourth, three-eighths, or one-half of one percent. The authorizing municipality may also allow the voters to vote on a ballot proposition to limit the period for imposition, as well as limit the use to a specific project, of the sales and use tax.[180]

Steps to Create:

1. **Municipality Authorization:** A municipality may authorize the creation of a Type B corporation.[181]

[174] Tex. Loc. Gov't Code §505.002
[175] Tex. Loc. Gov't Code §505.051
[176] Tex. Loc. Gov't Code §505.052
[177] Tex. Loc. Gov't Code §505.159
[178] Tex. Loc. Gov't Code §505.160
[179] Tex. Loc. Gov't Code §505.251
[180] Tex. Loc. Gov't Code §505.2565
[181] Tex. Loc. Gov't Code §505.003

Health and Safety Districts

CRIME CONTROL AND PREVENTION DISTRICT

Tex. Loc. Gov't Code §363: Crime Control and Prevention Districts

Purpose and Powers

The purpose of a crime control and prevention district is to finance all costs of a crime control and crime prevention program.[182] The program can include a wide range of programs and strategies, such as:

- police and law enforcement related programs
- community-related crime prevention strategies,
- treatment and prevention programs, and
- court and prosecution services.

The program may also include additional jails, jailers, guards, and other necessary staff.[183]

A district may be created in:

- a county with a population of more than 130,000.
- a county that does not border the United Mexican States, that is adjacent to a county with a population of 500,000 or more that borders the United Mexican States, and has a population of 5,000 or more.
- a municipality that is partially or wholly located in a county with a population of more than 5,000.[184]

Governing Body

A district is governed by an appointed board of directors. The governing body of the county or municipality creating the district must appoint a seven-member board that serves staggered two-year terms.[185] The governing body may also appoint themselves as the board of directors of the district.[186]

Revenue and Debt

The district may be financed by a sales and use tax subject to voter approval of up to one half of one percent.[187]

[182] Tex. Loc. Gov't Code §363.151(a)
[183] Tex. Loc. Gov't Code §363.151
[184] Tex. Loc. Gov't Code §363.051
[185] Tex. Loc. Gov't Code §363.101
[186] Tex. Loc. Gov't Code §363.1015
[187] Tex. Loc. Gov't Code §363.055

Steps to Create District

1. **Proposal of District:** The creation of a crime control and prevention district may be proposed by a majority vote of the governing body of a county or municipality, subject to the criteria listed above.[188]
2. **Temporary Board:** The governing body must appoint seven persons to serve as temporary directors no later than 60 days after the district is proposed.[189]
3. **Crime Control and Budget Plan:** The temporary board of a proposed district shall formulate and approve a two-year crime control plan and a two-year budget plan. The crime control plan must include a detailed list of the crime control and crime prevention strategies to be supported by the district and the method of annually evaluating the effectiveness and efficiency of individual strategies. The budget plan must include the amount of money budgeted by the district for each strategy and administration, the estimated amount of money available to the district from all sources during the ensuing years, the amount of balances expected at the end of the year, and the estimated tax rate.[190]
4. **Election:** A proposed district and tax may be authorized at an election approved by the majority of voters in that district. An order calling an election must state the proposition, date, polling location and hours, the approved budget plan and crime control plan, and the proposed sales and use tax rate. The temporary directors must give notice of the election in a newspaper of general circulation for once a week for 2 weeks. [191]

Case Studies and Best Practices

- **Pros and Cons:** A crime control and prevention district provides a mechanism for the funding of many different important programs and strategies. It is only funded by a sales tax, so revenue can be limited. (Crime control districts in Bexar County (as of 2013) include: Balcones Heights; Castle Hills; Shavano Park; and Windcrest.)

- **Case Study - City of Azle:** The voters of Azle, Texas, (in Parker and Tarrant counties) approved a Crime Control and Prevention District in 2001 with a sales tax rate of 0.25%, and have continued to authorize the district every five years. From 2008 – 2010, crime and accident rates have decreased significantly and citizen reports of crimes have increased due to increased awareness. Crime and accident rates have decreased significantly over the last three years. Crime in the seven major categories has decreased 18% from 2008 to 2010. Programs funded by the district include computer systems, software, and communications funding for the Police Department, Drug Canine Unit, Fire and Life Safety Education for children, sports camps, and several others.

[188] Tex. Loc. Gov't Code §363.051
[189] Tex. Loc. Gov't Code §363.052
[190] Tex. Loc. Gov't Code §363.061
[191] Tex. Loc. Gov't Code §363.053

- **Case Study - City of Corpus Christi:** Established in 1997, citizens approved the extension of the district for 10 additional years in 2007. The sales and use tax for the district is set at a rate of 1/8 of one percent, which goes towards accomplishing the plan developed by the Crime Control District Directors with assistance of the Corpus Christi Police Department. Goals of the district include the continuation of funding for 50 additional police officers in high crime areas, decrease criminal offenses associated with young offenders, prevent gang recruitment and violence, reduce citizens' fear of crime, and adding technological enhancements and new equipment for the police. Thus far, the district has provided the citizens with 50 additional police officers, a Juvenile Curfew/Truancy Assessment Center, Citizen Advisory Councils, and updated technology and equipment.[192]

- **Best Practices:**
    1. Ensure public involvement. This is vital to the funding and implementation of efforts, and will help formulate the best strategies for a community.
    2. Create measurable goals and objectives.

[192] City of Corpus Christi. (2009). Crime Control and Prevention District. Retrieved from: http://www.cctexas.com/?fuseaction=main.view&page=2418

EMERGENCY SERVICES DISTRICT

Tex. Health and Safety Code §775: Emergency Service Districts

Purpose and Powers

Emergency Service Districts have the authority to provide local emergency services, including emergency medical services, emergency ambulance services, rural fire prevention and control services, and any other emergency services authorized by the Texas Legislature.[193]

A district may:

- acquire, purchase, hold, lease, manage, occupy, and sell real and personal property or an interest in property;
- enter into and perform necessary contracts;
- appoint and employ necessary officers, agents, and employees;
- sue and be sued;
- impose and collect taxes as prescribed by this chapter;
- lease, own, maintain, operate, and provide emergency services vehicles and other necessary or items to provide emergency services;
- contract with other entities to make emergency services facilities and emergency services available to the district;
- borrow money; and
- perform other acts necessary to carry out the intent of the district.[194]

Governing Body

The commissioner's court appoints a five-member board of directors with two-year terms. However, if the population of the district is greater than three million and if the district is located in more than one county, the five-member board is elected.[195]

Revenue and Debt

An emergency services district has the power to impose a sales and use tax and an ad valorem tax. The ad valorem tax may not exceed 10 cents on each $100 of valuation of the property situated in the district. An emergency services district is authorized to issue bonds and notes to perform any of its powers if the commissioner's court approves their issuance.[196] A district may not authorize bonds and notes secured in whole or in part by taxes unless approved by the voters.[197]

[193] Texas Senate Research Center. (2008). Invisible Government: Special Purpose Districts in Texas.
[194] Tex. Health and Safety Code §775.031
[195] Tex. Health and Safety Code §775.034
[196] Tex. Health and Safety Code §775.076
[197] Tex. Health and Safety Code §775.077

Steps to Create District

1. **Petition:** A petition must be filed with the county judge that is signed by 100 qualified voters.[198] The petition must include the name of the proposed district, the boundaries, the services that will be provided, the mailing address of each petitioner, and the name of municipalities whose consent must be obtained.[199]
2. **Consent of Municipality:** Before a district may be created that contains territory in a municipality's limits or extraterritorial jurisdiction, a written request to be included in the district must be presented to the municipality's governing body after the petition is filed. If the municipality's governing body does not consent to inclusion a majority of the qualified voters and the owners of at least 50 percent of the territory in the municipality's limits or extraterritorial jurisdiction that would have been included in the district may petition the governing body to make fire control and emergency medical and ambulance services available.[200]
3. **Hearing:** After a public hearing is held considering the creation of the district and upon a finding that the district's creation is feasible and promotes public safety, welfare, health, and convenience of persons residing in the district, the commissioner's court will grant the petition.[201]
4. **Election:** After granting the petition, an election is held to confirm the district's creation and to authorize imposition of a tax not to exceed 10 cents on each $100 of valuation of the property situated in the district.[202]

Case Study and Best Practices

- **Pros and Cons:** Emergency services can ensure funding for local fire, EMS, and rescue, and spread funding so that everyone can receive services. A district has a guaranteed stream of funding for emergency medical services, a board focused on emergency response, potential for improved services, and elimination of what can be described as "double taxation" for a city resident. [203] Except in high growth areas, ESDs generally generate sufficient revenues while having lower tax rates than the maximum amount. According to the Texas Department of Rural Affairs, "...ESDs are the only practical way to adequately support emergency services in… rural areas of the state" and "…may result in a better Insurance Services Office (ISO) rating within the ESD service area, and lower insurance premiums for businesses and homeowners." However, ESDs in high growth areas often face financial and operational challenges. This is because of new residents' service expectations and limits for raising revenues, and most high-growth ESDs are at their maximum limits on property and sales taxes.[204] (Bexar County currently has 11 ESDs.)

[198] Tex. Health and Safety Code §775.011
[199] Tex. Health and Safety Code §775.013
[200] Tex. Health and Safety Code §775.014
[201] Tex. Health and Safety Code §775.016
[202] Tex. Health and Safety Code §775.018
[203] Armstrong, Mark J. (2012). Emergency Service District Tops Local Issues on Ballot. *Dailytimes.com.* Retrieved from: http://dailytimes.com/election/article_81337e2a-1a7c-11e2-a83b-0019bb2963f4.html
[204] Jarrett, James E. & J. Jorge Anchondo. (2011) Texas Emergency Services Districts in High Growth Areas. Bureau of Business Research, IC2 Institute, and the University of Texas at Austin. Retrieved from:

- **Case Study - Bexar County, ESD No. 7**: Helotes, a small city inside Bexar County, incorporated in 1981. The population around the city, which grew quickly over the 1990s, was initially served by the Helotes Area Volunteer Fire Department (HAVFD). The Fire Department, which served residents of the unincorporated area around the city, subsisted upon donations and was served by volunteers. There were two efforts to create an Emergency Service District to provide tax-supported service, but both failed in the polls. HAVFD had trouble purchasing new equipment and maintaining old equipment solely upon Helotes taxes and donations, so the Helotes City Council voted to stop serving the unincorporated area in 2006.

  Rural residents formed the Emergency Services Support Organization (ESSO) at a community meeting. Bexar County extended rural service throughout 2006 if these residents could generate $75,000 in contributions to the fire department and could ensure the creation of an ESD at the following election. The ESSO was able to generate much support for the ESD so it passed with 98% of the vote. Major tasks the ESD faced immediately included contracting with the Helotes Fire Department for the provision of short-term coverage and organizing an emergency service organization from the ground-up. The biggest difficulty in creating a fire department is the debt limit of $20,000 that can be incurred in the unincorporated area. To provide adequate services, a non-profit corporation known as District 7 Fire and Rescue was created to borrow money and to contract with the ESD.[205]

- **Case Study – Travis County:** Travis County currently has 14 autonomous emergency service districts to respond to medical emergencies and fire. These districts, each with their own training and equipment standards, initially were created to serve small neighborhoods outside of Austin. As the county has become more urbanized, weaknesses in the system have emerged. Many of these ESDs are at a crossroads in determining their future of funding or consolidation.

  Wildfires that plagued the county in the summer of 2011 created many problems and showed poor management of the distribution of firefighters and equipment. Additionally, there are complaints that persons receive different levels of service based on where they live. Residents of wealthier areas have well-financed fire departments, EMS, and staff, whereas other areas rely heavily on volunteers. This is because districts with high property values can raise much more money with their cap of 10 cents per $100 assessed valuation than other areas with low property values. A study ordered by the Travis County Commissioners Court recommended uniting the ESDs into one county-run fire and rescue department. Doing so would create unified standards, control costs, and promote accountability. [206] Obstacles to consolidating these departments include individual district governing boards, wealthier districts that do not want to

https://repositories.lib.utexas.edu/bitstream/handle/2152/17773/bbr-2011-texas-emergency-service-districts.pdf?sequence=2

[205] District 7 Fire and Rescue. (2012). Our History. Retrieved from: http://d7fr.org/our-history/

[206] George, Patrick. (2011). Study: Travis County Should Unify Fire, Emergency Services. Austin American Statesman. Retrieved from: http://www.statesman.com/news/news/local/study-travis-county-should-unify-fire-emergency-se/nRg6z/

share their tax dollars with poorer districts, and the concern that the Austin Fire Department would run a countywide system.[207]

Travis County's ESD No. 2 in Pflugerville currently taxes property at the 10-cent maximum rate, but is hoping that voters will approve an "overlay district" that is geographically identical as a way to increase tax revenue. More than 100 residents have signed a petition on this matter so that a vote can be held. This could potentially allow the district to collect an additional 10 cents per $100 property valuation. Doubling-up or overlapping ESDs has been done in Harris, Comal, and Hill counties, but Pflugerville would be the first to do so in Travis County. The districts in Comal and Hill counties have overlays that separately pay for fire and EMS.[208]

- **Best Practices**:
    1. Educate residents on how their emergency services are provided and paid for.
    2. Grassroots support for the need for a district is important.
    3. Create non-profit corporation to help finance district.
    4. Consider usefulness of ESDs as area becomes more urban, and if services would be better provided under a unified system.

[207] Austin American Statesman Editorial Board. (2011). County has Outgrown Patchwork System. Austin American Statesman. Retrieved from: http://www.statesman.com/news/news/opinion/county-has-outgrown-patchwork-system-1/nRfb4/

[208] Mashhood, Farzad. (2013). Pflugerville Area Moving to Create Duel Emergency Districts to Increase Revenue. Austin American Statesman. Retrieved from: http://www.statesman.com/news/news/local-govt-politics/pflugerville-area-moving-to-create-dual-emergency-/nTwBt/

FIRE CONTROL, PREVENTION, AND EMERGENCY MEDICAL CONTROL SERVICES DISTRICT

Tex. Loc. Gov't Code §344: Fire Control, Prevention, and Emergency Medical Control Services District

Purpose and Powers

The purpose of this district is to finance all costs of a fire control, prevention, and emergency medical control services district program, including costs for personnel, administration, expansion, enhancement, and capital expenditures. The program may include funding for fire apparatus and equipment, a bomb disposal unit, training and additional compensation of fire-fighting personnel, and construction and maintenance of fire stations. The program may include:

- enhanced emergency communications center or other emergency communications programs and equipment,
- public training programs,
- public preventive health programs,
- response training programs,
- computers and other systems to support information management systems, and
- capital items needed to improve emergency response and increase service efficiency, including equipment, apparatus, vehicles, and training material or equipment.[209]

A municipality can propose a district if it has:

- a population of not less than 25,000 nor more than 550,000, or
- a population of more than 1.9 million

A district may be created inside the boundaries of an emergency services district operating under Chapter 775, Health and Safety Code if the governing body of the emergency services district gives its written consent.[210]

Governing Body

A district is governed by a board of seven directors. The governing body of a municipality by resolution may appoint the governing body's membership as the board of directors of the district, if the appointment is approved by the voters in a creation election or continuation referendum.[211]

Revenue and Debt

A municipality that creates a district can adopt a sales and use tax under Section 321.106, Tax Code, for financing the operation of the district of up to one-half of one percent.[212] The board may not issue or sell general obligation bonds, revenue bonds, or refunding bonds.[213]

[209] Tex. Loc. Gov't Code §344.151
[210] Tex. Loc. Gov't Code §344.051
[211] Tex. Loc. Gov't Code §344.101
[212] Tex. Loc. Gov't Code §344.055
[213] Tex. Loc. Gov't Code §344.210

Steps to Create District

1. **Propose District:** The governing body of a municipality, subject to the criteria described above, may propose the creation of a district.
2. **Permission from ESD:** The municipality must request consent for its creation from the governing body of the emergency services district, provided that these services are not already offered in the municipality and that the plan does not propose emergency services that were not provided by a rural fire prevention district or emergency services district within the municipality.[214]
3. **Temporary Board:** The governing body shall appoint seven persons to serve as temporary directors of the district no later than 60 days after the district is proposed.[215]
4. **Election:** The district may be created and a district tax may be authorized if the creation and the tax are approved by a majority of the voters in the proposed district at an election called for that purpose.[216] The temporary board may call and hold an election only after the board adopts a two-year fire control, prevention, and emergency medical services plan and a two-year budget plan.[217]

[214] Tex. Loc. Gov't Code §344.051
[215] Tex. Loc. Gov't Code §344.052
[216] Tex. Loc. Gov't Code §344.053
[217] Tex. Loc. Gov't Code §344.054

HEALTH SERVICES DISTRICT

Tex. Health and Safety Code §287: Health and Safety Code

Purpose and Powers

A health services district shall:

- provide health care services to indigent residents of the district;
- manage the funds contributed to the district by each county or hospital district that contracts with the district; and
- plan and coordinate with public and private health care providers and entities for the long-term provision of health care services to residents of the district.

A health services district may:

- provide health care services on a sliding-fee scale to residents of the district who do not meet the basic income and resources requirements to be eligible for assistance but who are unable to pay for the full cost of health care services; and
- assume responsibility for management and operation of the land, buildings, improvements, equipment, and other assets that are acquired by the district or for which the district agrees to assume responsibility under the terms of the contract.[218]

Governing Body

A board of directors is appointed by the county judge of the county that creates the district. The number of directors depends on the population of the county.[219] The board shall determine the type, number, and location of buildings required to establish and maintain an adequate health care system and the type of equipment necessary for health care. The board may acquire property, facilities, and equipment for the district, mortgage or pledge the property, facilities, or equipment acquired as security for the payment of the purchase price, transfer by lease to physicians, individuals, companies, corporations, or other legal entities or acquire by lease district health care facilities, sell or otherwise dispose of property, facilities, or equipment acquired by the district and contract with a state agency or other qualified provider to provide services.[220]

Revenue and Debt

Health services districts are not authorized to impose an ad valorem tax or issue general obligation bonds. Districts are authorized to issue revenue bonds and impose a sales tax.[221] In some counties, the sales and use tax of the health services district is in addition to a county sales and use tax. Revenue from the tax may only be used to provide health services in the county, such as ambulance or emergency services for the elderly and ill rural county residents. The county may also allocate all or part of the

[218] Tex. Health and Safety Code §287.023
[219] Tex. Health and Safety Code §287.041
[220] Tex. Health and Safety Code §287.076
[221] Tex. Health and Safety Code §287.142

revenue to a county hospital authority or hospital district that has the same boundaries as the county or is participating in the health services district.[222]

Steps to Create District

1. **Concurrent Orders:** A health services district is created by one or more counties and one or more hospital districts by adopting concurrent orders by contract to provide health care services to indigent residents of the district on a sliding-fee scale.[223]
2. **Transfer from Government Entity:** Once created, a county or hospital district may transfer to the district (1) management and operation of any land, buildings, improvements, and equipment related to the health care system located wholly in the district that are owned by the county or hospital district in which the district is located, as specified in the contract with the counties and hospital districts that created the district; and (2) operating funds and reserves for operating expenses and funds that have been budgeted by the county or hospital district in which the district is located to provide medical care for residents of the district, as specified in the contract with the counties and hospital districts that created the district.[224]

[222] Texas Senate Research Center. (2008). Invisible Government: Special Purpose Districts in Texas.
[223] Tex. Health and Safety Code §287.021
[224] Tex. Health and Safety Code §287.071

HOSPITAL DISTRICT

Tex. Health and Safety Code §286: Hospital Districts Created by Voter Approval

Purpose and Powers

A hospital district:

- assumes full responsibility for operating hospital facilities and for furnishing medical and hospital care for the district's needy inhabitants;
- assumes any outstanding indebtedness incurred by a county, municipality, or other governmental entity in which all or part of the district is located in providing hospital care for residents of the territory of the district before the district's creation; and
- may operate or provide for the operation of a mobile emergency medical service.[225]

Governing Body

Hospital districts are governed by a board of directors. Names of temporary directors or a request for the commissioner's court to appoint directors must be included in the petition to form the district. The initial directors shall be elected at an election to be held on the first Saturday in May following the creation of the district.[226]

Revenue and Debt

Districts have the power to issue general obligation bonds, revenue bonds, and to impose property taxes annually at a rate not to exceed 75 cents per $100 valuation of all taxable property in the district.[227] Hospital districts with a population of 75,000 or less may also choose to levy sales and use tax, if authorized at the initial election.[228]

Steps to Create District

1. **Petition**: A petition signed by at least 100 registered voters, or a majority residents, of the territory of the proposed district must be submitted to the county judge. The petition must show the name of the district, the boundaries, that none of the district is in another hospital district, the name of the temporary directors or a request that the commissioners court will appoint temporary directors, whether the district is to impose a property tax, the method permanent directors will be elected, and the mailing address of each petitioner.[229] The petition may include a request that a proposition be submitted at the election to determine whether the board may issue general obligation bonds if the district is created.
2. **Hearing**: The commissioner's court shall set a hearing to consider the petition and issue notice. The commissioner's court shall grant the petition if the court finds that the petition is in proper form and contains the information required above. If the petition indicates that the proposed

[225] Tex. Health and Safety Code §286.073
[226] Tex. Health and Safety Code §286.042
[227] Tex. Health and Safety Code §286.161
[228] Tex. Health and Safety Code §286.171
[229] Tex. Health and Safety Code §286.021 – 022

district will contain territory in more than one county, the commissioner's court may not order an election until the commissioners court of each county in which the district will be located has granted the petition.[230]

3. **Election**: If a petition is granted, the commissioner's court shall order an election and give notice to confirm the district's creation and to authorize the levy of a tax not to exceed the maximum tax rate prescribed by the petition. A district is created if a majority of the votes cast in the election favor creation of the district. The board may issue general obligation bonds if a majority of the votes cast in the election favor creation of the district and issuance of the bonds. When a district is created, the commissioner's court of each county in which the district is located shall enter an order in its minutes.[231]
4. **Temporary Directors**. The commissioner's court shall also appoint the temporary directors of the district.[232]

   Initial Directors. The initial directors shall be elected at an election to be held on the first Saturday in May following the creation of the district. [233]

[230] Tex. Health and Safety Code §286.023
[231] Tex. Health and Safety Code §286.024-28
[232] Tex. Health and Safety Code §286.030
[233] Tex. Health and Safety Code §286.042

JAIL DISTRICT

Tex. Loc. Gov't Code §351: Jail District

Purpose and Powers

Jail districts are created by a county or by two or more counties by contract to finance and effect the construction, acquisition, or improvement of a jail facility to serve the district.[234]

Governing Body

The district is governed by a board of directors composed of three directors from the county in the district with the greatest population and two directors from every other county in the district. Two directors shall be elected from each county in the district, except that three directors shall be elected from the county in the district with the greatest population. The board shall manage and control the district.[235]

Revenue and Debt

Jail districts are authorized to issue bonds and to levy an ad valorem tax upon voter approval.[236]

Steps to Create District

1. **Petition:** To create a district, a petition must be filed signed by 10% of the voters in the county. A petition must include the name of the propose district, the area, the purpose, and a request that it be created.[237]
2. **Hearing:** The commissioner's court of each county in the proposed district shall consider the petition for creation of the district at a public hearing, held within 45 days after the petition is filed. Public must receive notice of the hearing. At the hearing, a person who owns land or resides in the proposed district may appear and present testimony and evidence to the commissioner's court for or against the creation of the district.[238]
3. **Granting or Denying Petition:** Within 10 days of the hearing, the commissioners court shall grant the petition if there is evidence that the district is feasible and practicable, there is public need, and would further public safety and welfare.[239]
4. **Temporary Directors**: Temporary directors are appointed by the commissioner's courts of all counties in the proposed district to serve staggered two-year terms.[240]
5. **Election**: Within 30 days after the date all temporary directors have been appointed, the board of a proposed district shall meet and call an election to be held within the boundaries of the

[234] Tex. Loc. Gov't Code §351.122
[235] Tex. Loc. Gov't Code §351.129
[236] Tex. Loc. Gov't Code §351.151
[237] Tex. Loc. Gov't Code §351.123
[238] Tex. Loc. Gov't Code §351.124
[239] Tex. Loc. Gov't Code §351.125
[240] Tex. Loc. Gov't Code §351.126

proposed district to confirm the creation of the district. Notice must be given in a newspaper of general circulation at least once.[241]

6. **Bond and Tax Proposition:** At an election to confirm the creation of a district, the board may include a proposition to approve the issuance of bonds and the levy of a property tax by the district.[242]

[241] Tex. Loc. Gov't Code §351.127
[242] Tex. Loc. Gov't Code §351.128

Transportation Districts

ROAD DISTRICT

Tex. Transportation Code §257: Road Districts

Purpose and Powers

The purpose of the district is to construct, maintain, and operate macadamized, graveled, or paved roads and turnpikes.[243]

Governing Body

For a county that is wholly included in the district, the county judge and each county commissioner serve as ex officio district directors. For a county only part of which is included in the district, the county judge and the county commissioner of each commissioner precinct included in whole or part in the district serve as directors. The ex officio directors have the same power and authority in the management of the affairs of the road district as the commissioner's court of a county has in a road district located entirely in the county.[244]

Revenue and Debt

A district may issue bonds in any amount not to exceed one-fourth of the taxable value of the real property located in the district, impose an annual ad valorem tax to pay the interest on the bonds, and provide a sinking fund for the redemption of the bonds.[245] The members of the commissioners courts of the counties included in whole or part in a road district established under this subchapter at a joint meeting held in the county having the greatest population may order an election to authorize bonds for the district. [246]

Steps to Create District

1. **Hearing (one county):** The commissioner's court shall conduct a public hearing on the creation of a road district. Notice of the hearing must be given.
2. **Establishment by Order (one county):** The commissioner's court of a county by order may establish one or more road districts in the county as provided by Section 52, Article III, Texas Constitution. The order must define the boundaries of the road district.[247]

1. **Petition (if district is composed of adjoining counties):** A petition to establish a road district must be signed by at least 50 registered voters or a majority of the registered voters, whichever is less, in each county or in each portion of a county of which less than the entire county is

[243] Tex. Transportation Code §257.101
[244] Tex. Transportation Code §257.108
[245] Tex. Transportation Code §257.112
[246] Tex. Transportation Code §257.113
[247] Tex. Transportation Code §257.021

included in the proposed district. The petition must describe in general terms the road or roads proposed to be constructed and any municipalities to be connected by the road or roads name each county proposed to be included, and request each commissioners court to order an election.[248]

2. **Election (if district is composed of adjoining counties):** If a majority of the votes received in each county or defined portion of a county favor the consolidation of the counties or portions of counties into a defined road district, the commissioners court of each county or portion of a county shall declare the district established.[249]

[248] Tex. Transportation Code §257.102
[249] Tex. Transportation Code §257.107

ROAD UTILITY DISTRICT

Tex. Transportation Code §441: Road Districts

Purpose and Powers

Road utility districts are created for the purpose of constructing, acquiring, improving, and providing financing for a road facility. "Road facility" is a road constructed, acquired, or improved by the district, or property, an easement, or works related to construction of a road, which is constructed, acquired, or improved by the district as necessary or appropriate for or in aid of the improvement of certain waterways to prevent overflow or provide drainage.[250]

Governing Body

A district is governed by a board of directors composed of five members elected as provided by this chapter.[251] A district may acquire a road facility, acquire property for a road facility, and construct or improve a road facility, inside or outside district boundaries and provide financing for a road facility or for construction, acquisition, or improvement of a road facility from money available to the district.[252]

Revenue and Debt

The board may issue and sell bonds in the name of the district to construct, acquire, or improve district road facilities as provided by this chapter, but bonds secured by taxes must be approved at an election.[253] The board may annually impose taxes to pay the principal of and interest on district bonds and the expense of assessing and collecting taxes. A district may impose a maintenance tax to pay the district's operating expenses if, at an election in the district ordered for that purpose, a majority of the votes received favor the imposition of the tax. The amount of the tax may not exceed 25 cents on each $100 of assessed valuation of property in the district.[254] A district may adopt and enforce fees in addition to taxes to provide the district revenue to operate the district and secure district bonds.[255]

Steps to Create District:

1. **Preliminary Plan:** A person must submit a preliminary plan for each road facility the district is to construct, acquire, or improve to each governmental entity to which the road facility is to be conveyed. The governmental entity shall consult with the person submitting the plan and, with that person's agreement, make changes necessary to make the plan comply with the governmental entity's requirements. The governing body of a governmental entity that approves a preliminary plan and is willing to accept conveyance of the road facilities on

[250] Tex. Transportation Code §441.011
[251] Tex. Transportation Code §441.071
[252] Tex. Transportation Code §441.101
[253] Tex. Transportation Code §441.172
[254] Tex. Transportation Code §441.192
[255] Tex. Transportation Code §441.197

acquisition or completion of construction or improvement shall issue an order approving the plan.[256]

2. **Approval of Multiple Government Entities:** If road facilities constructed, acquired, or improved by a district are to be conveyed to more than one governmental entity, each governmental entity must approve the plans for the road facilities to be conveyed to it.[257]
3. **Petition**: a person must file with the commission a petition requesting creation of the district. The petition must include the district's name, the name of each county in which the district will be located, boundaries, names of petitioners, a statement that the petitioners hold title to all real property in the district, the names of suggested temporary directors, description of any road facility that the district is to construct, acquire, or improve, amount of bonds estimated to be necessary, current appraised value of all real property in the district, the name of each governmental entity to which the district will convey a road facility; and other information that the commission considers necessary. The petition must be signed by the persons holding title to all real property in the district, as shown on county tax rolls.[258]
4. **Hearing:** The commission shall call and hold a hearing on the petition and preliminary plan.[259]
5. **Granting of Petition:** As soon as practicable after conclusion of the hearing, the commission shall adopt an order granting or denying the creation of the district and approving the plan.[260]
6. **Temporary Directors:** If the commission authorizes the creation of the district, it shall appoint five persons from those suggested in the petition to serve as temporary directors of the district.[261]
7. **Election:** The temporary directors shall meet and order an election in the boundaries of the proposed district to confirm the creation of the district and elect the directors of the district.[262]
8. **Bond Proposition:** At the election, the temporary directors may include a separate ballot proposition to approve the issuance by the district of bonds payable from ad valorem taxes.[263]

[256] Tex. Transportation Code §441.013
[257] Tex. Transportation Code §441.016
[258] Tex. Transportation Code §441.019
[259] Tex. Transportation Code §441.022
[260] Tex. Transportation Code §441.024
[261] Tex. Transportation Code §441.029
[262] Tex. Transportation Code §441.030
[263] Tex. Transportation Code §441.035

Water and Utility Districts

DRAINAGE DISTRICT

Tex. Water Code §56: Drainage Districts

Purpose and Powers

A drainage district is authorized to control and supervise the construction and maintenance of canals, drains, ditches and levees, and other district improvements.[264]

A district may include all or part of any village, town, or municipal corporation, but land included in one district may not be included in any other drainage district. [265]

Governing Body

A district is governed by a board of three directors unless special law provides otherwise. When a district is established, the commissioner's court shall appoint three directors for the district to serve until permanent directors are elected.[266]

Revenue and Debt

Drainage districts have both a construction and maintenance fund and an interest and sinking fund.[267] Any drainage district may issue bonds to pay for drainage improvements.[268] Under certain circumstances, drainage districts are able to issue negotiable tax anticipation notes or bond anticipation notes. After bonds are authorized at an election, the board shall have taxes annually assessed and collected on all property in the district sufficient to pay interest and principal on the bonds. Taxes collected under this section shall be placed in the interest and sinking fund. The board shall have a tax assessed and collected on district property sufficient to maintain, repair, and preserve district improvements and to pay legal debts, demands, and obligations of the district, but in districts operating under Article III, Section 52, of the Texas Constitution, the tax may not be in an amount greater than one-half of one percent of the total assessed valuation of the district for that year. [269]

A district operating under Article XVI, Section 59, of the Texas Constitution, may levy taxes on the benefit basis, which means the levy of a tax on an equal or uniform basis or rate on each acre of land in the district. [270]

[264] Tex. Water Code §56.111
[265] Tex. Water Code §56.013
[266] Tex. Water Code §56.061
[267] Tex. Water Code §56.182
[268] Tex. Water Code §56.201
[269] Tex. Water Code §56.242
[270] Tex. Water Code §56.247

Steps to Create District

Drainage districts are created under and subject to the limitations of Section 52, Article III, or Section 59, Article XVI, Texas Constitution. They may include all or part of any village, town, or municipal corporation, but land included in one district may not be included in any other drainage district.[271]

1. **Petition:** Any person may present a petition to a county commissioner's court requesting the creation of a drainage district. The petition must be signed by at least 25 of the resident freehold taxpayers of the proposed district, or by at least one-third of the resident freehold taxpayers of the district if there are less than 75 of them, whose land might be affected by creation of the district. The petition should state the necessity, public utility, and feasibility of the proposed district the proposed boundaries of the district and the proposed name for the district.[272]
2. **Hearing:** Upon receipt of a petition, the commissioner's court holds a hearing. At the hearing on the petition, any person whose land would be affected by creating the district may appear before the commissioner's court and may contest the creation of the district or contend for its creation. The person may offer testimony to show that the district is or is not necessary and would or would not be a public utility and that creating the district would or would not be feasible or practicable.[273]
3. **Findings:** At the hearing on the petition, if it appears to the commissioner's court that drainage of the proposed district is feasible and practicable and is needed and would be conducive to public health or would be a public benefit or a public utility, the commissioner's court shall make findings to this effect.[274]

Alternate Procedure for Creation

1. **Petition:** The landowners of a defined area of territory not included in a district may file a petition with the commissioners court. The petition must be signed by registered voters residing in the territory equal in number to at least five percent of the number of votes received in the territory to be included by all candidates in the most recent gubernatorial general election and describe by metes and bounds the territory to be included in the district.
2. **Hearing**: The commissioner's court shall call and hold a hearing to determine if the petition meets the requirements.
3. **Election**: If the commissioner's court determines the petition meets the requirements the court shall order an election held in the proposed district to determine whether or not the district should be created and whether or not the district should issue bonds and levy taxes to pay for the bonds. [275]

[271] Tex. Water Code §56.013
[272] Tex. Water Code §56.014
[273] Tex. Water Code §56.018
[274] Tex. Water Code §56.019
[275] Tex. Water Code §56.033

GROUNDWATER CONSERVATION DISTRICT

Texas Water Code §36: Groundwater Conservation Districts

Purpose and Powers

The purpose of a groundwater conservation district is to provide for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and to control subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions.[276]

A district may:

- make and enforce rules, including rules limiting groundwater production based on tract size or the spacing of wells, to provide for conserving, preserving, protecting, and recharging of the groundwater or of a groundwater reservoir or its subdivisions in order to control subsidence;
- prevent degradation of water quality; or
- prevent waste of groundwater and to carry out the powers and duties provided by this chapter.[277]

Governing Body

The governing body of a district is the board of directors, composed of between five and 11 directors elected to four-year terms.[278]

Revenue and Debt

The board may issue and sell bonds and notes in the name of the district for any lawful purpose of the district if the commission determines that the project is feasible and issues an order approving the bonds.[279] The board may provide for the payment of the bonds and notes from

- from the levy and collection of ad valorem taxes on taxable property within the district;
- from fees;
- by pledging all or any part of the designated revenues from the ownership or operation of the district's works, improvements, and facilities and from the sale, transportation, and distribution of water; or
- from any combination of these sources.

The board may also levy taxes to pay the maintenance and operating expenses of the district at a rate not to exceed 50 cents on each $100 of assessed valuation, subject to voter approval. The district may hold an election for the tax at the same time with an election to authorize bonds or hold a separate election.[280] A district may set and collect fees for administrative acts of the district, for all services

[276] Tex. Water Code §36.0015
[277] Tex. Water Code §36.101
[278] Tex. Water Code §36.051(a)
[279] Tex. Water Code §36.171(a)
[280] Tex. Water Code §36.201

provided outside the boundaries of the district, and for water production. Production fees may be in lieu of, or in conjunction with taxes otherwise levied. Production fees shall not exceed (1) $1 per acre-foot payable annually for water used for agricultural use; or (2) $10 per acre-foot payable annually for water used for any other purpose.[281] A district may use funds obtained from permit fees collected pursuant to the special law governing the district for any purpose consistent with the district's approved management plan.[282]

Steps to Create District

A groundwater conservation district may be created under and subject to the authority, conditions, and restrictions of Section 59, Article XVI, Texas Constitution .[283] A district may include all or part of one or more counties, cities, districts, or other political subdivisions.[284]

I. Ground Water Management Area

1. **Petition***:* A petition requesting creation of a district must be filed with the commission, signed by a majority of landowners, or at least 50.[285] The petition must include the name of the district, the boundaries, the purpose, a state of the general nature of the projects, the necessity and feasibility of the work, the estimated costs, the names of at least five persons qualified to serve as temporary directors and financial information, including the projected maintenance tax or production fee rate and a proposed budget of revenues and expenses for the district.[286]
2. **Notice and Public Meeting:** If a petition is filed, the commission shall give notice of the application and conduct a public meeting.[287] If the petition contains a request to create a management area in all or part of the proposed district, the notice must also be given in accordance with the requirements in Section 35.006 for the designation of management areas.[288]
3. **Commission Certification and Order:** The commission shall certify the petition if it is administratively complete no later than the 90th day after the date the commission holds a public meeting.[289]
4. **Appointment of Temporary Directors:** If the commission certifies a petition to create a district under Section 36.015, the commission shall appoint the temporary directors named

[281] Tex. Water Code §36.205
[282] Tex. Water Code §36.207
[283] Tex. Water Code §36.011
[284] Tex. Water Code §36.012
[285] Tex. Water Code §36.013(b)
[286] Tex. Water Code §36.013(c)
[287] Tex. Water Code §36.014(a)
[288] Tex. Water Code §36.014(b)
[289] Tex. Water Code §36.015(a)

in the petition.[290] Temporary directors shall serve until the initial directors are elected and have qualified for office or until the voters fail to approve the creation of the district.[291]

5. **Election:** No later than 120 days after all the temporary directors have been appointed, an election shall be held to approve the creation of the district and to elect permanent directors.[292]
6. **Issuance of Bonds or Notes:** At an election to create a district, the temporary directors may include a proposition for the issuance of bonds or notes, the levy of taxes to retire all or part of the bonds or notes, and the levy of a maintenance tax. The maintenance tax rate may not exceed 50 cents on each $100 of assessed valuation. The board shall include in any bond and tax proposition the maximum amount of bonds or notes to be issued and their maximum maturity date.[293]

II. District for Priority Groundwater Management Area

1. **Issuing an Order for Priority Groundwater Management Area:** If the commission is required to create a district for priority groundwater management area it shall, without an evidentiary hearing, issue an order creating the district and shall provide in its order that temporary directors be appointed under Section 36.0161 and that an election be called by the temporary directors to authorize the district to assess taxes and to elect permanent directors.[294] The commission shall notify the county commissioner's court of each county with territory in the district of the district's creation as soon as practicable after issuing the order creating the district.[295]
2. **Appointment of Temporary Directors for District in Priority Groundwater Management Area:** If the commission creates a district in a priority groundwater management area, the county shall appoint five temporary directors or more if the district contains the territory of more than five counties, for the district's board within 90 days.[296]
3. **Tax Authority and Directors' Election for District in Priority Groundwater Majority Area***:* The temporary directors shall meet and order an election to be held to assess taxes and to elect permanent directors.[297]

[290] Tex. Water Code §36.016(a)
[291] Tex. Water Code §36.016(c)
[292] Tex. Water Code §36.017(a)
[293] Tex. Water Code §36.0120
[294] Tex. Water Code §36.0151(b)
[295] Tex. Water Code §36.0151(c)
[296] Tex. Water Code §36.016(b)
[297] Tex. Water Code §36.0171(a)

FRESHWATER SUPPLY DISTRICT

Texas Water Code §53: Fresh Water Supply Districts

Purpose and Powers

Fresh water supply districts may be created to conserve, transport, and distribute fresh water from any sources for domestic and commercial purposes.[298] A district is authorized under to acquire water rights and privileges and to enter into certain contracts with an authorized water district or a water supply corporation, upon majority vote of the governing bodies of the fresh water supply district and the water district or water supply corporation.[299] Districts created under this statute may also:

- construct levees, bridges, and other improvements necessary to secure fresh water;
- acquire, operate, and maintain sanitary sewer systems to control wastes if no other public sanitary sewer system is available;
- and regulate the installation, maintenance, and operation of plumbing fixtures and facilities inside the district.[300]

Governing Body

A district created under this chapter is governed by a board of five elected supervisors.[301]

Revenue and Debt

A district may issue bonds to secure indebtedness for any authorized purpose, but may not issue bonds which are to be paid with tax revenue unless approved by the majority of the voters.[302] If the district issues combination tax and revenue bonds, it shall levy, assess, and collect ad valorem taxes until the net revenues from the operation of the water system or the sanitary sewer system, together with the revenue from taxes, have accumulated a surplus in the sinking fund at least equal to the principal of and interest on the bonds scheduled to accrue in the next year. When this accumulation is completed, the board may reduce the tax levy to a rate that will produce at least 25 percent of the principal and interest requirements for each of the next succeeding years.[303] A district shall have a maintenance and operating fund. The fund consists of all money collected by assessment or otherwise for maintaining and operating the property of the district.[304]

The board may pay the cost of acquiring and repairing sanitary sewer systems from the proceeds of sale of bonds or other obligations issued by the district, revenue obtained from maintenance taxes, or revenue from the operation of the district's improvements. The board may pay the cost of maintaining

[298] Tex. Water Code §53.101
[299] Tex. Water Code §53.104
[300] Tex. Water Code §53.112
[301] Tex. Water Code §53.062
[302] Tex. Water Code §53.171
[303] Tex. Water Code §53.182
[304] Tex. Water Code §53.146

and operating sanitary sewer systems with funds obtained from maintenance taxes or from operating revenues. The board may not pay these costs with borrowed money.[305]

Steps to Create District

1. **Petition:** A petition must be submitted signed by a majority of the persons own land in the proposed district that represents more than 50% of the value of all the land, or 50 persons. The petition should state the boundaries, the general nature, the necessity, the feasibility, and the proposed name.[306]
2. **Hearing:** The commissioner's court or county judge shall immediately set a time and place for a hearing on the petition by the commissioner's court. The commissioner's court shall have jurisdiction to determine all issues pertaining to the sufficiency of the petition and shall allow any interested person to appear before it in person or by attorney to offer testimony relative to the sufficiency of the petition.[307]
3. **Temporary Supervisors:** If the commissioner's court grants a petition presented, the court shall appoint five temporary supervisors to serve on the board of the district until permanent supervisors are elected.[308]

[305] Tex. Water Code §53.151
[306] Tex. Water Code §53.014
[307] Tex. Water Code §53.019
[308] Tex. Water Code §53.020

IRRIGATION DISTRICT

Water Code §58: Irrigation Districts

Purpose and Powers

Irrigation districts operating under this chapter are limited purpose districts established primarily to deliver untreated water for irrigation and to provide for the drainage of lands and such other functions as are incidental to the accomplishment of such limited purposes. An irrigation district shall not engage in the treatment or delivery of treated water for domestic consumption or the construction, maintenance, or operation of sewage facilities or provide any other similar municipal services. An irrigation district may cooperate with the United States under the federal reclamation laws for the purpose of:

- construction of irrigation and drainage facilities necessary to maintain the irrigability of the land;
- purchase, extension, operation, or maintenance of constructed facilities; or
- assumption, as principal or guarantor of indebtedness to the United States on account of district lands.[309]

Districts are granted powers that permit them to accomplish the purposes for which they were created, including the construction of necessary works and improvements, including bridges and culverts; the purchase of machinery and supplies; rulemaking authority; and the power to contract.[310]

Governing Body

The governing body is composed of five directors.

Revenue and Debt

Irrigation districts may establish a construction fund, a maintenance fund, an amortization and emergency fund, and an interest and sinking fund. Taxes to pay for district activities may be levied on the ad valorem basis, the basis of assessment of specific benefits, the basis of assessment of benefits on an equal sum per acre, or the ad valorem basis for part of the total tax or defined area or property and on the benefit basis for the other part of the tax or defined area or property.[311]

Steps to Create District

1. **Petition**: A petition requesting creation of a district must be signed by a majority of the persons who hold title to land in the proposed district which represents a total value of more than 50 percent of the value of all the land in the proposed district. If there are more than 50 persons holding title to land, the petition is sufficient if signed by 50 of them. The petition should include the name, boundaries, the provision of the Texas Constitution under which the district is to be

[309] Tex. Water Code §58.121
[310] Tex. Water Code §58.071
[311] Tex. Water Code §58.501

organized, purpose of the district, statement of the nature, necessity, feasibility, and estimated cost of district.[312]

2. **Hearing in Single District:** If a petition is filed for the creation of a district within one county, the county judge shall issue an order setting the date of hearing on the petition by the commissioner's court. At the hearing on the petition, any person whose land is included in or would be affected by the creation of the district may appear and contest the creation of the district and may offer testimony. [313]
3. **Hearing in Multi-County District:** When a petition is filed, the TCEQ shall give notice of an application and may conduct a hearing on the application if the commission determines that a hearing is necessary under that section.[314]
4. **Granting of Single-County District:** If the land to be included in the district is within one county, the creation of the district is considered and ordered by the commissioner's court. If the petition for creation of a single-county district is granted, the commissioner's court or TCEQ appoints five temporary directors until their successors are elected or appointed.[315]
5. **Granting of Multi-County District:** If the land is located in two or more counties, the creation of the district is considered and ordered by TCEQ.[316]
6. **Election by Municipality:** No city, town, or municipal corporation may be included in a district unless approved by a majority of the votes cast by electors. No district, the major portion of which is located in one county, may be organized to include land in another county unless the voters in the other county confirm and ratify the creation of the district. [317]

[312] Tex. Water Code §58.014
[313] Tex. Water Code §58.017
[314] Tex. Water Code §58.028
[315] Tex. Water Code §58.021
[316] Tex. Water Code §58.030
[317] Tex. Water Code §58.053

LEVEE IMPROVEMENT DISTRICT

Water Code §57: Levee Improvement Districts

Purpose and Powers

A district may be created for the following purposes:

- to construct and maintain levees and other improvements on, along, and contiguous to rivers, creeks, and streams;
- to reclaim lands from overflow from these streams;
- to control and distribute the waters of rivers and streams by straightening and otherwise improving them; and
- to provide for the proper drainage and other improvement of the reclaimed land .[318]

A district may adopt and enforce reasonable rules and regulations to:

- preserve the sanitary condition of all water controlled by the district;
- prevent waste or the unauthorized use of water controlled by the district;
- regulate privileges on any land or any easement owned or controlled by the district;
- regulate the design and construction of improvements and facilities that outfall, connect, or tie into district improvements and facilities; or
- require the district's review and approval of drainage plans for property within the district.[319]

Governing Body

The commissioner's court which creates a levee improvement district under this chapter, by majority vote, shall appoint three directors for the district.[320] An election may be held, upon petition of at least 100 electors in the district, to determine whether the directors for the district will be elected rather than appointed. In districts that have elected boards, the board consists of five directors.[321]

Revenue and Debt

If the issuance of bonds and the levy of taxes to pay for the bonds are approved by the electors of the district, the board may order the issuance of the bonds in one or more installments as the board may deem necessary from time to time up to the amount approved at the election.[322] If a district wants to operate without issuing bonds, the district's board of directors may arrange for contributions from landowners or other sources to provide needed funds.[323]

[318] Tex. Water Code §57.091
[319] Tex. Water Code §57.093
[320] Tex. Water Code §57.051
[321] Tex. Water Code §57.057
[322] Tex. Water Code §57.201
[323] Tex. Water Code §57.177

Steps to Create District

1. **Petition**: A petition must be submitted to the commissioner's court of a county, signed by the owners of the majority of the acreage of the proposed district. The petition should include the boundaries, the nature, necessity and feasibility of the improvements, the type of taxes, and the district.[324]
2. **Hearing**: The commissioner's court holds a hearing on the creation of the district. [325]
3. **Findings**: Before the commissioners court determines that the district should be created, it must find: (1) that the petition is signed by the owners of a majority of the acreage in the proposed district; (2) that notice of the hearing was given; (3 that the proposed improvements are desirable, feasible, and practicable; and (4) that the proposed improvements would be a public utility and a public benefit and would be conducive to public health.
4. **Order**: If the commissioner's court determines that the district should be created, it creates an order establishing the creation of the district.[326]

[324] Tex. Water Code §57.012
[325] Tex. Water Code §57.014
[326] Tex. Water Code §57.019

MUNICIPAL UTILITY DISTRICT

Water Code §54: Municipal Utility Districts

Purpose and Powers

A Municipal Utility District (MUD) can be created for the following:

- the control, storage, preservation, and distribution of its storm water and floodwater, the water of its rivers and streams for irrigation, power, and all other useful purposes;
- the reclamation and irrigation of its arid, semiarid, and other land needing irrigation;
- the reclamation and drainage of its overflowed land and other land needing drainage;
- the conservation and development of its forests, water, and hydroelectric power;
- the navigation of its inland and coastal water;
- the control, abatement, and change of any shortage or harmful excess of water;
- the protection, preservation, and restoration of the purity and sanitary condition of water within the state; and
- the preservation of all natural resources of the state.[327]

A district shall have the functions, powers, authority, rights, and duties which will permit accomplishment of the purposes for which it was created. A district is authorized to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside and outside its boundaries any and all works, improvements, facilities, plants, equipment, and appliances necessary to:

- supply water for municipal uses, domestic uses, power, and commercial purposes and all other beneficial uses or controls;
- collect, transport, process, dispose of, and control all domestic, industrial, or communal wastes whether in fluid, solid, or composite state;
- gather, conduct, divert, and control local storm water or other local harmful excesses of water in a district;
- irrigate the land in a district;
- alter land elevation in a district where it is needed;
- navigate coastal and inland waters of the district; and
- provide parks and recreational facilities for the inhabitants in the district.[328]
- establish a municipal solid waste collection and disposal system, including recycling, inside and outside the district and make proper charges for it.

A district may enter into an exclusive contract with a private entity to provide such services to all land and persons within its boundaries.[329]

[327] Tex. Water Code §54.012
[328] Tex. Water Code §54.201
[329] Tex. Water Code §54.203

A MUD may include the area in all or part of any county or counties including all or part of any cities and other public agencies.[330] No land within the corporate limits of a city or within the extraterritorial jurisdiction of a city, shall be included in a district unless the city grants its written consent, by resolution or ordinance, to the inclusion of the land within the district. [331]

Governing Body

A MUD is governed by a board of five directors.[332] The authority and functions of a MUD are subject to the continuing right of supervision of the state in the form of the Texas Commission of Environmental Quality (TCEQ). [333]

Revenue and Debt

The district may issue its bonds for any authorized purpose including works, improvements, facilities, plants, equipment, and appliances needed to provide a waterworks system, sanitary sewer system, storm sewer system, and solid waste disposal system.[334] The board may provide for the payment of principal of and interest and redemption price on the bonds from the levy and collection of ad valorem taxes on all taxable property within the district. Bonds payable solely from revenues may be issued by resolution or order of the board without an election, but no bonds, except refunding bonds, payable wholly or partially from ad valorem taxes shall be issued until authorized by the voters.[335]

Steps to Create District

1. **Petition:** A petition must be submitted to TCEQ signed by a majority or at least 50 landowners in the proposed district. The petition must include the name, boundaries, and purpose and cost of the district.[336]
2. **Consent:** The landowners must submit a request to cities for written consent to include in a district land that is located within the corporate limits of the city or its extraterritorial jurisdiction.[337]
3. **Notice and Hearing:** Once a petition has been filed, TCEQ is required to give notice of the application and may conduct a hearing on the application if the agency determines it to be necessary.[338]
4. **Granting of Petition:** If TCEQ finds that the petition conforms to the requirements of Section 54.015 and that the project is feasible and practicable and is necessary and would be a benefit to the land to be included in the district, the commission shall so find by its order and grant the petition.[339]

[330] Tex. Water Code §54.013
[331] Tex. Water Code §54.016
[332] Tex. Water Code §54.101
[333] Tex. Water Code §54.201
[334] Tex. Water Code §54.501
[335] Tex. Water Code §54.601
[336] Tex. Water Code §54.015
[337] Tex. Water Code §54.016
[338] Tex. Water Code §54.020
[339] Tex. Water Code §54.021

5. **Temporary Directors:** If TCEQ grants the petition, it appoints five temporary directors to serve until permanent directors are elected.[340]

Case Study and Best Practices

- **Pros and Cons:** MUDs can accomplish many different goals, such as quality infrastructure, affordable housing, and can provide for long term planning, management, and financing of infrastructure needs. MUDs have more flexibility than a city in terms of boundaries. Basic services can be provided in areas that are experiencing rapid growth, including rural and outlying communities, allowing for urban-type growth in rural/unincorporated areas. This may result in higher quality development than would ordinarily occur in an unincorporated area. Additionally, MUDs are advantageous to the developer and consumer.
    - **Developer:** MUDs allow for developers to quickly recover infrastructure costs that ordinarily would be recovered by raising the price of units. Following the initial construction phase, MUD bonds are issued to the developer to pay for the construction and developer reimbursement. Next, a property tax is levied to support the bonds. The developer uses the reimbursed funds for the next phase of development, and the cycle is repeated. This allows developer capital to be used more quickly and less expensively. Additionally, this creates a lower barrier for entry for developers by reducing the amount of capital initially required.
    - **Consumer**: The buyer sees a reduced cost because MUDs paid through public financing lowers lot costs and the price of homes. MUD bonds have tax exempt interests rates that are lower than mortgage rates.
    - Additionally, there is high investor confidence and a strong market for bonds issued by Texas MUDs because of a MUD's authority to impose an ad valorem tax rate to support the bonds and the requirements imposed on MUD bond issues.[341]

  However, a MUD can be problematic for a city that must annex the MUD because the debt and its terms are instantly the responsibility of that city, and in certain cases is immediately due by the annexing city. Compared to a neighboring city, public services provided by a MUD are less defined and building standards are at the county level as opposed to city level. Also, it is possible that a MUD tax to cover the cost of a utility could be higher than the city's existing property tax rate, costing the MUD residents more for fewer services than provided in city limits. Lastly, the creation of a MUD can be a controversial and time consuming process.

- **Case Study - Brushy Creek MUD in City of Round Rock (Williamson County):** The Brush Creek MUD was formed in Williamson County in 1977 with around 725 acres of land. An annexation in 1983 increased the district to 2,210 acres. Parts of the district were located in the ETJ of Austin

[340] Tex. Water Code §54.022

[341] Allen, Joe B. & David M. Oliver. Texas. Municipal Utility Districts: An Infrastructure Financing System. Allen, Boone, Humphries, Robinson LLP.

and Round Rock until 1997, when the legislature allowed the Board of Directors to move all of the district into the Round Rock ETJ. [342]

This district was formed to support the growth of developments known as Brushy Creek North and Brushy Creek South by partially paying back developers for land development costs. Throughout the years, the MUD has provided water service from groundwater wells and purchased from Round Rock. The MUD also treats water from Lake Georgetown and its own groundwater wells and has purchased multiple elevated storage tanks. It has overseen a growing parks and recreation system. Developer fees paid on each new lot help fund this. The District has many trails and greenbelts, a golf course, a community center, and four swimming pools. Overall, the Brushy Creek MUD has prided itself on providing a sense of community through utility service, parks, and support of community groups and activities.[343]

- **Best Practices:**
    1. Implement MUD in area that is expected to grow.
    2. Develop clear vision and purpose of MUD.
    3. Provide sense of community.

[342] Subregional Planning. Municipal Utility District. Retrieved from: http://subregional.h-gac.com/toolbox/Implementation_Resources/Municipal_Utility_Districts_Final.html
[343] http://www.bcmud.org/content/3576/3578/3580/default.aspx

NAVIGATION DISTRICT

Water Code §61: Article III, Section 52, Navigation Districts
Water Code §62: Article XVI, Section 59, Navigation Districts

Purpose and Powers

Navigation Districts under Article III, Section 52: A district may:

- improve rivers, bays, creeks, streams, and canals inside or adjacent to the district;
- construct and maintain canals and waterways to permit or aid navigation; and
- issue bonds to pay for these improvements. [344]

Navigation Districts under Article XVI, Section 59: A district may be created to provide for:

- the improvement, preservation, and conservation of inland and coastal water for navigation;
- the control and distribution of storm water and floodwater of rivers and streams in aid of navigation; and
- any other purposes necessary or incidental to the navigation of inland and coastal water or in aid of these purposes, as stated in Article XVI, Section 59, of the Texas Constitution.

A district may include all or part of a village, town, or municipal corporation, but may not include more than all or parts of two counties. [345]

Governing Body

The district is governed by three commissioners appointed by the commissioner's court.

Revenue and Debt

A maintenance fund shall consist of all money received from the sale of bonds and all other amounts received by the district from any source, except tax collections applied to the sinking fund and payment of interest on the navigation bonds. [346] Bonds can be issued based on the cost of the proposed improvements. Outstanding bonds and additional bonds which are authorized may not be more than one-fourth of the assessed value of the real property in the district, as shown by the last tax roll for the district. [347]

When bonds have been approved, the commissioner's court annually shall levy and have assessed and collected improvement taxes sufficient to pay the interest on the bonds and to provide a sinking fund to redeem the bonds at maturity. The commissioners court shall also at the time of the levy of taxes for county purposes, levy and have assessed and collected for the maintenance, operation, and upkeep of the district and its improvements an annual tax of not more than 10 cents on each $100 valuation. [348]

[344] Tex. Water Code §61.111
[345] Tex. Water Code §61.022
[346] Tex. Water Code §61.211
[347] Tex. Water Code §61.232
[348] Tex. Water Code §61.236

Steps to Create District

1. **Petition:** A petition, signed by 25 of the resident property taxpayers, or if there are fewer than 75 resident property taxpayers in the proposed district, then by one-third of them, shall be presented to the commissioner's court of the county. The petition shall include: a request for the establishment of a navigation district; a description of the boundaries of the proposed district, accompanied by a map; a statement of the general nature of the improvements proposed; an estimate of the probable cost; a request for the issuance of bonds and the levy of a tax to pay for the bonds; and the designation of a name for the district which shall include the name of the county. If the proposed district is located in two counties, the petition shall be presented to the commissioner's court of the county which includes the greater part of the district, and this county shall be the county of jurisdiction with relation to all matters concerning the district. [349]
2. **Hearing**: On presentation of the petition, the commissioner's court shall order a hearing to be held at a regular or special term of the commissioner's court. [350]
3. **Findings**: If it appears at the hearing that the proposed improvements are feasible and practicable and would be a public benefit and utility, the commissioners court or the board shall make these findings and approve the boundaries stated in the petition or make changes in the boundaries. [351]
4. **Election Order:** If the commissioner's court or the board finds in favor of the establishment of the district and the issuance of bonds and levy of a tax, the commissioner's court shall order an election to vote on the proposition. [352]
5. **Appointment of Commissioners**: After a district is created, the commissioner's court or the board, by majority vote, shall biennially appoint three commissioners to the commission. [353]

[349] Tex. Water Code §61.025
[350] Tex. Water Code §61.027
[351] Tex. Water Code §61.031
[352] Tex. Water Code §61.033
[353] Tex. Water Code §61.071

SPECIAL UTILITY DISTRICT

Water Code §65: Special Utility Districts

Purpose and Powers

A Special Utility District (SUD) may be created:

- to purchase, own, hold, lease, and otherwise acquire sources of water supply; to build, operate, and maintain facilities for the transportation of water; and to sell water to towns, cities, and other political subdivisions of this state, to private business entities, and to individuals;
- for the establishment, operation, and maintenance of fire-fighting facilities to perform all fire-fighting activities within the district; or
- for the protection, preservation, and restoration of the purity and sanitary condition of water within the district.[354]

A district may include the area in all or part of any one or more counties including all or part of any cities and other public agencies. The land composing a district is not required to be contiguous, but may consist of separate bodies of land separated by land that is not included in the district.[355]

A district may purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside and outside its boundaries any works, improvements, facilities, plants, equipment, and appliances necessary or helpful to:

- supply water for municipal uses, domestic uses, power and commercial purposes, and other beneficial uses or controls;
- collect, transport, process, dispose of, store, and control domestic, industrial, or communal wastes whether in fluid, solid, or composite state;
- gather, conduct, divert, and control local storm water or other local harmful excesses of water in the district;
- irrigate the land in a district;
- alter land elevation in a district where it is needed; and
- provide fire-fighting services for the inhabitants of the district.[356]

SUDs may collect solid waste, operate and maintain a solid waste collection and disposal system, and charge for the facilities or services provided by the system.[357]

Governing Body

A district is governed by a board of not less than five and not more than 11 directors.[358] After the temporary directors are in place, an election is held to select not less than five and not more than 11 directors to serve either concurrent or staggered terms not to exceed three years.

[354] Tex. Water Code §65.012
[355] Tex. Water Code §65.013
[356] Tex. Water Code §65.201
[357] Tex. Water Code §65.203

Revenue and Debt

SUDs are prohibited from assessing operation and maintenance taxes. The district may issue its bonds or notes for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending any district works, improvements, facilities, plants, equipment, and appliances needed to accomplish its purposes.[359] In an order or resolution authorizing the issuance of bonds or notes, including refunding bonds, the board may provide for the flow of funds, the establishment and maintenance of the interest and sinking fund, the reserve fund, and other funds.[360]

Steps to Create District

1. **Resolution:** A water or sewer service corporation can propose to create a district if it submits a certified copy of a resolution requesting creation to the commission. The resolution should describe the boundaries of the district, a name of the district, persons to be on the initial board of directors, the general nature of the services provided by the corporation, the nature of the services to be provided by the district, and the necessity of the services in the district.[361]
2. **Hearing:** If a resolution is filed, the commission shall give notice and may conduct a hearing if necessary. At the hearing, the commission shall accept evidence on the resolution and if the district is feasible, practicable, necessary, and a benefit.[362]
3. **Granting District:** If the commission finds the resolution conforms to the requirements, it shall authorize the creation of the district for the purposes in the resolution.[363]
4. **Temporary Directors:** If a district is created, TCEQ appoints as temporary directors for the district those who are listed in the resolution requesting the district's creation.[364]

[358] Tex. Water Code §65.101
[359] Tex. Water Code §65.501
[360] Tex. Water Code §65.506
[361] Tex. Water Code §65.014 - 5
[362] Tex. Water Code §65.020
[363] Tex. Water Code §65.021
[364] Tex. Water Code §65.022

STORMWATER CONTROL DISTRICT

Water Code §66: Stormwater Control Districts

Purpose and Powers

The purpose of the district is to control stormwater and floodwater and to abate harmful excesses of water to preventing area and downstream flooding in all or part of a watershed. A district may be composed of contiguous or noncontiguous areas within all or part of the watershed of a river, stream, creek, or bayou.[365]

The district may:

- acquire land to construct facilities for the district;
- construct regional stormwater retention and detention pond facilities to retain stormwater runoff and to prevent area and downstream flooding in the district;
- construct outfall drainage ditches and similar facilities to control stormwater and floodwater and prevent area and downstream flooding;
- provide for and use the land on which regional stormwater retention and detention pond facilities are located for park and recreational areas when the area is not used for holding water;
- provide financing for land and facilities and for construction of facilities from money obtained from sources provided by this chapter and other laws of this state;
- advise, consult, contract, cooperate with, and enter into agreements with the federal government and its agencies, the state and its agencies, local governments, and persons; and
- apply for, accept, receive, and administer gifts, grants, loans, and other funds available from any source.[366]

Governing Body

A district is governed by five-member board of directors, elected as provided by Chapter 49 (Provisions Applicable to All Districts).[367]

Revenue and Debt

The board may issue and sell bonds in the name of the district to acquire land and construct facilities as provided by this chapter. The board may provide for the payment of the principal of and interest on the bonds from the levy and collection of property taxes on all taxable property within the district. In the orders or resolutions authorizing the issuance of bonds, including refunding bonds, the board may provide for the flow of funds, the establishment and maintenance of the interest and sinking fund, the reserve fund, and other funds and may make additional covenants with respect to the bonds and the pledged fees.[368]

[365] Tex. Water Code §66.012
[366] Tex. Water Code §66.201
[367] Tex. Water Code §66.101
[368] Tex. Water Code §66.341

Steps to Create District

1. **Petition:** A petition must be submitted to the executive director of TCEQ, signed by at least 50 persons who reside within the boundaries of the proposed district or by a majority of the members of the commissioner's court in each county in which all or part of the district is to be located. The petition must include the district boundaries, the proposed name, and a description of the general nature of work and estimate cost.[369]
2. **Hearing:** TCEQ may hold a hearing on the petition, if it determines that this is necessary, and then rule on whether to grant the petition and create the district.[370]
3. **Granting of Petition:** After considering the petition, the commission shall grant the petition if it finds that the projects proposed are feasible, practicable, and will benefit the land in the district.[371]
4. **Temporary Directors:** If TCEQ grants the petition, it will appoint five persons to serve as temporary directors of the district. Thereafter, the five-member board of directors is elected as provided by Chapter 49 (Provisions Applicable to All Districts), Water Code.[372]

[369] Tex. Water Code §66.015
[370] Tex. Water Code §66.018
[371] Tex. Water Code §66.019
[372] Tex. Water Code §66.021

WATER CONTROL AND IMPROVEMENT DISTRICT

Water Code Chapter 51: Water Control and Improvement Districts
Water Code Chapter 49: Provisions Applicable to All Districts

Purpose and Powers

The purpose of a water control and improvement district is to control and preserve the purity of waters in the area. A water control and improvement district organized under the provisions of Article III, Section 52, of the Texas Constitution, may provide for:

- the improvement of rivers, creeks, and streams to prevent overflows, to permit navigation or irrigation, or to aid in these purposes; or
- the construction and maintenance of pools, lakes, reservoirs, dams, canals, and waterways for irrigation, drainage, or navigation, or to aid these purposes.

A water control and improvement district organized under the provisions of Article XVI, Section 59, of the Texas Constitution, may provide for:

- the control, storage, preservation, and distribution of its water and floodwater and the water of its rivers and streams for irrigation, power, and all other useful purposes;
- the reclamation and irrigation of its arid, semiarid, and other land which needs irrigation;
- the reclamation, drainage, conservation, and development of its forests, water, and hydroelectric power;
- the navigation of its coastal and inland water;
- the control, abatement, and change of any shortage or harmful excess of water;
- the protection, preservation, and restoration of the purity and sanitary condition of water within the state; and
- the preservation and conservation of all natural resources of the state.[373]

A district may adopt and enforce reasonable rules and regulations to:

- secure and maintain safe, sanitary, and adequate plumbing installations, connections, and appurtenances as subsidiary parts of the district's sanitary sewer system;
- preserve the sanitary condition of all water controlled by the district;
- prevent waste or the unauthorized use of water controlled by the district;
- regulate privileges on any land or any easement owned or controlled by the district; or
- provide and regulate a safe and adequate freshwater distribution system.[374]
- regulate residence, hunting, fishing, boating, and camping, and all recreational and business privileges on any body or stream of water, or any body of land, or any easement owned or controlled by the district.[375]

[373] Tex. Water Code §51.121
[374] Tex. Water Code §51.122
[375] Tex. Water Code §51.127

A district may construct all works and improvements necessary:

- for the prevention of floods;
- for the irrigation of land in the district;
- for the drainage of land in the district, including drainage ditches or other facilities for drainage;
- for the construction of levees to protect the land in the district from overflow;
- to alter land elevations where correction is needed; and
- to supply water for municipal uses, domestic uses, power and commercial purposes, and all other beneficial uses or controls.[376]

Governing Body

The governing body of a district is the board of directors, which shall consist of five directors.[377] Districts have the authority to create rules for district purposes, construct necessary works and improvements, including culverts and bridges, enter into contracts (most of which are contingent on voter approval), transfer water rights, sell waterpower privileges and surplus water, pump water to another district, dispose of waste and control storm water, and to add land to the district.

Revenue and Debt

Districts can levy taxes based on an ad valorem or benefit basis.[378] Chapter 51 includes provisions for a district to establish a construction fund, maintenance fund, amortization and emergency fund, and an interest and sinking fund. Districts have the authority to issue bonds subject to voter approval. The district may adopt and enforce reasonable rules, regulations, and specific charges, fees, or rentals, in addition to taxes, for providing any district facility or service.[379]

Steps to Create District

1. **Petition:** A petition requesting the creation of the district must be signed by 50 persons or more than landowners of more than 50% of the value of the land.[380] The petition should include the name of the district, the boundaries, the provision of the Texas Constitution under which the district is to be organized, the purpose of the district, a statement on the nature, feasibility, and necessity of the district, and the estimated cost.[381]
2. **Hearing – Single County District:** The county judge shall issue an order setting the date of hearing on the petition by the commissioner's court. After the order is issued, the county clerk

[376] Tex. Water Code §51.125
[377] Tex. Water Code §51.071
[378] Tex. Water Code §51.162
[379] Tex. Water Code §51.338
[380] Tex. Water Code §51.013
[381] Tex. Water Code §51.014

shall issue notice of the hearing.[382] The notice of hearing on the petition should be given.[383] Testimony for or against can be offered by any person who would be affected by the district.[384]

Hearing – Multi County District: The Texas Commission on Environmental Quality shall have exclusive jurisdiction and power to hear and determine all petitions for creation of a district which will include land or property located in two or more counties. Notice shall be posted at the courthouse and in one or more newspapers of general circulation.[385] A refusal can be appealed.[386]

3. **Granting Petition:** The commissioners court or the Texas Commission on Environmental Quality (commission) shall grant the petition if it appears at the hearing that the district is feasible, the residents will be benefitted, there is public necessity, and it would further the public welfare. If the commissioner's court or the commission fails to make the findings required, it shall refuse to grant the petition.[387] A refusal can be appealed.[388]
4. **Election:** No city, town, municipal corporation, or multiple counties may be included within any district created under this chapter unless the proposition for the creation of the district has been adopted by a majority of the electors in the city, town, or municipal corporation.[389]
5. **Appointment of Directors – Single County District:** The commissioners court shall appoint five directors.[390]

   Appointment of Directors – Multi County District: If the commission grants the petition for creation of the district, it shall appoint five directors.[391]

[382] Tex. Water Code §51.017
[383] Tex. Water Code §51.018
[384] Tex. Water Code §51.020(a)
[385] Tex. Water Code §51.028
[386] Tex. Water Code §51.031
[387] Tex. Water Code §51.021
[388] Tex. Water Code §51.022
[389] Tex. Water Code §51.036
[390] Tex. Water Code §51.026
[391] Tex. Water Code §51.032

WATER IMPROVEMENT DISTRICT

Water Code §55: Water Improvement Districts

Purpose and Powers

The purpose of a water improvement district is to help the area maintain the purity of district water, property the use and preservation of water, and ensure the safety of persons using or going in or over water.[392]

A water improvement district may:

- provide for irrigation of land and furnish water for domestic, power, and commercial purposes;
- purchase or construct improvements and facilities necessary for irrigation of land in the district;
- purchase all or part of any system belonging to a drainage district;
- build necessary bridges and culverts across and over district canals, laterals, and ditches which cross county or public roads; [393]
- enter into a contract or other obligation with the United States. [394]
- acquire, sell, and transfer water rights;
- supply water to cities outside the district;
- sell surplus water;
- pump and deliver water to land near the district; and
- contract for toll bridges and ferry services. [395]

Governing Body

The governing body of a district is a board of five directors, elected by the public.[396] If the petition to create a district proposes a district which would contain no more than 12,000 acres of land, and if at least 60 percent of the land is owned by persons who do not reside in the district, the petition may request that the directors be appointed by the commissioner's court. [397]

Revenue and Debt

Water Improvement Districts can have a construction and maintenance fund and a maintenance and operating fund. A district can incur a debt or obligation, paid for by levying, assessing, and collecting either a general ad valorem tax or a tax on a benefit basis. Voter approval is not necessary to incur debts or obligations to defray ordinary maintenance and operating expenses or if the debt or obligation is to be retired from current revenues. Additionally, the district may levy charges for the use and sale of

[392] Tex. Water Code §55.241
[393] Tex. Water Code §55.166
[394] Tex. Water Code §55.185
[395] Tex. Water Code §55.254
[396] Tex. Water Code §55.101
[397] Tex. Water Code §55.108

water, power, and other services to pay debts and to accomplish other eligible purposes of the district.[398]

Steps to Create District

1. **Petition:** A petition, signed by more than 50% of property owners or 50 people, must be submitted to the commissioner's court. The petition should designate the name and boundaries of the district.[399]
2. **Hearing**: The commissioner's court shall set a date of a hearing and issue notice. Any person whose land is in the district may testify for or against at the hearing.[400]
3. **Findings**: The commissioner's court shall make and enter its findings in the record. If the court finds the district is feasible, practicable and necessary, and would be a public benefit, it shall make and enter an order granting the petition and directing that an election be held in the proposed district. Any landowner may appeal the decision.[401]
4. **Election**: The commissioner's court shall facilitate an election for the creation of the district, the issuance of notes, and directors of the water improvement district. The five persons receiving the most votes shall be elected director.[402]
5. **Issuance of notes**: If the proposition to issue notes carries, the board of directors shall issue notes of the district up to four percent of the cost of the proposed improvements. The notes shall be secured by the levy, assessment, and collection of taxes as provided for payment of bonds. If the bond election fails to carry, then the notes shall be paid out of the tax revenue.[403]

[398] Tex. Water Code §55.457
[399] Tex. Water Code §55.024
[400] Tex. Water Code §55.027
[401] Tex. Water Code §55.028
[402] Tex. Water Code §55.037
[403] Tex. Water Code §55.038

Special Districts in Bexar County

The figure below displays the special districts in Bexar County currently that levy a **property tax**, along with the tax rate (per $100 in taxable value) for 2012 and 2013. As shown, most of the special districts in Bexar County are Emergency Service Districts. Only those taxing units that are identified as "Special Districts" by the Bexar County Appraisal District are included in this table. The Cibolo Canyons district is described in a case study in an earlier section.

Figure 8: Special Districts in Bexar County that Levy a Property Tax

Code	Special District Taxing Unit Name	Property Tax Rate (per $100)	
		2012	2013
75	Bexar County ESD #6	$0.097879	$0.100000
76	Bexar County ESD #5	$0.095500	$0.100000
77	Bexar County ESD #7	$0.099040	$0.100000
78	Bexar County ESD #3	$0.038628	$0.050877
79	Bexar County ESD #2	$0.094000	$0.098007
84	Bexar County ESD #1	$0.100000	$0.100000
85	San Antonio MUD #1	$0.692500	$0.703200
100	Bexar County ESD #4	$0.079998	$0.082025
101	Bexar County ESD #8	$0.098265	$0.100000
102	Bexar County ESD #10	$0.100000	$0.100000
106	Westside 211 Special Improvement District	$0.565690	$0.565690
110	Cibolo Canyons Special Improvement District	$0.565690	$0.565690
111	Bexar County ESD #11	$0.100000	$0.099131
112	Bexar County ESD #12	$0.100000	$0.100000

Source: Bexar County Appraisal District, "2012 Actual Tax Rates/2013 Actual Tax Rates" (as of 10/01/13); retrieved from http://www.bcad.org/PDFs/2013TAXRATECHART.pdf

The figure below displays the special districts in Bexar County that levy a **sales tax**. The districts below, except for the Cibolo Canyons Special Improvement District, are all Crime Control and Prevention Districts used by smaller cities within the County.

Figure 9: Special Districts in Bexar County that Levy Sales Tax[404]

Name	Sales and Use Tax	Effective Date
Balcones Heights Crime Control District	$0.0050	1/1/1999
Castle Hills Crime Control and Prevention District	$0.0025	10/1/2004
Cibolo Canyons Special Improvement District	$0.0150	1/1/2008
Fair Oaks Ranch Municipal Development District	$0.0050	4/1/2012
Selma Municipal Development District	$0.0050	4/1/2002
Shavano Park Crime Control District	$0.0050	10/1/1999
Windcrest Crime Control and Prevention District	$0.0025	1/1/2005

Some special districts within the county, such as City South Management Authority, do not levy a tax so are not included in the charts above.

There are a number of municipalities in Bexar County that levy additional sales taxes for specific purposes including: property tax relief, economic development (4A and 4B), sports and community venue, and street maintenance and repair. These additional taxes are reported as part of a locality's total local sales tax rate. A list is provided below showing both additional sales tax rates (and their purposes) and total rate. Some localities do not have an additional sales tax and are shown as such.

[404] Texas Comptroller of Public Accounts. (2013). Special Purpose Districts Listed by County. Retrieved from: http://www.window.state.tx.us/taxinfo/local/spd.html

Figure 10: Local Sales Tax Rates in Bexar County[405]

	ADDITIONAL SALES TAXES			TOTAL RATE
City Name*	Additional Sales Tax Type**	Additional Sales Tax Rate	Start Date	Total Sales Tax Rate
Alamo Heights	SMR	0.25%	4/1/2009	**1.25%**
Balcones Heights		n/a		**1.00%**
Castle Hills	SMR	0.25%	10/1/2002	**1.25%**
China Grove		n/a		**1.00%**
Converse	4B	0.50%	7/1/2000	**1.50%**
Elmendorf		n/a		**1.00%**
Fair Oaks Ranch	PT	0.25%	10/1/2008	**1.50%**
Fair Oaks Ranch	SMR	0.25%	10/1/2008	
Grey Forest	SMR	0.25%	10/1/2002	**1.25%**
Helotes	4B	0.50%	7/1/2003	**1.50%**
Hill Country Village	4B	0.25%	4/1/2005	**2.00%**
Hill Country Village	SMR	0.25%	4/1/2005	
Hill Country Village	PT	0.50%	10/1/1998	
Hollywood Park	SCV	0.50%	1/1/2004	**2.00%**
Hollywood Park	SMR	0.25%	10/1/2002	
Hollywood Park	4B	0.25%	10/1/2002	
Kirby	SMR	0.25%	10/1/2003	**1.25%**
Leon Valley	4B	0.13%	4/1/2009	**1.38%**
Leon Valley	SMR	0.25%	4/1/2008	
Live Oak	4B	0.50%	10/1/1996	**2.00%**
Live Oak	PT	0.50%	10/1/1996	
Lytle		n/a		**1.50%**
Olmos Park	SMR	0.25%	10/1/2002	**1.50%**
Olmos Park	4B	0.25%	4/1/2009	
Saint Hedwig		n/a		**1.00%**
San Antonio	SCV	0.125%	10/1/2005	**1.125%**
Schertz		n/a		**1.50%**
Selma	PT	0.25%	10/1/2005	**1.50%**
Selma	SMR	0.25%	4/1/2005	
Shavano Park		n/a		**1.00%**
Somerset	4A	0.50%	10/1/1995	**2.00%**
Somerset	4B	0.50%	10/1/1995	
Terrell Hills		n/a		**1.00%**
Universal City	SCV	0.50%	10/1/2002	**2.00%**
Universal City	4B	0.50%	1/1/1996	
Von Ormy	SMR	0.25%	10/1/2009	**2.00%**
Von Ormy	4A	0.50%	10/1/2009	
Von Ormy	4B	0.25%	10/1/2009	
Windcrest	SMR	0.25%	4/1/2002	**1.75%**
Windcrest	4B	0.25%	10/1/1998	
Windcrest	PT	0.25%	10/1/1998	

* Reflects municipalities wholly or partially in Bexar County.

** Type = PT = Property Tax Relief
4A/4B = Economic and Industrial Development
SCV = Sports and Community Venue
MD = Municipal Development
SMR = Street Maintenance and Repair

[405] Texas Comptroller of Public Accounts. (2013). List of Cities Who Have Adopted an Additional Local Sales and Use Tax. Retrieved from: http://www.window.state.tx.us/taxinfo/addit.html; and Local Sales and Use Tax. retrieved and downloaded from: http://www.window.state.tx.us/taxinfo/local/city.html.

County Venue Project Tax in Bexar County

Bexar County has a Community Venue Fund that includes four initiatives approved by Bexar County voters in 2008. The four initiatives include 24 individual projects grouped into four main areas including San Antonio River Improvements, Amateur Sports Facilities, Community Arenas and Grounds, and Performing Arts Facilities. Total cost approved was $415 million. County residents approved two sources of funding for the improvements—1.75% hotel/motel occupancy tax and 5% short-term rental tax.[406] (The Fund is currently (FY2012) being augmented with Flood Control Taxes for Initiative 1 improvements (San Antonio River Improvements) until Venue Taxes rebound from the recession.)

[406] Allowable sources of funding available for venue projects include: sales tax, hotel occupancy tax, short-term motor vehicle rental tax, event parking tax, event admissions tax, and venue facility use tax.

PHASE II: FISCAL IMPACT ANALYSIS OF ANNEXATION AND INCORPORATION

Prepared for

Bexar County, Texas

December 2014

TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, Suite S240
Bethesda, MD 20816
800-424-4318
www.tischlerbise.com

TischlerBise
4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318

www.tischlerbise.com

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FISCAL IMPACT ANALYSIS OF ANNEXATION AND INCORPORATION

Bexar County, Texas

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TischlerBise
Fiscal, Economic & Planning Consultants

4701 SANGAMORE ROAD | SUITE S240 | BETHESDA | MD 20816
T: 800.424.4318 | F: 301.320.4860

300 UNO LAGO DRIVE | SUITE 405 | NORTH PALM BEACH | FL 33408
T: 800.424.4318 | F: 301.320.4860

WWW.TISCHLERBISE.COM

Executive Summary

BACKGROUND

The population of Bexar County grew 23 percent to over 1.7 million people between 2000 and 2010. Significantly, the unincorporated area of Bexar County grew to over 260,000 people, an increase of almost 90 percent. During the same time period, housing units in the unincorporated area increased 83 percent to over 85,000 units. Additionally, the City of San Antonio has significantly reduced its annexation activity in recent years, although the City has recently updated its annexation policy and is developing a new annexation plan. The citizens of the unincorporated area of Bexar County receive limited services compared with incorporated areas of the County, including limited fire protection, and limited access to library and animal control services. Portions of the unincorporated area have developed urban-like conditions, and it is reasonable to assume that residents may expect city-type services.

To address the demand for city-type services in the unincorporated area, a few options are available. First, the Texas state legislature could allow for urban counties to obtain additional statutory, regulatory, and ordinance-making authority, along with new revenue streams needed to fund city-like services. Second, incorporated cities within Bexar County—including the City of San Antonio—could re-initiate more aggressive annexation. Third, citizens within the unincorporated area could join together and incorporate themselves as new cities, levy taxes, and provide their own services.

To explore the above options, TischlerBise is under contract with Bexar County to conduct a study of the unincorporated area in the County, the services the County provides, the gap in services as compared to those provided by municipalities, and options for persons living in such areas to obtain the desired services. Toward that end, a series of papers has been prepared and submitted to the County including evaluations of trends and possible tools for additional services. The papers include: City and County Legal Authority; Neighborhood Revitalization Zones; Analysis of Incorporations in the County; Analysis of Annexations in the County; and Special Districts and Financing Tools.

This document is the next report in the project and reflects a **quantitative analysis of the fiscal impacts of annexation and incorporation in the unincorporated areas of the County**. A fiscal impact analysis evaluates potential revenue generation and operating and capital costs for public services and facilities under a set of assumptions.

Specifically, Bexar County is interested in exploring two avenues related to the fiscal impacts of providing additional services. The two central tasks for this phase of the analysis are as follows:

1. **To identify potential areas for annexation by the City of San Antonio**. The City has a new Annexation Policy with both quantitative and qualitative factors to be considered in identifying areas to annex. As part of this phase, we evaluate the fiscal impact to the City of San Antonio of annexation. The County in particular is interested in highlighting the contribution from unincorporated residents and businesses from CPS Energy revenues to the City's budget.[1]

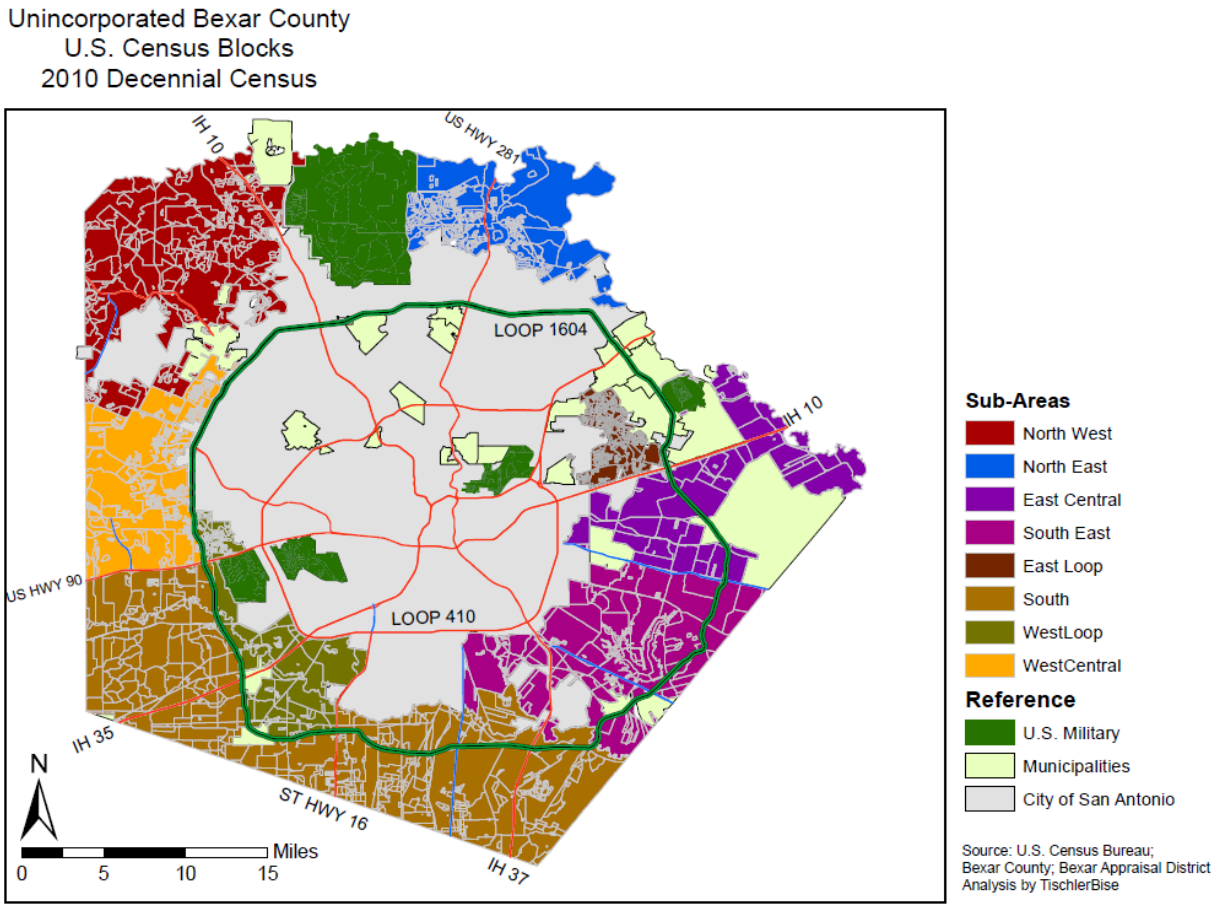
2. **To provide information for areas considering incorporation as to whether or not that decision would make financial sense**. The analysis would allow decision makers to understand the relationship between potential available revenue compared to potential costs for providing city-like services. To do this, TischlerBise uses a sample of proxy municipalities in Bexar County reflecting a "prototypical" incorporated area in the County.

[1] The City of San Antonio receives 14 percent of CPS Energy's revenue, which generally reflects 30 percent of the City's budget. CPS Energy provides utility service to all of Bexar County and has no competition. Bexar County residents, both those living in unincorporated and incorporated areas other than the City, therefore pay 14 percent of their annual household utility bill to the City of San Antonio.

SUB-AREAS AND SCENARIO

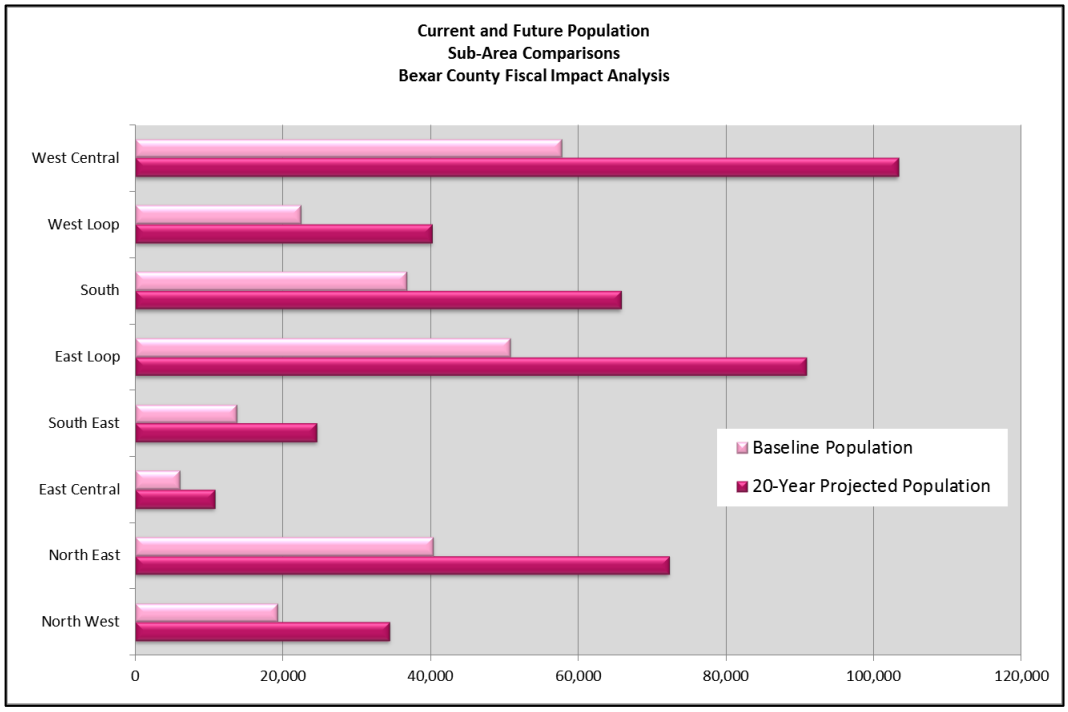
This report provides information on the fiscal impact of annexation and incorporation. To do this, we split the unincorporated County into eight sub-areas and evaluate the fiscal impact of annexation by the City of San Antonio or incorporation as a new municipality of each sub-area. See Figure 1 for a map of the sub-areas.

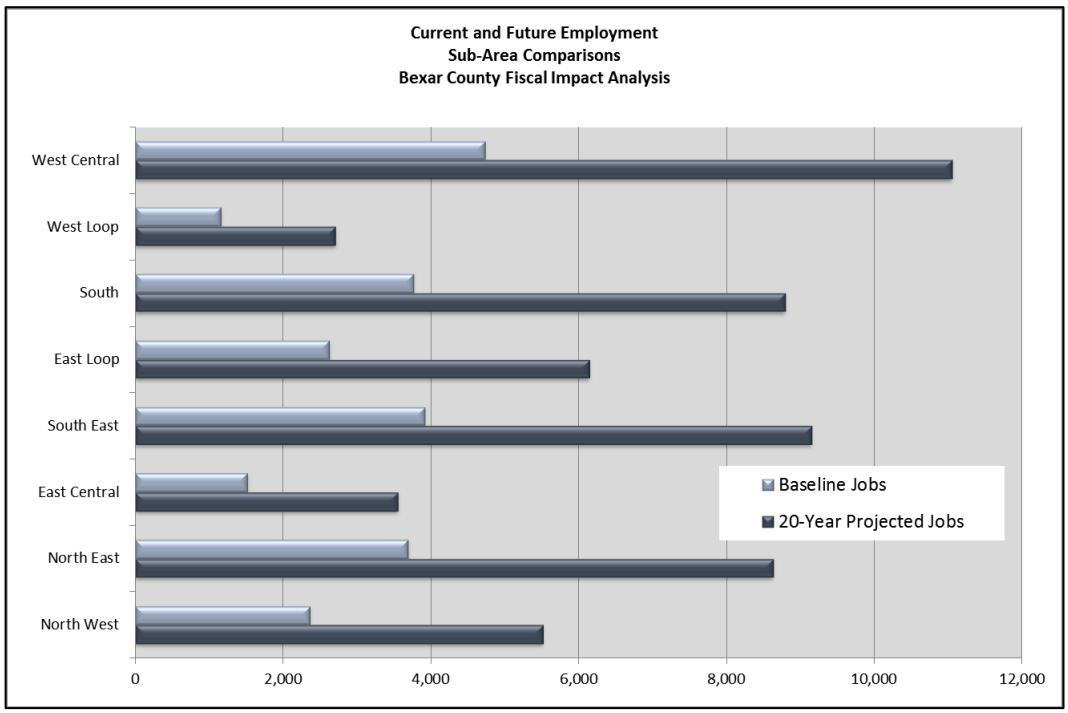
Figure 1. Map of Unincorporated County Sub-Areas



We evaluate both existing development and a future growth scenario. The growth scenario is represented by numerical projections of population, housing units, employment, and nonresidential building area over 20 years. A summary of current and projected growth is provided in Figure 2.

Figure 2. Summary of Current and Future Growth Assumptions





FISCAL IMPACT RESULTS

This study looks at the fiscal impact of annexation by the City of San Antonio as well as the fiscal impact if each sub-area incorporated. Results are shown and discussed separately in this report. The following figures summarize the overall findings. The first figure shows results over the first 5 years reflecting 5-years of revenue minus 5-years of costs. The second figure reflects the 20-year cumulative fiscal impact (total revenues minus total costs over 20 years of projected growth). Data points above the $0 line represent net surpluses; points below the $0 line represent net deficits. All dollar figures are shown in $1,000s.

Figure 3. Short-Term Cumulative (Years 1-5) Net Fiscal Impact Results: Annexation vs. Incorporation (in $1,000s)

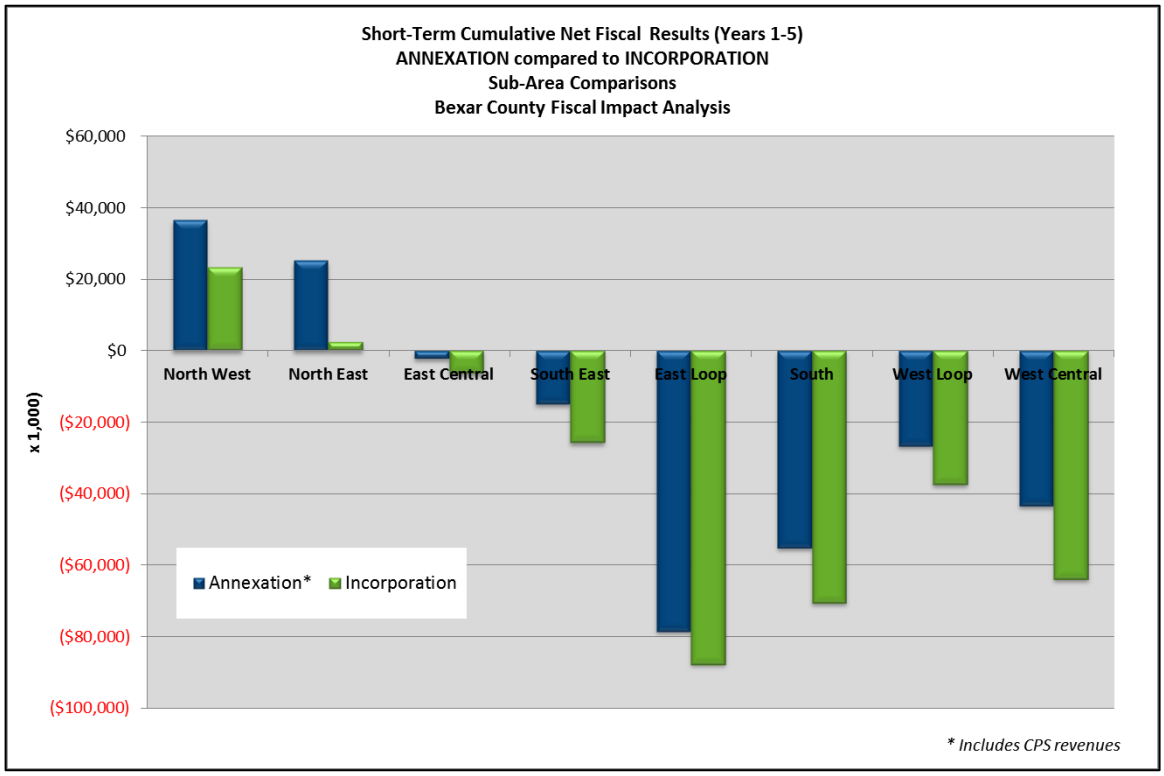
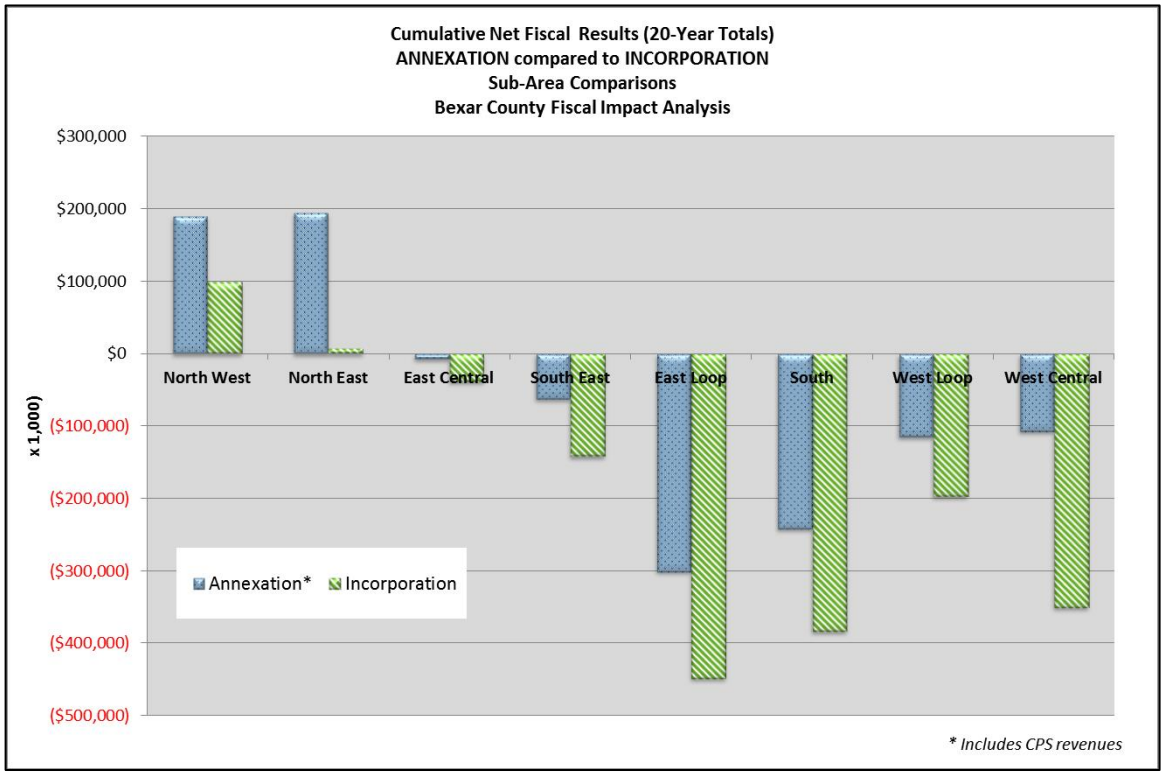


Figure 4. Long-Term Cumulative (20 Years) Net Fiscal Impact Results: Annexation vs. Incorporation (in $1,000s)



As indicated in the above charts, we show summary results here with CPS revenues allocated to each sub-area. Throughout the report, we show results in two ways—including and excluding CPS revenues.

SUMMARY OF MAJOR FINDINGS

The fiscal impact results reveal similar findings between annexation and incorporation. That is, those sub-areas that generate net surpluses under the Annexation analysis also generate net surpluses under the Incorporation analysis, albeit at different levels.

- The North West and North East sub-areas generally generate sufficient revenues to cover projected costs. The results are driven primarily by property values. These two sub-areas have the highest per capita property values and as a result, property tax revenues result in 60 percent of the revenue mix, a higher share than the other sub-areas.

- The East Central sub-area generates essentially fiscally neutral results. The level of revenues and costs generated are relatively low compared to the other sub-areas however, the amount of revenue is generally almost sufficient to cover the projected expenses.

- The remaining areas do not generate sufficient revenues to offset the costs generated. These areas have lower property values per capita, thus requiring a shift in reliance to other revenue sources, which are insufficient to cover costs in these sub-areas.

Comparing annexation to incorporation inputs offers other interesting findings. While the analysis includes additional refinements on capital (infrastructure) impacts and public safety operating expenses, particularly for the Annexation fiscal analysis, the average costs per person (or per person and job) are similar when comparing City of San Antonio averages to the weighted averages of the proxy jurisdictions used in the Incorporation analysis. The figure below provides a brief summary (with further detail provided in the body of this report).

Figure 5. Comparison of Average Select Operating Costs: City of San Antonio and Proxy Jurisdictions

Fiscal Impact Analysis: Average Costs of Selected Services
COMPARISON OF ANNEXATION AND INCORPORATION
Bexar County, Texas

	AVERAGE COST	
Service (Operating Costs Only)	**City of San Antonio**	**Proxy Jurisdictions**
Fire [1]	$119	$97
Police [1]	$170	$157
Parks [2]	$42	$32
Library [2]	$24	$25
Public Works [1]	$30	$43
Courts [1]	$6	$16

[1] Average cost per person and job
[2] Average cost per person

For the incorporation analysis, as a starting point to model property tax revenues for the General Fund (operating purposes), we use a weighted average of the proxy cities' tax rate. ***What is interesting to note is that the weighted property tax rate (rounded) derived from the proxy jurisdictions of $.352 per $100 in value is approximately the same as City of San Antonio's operating tax rate (rounded) of $.354 – a difference of $.002, or $2.00 on a $100,000 home.*** However, without CPS revenue, the City of San Antonio would have to have a significantly higher property tax rate to fund services and facilities at current levels of service.

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Overview

BACKGROUND

The population of Bexar County grew 23 percent to over 1.7 million people between 2000 and 2010. Significantly, the unincorporated area of Bexar County grew to over 260,000 people, an increase of almost 90 percent. Housing units increased 83 percent to over 85,000 units. Additionally, the City of San Antonio has significantly reduced its annexation activity. The citizens of the unincorporated area of Bexar County receive limited services compared with incorporated areas of the county, including limited fire protection, and limited access to library and animal control services. Portions of the unincorporated area have developed urban-like conditions, and it is reasonable to assume that residents may expect city-type services.

To address the demand for city-type services in the unincorporated area, a few options are available. First, the Texas state legislature could allow for urban counties to possess additional statutory, regulatory, and ordinance-making authority, along with new revenue streams needed to fund city-like services. Secondly, incorporated cities within Bexar County, including the City of San Antonio could re-initiate more aggressive annexation policies. Thirdly, citizens within the unincorporated area could join together and incorporate themselves as new cities, and levy taxes and provide their own services.

To explore the above options, TischlerBise is under contract with the County of Bexar to conduct a study of the unincorporated area in the county, the services the county provides, the gap in services as compared to those provided by municipalities, and options for persons living in such areas to obtain the desired services. Toward that end, a series of papers has been prepared and submitted to the County including evaluations of trends and possible tools for additional services. The papers include: City and County Legal Authority; Neighborhood Revitalization Zones; Analysis of Incorporations in the County; Analysis of Annexations in the County; and Special Districts and Financing Tools.

This document is the next report in the project and reflects a quantitative analysis of the fiscal impacts of annexation and incorporation in the unincorporated areas of the County. A fiscal impact analysis evaluates potential revenue generation and operating and capital costs for public services and facilities under a set of assumptions.

Specifically, Bexar County is interested in exploring two avenues when it comes to the fiscal impact analysis portion of the project. Per communications with the County, the two central tasks for this phase of the analysis are as follows:

1. **Identifying potential areas for annexation by the City of San Antonio.** The City has a new Annexation Policy with both quantitative and qualitative factors to be considered in identifying areas to annex. As part of this phase, we evaluate the fiscal impact of annexation to the City of San Antonio. The County in particular is interested in highlighting the contribution from unincorporated residents and businesses from CPS Energy revenues to the City's budget.[2]

2. **Providing information for areas considering incorporation as to whether or not that decision would make financial sense.** The analysis would allow decision makers to understand the relationship between potential available revenue compared to potential costs for providing city-like services. To do this, TischlerBise uses proxy municipalities in Bexar County reflecting a "prototypical" incorporated area in the County.

This report provides information on the fiscal impact of annexation and incorporation. We split the unincorporated County into eight sub-areas and evaluate the fiscal impact of annexation by the City of San Antonio or incorporation as a new municipality. We evaluate both existing development and a future growth scenario. The growth scenario is represented by numerical projections of population, housing units, employment, and nonresidential building area over 20 years.

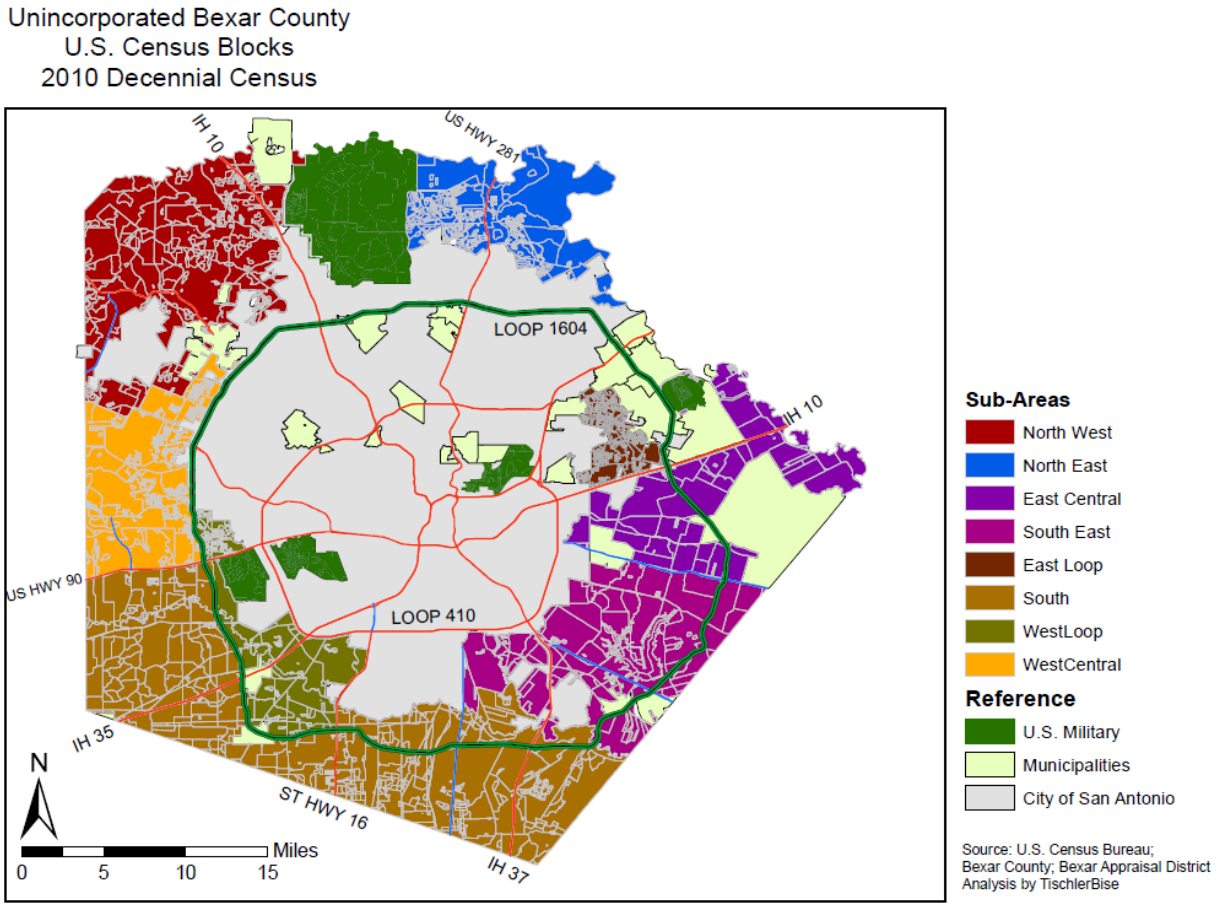
A fiscal impact analysis determines whether revenues generated by development are sufficient to cover the resulting costs from that development for service and facility demands under current levels of service. It should not necessarily be viewed as a budget-forecasting document or a definitive roadmap depicting a future course of action. A fiscal analysis essentially looks at revenues and expenditures separately. It does not project expenditures based on revenues available—unlike an annual budget process where the budget will be balanced with the resources available.

[2] The City of San Antonio receives 14 percent of CPS Energy's revenue, which generally reflects 30 percent of the City's budget. CPS Energy provides utility service to all of Bexar County and has no competition. Bexar County residents, both those living in unincorporated and incorporated areas other than the City, therefore pay 14 percent of their annual household utility bill to the City of San Antonio.

SUB-AREAS AND SCENARIO

TischlerBise, in conjunction with the County, divided the unincorporated area of the County into eight sub-areas to determine fiscal impacts of annexation and incorporation. The area essentially reflects all areas in the City of San Antonio's extraterritorial jurisdiction (ETJ) plus additional area in the unincorporated County. See the map in Figure 6 for our sub-area analysis zones and Figure 7 for current employment estimates by sub-area.

Figure 6. Map of Unincorporated County Sub-Areas



The sub-areas created for this analysis (shown above) were created by selecting 2010 Census Blocks wholly in unincorporated Bexar County. Using Census Blocks (rather than census tracts) to define each sub-area allowed us to filter out incorporated municipalities. The population totals may be low due to data suppression (where data is not disclosed due to the small number in any one block).

The number of jobs in each sub-area is from U.S. Census, "OnTheMap Application (version 6)," which is a web-based mapping and reporting application that shows where workers are employed and where they live. [3]

Baseline population and job assumptions are shown below in Figure 7 by analysis sub-area.

Figure 7. Baseline Population and Jobs by Unincorporated County Sub-Areas

	BASE YEAR Population	BASE YEAR Jobs
North West Uninc. Sub-Area	19,259	2,361
North East Uninc. Sub-Area	40,369	3,692
East Central Uninc. Sub-Area	6,034	1,521
South East Uninc. Sub-Area	13,764	3,914
East Loop Uninc. Sub-Area	50,746	2,629
South Uninc. Sub-Area	36,756	3,762
West Loop Uninc. Sub-Area	22,443	1,161
West Central Uninc. Sub-Area	57,696	4,728
Total	***247,067***	***23,768***

Note: Sub-area sums may not total uninc. County total due to GIS selection of sub-areas.
Source: US Census (2010); US Census OnTheMap Application (2010);
Bexar County Appraisal District; TischlerBise analysis

Growth Scenario

In 2000, unincorporated Bexar County made up 10.1 percent of the total county population. By year 2010, this share had increased to 15.4 percent. Looking at the growth from 2000 to 2010, the increase in population in the unincorporated County[4] comprised a total of approximately 38 percent of the overall County growth.

Figure 8. Population Growth Trends in the Unincorporated County

	2000	2010	10-Year Growth in Population	10-Year Growth %
Total Bexar County	1,392,931	1,714,773	**321,842**	**23%**
Unincorporated County	140,683	264,572	**123,889**	**88%**
Uninc. Co. Share of Total County	***10.1%***	***15.4%***		
Uninc. Co. Share of Total County Growth			***38.5%***	

Source: US Census

[3] U.S. Census Bureau. OnTheMap Application. Longitudinal-Employer Household Dynamics Program. http://onthemap.ces.census.gov/
[4] Unincorporated County reflects total the total county less the sum of all municipalities in the County (e.g., San Antonio plus all other incorporated areas.)

We project future growth based on a "Trends" approach that *assumes 38 percent (rounded down) of the net projected increase in population growth will be in the unincorporated areas.* This means that based on a projected countywide population of 2.3 million by 2033, reflecting a net increase of approximately 515,000, approximately 195,000 will be in the unincorporated area. We then allocated the net increase to each of our unincorporated sub-areas. Admittedly, growth *rates* may vary by sub-area in the future, but for purposes of this analysis at this stage, growth rates are consistent.

Based on this analysis and allocation, by the end of the twenty-year projection period, the share of County population in the unincorporated County is projected to increase from 14 percent to 19 percent (assuming all current City boundaries).

The same methodology is used for employment growth. Employment for the County and in the unincorporated County[5] was analyzed for 2002 (earliest available by municipality) and 2010. Of the 61,750 additional jobs in the County, approximately 9 percent occurred in the unincorporated County. This share is used to project future growth.

Figure 9. Employment Growth Trends in the Unincorporated County

	2002	*2010*	*10-Year Growth in Jobs*	*10-Year Growth %*
Total Bexar County	643,407	705,157	**61,750**	**10%**
Unincorporated County	18,710	24,484	**5,774**	**31%**
Uninc. Co. Share of Total	***2.9%***	***3.5%***		
Uninc. Co. Share of Total County Growth			***9.4%***	

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics

Consistent with the approach used to project population growth in the unincorporated area, we project future employment growth assuming a "Trends" approach that *assumes 9 percent (rounded down) of the net projected increase in employment growth will be in the unincorporated areas.* This means that a projected countywide employment base of 1.1 million jobs over 20 years, reflecting a net increase of approximately 353,000 jobs, approximately 31,800 will be in the unincorporated area. We then allocated the net increase to each of our unincorporated sub-areas. Admittedly, growth *rates* may vary by sub-area in the future, but for purposes of this analysis at this stage, growth rates are consistent.

Based on this analysis and allocation, by the end of the twenty-year projection period, the share of County jobs in the unincorporated county is projected to increase from 3 percent to 5 percent (assuming all current City boundaries).

[5] Unincorporated County reflects total the total county less the sum of all municipalities in the County (e.g., San Antonio plus all other incorporated areas.)

Land Consumption

To better reflect potential property tax revenues, TischlerBise evaluated current land use by general type of development—residential, nonresidential, and vacant/agricultural. The assumption is that current vacant and agricultural land will be used for future development therefore the assessable base of this type of property will "decrease" in that new improved properties will shift value from those properties to the developed ones.[6]

As we evaluated land consumption needs, we compared available land (identified currently as vacant and agricultural) within each sub-area to land consumption needs based on current densities—i.e., additional acres needed for future residential and nonresidential needs. In all but one sub-area, there is ample supply of available land. The exception is the East Loop where buildout is projected over the 20 year time frame—again, assuming current densities and available vacant and agricultural land. This does not assume any redevelopment or increases in density—which may occur as land becomes scarcer.

Summary of Growth Projections by Sub-Area

The figure below summarizes residential and nonresidential growth projections used in this analysis.

Figure 10. Growth Projections by Sub-Area

	BASE YEAR	*20-YEAR TOTAL*	Net Increase	*BASE YEAR*	*20-YEAR TOTAL*	Net Increase
	Population			*Jobs*		
North West Uninc. Sub-Area	19,259	34,493	*15,234*	2,361	5,518	*3,157*
North East Uninc. Sub-Area	40,369	72,301	*31,932*	3,692	8,629	*4,937*
East Central Uninc. Sub-Area	6,034	10,807	*4,773*	1,521	3,555	*2,034*
South East Uninc. Sub-Area	13,764	24,651	*10,887*	3,914	9,148	*5,234*
East Loop Uninc. Sub-Area	50,746	90,887	*40,141*	2,629	6,145	*3,516*
South Uninc. Sub-Area	36,756	65,830	*29,074*	3,762	8,793	*5,031*
West Loop Uninc. Sub-Area	22,443	40,196	*17,753*	1,161	2,714	*1,553*
West Central Uninc. Sub-Area	57,696	103,334	*45,638*	4,728	11,050	*6,322*
Total	***247,067***	***442,499***	***195,432***	***23,768***	***55,551***	***31,783***

Note: Sub-area sums may not total uninc. County total due to GIS selection of sub-areas.
Source: US Census (2010); US Census OnTheMap Application (2010);
Bexar County Appraisal District; TischlerBise analysis

[6] It should be noted here that the fiscal analysis does not assume inflation (see discussion in section, "General Approach and Major Assumptions.")

Alternative Growth Scenario

This report looks at the fiscal impacts of annexation and incorporation. However, when considering annexation, other factors are important, including the ability to encourage/discourage development in less suitable areas. One compelling argument for annexation in this regard may be the desire to implement the San Antonio-Bexar County MPO ***Mobility 2035 Plan***.

The *Mobility 2035* process selected a combined infill development and transit oriented development scenario as the preferred scenario for future growth in the region. This scenario diverges from a "Trends" scenario in which the majority of future growth would occur outside Loop 1604. A summary of the scenario assumptions from the *Mobility 2035* report is provided below.

2035 Characteristics	***Current Trends Development Scenario***	***Transit-Oriented Development Senario***	***Infill Development Scenario***	***Transit-Oriented / Infill Development Scenario***
People living inside IH 410	728,000	931,000	828,000	839,000
People living between IH 410 and Loop 1604	877,000	937,000	1,022,000	1,014,000
People living outside Loop 1604	617,000	354,000	372,000	367,000
Total Population	2,220,000	2,220,000	2,220,000	2,220,000
Hours of Delay	2,100,000	721,300	707,500	663,000
Productivity Loss	$24,000,000	$8,700,000	$8,600,000	$8,100,000
Lane Mile Equivalents needed to eliminate congestion	1,800	1,600	1,400	1,433
Construction Cost	$4,600,000,000	$4,100,000,000	$3,600,000,000	$3,700,000,000

Source: San Antonio-Bexar County MPO, Mobility 2035: Metropolitan Transportation Plan, 2009; "Table 2.3 Summary Statistics of the Four Development Scenarios," p. 2-10.

A strong argument for annexation is to support the implementation of the preferred scenarios. Without land use regulations in the areas outside Loop 1604, it is likely the Trends scenario will come to fruition.

The fiscal impact analysis herein does not assume any intervention that would necessarily lead to the above alternatives—or other alternatives. Instead, it assumes growth as usual regardless of jurisdictional boundaries and what that might mean to both the City of San Antonio and/or newly incorporated municipalities. However, annexation in and of itself is an intervention strategy that has the potential to alter trend development patterns—and therefore alter fiscal impacts accordingly.

GENERAL APPROACH AND MAJOR ASSUMPTIONS

A fiscal impact analysis determines whether revenues generated by development are sufficient to cover the resulting costs for service and facility demands placed on the municipality. The fiscal impact analysis conducted by TischlerBise uses mostly an average cost approach for operations with some case study-marginal costing for capital needs. Specific assumptions are discussed throughout the report.

The service level, revenue, and cost assumptions are based TischlerBise's work with the County and analysis of a variety of documentation, including relevant municipal budgets and financial documentation, Texas Comptroller data, County Appraisal District data and GIS files, national data sources such as US Census, regional reports, and other relevant documents. Our national fiscal experience conducting over 700 fiscal impact analyses was also beneficial.

The assumptions outlined below are utilized along with the growth projections developed for this analysis to calculate fiscal impacts to the City of San Antonio (annexation analysis) and from incorporation in the short-term and over our 20-year projection period. Calculations are performed using a customized fiscal impact model designed specifically for this assignment. [7]

The following major assumptions regarding the fiscal impact methodology should be noted.

Marginal, Growth-Related Costs and Revenues

For this analysis, all costs and revenues directly attributable to development—by type of development—are included. Personnel and other operating costs are projected, as are expenditures for capital improvements. Indirect, or spin-off, impacts are not included in this analysis. For example, sales tax is generated from retail development as opposed to residential development. Although additional residents may generate additional sales, the revenue is generated from the retail site itself and not directly from residential development.

General Fund and tax-supported special funds are included in this analysis. Enterprise funds are not included in this analysis as they are assumed to be self-sufficient. Some costs and revenues are not expected to be affected by development or growth, and are therefore considered "fixed" in this analysis.

[7] A general note on rounding: Calculations throughout this report are based on an analysis conducted using Excel software. Results are discussed in the report using one-and two-digit places (in most cases), which represent rounded figures. However, in some cases the analysis itself uses figures carried to their ultimate decimal places; therefore the sums and products generated in the analysis may not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to rounding).

Special Districts

The analysis does not assume use of any special districts (Public Improvement Districts, Crime Control Districts, etc.). While this may be a viable option to provide services and infrastructure for either annexation or incorporation, the analysis discussed herein does not assume use of those tools.

Level of Service

The cost projections are based on a "snapshot approach" in which it is assumed the current level of service, as funded in the relevant budgets and as provided in current capital facilities, will be provided to annexed development and continue through the 20-year analysis period. The current demand base data was used to calculate unit costs and service level thresholds. Examples of demand base data include population, dwelling units, employment by type, vehicle trips, etc. In summary, the "snapshot" approach does not attempt to speculate about how levels of service, costs, revenues and other factors will change over time. Instead, it evaluates the fiscal impact of current development and new growth as conducted today. Further discussion is provided throughout and in particular regarding assumptions for the incorporation analysis.

Revenue Structure

Revenues are projected assuming that the current revenue structure will not change during the analysis period. That is, no additional new sources of revenues are assumed to be implemented. Tax rates are held constant for the annexation analysis and a custom methodology is used for the incorporation analysis.

Inflation Rate

The rate of inflation is assumed to be zero throughout the projection period, and cost and revenue projections are in constant 2013 dollars. This assumption is in accord with budget data and avoids the difficulty of speculating on inflation rates and their effect on cost and revenue categories. It also avoids the problem of interpreting results expressed in inflated dollars over an extended period of time. In general, including inflation is complicated and unpredictable. This is particularly the case given that some costs, such as salaries, increase at different rates than other operating and capital costs such as contractual and building construction costs. And these costs, in turn, almost always increase in variation to the appreciation of real estate, thus affecting the revenue side of the equation. Using constant dollars avoids these issues.

Non-Fiscal Evaluations

It should be noted that while a fiscal impact analysis is an important consideration in planning decisions, it is only one of several issues that should be considered. Environmental and social issues, for example, should also be considered when making planning and policy decisions. The above notwithstanding, this analysis will enable interested parties to understand the fiscal implications of future development.

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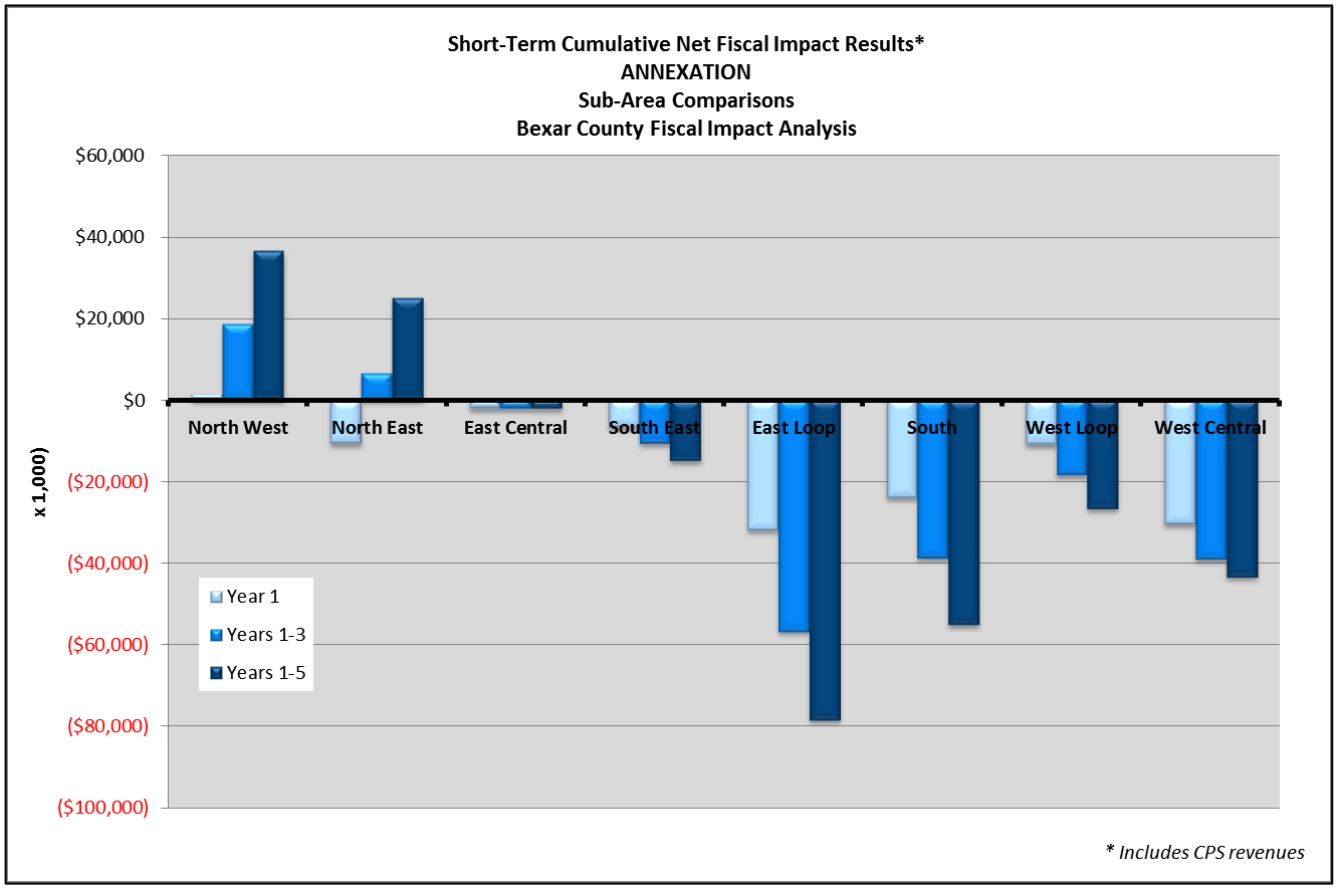
Annexation Fiscal Impact Analysis Results

This section provides the results of the fiscal impact analysis of annexation by the City of San Antonio. Most of the results are shown in this section in the aggregate as a summary of the results. Further detail by sub-area is provided in the Appendix. The fiscal impact analysis results are shown in a number of different ways. First, ***cumulative*** fiscal impact results from annexation are shown over the short-term for each sub-area—results are shown for ***Year 1, Years 1-3, and Years 1-5.*** Next, longer-term ***cumulative*** results are shown reflecting 20-year total revenues, expenditures, and net fiscal results. Finally, ***annual*** net fiscal results are discussed and show the fiscal impacts from one year to the next. All dollar figures are shown in $1,000s.

SHORT-TERM CUMULATIVE NET FISCAL IMPACT RESULTS

The first figure in the series shows short-term results for each sub-area, reflecting the fiscal impact from initial annexation (Year 1) followed by ***cumulative*** results by Year 3 (the sum of revenues minus the sum of expenditures over the first three years) and by Year 5 (the sum of revenues minus the sum of expenditures over the first five years). The fiscal results are revenues generated minus operating and capital expenditures. For ***Year 1,*** the impacts are heavily weighted toward capital needs and therefore result in net deficits. We show cumulative totals for ***Years 1-3 and Years 1-5*** to determine if sufficient revenues start to build up (i.e., property taxes) to offset those initial expenditures. In reality, new capital facilities will be debt financed, and costs spread over a longer period of time where ongoing property tax revenues can be used. See Figure 11.

Figure 11. Annexation Short-Term Net Fiscal Impact Results (in $1,000s)



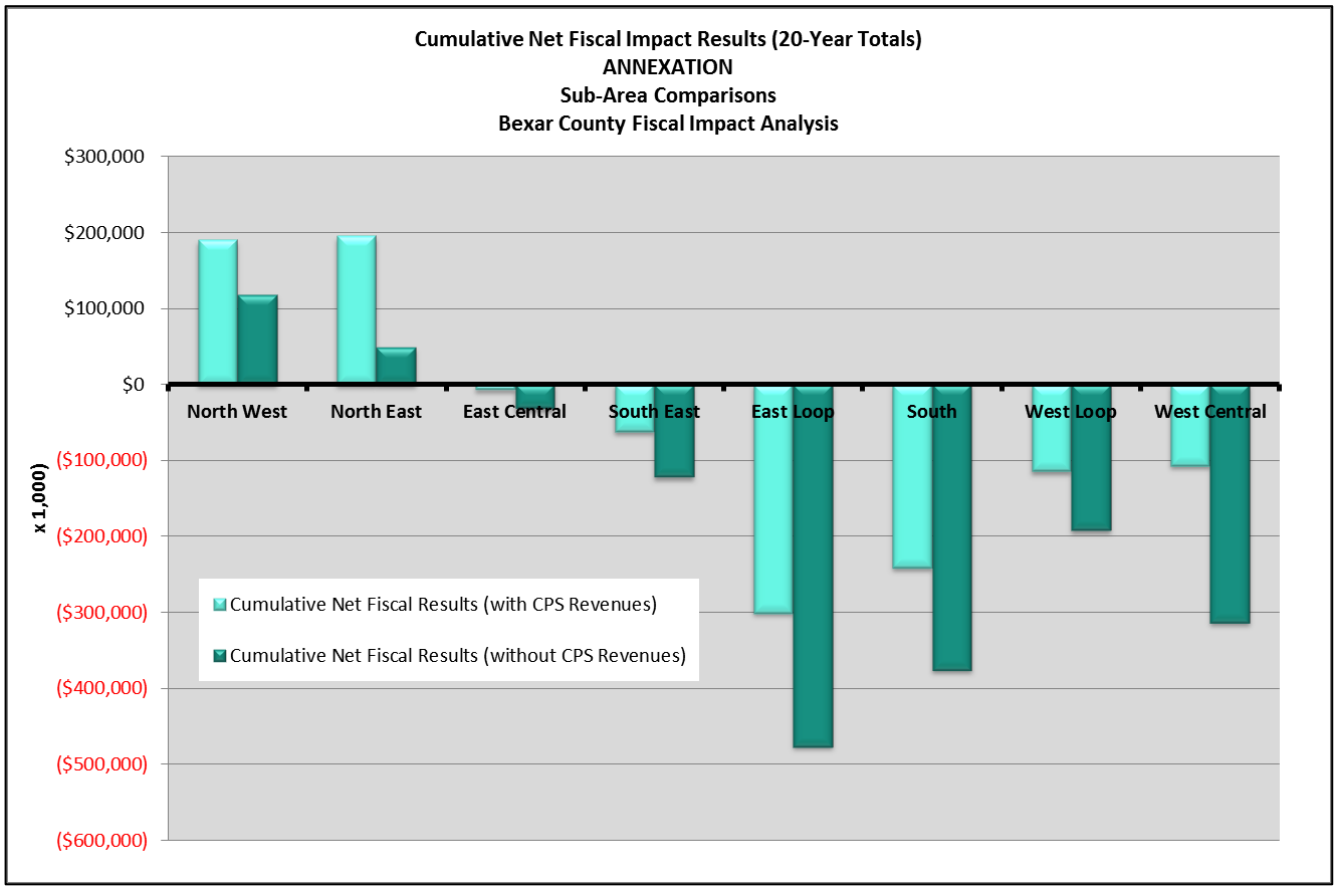
As shown, Year 1 impacts are mostly deficits because of initial capital impacts. For two sub-areas, North West and North East, later years generate net surpluses. (These results reflect inclusion of CPS revenues as well as additional growth that is fiscally beneficial.) The East Central sub-area produces fiscally neutral results. Other sub-areas start in a deficit with future growth further deepening the deficits.

The results, particularly in the short-term, reflect capital intensive expenditures. The analysis includes the capital needs to bring the unincorporated area to the City's level of service, with the impact generally occurring in Year 1. In reality, those improvements and costs would be spread over a transition period.

CUMULATIVE NET RESULTS

Twenty-year cumulative figures reflect total revenues generated minus total operating and capital expenditures over the 20-year projection timeframe. Results are shown in Figure 12. Figures are shown in $1,000s.

Figure 12. Annexation Cumulative Net Fiscal Results: 20-Year Totals (in $1,000s)



Two sub-areas generate net surpluses over the 20-year period—North West and North East[8]—under both approaches of attributing CPS revenues to the sub-area and excluding the revenues. Total revenue generated from existing development and new growth over the projection period is sufficient to cover the resulting costs

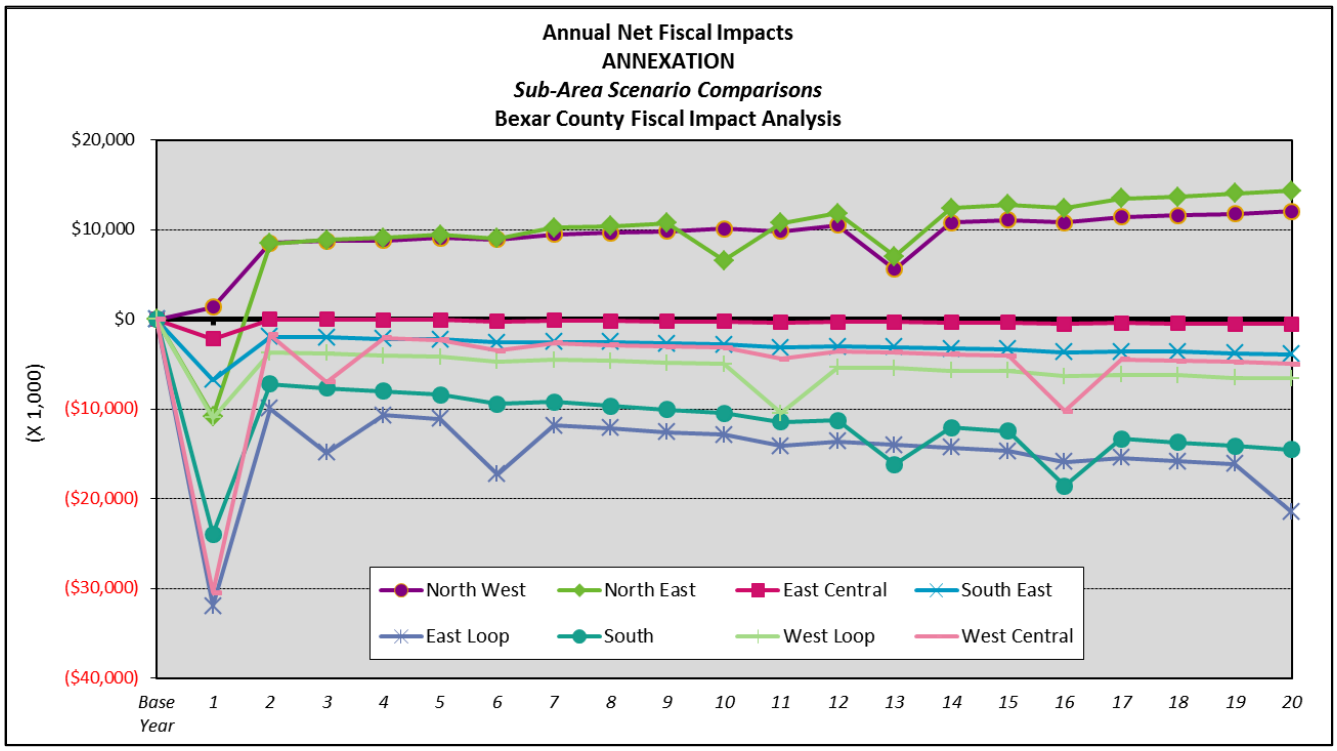
[8] It should be noted that the analysis does not exclude Cibolo Canyons Special Improvement District at this time, which has a non-annexation agreement in place with the City of San Antonio through the end of the fiscal analysis' projection time period. The evaluations at this stage of the process are intended to be used to evaluate the **fiscal viability** of annexation and incorporation of current and future development—as opposed to the legal or political likelihood—and does not exclude any portion of the unincorporated area. It is assumed that subsequent analyses of specific geographic areas under consideration for annexation or incorporation would be further refined and delineated.

for operating and capital needs (with approximately 70 percent of General Fund revenues from property and sales taxes). East Central generates essentially fiscally neutral results. The remaining sub-areas do not generate sufficient revenues to cover the projected expenditures. East Loop generates the worst fiscal results with over 20 percent of the unincorporated population and approximately 10 percent of the property value.

ANNUAL NET RESULTS

The ***annual*** (year to year) net results to the City for each of the sub-areas over the study time horizon are shown in Figure 13. Each year reflects total revenues generated minus total expenditures *incurred in the same year*. Both capital and operating costs are included. By showing the results annually, the magnitude, rate of change, and timeline of deficits and revenues can be observed over time. The "bumpy" nature of the annual results during particular years represents the opening of capital facilities and/or major operating costs being incurred. Data points above the $0 line represent annual surpluses; points below the $0 line represent annual deficits. Each year's surplus or deficit is *not* carried forward into the next year in this chart. This enables a comparison from year-to-year of the net results without distorting the revenue or cost side of the equation. In reality, those surpluses would be carried forward or deficits would be funded through other revenue sources or means, such as debt financing for capital improvements, or levels of service would decrease. Figures are shown in $1,000s.

Figure 13. Annexation Annual Net Fiscal Results (in $1,000s)



As shown in Figure 13, all but two scenarios produce annual net deficits to the City in most years. The initial deficits are generated due to capital needs to serve the annexed areas. After that, annual results are positive for North West and North East sub-areas and a break-even for East Central. The remaining sub-areas do not generate sufficient revenues to cover expenditures. Marked decreases shown above are due to capital impacts being triggered such as Fire stations.

FISCAL IMPACT RESULTS BY FUND

For further detail, a series of tables are provided showing revenues and expenditures by fund grouping and sub-area. Cumulative (20-Year) results are shown.

Figure 14. Annexation Cumulative Net Fiscal Results by Fund Grouping and Sub-Area (with CPS Revenues)

Fiscal Impact Analysis: Cumulative (20 Years) Results from Annexation & New Growth (in $1,000s)
ANNEXATION
Bexar County, Texas

	GENERAL FUND			SPECIAL REVENUE FUNDS			CAPITAL FUNDS			TOTAL COMBINED RESULTS		
Unincorporated Sub-Area	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**
North West	$387,168	$325,075	$62,094	$5,548	$7,726	($2,178)	$149,866	$19,647	$130,219	$542,583	$352,449	$190,134
North East	$646,367	$638,812	$7,556	$5,737	$13,273	($7,536)	$238,755	$43,806	$194,949	$890,860	$695,890	$194,970
East Central	$84,636	$107,340	($22,704)	$2,288	$2,550	($262)	$20,777	$4,664	$16,113	$107,701	$114,554	($6,854)
South East	$158,136	$240,122	($81,986)	$2,819	$5,411	($2,592)	$32,963	$10,640	$22,323	$193,918	$256,173	($62,255)
East Loop	$465,186	$796,399	($331,214)	$8,700	$16,127	($7,427)	$94,264	$55,939	$38,325	$568,150	$868,466	($300,316)
South	$320,740	$574,010	($253,270)	$4,854	$10,049	($5,194)	$57,418	$40,280	$17,138	$383,013	$624,339	($241,326)
West Loop	$204,577	$341,554	($136,977)	$1,873	$6,333	($4,460)	$47,456	$20,596	$26,860	$253,906	$368,483	($114,577)
West Central	$659,144	$890,493	($231,349)	$4,521	$16,748	($12,227)	$196,963	$60,215	$136,749	$860,629	$967,455	($106,826)
TOTALS	**$2,925,955**	**$3,913,805**	**($987,850)**	**$36,341**	**$78,218**	**($41,877)**	**$838,463**	**$255,787**	**$582,676**	**$3,800,759**	**$4,247,809**	**($447,050)**

Figure 15. Annexation Cumulative Net Fiscal Results by Fund Grouping and Sub-Area (without CPS Revenues)

Fiscal Impact Analysis: Cumulative (20 Years) Results from Annexation & New Growth (in $1,000s)
ANNEXATION: Without CPS Revenues
Bexar County, Texas

	GENERAL FUND			SPECIAL REVENUE FUNDS			CAPITAL FUNDS			TOTAL COMBINED RESULTS		
Unincorporated Sub-Area	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**
North West	$315,060	$325,075	($10,015)	$5,548	$7,726	($2,178)	$149,866	$19,647	$130,219	$470,474	$352,449	$118,026
North East	$500,128	$638,812	($138,684)	$5,737	$13,273	($7,536)	$238,755	$43,806	$194,949	$744,620	$695,890	$48,730
East Central	$58,993	$107,340	($48,346)	$2,288	$2,550	($262)	$20,777	$4,664	$16,113	$82,058	$114,554	($32,496)
South East	$97,908	$240,122	($142,215)	$2,819	$5,411	($2,592)	$32,963	$10,640	$22,323	$133,690	$256,173	($122,484)
East Loop	$289,211	$796,399	($507,189)	$8,700	$16,127	($7,427)	$94,264	$55,939	$38,325	$392,175	$868,466	($476,291)
South	$186,025	$574,010	($387,985)	$4,854	$10,049	($5,194)	$57,418	$40,280	$17,138	$248,298	$624,339	($376,041)
West Loop	$126,756	$341,554	($214,797)	$1,873	$6,333	($4,460)	$47,456	$20,596	$26,860	$176,086	$368,483	($192,398)
West Central	$452,278	$890,493	($438,214)	$4,521	$16,748	($12,227)	$196,963	$60,215	$136,749	$653,763	$967,455	($313,692)
TOTALS	**$2,026,359**	**$3,913,805**	**($1,887,446)**	**$36,341**	**$78,218**	**($41,877)**	**$838,463**	**$255,787**	**$582,676**	**$2,901,164**	**$4,247,809**	**($1,346,646)**

SUMMARY OF FINDINGS

- Year 1 fiscal results are mostly deficits because of initial capital impacts. For two sub-areas, North West and North East, later years generate net surpluses and the 20-year cumulative fiscal impact generates surpluses for these two areas.

- The East Central sub-area generally produces fiscally neutral results.

- The remaining sub-areas start in a deficit with future development further deepening the deficits. The property values and assumed type and value of future growth are not sufficient to offset the operating and capital impacts generated.

- Several approaches were analyzed and tested in this analysis. For example, the City of San Antonio funds approximately 30 percent of its budget with CPS Energy revenues. Accounting for this revenue source in the analysis of annexation of the unincorporated sub-areas was evaluated and reported in two different ways.

    - The CPS revenue can be seen as "fixed" in that the City of San Antonio is already receiving this revenue from the unincorporated area. That is, by annexing these areas, the City does not gain any additional revenue from CPS charges.

    - The other way to evaluate it is to attribute the revenues to the sub-area under consideration. Under an Annexation scenario and analysis, those revenues are now available to pay for the services required in the area under study.

    - The following section discussing revenues provides additional detail on the assumptions and approach in this analysis.

- As discussed throughout this report, the costs assumed are based on *current City of San Antonio levels of service* for services and infrastructure. This assumes continuation of that level of service to serve annexation and new growth.

- It is important to acknowledge that fiscal issues are only one way to evaluate development and growth trends. Environmental, land use, housing, jobs/housing balance, transportation, and other issues should also be taken into consideration when determining what is best.

Annexation Revenue and Cost Discussion

Further details on revenue and cost projections for the **Annexation Analysis** are presented and discussed in this section. (Additional supporting detail is included in the Appendix to this document.)

REVENUES

All City of San Antonio General Fund and Debt Service Fund revenues were evaluated as well as two Special Funds--Advanced Transportation District and Parks Development & Expansion (2010). Some revenues do not increase with annexation or growth and are considered "fixed" in the analysis. Projection methodologies and assumptions are discussed in this chapter.

For comparison purposes, we provide the FY2013 City of San Antonio General Fund revenue summary along with share by type.

Figure 16. City of San Antonio General Fund Revenues by Type

City of San Antonio Current General Fund Revenue Summary		
Category	**FY2013 ($1,000s)**	**%**
Property Taxes	$247,238	27%
City Sales Tax	$221,837	24%
Other Taxes	$35,962	4%
CPS Energy	$285,506	31%
San Antonio Water System	$10,948	1%
Other Agencies	$7,701	1%
Licenses and Permits	$7,179	1%
Charges for Service	$49,415	5%
Fines	$14,551	2%
Miscellaneous	$12,143	1%
Transfers	$25,671	3%
TOTAL	**$918,150**	**100%**

Source: City of San Antonio FY2013 Adopted Budget

Projected total revenues from annexation are shown in Figure 17. The figure shows both *Year 1* projected revenues and *total cumulative* revenues over the 20-year projection timeline. Revenues are from annexation of sub-areas as well as projected new growth in the unincorporated area. Figures are in constant 2013 dollars and are shown in thousands. (Detail by sub-area is provided in the Appendix.) It should be noted that the total includes projected CPS revenue to the City. This is further discussed below.

Figure 17. Annexation Revenue Summary

Fiscal Impact Analysis: REVENUE SUMMARY (in $1,000s)
ANNEXATION
Bexar County, Texas

	TOTAL: Existing	TOTAL: 20-Year Cumulative		
Category	**$000s**	**$000s**	**% of Fund**	**% of Grand Total**
GENERAL FUND				
Property Taxes	$52,774	$1,404,139	48%	37%
City Sales Tax	$5,959	$198,860	7%	5%
Other Taxes	$3,975	$112,854	4%	3%
CPS Energy	$31,688	$899,596	31%	24%
Other Revenues	$10,995	$310,507	11%	8%
SUBTOTAL GENERAL FUND Revenues	**$105,391**	**$2,925,955**	**100%**	**77%**
SPECIAL FUNDS				
Special Fund Revenues	$1,089	$36,341	100%	1%
SUBTOTAL SPECIAL FUND Revenues	**$1,089**	**$36,341**	**100%**	**1%**
CAPITAL REVENUES				
Debt Service Fund	$31,514	$838,463	100%	22%
SUBTOTAL CAPITAL Revenues	**$31,514**	**$838,463**	**100%**	**22%**
GRAND TOTAL REVENUES ($000s)	***$137,993***	***$3,800,759***		***100%***
AVERAGE ANNUAL Revenues ($000s)	***$137,993***	***$190,038***		

Notes to table:
Special Fund Revenues: Sales Tax Revenues (Advanced Transportation District and Parks Development & Expansion)
Debt Service Fund: Property Tax Revenues

As shown, the two major sources of revenue are Property Taxes and CPS Revenue. The Debt Service Fund is funded from Property Taxes as well, which results in property tax revenues from all funds comprising approximately 60 percent of total revenues.

Property Taxes

We model residential, nonresidential, and other (vacant and agricultural) real property taxable values to derive potential property tax revenues to City of San Antonio from annexation. The analysis uses the modeled fiscal year (FY2013) total City property tax rate of $.56569 per $100 of taxable value, of which $.35419 per $100 of taxable value is for maintenance and operations and $.21150 per $100 is for debt service.

Base year property values by sub-area are shown in Figure 18. These values are used to estimate Year 1 property taxes to the City of San Antonio if annexation were to occur. The assessed values are further modified in the analysis to reflect *taxable values*, which account for exemptions provided by municipalities. For San Antonio, 90 percent of assessed values are assumed to be taxable (based on an analysis of current exemptions). Shown below are assessed values by sub-area used in the evaluation.

Figure 18. Unincorporated Sub-Area Total Real Property Assessed Values

Uninc. Sub-Area	*Pop.*	*Jobs*	*Res Assessed Val*	*Nonres Assessed Val*	*Other (Vacant & Ag)*	*Total*	*Per Pop & Job*
East Central	6,034	1,521	$152,086,385	$55,191,669	$203,762,499	$411,040,553	***$54,406***
East Loop	50,746	2,629	$1,506,331,848	$147,617,688	$51,503,431	$1,705,452,967	***$31,952***
North East	40,258	3,692	$3,541,002,578	$420,539,066	$394,193,346	$4,355,734,990	***$99,107***
North West	19,259	2,361	$2,135,043,081	$120,671,735	$738,035,869	$2,993,750,685	***$138,471***
South East	13,764	3,914	$349,492,542	$65,096,711	$228,568,314	$643,157,567	***$36,382***
South	36,756	3,762	$591,296,967	$72,678,080	$571,879,728	$1,235,854,775	***$30,501***
West Central	57,696	4,728	$2,993,341,860	$185,998,973	$635,553,414	$3,814,894,247	***$61,113***
West Loop	22,443	1,161	$661,011,565	$73,822,252	$160,384,242	$895,218,059	***$37,927***
Total	**246,956**	**23,768**	**$11,929,606,826**	**$1,141,616,174**	**$2,983,880,843**	**$16,055,103,843**	***$59,304***
			74%	*7%*	*19%*	*100%*	

Source: Bexar Appraisal District, 2010 Real Property Information by Parcel. Retrieved from County of Bexar, TX. (TischlerBise analysis)

To project potential property tax revenues from future growth, we model the increase in residential and nonresidential assessed values based on projected development in each sub-area and then apply average assessed values by sub-area (i.e., weighted average assessed values per housing unit and weighted average assessed value per nonresidential square foot.) As noted above, assessed values are further modified in the analysis to reflect *taxable values*, which account for exemptions provided by municipalities. Average assessed values by type of land use and sub-area are shown below:

Figure 19. Unincorporated Sub-Area Real Property Assessed Values per Unit / Nonresidential Sq. Ft.

	Average Assessed Values per Unit / Nonres SF	
	Per Resid. Unit	*Per Nonres. Sq. Ft.*
North West Uninc. Sub-Area	$295,600	$123
North East Uninc. Sub-Area	$245,700	$242
East Central Uninc. Sub-Area	$63,500	$70
South East Uninc. Sub-Area	$66,700	$41
East Loop Uninc. Sub-Area	$86,100	$133
South Uninc. Sub-Area	$50,500	$47
West Loop Uninc. Sub-Area	$92,100	$149
West Central Uninc. Sub-Area	$156,500	$106
Average	*$140,700*	*$114*

Sources: Bexar County Appraisal District; TischlerBise

As noted in an earlier section, the assumption is that current vacant and agricultural land will be used for future development, therefore the assessable base of this type of property will "decrease" in that new improved properties will shift value from those properties to the developed ones. TischlerBise evaluated appraisal data for vacant and agricultural property to derive a current assessed value per vacant and agricultural acre. As land is "consumed" for future development, the total assessed value for vacant and agricultural land is reduced commensurately in each sub-area.

Figure 20. Unincorporated Sub-Area Real Property Assessed Values per Vacant or Agricultural Acre

	East Central	*East Loop*	*North East*	*North West*	*South East*	*South*	*West Central*	*West Loop*	*TOTAL Uninc. Co.*
Current Vacant/Ag Acres	33,290	3,643	19,851	47,971	113,398	84,347	26,673	19,409	348,582
Assessed Val for Vac/Ag	$203,762,499	$51,503,431	$394,193,346	$738,035,869	$228,568,314	$571,879,728	$635,553,414	$160,384,242	$2,983,880,843
Assessed Val $/Ac (rounded)	$6,100	$14,100	$19,900	$15,400	$2,000	$6,800	$23,800	$8,300	$8,600

Source: Bexar Appraisal District; TischlerBise analysis.

In addition, we include personal property taxes based on current values by sub-area and a derived average value for future nonresidential development (average value per job).

Figure 21. Unincorporated Sub-Area Total Personal Property Assessed Values

	Comm Real	*Comm Pers [1]*	*Ind Real*	*Ind Personal [2]*	***Total Personal***	***$ per job***
East Central	$42,928,579	**$18,569,727**	$11,829,050	**$11,829,050**	**$30,398,777**	$19,986
East Loop	$146,333,318	**$63,299,783**	$0	**$0**	**$63,299,783**	$24,078
North East	$414,426,636	**$179,269,606**	$3,537,830	**$3,537,830**	**$182,807,436**	$49,514
North West	$113,442,105	**$49,071,946**	$1,876,615	**$1,876,615**	**$50,948,561**	$21,579
South East	$58,093,908	**$25,129,833**	$5,089,870	**$5,089,870**	**$30,219,703**	$7,721
South	$69,255,000	**$29,957,815**	$2,256,550	**$2,256,550**	**$32,214,365**	$8,563
West Central	$167,003,775	**$72,241,256**	$3,579,630	**$3,579,630**	**$75,820,886**	$16,037
West Loop	$61,032,272	**$26,400,888**	$8,377,000	**$8,377,000**	**$34,777,888**	$29,955
Total	***$1,072,515,593***	***$463,940,854***	***$36,546,545***	***$36,546,545***	***$500,487,399***	***$21,057***

[1] Reflects statewide average of 43% of commercial real property value
[2] Reflects statewide average of 100% of industrial real property value
Source: Bexar County Appraisal District; Texas Comptroller of Public Accounts; TischlerBise

Sales Tax Revenues

As of October 1, 2012 (the start of the City's fiscal year, which runs from October 1 through September30), the City of San Antonio's total sales tax rate was 8.125%. In November 2012, San Antonio voters approved an increase of one-eighth of one cent (.125%) to be dedicated to the City's Pre-K initiative, with the sales tax taking effect in April 2013. Therefore the current total City sales tax rate is 8.25%.

However, the City receives only a portion of sales tax revenues for general government services and facilities. City sales tax revenues are distributed as follows. Also indicated below is whether it is included in our modeling.

- City of San Antonio: 1.000%. *Modeled as part of General Fund revenues.*
- City of San Antonio Edwards Aquifer Protection and Parks Development and Expansion Venue Project: 0.125%. *Modeled as part of Special Revenue Fund.*
- San Antonio ATD (Advanced Transportation District): 0.250%, of which the City receives 1/4. *City share modeled as part of Special Revenue Fund.*
- San Antonio MTA (Metropolitan Transit Authority): 0.500%. *Not modeled as costs are not included in the analysis.*
- San Antonio Pre-K 4 SA Initiative: 0.125% (effective April 1, 2013). *Not modeled as revenue is dedicated and those costs are not included in the analysis.*
- State of Texas: 6.250%. *Not modeled as it is not a local revenue source.*

Sales tax revenues are projected based on retail land use and not population. Because the City has a site-based (point of sale) sales tax, sales tax revenues are directly linked to new retail square footage. If the annexed areas have retail square footage, then additional retail sales tax revenues will be generated. The formula and factors are as follows:

Figure 22. City of San Antonio Sales Tax Revenues per Retail Square Feet

COSA General Fund Retail Sales Tax Revs (FY2013)	$221,837,083
COSA Retail Square Feet (Estd)	75,110,000
Sales Tax Revs/SF	***$2.95***
Sales per SF	*$295*

Source: City of San Antonio FY13 Budget; TischlerBise

The above reflects the 1 percent sales tax rate that goes to the City's General Fund. Taking the sales tax revenues per square feet and converting to an estimated retail sales per square foot, yields approximately $295, which mirrors national averages and is a reasonable citywide estimate considering the range of retail establishments in the City (e.g., high end and low end).

CPS Energy Revenues

The City of San Antonio currently receives revenue from existing development in the unincorporated County from the charge on CPS Energy customers. This revenue is part of the City's General Fund and comprises approximately 30 percent of its revenue base. Accounting for this revenue source in the analysis of annexation of the unincorporated sub-areas can be looked at in two different ways.

1. The CPS revenue could be seen as "fixed" in that the City of San Antonio is already receiving this revenue from the unincorporated area. That is, by annexing these areas, the City does not gain any additional revenue from CPS charges.

2. The other way to look at it is to attribute the revenues to the sub-area under consideration. Under an Annexation scenario, those revenues are now available to offset the costs for services required in the area under study.

Current estimated CPS revenue from the unincorporated areas is shown below, using an average revenue approach attributing revenue per person and job. Because revenue from this source fluctuates based on factors such as weather and price of electricity, we average the last five years of revenue the City received from CPS Energy. As shown, the amount of revenue per person and job has fluctuated from a low of $110 to a high of $123. A weighted average yields $117 per person and job. Based on this figure, an estimated amount generated from the County's current unincorporated development base is $34 million.

Figure 23. Estimated CPS Revenue from Unincorporated Bexar County

CPS Revenue to City	*$millions*	*Bexar Co Pop & Jobs*	*$ per Person & Job*
2008 Actual	$294	2,382,507	$123
2009 Actual	$265	2,400,957	$110
2010 Actual	$284	2,442,053	$116
2011 Actual	$298	2,492,873	$120
2012 Estimate	$293	2,547,560	$115
Weighted average	*$1,434*	*12,265,950*	*$117*

Current Unincorporated Population and Jobs	291,507
Average $ per Person and Job	$117
Estimate of CPS Revenue from Uninc. Area (rounded)	**$34,080,000**

Throughout the analysis and report, we provide results and discussion under both approaches.

Other Revenues

Other projected revenues include the remaining revenues funding General Fund operations. Other key revenues include the following:

- Business and Franchise Taxes: Projected based on an increase in population and jobs
- Licenses and Permits: Projected based on an increase in population and jobs
- Charges for Service: Projected based on an increase in population or population and jobs, depending on the type of service
- Fines: Projected based on an increase in population and jobs
- Miscellaneous and Transfers: Assumed to be fixed as these revenues are not directly related to annexed (or new) development

EXPENDITURES

Operating Expenditures

Operating expenditures are modeled for the General Fund, two Special Revenue Funds (Advanced Transportation District and Parks Development & Expansion (2010)), and the Debt Service Fund. We model operating and capital expenditures separately.

For comparison purposes, we provide a summary of FY2013 City of San Antonio General Fund expenditures along with share by type in Figure 24.

Figure 24. City of San Antonio FY2013 General Fund Expenditure Summary

City of San Antonio Current General Fund Expenditure Summary		
Category	**FY2013 ($1,000s)**	**%**
Fire	$251,217	26%
Human Services	$18,865	2%
Library	$33,394	3%
Parks and Recreation	59001.992	6%
Police*	$360,383	37%
Public Works	$63,404	6%
Other Expenditures	$193,352	20%
TOTAL	**$979,617**	**100%**

** Police Budget shown does not include Parks Police, which differs from the manner shown in some City General Fund summaries.*
Source: City of San Antonio FY2013 Adopted Budget

Projected total expenditures from annexation are shown in Figure 25. The figure shows both *Year 1* projected expenditures and *total cumulative* expenditures over the 20-year projection timeline. Expenditures reflect the estimated costs to provide services to all of the sub-areas currently (Year 1) as well as costs incurred to serve projected new growth (20-Year Cumulative Total). Figures are in constant 2013 dollars and are shown in thousands. (Detail by sub-area is provided in the Appendix.)

Figure 25. Annexation Expenditure Summary

Fiscal Impact Analysis: EXPENDITURE SUMMARY (in $1,000s)
ANNEXATION
Bexar County, Texas

	TOTAL: Existing	TOTAL: 20-Year Cumulative		
Category	**$000s**	**$000s**	**% of Fund**	**% of Grand Total**
GENERAL FUND				
General Administration/Other	$12,070	$339,915	9%	8%
Fire	$40,072	$1,134,046	29%	27%
Police	$57,501	$1,627,287	42%	38%
Public Works	$13,292	$382,566	10%	9%
Parks and Recreation	$10,284	$287,032	7%	7%
Library	$5,122	$142,959	4%	3%
SUBTOTAL GENERAL FUND Expenditures	**$138,340**	**$3,913,805**	**100%**	**92%**
SPECIAL FUNDS				
Special Fund Expenditures	$2,715	$78,218	100%	2%
SUBTOTAL SPECIAL FUND Expenditures	**$2,715**	**$78,218**	**100%**	**2%**
CAPITAL				
Capital Expenditures	$112,439	$255,787	100%	6%
SUBTOTAL CAPITAL Expenditures	**$112,439**	**$255,787**	**100%**	**6%**
GRAND TOTAL Expenditures ($000s)	***$253,495***	***$4,247,809***		***100%***
AVERAGE ANNUAL Expenditures ($000s)	***$253,495***	***$212,390***		

Notes to table:
Special Fund Expenditures: Advanced Transportation District and Parks Development & Expansion
Capital Expenditures: Projected capital improvement needs

As shown in Figure 25, the largest share of projected expenditures is for Police and Fire, which account for 65 percent of total costs. Special Fund expenditures include transportation and park costs, however the majority shown in this category is for transportation because Park capital needs are projected separately under Capital Expenditures.

Additional detail is provided below separating operating and capital expenditures (in this case, capital expenditures plus special revenue funds) by sub-area and reflecting the impact from *existing development*

(that which is assumed as being annexed) and for 20 years total assuming existing development plus future growth. The remaining sections of this chapter provide further discussion on the results shown in Figure 26.

Figure 26. Annexation Operating and Capital Expenditures by Sub-Area

Fiscal Impact Analysis: EXPENDITURE COMPARISON by Sub-Area (in $1,000s)
ANNEXATION
Bexar County, Texas

	TOTAL EXPENDITURES					
	Existing Development			Cumulative 20-Years		
Unincorporated Sub-Area	***Operating***	***Capital***	***Total***	***Operating***	***Capital***	***Total***
North West Uninc. Sub-Area	$11,408	$7,507	$18,915	$325,075	$27,374	$352,449
North East Uninc. Sub-Area	$22,603	$19,978	$42,581	$638,812	$57,078	$695,890
East Central Uninc. Sub-Area	$3,735	$2,390	$6,124	$107,340	$7,214	$114,554
South East Uninc. Sub-Area	$8,372	$5,343	$13,715	$240,122	$16,051	$256,173
East Loop Uninc. Sub-Area	$28,202	$23,626	$51,829	$796,399	$72,067	$868,466
South Uninc. Sub-Area	$20,289	$18,012	$38,301	$574,010	$50,329	$624,339
West Loop Uninc. Sub-Area	$12,143	$7,993	$20,137	$341,554	$26,929	$368,483
West Central Uninc. Sub-Area	$31,588	$30,305	$61,893	$890,493	$76,963	$967,455
TOTALS	**$138,340**	**$115,154**	**$253,495**	**$3,913,805**	**$334,005**	**$4,247,809**

Further Discussion by Service

This section provides more detail on projected operating expenditures for key City services.

Fire

Operating costs are estimated based on an average cost methodology based on the additional development to be served by the Fire Department. There are two ways to evaluate these costs, both of which account for residential and nonresidential development in different ways.

1. On a straight per person and job basis: The average cost per person and job for City Fire operating costs equals $119 ($251 million / 2.1 million persons and jobs). That is, for every new person or job, the operating impact is $119. (This reflects an allocation of demand at 67 percent residential and 33 percent nonresidential.)

2. A second approach is to account for the characteristics of the population and employment base served by the department. By analyzing base year population and employment—and looking at hours spent at place of residence versus place of employment, the demand for Fire services can be modeled in a different manner. The resulting split is 85 percent residential and 15 percent nonresidential. See Figure 27. Using this approach and by way of comparison, the cost per person is $151 and the cost per job is $54.

Figure 27. City of San Antonio Proportionate Share Factors for Fire and Police

		Demand Units in 2010		Demand Hours/Day	Person Hours	Proportionate Share
Residential						
Estimated Residents in	SAN ANTONIO	1,334,331				
Residents Not Working			807,932	24	19,390,368	
Workers Living in	SAN ANTONIO		526,399			
Residents Working in	SAN ANTONIO			374,123	16	5,985,968	
Residents Working outside of	SAN ANTONIO			152,276	16	2,436,416	
				Residential Subtotal	27,812,752	**85%**
Nonresidential						
Jobs Located in	SAN ANTONIO		622,426			
Residents Working in	SAN ANTONIO			374,123	8	2,992,984	
Non-Resident Workers	SAN ANTONIO			248,303	8	1,986,424	
				Nonresidential Subtotal	4,979,408	**15%**
				TOTAL	32,792,160	**100%**

Source: US Census, OnTheMap Application and LEHD Origin-Destination Empl. Statistics

Using the two methodologies yields different fiscal impacts for the sub-areas. For example, for the North West Sub-Area, the initial (year 1) annual operating impact is $2.6 million under the first methodology and $3.3 million under the second methodology.

For this analysis, *the second methodology is used*—to project operating costs to both residential and nonresidential development. However, we evaluate the alternative lower cost impact and discuss it at the end of this chapter.

Police

Like the Fire Services analysis, operating costs are estimated based on an average cost methodology based on additional development to be served by the Police Department. There are two ways to evaluate these costs, both of which account for residential and nonresidential development in different ways.

1. On a straight per person and job basis: The average cost per person and job for City Police operating costs equals $170 ($360 million / 2.1 million persons and jobs). That is, for every new person or job, the operating impact is $170. (This reflects an allocation of demand at 67 percent residential and 33 percent nonresidential.)

2. A second approach is to account for the characteristics of the population and employment base served by the department. By analyzing base year population and employment—and looking at hours spent at place of residence versus place of employment, the demand for Police services can be modeled in a

different manner. The resulting split is 85 percent residential and 15 percent nonresidential. See Figure 27 above. Using this approach and for comparison, the cost per person is $216 and the cost per job is $77.

Using the two methodologies yields different fiscal impacts for the Sub-Areas. For example, for the North West Sub-Area, the operating impact in Year 1 is $3.7 million under the first methodology and $4.7 million under the second methodology.

For this analysis, *the second methodology is used*—to project operating costs to both residential and nonresidential development. However, we evaluate the alternative lower cost impact and discuss it at the end of this chapter.

Public Works

Public Works General Fund expenditures are mostly road-related and therefore estimated based on an increase in vehicle trips due to annexation and growth in the unincorporated area. Expenditures for the Advanced Transportation District are projected separately to reflect additional maintenance and improvement costs for citywide road infrastructure. The resulting cumulative impact is projected at approximately 10 percent of General Fund expenses, similar to base year expenditure levels.

Parks

Park and Recreation operating impacts are projected on an average cost basis reflecting projected population from annexation and growth in each sub-area. The unincorporated areas are more heavily residential than the City as a whole, therefore the percentage of expenditures projected for Parks and Recreation is a higher share than the City's current budgeted share.

Library

The City of San Antonio provides a Library system to which the County currently contributes. The City of San Antonio's FY2013 Budget estimated approximately $4.07 million in funding from the County for the City's system, reflecting 12 percent of the City's Library budget of $33.4 million.[9] Projected costs from annexation reflect the net increase in costs to serve the additional population. That is, projected costs are based on 88 percent of the City's costs for Libraries, as this reflects the additional impact to the City. We have not modeled the impact of a *decreased* contribution from the County, as a potential result of annexation.

[9] This analysis uses the City of San Antonio FY2013 Adopted Budget; it should be noted that the actual contribution from Bexar County is approximately $3.7 million.

Special Revenue Funds

Two Special Funds are included in the analysis and reflect ongoing capital investment for transportation (Advanced Transportation District) and parks (Park Development and Expansion). Both are reported separately as Special Funds, but primarily reflect capital-related expenditures.

The FY2013 budget for the Advanced Transportation District is funded 42 percent by fund balance for the FY2013 programmed expenditures. Specifically, of the $21.5 million budgeted, approximately $12.8 million is current new revenues from sales taxes and $8.7 million is beginning fund balance. Expenditures are projected based on new vehicle trips from annexation reflecting additional road maintenance needs.

For the Park Development & Expansion Fund, most of the expenditures are covered under our Capital analysis. The Transfer expense for capital projects is "fixed" in our analysis as we project park capital improvement needs separately.

Capital Expenditures

For this type of analysis, there are several different approaches to model capital expenditures. One is to use the City's current debt service as a proxy to model annual capital impact. Another is to determine the specific capital improvements in each sub-area by category. This is the most detailed approach and we see this as a follow-on phase, once more focused areas are selected.

A third methodology, and the one selected for this analysis, is to use a combination approach that utilizes average capital expenditures (as reflected in the City's current Capital Improvement Program (CIP)) and marginal capital expenditures where possible to project future capital needs based on current levels of service.

We first analyzed the City's current CIP to determine what is tax (bond) funded as well as current capital facilities. From there we determined an appropriate methodology (average or marginal), which is shown below.

- For the "average cost" methodology categories, we derived an average annual cost and then allocated to the appropriate demand factor (e.g., population, trips) to derive a cost factor that is then used to project costs from annexation and growth in the annexation areas.
- For the "marginal cost" categories, we obtained information on capital facilities serving current residential and nonresidential development to derive applicable infrastructure factors (e.g., park acres per person). Further discussion is provided below.

Figure 28. Capital Projection Methodologies

Infrastructure Category	*City of San Antonio 6-Year CIP Total*	*Tax-Supported / Development-Related*		*Average Annual (over 6 years)*	*Methodology*	*Demand Factor*	*Current Demand*	*Cost / Demand Factor*
		$	*%*					
Streets	$558,256,000	$539,786,000	49.0%	$89,964,333	Average	Vehicle Trips	4,249,784	$21.17
Municipal Facilities	$453,769,000	$31,485,000	2.9%	$5,247,500	Average	Pop and Jobs	2,115,594	$2.48
Air Transportation	$379,955,000	$0	0.0%	$0	N/A	N/A	N/A	N/A
Parks	$261,283,000	$251,399,000	22.8%	$41,899,833	Marginal	*Population : Projected on Acres per Capita*		
Drainage	$219,140,000	$186,875,000	17.0%	$31,145,833	Average	Pop and Jobs	2,115,594	$14.72
Information Technology	$40,400,000	$30,000,000	2.7%	$5,000,000	Average	Pop and Jobs	2,115,594	$2.36
Libraries	$30,751,000	$30,326,000	2.8%	$5,054,333	Marginal	*Population : Projected on Facilities per Capita*		
Law Enforcement	$11,160,000	$6,213,000	0.6%	$1,035,500	Marginal	*Police CFS: Projected on Facilities & Vehicles per CFS*		
Fire Protection	$25,485,000	$25,485,000	2.3%	$4,247,500	Marginal	*Fire CFS: Projected on Facilities & Apparatus per CFS*		
TOTALS	**$1,980,199,000**	**$1,101,569,000**	**100.0%**	**$183,594,833**				

Sources: City of San Antonio FY2013 Adopted Budget; TischlerBise

Further Discussion for Key Infrastructure Categories

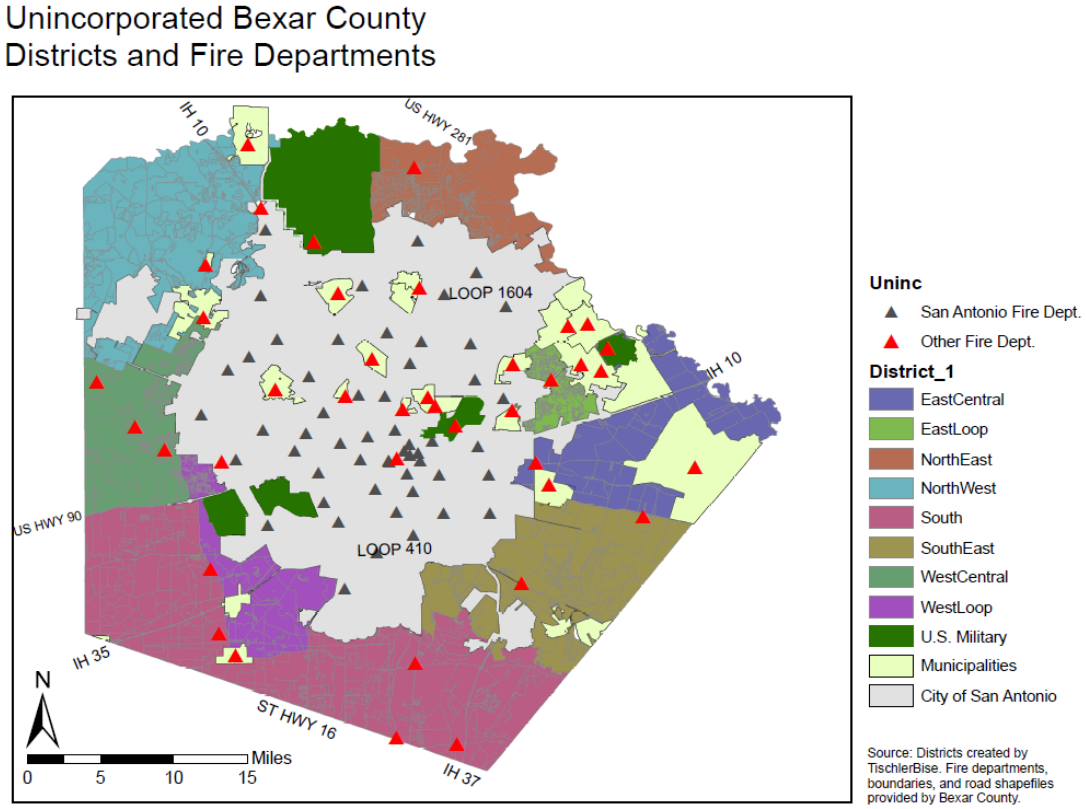
Fire

Capital needs for Fire Stations and Apparatus were tested and analyzed in a number of ways.

1. One approach is to assume existing debt service as a proxy for current and future capital impact. This results in an estimated grand total of $605 million over 20 years to serve all unincorporated areas for all currently debt-financed improvements. This total does not separate Fire needs from other improvements. The City's current 6-year CIP includes $25 million for Fire needs, which would result in an annual debt service payment of approximately $2 million for existing and planned future growth, not necessarily annexation needs and certainly not at the scale evaluated in this study.

2. A more marginal approach was tested based on current station footprint (51 City Fire Stations) serving the current calls for service/responses workload. Without adjusting for response times or specific locational attributes at this phase, we looked at the number of stations that would be needed to serve the current and future development in the unincorporated sub-areas based on the City's current level of service (expressed as responses per station on average (6,015 responses per City Fire Station)). Based on this level of service, we projected the number of stations needed in each sub-area (in year 1 and 20-year total). We then compared the need to the existing stations in the Unincorporated County (either Emergency Services Districts (ESD) or Volunteer Fire Districts). See Figure 29 for a map of current stations.

Figure 29. Current Fire Stations: Countywide



The results of the capital needs analysis are provided in Figure 30. We include full costs based on projected needs—but as shown, there are several sub-areas already served by ESDs and volunteer companies with stations. There will likely be additional costs in those already-served areas for upgrades and additional apparatus. Therefore, we include total costs in the results at a cost per station of $5 million, which is a generalized current average cost for a new station plus apparatus in the City.

However, the 20-year modeled costs shown in Figure 30 could be viewed as a *maximum cost impact of $60 million*. On the other end of the spectrum, if we assume that existing stations in the unincorporated areas are sufficient and would be converted to City stations, costs would be reduced to $25 million.

Figure 30. Fire Capital Needs Projected for Annexation

Fiscal Impact Analysis: Selected Capital Impacts (20-Year Needs)
ANNEXATION
Bexar County, Texas

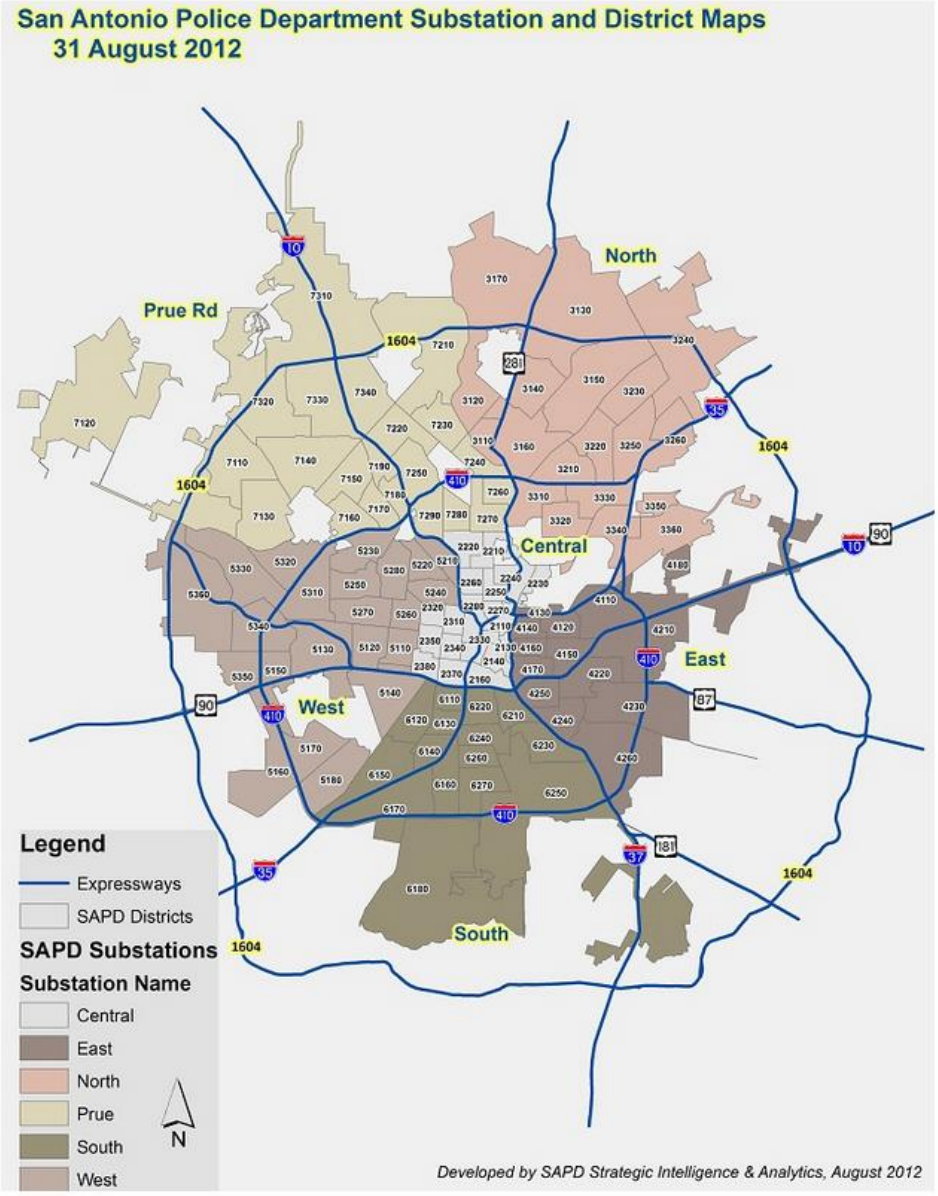
	FIRE					
Unincorporated Sub-Area	**Year 1 Proj. Sta.**	**20-Year Proj. Sta.**	**Existing Sta.***	**Sta. Need**	**20-Year Costs Modeled ($1,000s)**	**Adj. 20-Year Costs ($1,000s)**
North West Uninc. Sub-Area	0.0	1.0	0.0	**1.0**	$5,000	$5,000
North East Uninc. Sub-Area	1.0	2.0	1.0	**1.0**	$10,000	$5,000
East Central Uninc. Sub-Area	0.0	0.0	1.5	-1.5	$0	$0
South East Uninc. Sub-Area	0.0	0.0	1.5	-1.5	$0	$0
East Loop Uninc. Sub-Area	1.0	3.0	1.0	**2.0**	$15,000	$10,000
South Uninc. Sub-Area	1.0	2.0	5.0	-3.0	$10,000	$0
West Loop Uninc. Sub-Area	0.0	1.0	0.0	**1.0**	$5,000	$5,000
West Central Uninc. Sub-Area	1.0	3.0	3.0	0.0	$15,000	$0
TOTALS	**4.0**	**12.0**	**13.0**	**-1.0**	**$60,000**	**$25,000**

** Identified as located outside any incorporated area; may be VFD or ESD.*

Police

For Police infrastructure, we model substation space and vehicles. Based on the City's current substation footprint (see Figure 31) using a level of service based on calls for service per station, none of the unincorporated sub-areas trigger a need for an additional substation when modeled individually. (If all unincorporated areas are modeled together, one additional substation is projected.) However, additional police vehicles are modeled based on current levels of service (number of calls for service per current approximate number of marked vehicles). The *cost modeling* also takes into consideration replacing the vehicles after its useful life is reached (assumed at 5 years), however the *number of vehicles* shown below is the initial purchase.

Figure 31. Current City of San Antonio Police Substations



Source: City of San Antonio Police Department website; http://www.sanantonio.gov/sapd/SubstationsMap.aspx

Figure 32. Police Capital Needs Projected: Annexation

Fiscal Impact Analysis: Selected Capital Impacts (20-Year Needs) *ANNEXATION* *Bexar County, Texas*				
	POLICE			
Unincorporated Sub-Area	20-Year Proj. Sta.	Year 1 Proj. Vehicles*	20-Year Proj. Vehicles*	20-Year Costs Modeled ($1,000s)
North West Uninc. Sub-Area	0	9	16	$2,080
North East Uninc. Sub-Area	0	18	33	$4,320
East Central Uninc. Sub-Area	0	3	5	$640
South East Uninc. Sub-Area	0	6	12	$1,560
East Loop Uninc. Sub-Area	0	22	41	$5,360
South Uninc. Sub-Area	0	16	30	$3,920
West Loop Uninc. Sub-Area	0	9	17	$2,240
West Central Uninc. Sub-Area	0	25	46	$6,000
TOTALS	**0**	**108**	**200**	**$26,120**

** Reflects increase in number of vehicles projected to serve annexed areas (current and growth); costs reflect initial purchase and replacement costs.*

Parks

For Park improvements, we used a marginal approach by determining a level of service for City parks and projecting the number of additional acres needed to serve annexed property (both currently and due to future growth). It is assumed that the types of parks built by the City to serve new development are certain park types currently provided by the City (Community Parks, Large Urban Parks, Sports Complexes, and Greenways). It is assumed that Neighborhood Parks, for example, would be built by developers (or already built in the unincorporated areas) and would not be a new capital impact. Other types of parks are unique or special facilities that are not likely to be replicated to serve future development.

Based on the current population in each sub-area, the initial impact is a need for approximately 990 acres of developed park land and a total of 1,775 acres to serve the assumed growth. We assume a weighted average cost per acre across all type of parks at $60,000 based on an analysis of the current replacement value of the City's park inventory.

To refine these projections, it should be determined what types of park and recreation assets in place currently that could be used to meet existing needs. For instance, County Venue Projects are planned to add approximately 250 acres of comparable developed parks funded through visitor taxes. (Note: These parks have a higher value than $60,000 per acre.) *Adjusting for these additional park facilities has the potential to reduce the overall fiscal impact of annexation to the City.*

Figure 33. Parks Capital Needs Projected: Annexation

Fiscal Impact Analysis: Selected Capital Impacts (20-Year Needs)
ANNEXATION
Bexar County, Texas

	PARKS				
Unincorporated Sub-Area	Year 1 Proj. Acres	20-Year Proj. Acres	20-Year Costs Modeled ($1,000s)	County Venue Park Acres to be Built	Adj. 20-Year Costs ($1,000s)
North West Uninc. Sub-Area	77	138	$8,280		
North East Uninc. Sub-Area	162	290	$17,400		
East Central Uninc. Sub-Area	24	43	$2,580		
South East Uninc. Sub-Area	55	99	$5,940		
East Loop Uninc. Sub-Area	204	365	$21,900		
South Uninc. Sub-Area	147	264	$15,840		
West Loop Uninc. Sub-Area	90	161	$9,660		
West Central Uninc. Sub-Area	232	415	$24,900		
TOTALS	**991**	**1,775**	**$106,500**	**250**	**$91,500**

Libraries

For new Library branches, we project the need from annexation and new growth based on current level of service of the City's system of 26 libraries serving the City. As shown, the annexed areas initially generate the need for one additional branch; by year 20, a total of 4 branches are projected. This does not take into consideration specific geographic needs, but is based on maintaining the same ratio of library facilities to population.

Figure 34. Libraries Capital Needs Projected: Annexation

Fiscal Impact Analysis: Selected Capital Impacts (20-Year Needs)
ANNEXATION
Bexar County, Texas

	LIBRARIES		
Unincorporated Sub-Area	Year 1 Proj. Branches	20-Year Proj. Branches	20-Year Costs Modeled ($1,000s)
North West Uninc. Sub-Area	0	0	$0
North East Uninc. Sub-Area	0	1	$4,500
East Central Uninc. Sub-Area	0	0	$0
South East Uninc. Sub-Area	0	0	$0
East Loop Uninc. Sub-Area	0	1	$4,500
South Uninc. Sub-Area	0	1	$4,500
West Loop Uninc. Sub-Area	0	0	$0
West Central Uninc. Sub-Area	1	1	$4,500
TOTALS	**1**	**4**	**$18,000**

Transportation

Transportation improvements are problematic to model for annexation without a qualitative assessment. Prior to annexation, a transportation analysis would need to be conducted both for the condition of the roadways as well as for any capacity improvement needs. The City's budget includes transportation improvements in the CIP as well as maintenance expenditures in the Advanced Transportation District, which is discussed above. For capital impacts from annexation, we use an average cost per vehicle trip based on the City's Transportation capital program, which reflects an average annual expenditure to reflect ongoing capital improvement needs. This approach results in an initial capital investment projected at $20 million and a total cost of approximately $36 million. Added to this are the costs projected as part of the Advanced Transportation District of $3 million in year one and $78 million over 20 years.

ADJUSTED FISCAL RESULTS

Based on discussions above, several adjustments may be reasonable to account for existing or planned capital facilities and an alternative methodology for public safety costs that provides a lower end of the cost continuum. Results are shown below. These adjusted results are only presented here and are not included in the summary results discussed earlier in this report.

Figure 35. Adjusted Net Fiscal Results for Annexation

	TOTAL CUMULATIVE COMBINED RESULTS: Adjusted ($000s)					
Category	**Orig. Exps**	**Adj. Exps.**	**Revenues [1]**	**Revenues [2]**	**Net Results [1]**	**Net Results [2]**
Grand Totals	***$4,247,809***		***$3,800,759***	***$2,901,164***	***($447,050)***	***($1,346,646)***
Operating Adjustments						
Fire	$1,134,046	$912,766				
Police	$1,627,287	$1,309,764				
Capital Adjustments						
Fire	$60,000	$25,000				
Parks	$106,500	$91,500				
Subtotals	*$2,927,833*	*$2,339,030*				
Adjusted Grand Totals		***$3,659,006***	***$3,800,759***	***$2,901,164***	***$141,753***	***($757,843)***

[1] With CPS Revenues
[2] Without CPS Revenues

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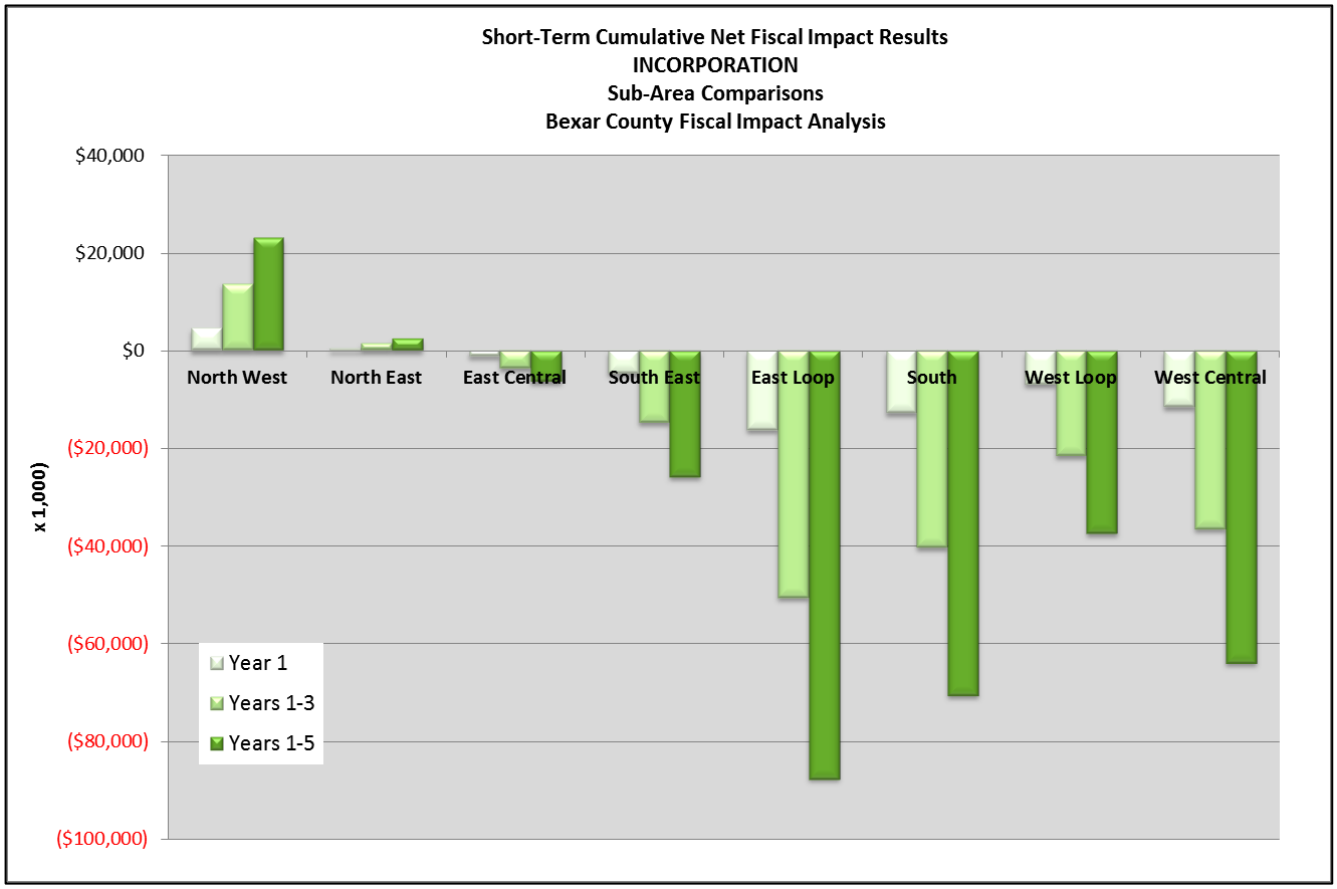
Incorporation Fiscal Impact Analysis Results

This section provides fiscal impact results if each sub-area incorporated as its own municipality. Most of the results are shown in this section as aggregated totals—all of the sub-areas combined. Further detail by sub-area is provided at the end of this section and in the Appendix. The fiscal impact analysis results are shown in a number of different ways. First, ***cumulative*** fiscal impact results from incorporation are shown over the short-term for each sub-area—results are shown for ***Year 1, Years 1-3, and Years 1-5.*** Next, longer-term ***cumulative*** results are shown reflecting 20-year total revenues, expenditures, and net fiscal results. Finally, ***annual*** net fiscal results are discussed and show the fiscal impacts from one year to the next. All dollar figures are shown in $1,000s.

SHORT-TERM CUMULATIVE NET FISCAL IMPACT RESULTS

The first figure in this section shows short-term results for each sub-area, reflecting the fiscal impact from initial incorporation (Year 1) followed by ***cumulative*** results by Year 3 and by Year 5. The fiscal results are revenues generated minus operating and capital expenditures. ***Year 1*** is shown to reveal initial impacts. Unlike the annexation analysis, capital impacts for the incorporation analysis is an average cost/debt service approach therefore there is no first year large deficit. (This is further discussed below.) We also show cumulative totals for ***Years 1-3 and Years 1-5*** to determine if sufficient revenues are available (i.e., property taxes) to offset ongoing annual expenditures. See Figure 36.

Figure 36. Incorporation Short-Term Net Fiscal Impact Results (in $1,000s)

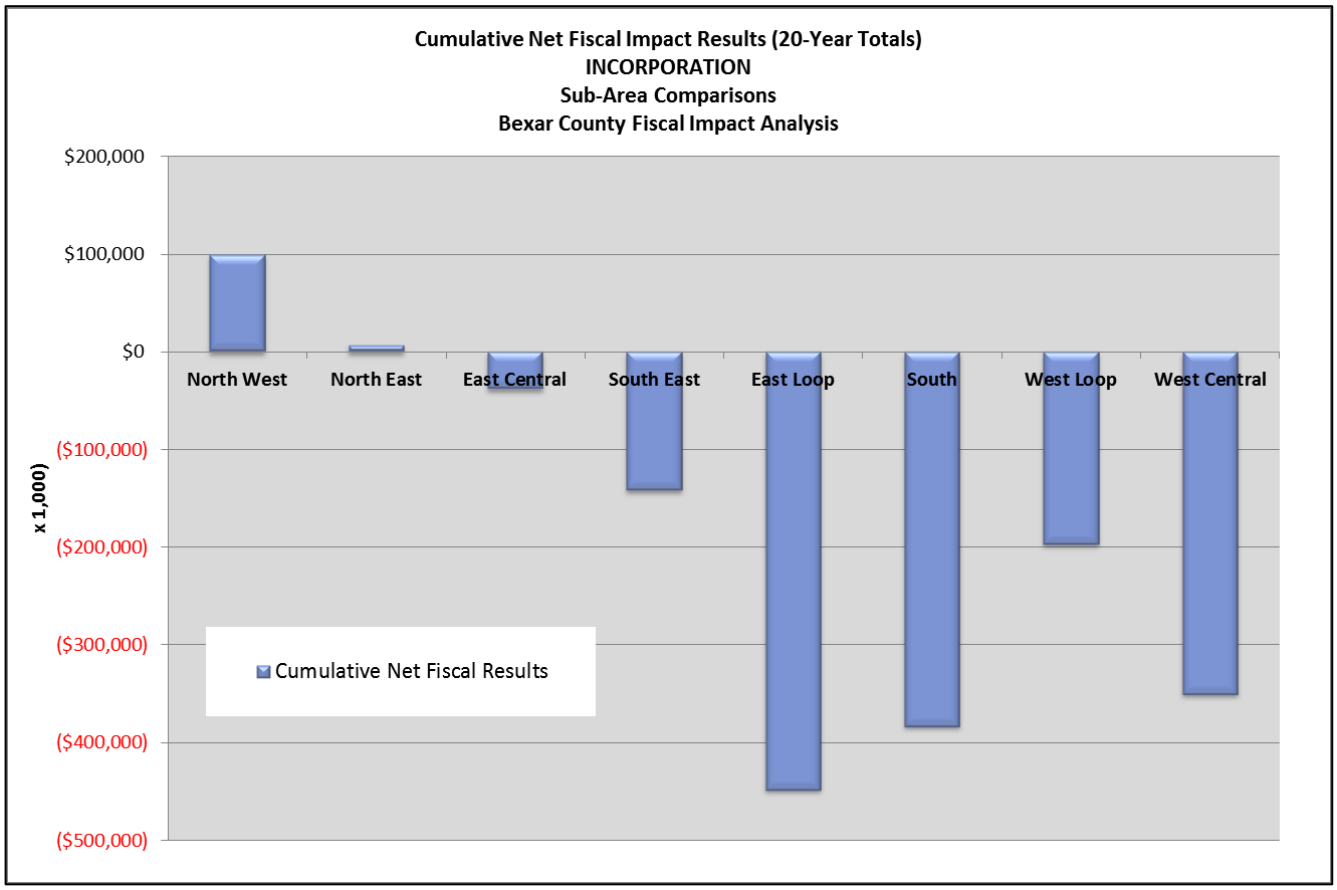


Results are somewhat similar to the Annexation analysis results with North West and to a lesser extent, North East, generating net surpluses. The East Central sub-area produces fiscally neutral results in the first few years with net deficits occurring later. Other sub-areas start in a deficit with future growth further deepening the deficits. Property and sales tax revenues are insufficient to offset the costs generated from existing and future development.

CUMULATIVE NET RESULTS

Twenty-year cumulative figures reflect total revenues generated minus total operating and capital expenditures over the 20-year projection timeframe. Results are shown in Figure 37. Figures are shown in $1,000s.

Figure 37. Incorporation Cumulative Net Fiscal Results: 20-Year Totals (in $1,000s)

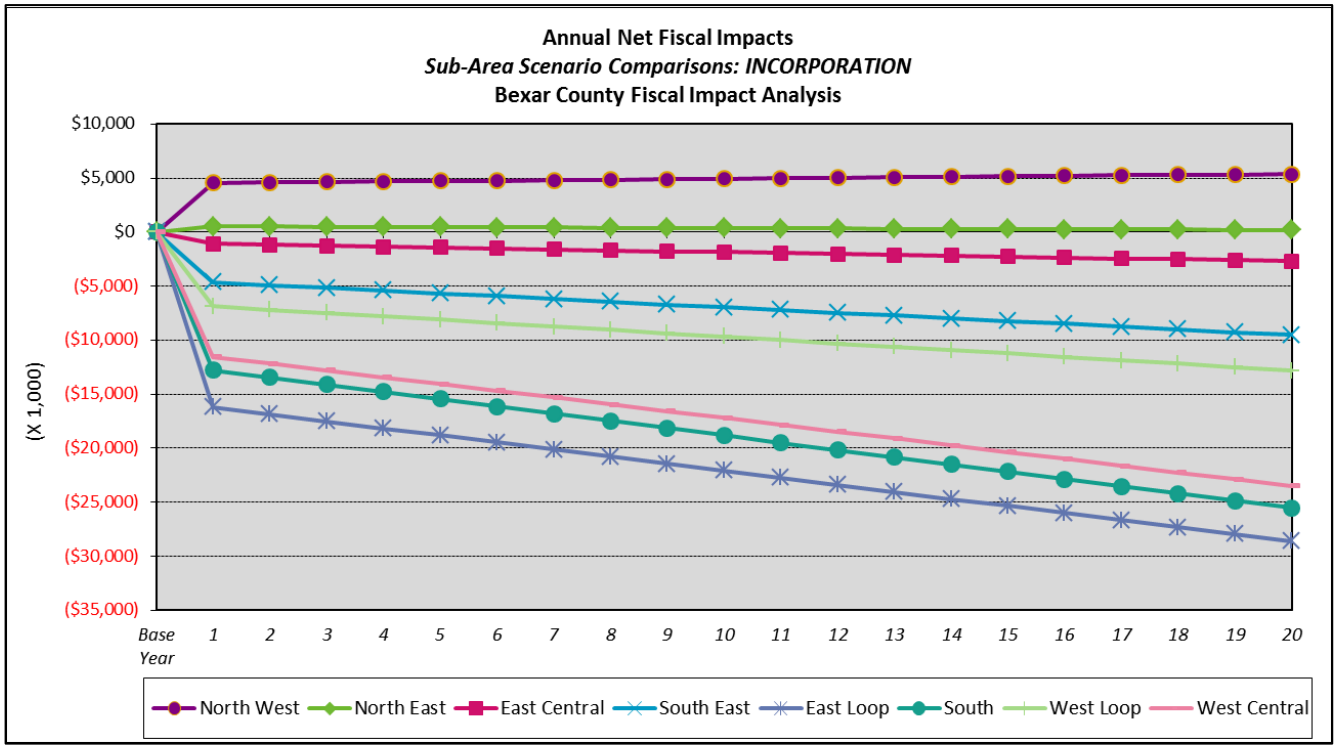


Two sub-areas generate net surpluses over the 20-year period—North West and North East, with North East essentially generating fiscally neutral results. The remaining sub-areas do not generate sufficient revenues to cover the assumed expenditures. The property tax rate is set at an average rate of comparable incorporated areas in the County (specifically, the rate is $.4893 per $100 reflecting a total rate for the General Fund and Special Revenue Funds). Granted, the tax rate can be adjusted to meet service and capital needs.

ANNUAL NET RESULTS

The ***annual*** (year to year) net results from incorporation for each of the sub-areas over the study time horizon are shown in Figure 13. Each year reflects total revenues generated minus total expenditures *incurred in the same year*. Both capital and operating costs are included. Data points above the $0 line represent annual surpluses; points below the $0 line represent annual deficits. Each year's surplus or deficit is *not* carried forward into the next year in this chart. This enables a comparison from year-to-year of the net results without distorting the revenue or cost side of the equation. In reality, those surpluses would be carried forward or deficits would be funded through other revenue sources or means, such as debt financing for capital improvements, or levels of service would decrease. Figures are shown in $1,000s.

Figure 38. Incorporation Annual Net Fiscal Results (in $1,000s)



As shown in Figure 38, all but two scenarios produce annual net deficits in each year. North West sub-area generates sufficient revenues in each year to cover expenses. North East and East Central generate fiscally neutral results. Because capital costs are projected on an average annual basis, "lumpy" deficits are not generated. The remaining sub-areas do not generate sufficient revenues to cover expenditures.

FISCAL IMPACT RESULTS BY FUND

For further information, a series of tables are provided showing revenues and expenditures by sub-area. Cumulative (20-Year) results are shown.

Figure 39. Incorporation Cumulative Results by Type of Expenditure and Sub-Area

Fiscal Impact Analysis: Cumulative (20 Years) Results from Incorporation & New Growth (in $1,000s)
INCORPORATION
Bexar County, Texas

Unincorporated Sub-Area	OPERATING			CAPITAL			TOTAL COMBINED RESULTS		
	Revenues	Expenditures	Net Results	Revenues	Expenditures	Net Results	Revenues	Expenditures	Net Results
North West	$408,037	$370,365	$37,672	$100,312	$38,828	$61,485	$508,350	$409,193	$99,157
North East	$681,197	$755,143	($73,946)	$159,810	$78,745	$81,065	$841,007	$833,888	$7,119
East Central	$91,134	$129,205	($38,072)	$13,907	$13,808	$99	$105,041	$143,013	($37,972)
South East	$170,963	$302,218	($131,255)	$22,064	$32,431	($10,367)	$193,027	$334,648	($141,622)
East Loop	$498,875	$915,347	($416,472)	$63,095	$94,756	($31,660)	$561,971	$1,010,103	($448,132)
South	$345,341	$694,307	($348,966)	$38,433	$72,539	($34,106)	$383,773	$766,846	($383,072)
West Loop	$218,285	$404,794	($186,509)	$31,764	$41,903	($10,139)	$250,049	$446,697	($196,648)
West Central	$699,194	$1,070,016	($370,821)	$131,837	$111,389	$20,447	$831,031	$1,181,405	($350,374)
TOTALS	**$3,113,026**	**$4,641,395**	**($1,528,368)**	**$561,222**	**$484,398**	**$76,824**	**$3,674,248**	**$5,125,792**	**($1,451,544)**

SUMMARY OF FINDINGS

- For two sub-areas, North West and North East, fiscal surpluses are generated in the short-term and over the long term. While the North West does not have the highest aggregated property value, it does have the *highest current assessed value per person and job of the unincorporated sub-areas*. This is the primary determinant in the net positive results.

- The North East sub-area has the second highest assessed value per person and job, which influences the positive fiscal result.[10]

- The remaining sub-areas generate net deficits with future growth further deepening the deficits. The property values and assumed type and value of future growth are not sufficient to offset the operating and capital impacts generated.

- As discussed throughout this report, the costs assumed are based on weighted averages from a sample of proxy jurisdictions in the County (not including the City of San Antonio) to reflect a prototypical level of service for operations and infrastructure. This assumes implementation of that level of service as a new municipality to serve current development and future growth.

[10] As with the Annexation analysis, revenues and costs from the Cibolo Canyons Special Improvement District are included in these results.

- A key finding is that municipal costs to provide certain services in the County are very similar—when comparing the weighted average across smaller municipalities to City of San Antonio. Detail is provided below.

Figure 40. Comparison of Average Select Operating Costs: City of San Antonio and Proxy Jurisdictions

Fiscal Impact Analysis: Average Costs of Selected Services
COMPARISON OF ANNEXATION AND INCORPORATION
Bexar County, Texas

	AVERAGE COST	
Service (Operating Costs Only)	**City of San Antonio**	**Proxy Jurisdictions**
Fire [1]	$119	$97
Police [1]	$170	$157
Parks [2]	$42	$32
Library [2]	$24	$25
Public Works [1]	$30	$43
Courts [1]	$6	$16

[1] Average cost per person and job
[2] Average cost per person

- Major revenues are also modeled based an analysis of the sample of proxy jurisdictions. The property tax rate assumed for a hypothetical new municipality is a weighted average from the current rates (a total ad valorem rate of $.4893 per $100 in value) and taxable values from the proxy jurisdictions. In practice, a new municipality would determine the appropriate tax rate based on necessary and desired level of service and available property values.

    - It is interesting to note that the weighted average of the proxy jurisdictions' property tax rate (for operations at $.352 per $100 in value) is almost equal to that of the City of San Antonio General Fund rate (at $.35419 per $100 in value). **The difference is approximately $2 on a $100,000 house**. (However, without CPS revenue, the City of San Antonio would have to have a significantly higher property tax rate to fund services and facilities at current levels of service.)

- The analysis does not assume use of special financing districts, however it should be noted that this is an option for communities particularly for infrastructure improvements. (See the TischlerBise document issued separately, *Inventory of Special Districts and Financing Tools.)*

- It is important to acknowledge that fiscal issues are only one way to evaluate development, growth trends, and the needs of residents and businesses. Environmental, land use, housing, jobs/housing balance, transportation, and other issues should also be taken into consideration.

Incorporation Revenue and Cost Discussion

Further details on revenue and cost projections for the **Incorporation Analysis** are presented and discussed in this section.

To model costs and some revenues under an Incorporation assumption, *TischlerBise used the weighted averages of a sample of cities in Bexar County to reflect a prototypical incorporated area.* It is believed this will provide a better representation than individual "proxy" cities, because the demographic, economic, and fiscal characteristics of each city in Bexar County vary greatly. A technical memo was provided to the County outlining the approach and assumptions to be used in the analysis. Pertinent sections are repeated in this chapter.

DEMOGRAPHIC AND FISCAL CONDITIONS OF EXISTING INCORPORATED AREAS

To examine characteristics of incorporated areas in the County, TischlerBise analyzed the General Fund and applicable Special Fund budgets of incorporated cities within Bexar County. Thirteen out of 24 cities were chosen for this analysis. The outliers of the incorporated cities in terms of population and jobs were excluded, including Lytle and San Antonio. Cities with above $180,000 taxable value per capita (Alamo Heights, Hill Country Village, Olmos Park, Shavano Park, and Terrell Hills) were not included, because this high value is not comparable to much of Bexar County's unincorporated area. Lastly, the city with the lowest taxable value per capita, Von Ormy, was not included. Several municipalities were also excluded due to lack of sufficient budget detail available, including China Grove, Converse, Elmendorf, Saint Hedwig, and Somerset.

Figure 41 provides information about the General Fund departments of each city to determine what services are offered. The chart displays the most commonly included departments in the city budgets. An "i" on the chart denotes that a certain service is included in another department's budget, and the specific amount could not be determined. For instance, in Castle Hills, Animal Control is included in the Public Works category of the budget.

The notes to the table include details about these instances, as well as other departments each city has. Every city has an Administration Department, Municipal Court, and a Police Department. All cities are served by a Fire Department, but some contract this service to a volunteer department or another entity's department. All cities have a Mayor and City Council, and some include funds for a City Manager. Most cities possess a Public Works Department and Parks and Recreation Department. Animal Control, Development Services, and Facility Maintenance are also prevalent. A few cities fund a Health Department, Library, and Planning Department.

Figure 41. General Fund/Operating Departments in Selected Bexar County Cities

	Admin.	*Animal Control*	*Dev. Services*	*Facility Maint.*	*Fire*	*Health*	*Library*	*Mayor/ Council/ Manager*	*Muni. Court*	*Planning*	*Parks & Rec.*	*Police*	*Public Works*	*Other*
Balcones Heights	X	X	X	X	X			X	X		X	X	X	X
Castle Hills	X	i			X			i	X			X	X	X
Fair Oaks Ranch*	X		X		i	X		i	X		X	X	X	X
Grey Forest	X				X	X		i	X			X	X	X
Helotes	X	i	X	X	X			X	X			X	X	
Hollywood Park	X			X	X			i	X		X	X	X	X
Kirby	X	X			X			X	X		X	X	X	
Leon Valley	X		X		X		X	X	X		X	X	X	X
Live Oak	X	X	X		X			X	X	X	X	X	X	X
Schertz*	X	X	i	i	X		X	X	X	X	X	X	X	X
Selma*	X		i		X			X	i		X	X	X	X
Universal City	X	X	X	X	X		X	i	X		X	X	X	
Windcrest	X	X	X	X	X			X	X		X	X	X	X

Notes

**Partially located in Bexar County*

i= included in another department's budget

Balcones Heights: Dispatch allocated to Fire and Police proportionally. Police includes Traffic Fund (fines & fees revenues reflected in revenues). Public Works includes Street Fund expenses (tax supported). Other includes Traffic Safety and Non-Departmental.

Castle Hills: Mayor and Council listed in Administration department. Animal Control included in Public Works department. Other includes Capital Expenditures and Other Payroll Expense.

Fair Oaks Ranch: Mayor and Council included in Administration department. Fire is contracted to Leon Springs Volunteer Fire Department (LSVFD). This is included in Public Safety budget, and is not separated between Police and Fire. Other includes Capital Outlays.

Grey Forest: Mayor and Council listed in Administration department. Fire is contracted to Grey Forest Volunteer Fire Department. Parks and Recreation Department is not included in General Fund; it is funded by grants. Other includes Emergency Management.

Helotes: Animal Control listed in Public Works Department. Adminstration includes City Secretary and Human Resources Departments.

Hollywood Park: Mayor and Council listed in Administration department. Other includes Contractual Services.

Kirby: Administration includes General Operations Department.

Leon Valley: Development Services includes Community Development and Economic Development Departments. Other includes Special Events.

Live Oak: Administration includes City Secretary, Finance, and Information Technology. Police includes Dispatch Services. Other includes the Emergency Management Office and Transfers.

Schertz: Other includes Public Affairs, Non-Departmental, and Miscellaneous.

Selma: Muncipal Court is listed in Administration department and Development Services is included in Public Works. Other includes Historical Commission.

Universal City: Mayor and Council are listed in Administration department; Finance included in Admin.

Windcrest: Other includes Civic Center, Contract Services, Fleet Machanic, Post Office, and Special Services/ Public Relations.

Further detail on cost factors for the services offered is provided in this chapter.

REVENUES

Proxy jurisdictions' general fund revenues are summarized below.

Figure 42. Proxy Jurisdictions' General Fund Revenues by Type

	Population [1]	*Jobs [2]*	*Property Tax*	*Sales Tax*	*Franchise Fees*	*Court Fines*	*Other*	*Total*
Balcones Heights	2,817	5,043	$1,125,557	$1,250,000	$295,800	$1,178,077	$971,936	$4,829,230
Castle Hills	4,217	4,096	$2,400,165	$965,000	$450,000	$465,000	$1,147,250	$5,427,415
Fair Oaks Ranch*	6,162	437	$2,561,571	$195,000	$321,420	$115,000	$721,656	$3,914,647
Grey Forest	494	46	$33,700	$24,900	$592,327	$17,000	$9,600	$677,527
Helotes	7,523	1,642	$2,172,215	$880,000	$611,320	$601,470	$483,215	$4,748,220
Hollywood Park	3,138	943	$2,106,785	$409,649	$300,800	$97,850	$27,750	$2,942,834
Kirby	8,199	547	$1,283,474	$248,000	$588,497	$174,000	$1,231,395	$3,525,366
Leon Valley	10,402	21,025	$3,086,388	$1,793,342	$725,827	$1,026,965	$120,243	$6,752,765
Live Oak	13,455	5,032	$2,904,161	$4,644,783	$740,700	$320,000	$2,380,835	$10,990,479
Schertz*	32,478	10,458	$7,581,207	$5,637,958	$1,665,763	$1,610,000	$5,608,665	$22,103,593
Selma*	5,689	3,365	$580,950	$4,844,980	$969,500	$1,147,340	$1,171,200	$8,713,970
Universal City	18,987	4,620	$4,162,642	$1,460,000	$1,100,000	$880,000	$1,666,000	$9,268,642
Windcrest	5,493	2,392	1,550,638	$1,927,570	$445,614	$427,000	$709,623	$5,060,445
Total	**119,054**	**59,646**	**$31,549,453**	**$24,281,182**	**$8,807,568**	**$8,059,702**	**$16,249,368**	**$88,955,133**
Average			**$2,426,881**	**$1,867,783**	**$677,505**	**$619,977**	**$1,249,951**	**$6,842,703**

**Partially located in Bexar County but total citywide population and jobs used.*

[1] Source: US Census, 2011 Population Estimates

[2] Source: US Census, LED , "On the Map," 2011 Estimate.

To compare across cities, the revenues by type are divided by each city's population and job total.[11] Results are shown in Figure 43. This is compared to the weighted average revenues by type shown in Figure 7. Weighted averages were determined by dividing the total amount of revenue for each type by the total population and jobs of the selected Bexar County cities.

As shown, property tax factors range from $62 to $516 per person and job, with a weighted average of $177. Sales tax revenues range from $28 to $535 with a weighted average of $136. Franchise fees collected range from $23 to $1,097 with the upper end skewed high by Grey Forest, a small city, which receives 84 percent of its budget from Grey Forest Utilities, which provides natural gas service to a wide area. The weighted average for Franchise Fees is $49, reflecting a figure closer to most of the municipalities. Court fines and fees range from $17 to $150 per person and job with a weighted average of $45. The "other" category represents the difference between the total general fund revenues and the four major types of revenues. Overall, the weighted average total general fund revenue per person and job for all cities is $498.

[11] It should be noted that the revenue analysis of the unincorporated sub-area districts models property tax and sales tax revenues based on actual property values and estimated retail square footage as opposed to average revenue factors. Average factors for other revenue sources will be used to estimate those revenue sources available to incorporated jurisdictions.

Figure 43. Revenues per Person and Job by Type of Revenue in Select Bexar County Cities

			Property Tax	*Sales Tax*	*Franchise Fees*	*Court Fines*	*Other*	*Total*
	Pop. [1]	*Jobs [2]*	Pop. and Jobs^	Pop. and Jobs^	Pop. and Jobs	Pop. and Jobs	Pop. and Jobs	Pop. and Jobs
Balcones Heights	2,817	5,043	$143	$159	$38	$150	$124	**$614**
Castle Hills	4,217	4,096	$289	$116	$54	$56	$138	**$653**
Fair Oaks Ranch*	6,162	437	$388	$30	$49	$17	$109	**$593**
Grey Forest	494	46	$62	$46	$1,097	$31	$18	**$1,255**
Helotes	7,523	1,642	$237	$96	$67	$66	$53	**$518**
Hollywood Park	3,138	943	$516	$100	$74	$24	$7	**$721**
Kirby	8,199	547	$147	$28	$67	$20	$141	**$403**
Leon Valley	10,402	21,025	$98	$57	$23	$33	$4	**$215**
Live Oak	13,455	5,032	$157	$251	$40	$17	$129	**$594**
Schertz*	32,478	10,458	$177	$131	$39	$37	$131	**$515**
Selma*	5,689	3,365	$64	$535	$107	$127	$129	**$962**
Universal City	18,987	4,620	$176	$62	$47	$37	$71	**$393**
Windcrest	5,493	2,392	$197	$244	$57	$54	$90	**$642**
Average			**$204**	**$143**	**$135**	**$52**	**$88**	**$621**
Total Revenue by Type [3]			$31,549,453	$24,281,182	$8,807,568	$8,059,702	$16,249,368	$88,955,133
Pop. And Jobs [4]			178,700	178,700	178,700	178,700	178,700	178,700
Weighted Avg. Revenue per Person and Job			**$177**	**$136**	**$49**	**$45**	**$91**	**$498**

**Partially located in Bexar County but total citywide population and jobs used.*

^Shown for comparison purposes; projection methodology uses actual/estimated values in unincorporated areas.

Projection Methodology

[1] Source: US Census, 2011 Population Estimates

[2] Source: US Census, LED , "On the Map," 2011 Estimate.

[3] Represents total revenues by type across the selected Bexar County cities.

[4] Represents total population and jobs of the selected Bexar County cities.

Projected total revenues from incorporation are shown in Figure 44. The figure shows both *Year 1* projected revenues and *total cumulative* revenues over the 20-year projection timeline. Revenues are from incorporation of existing development in the sub-areas as well as projected new growth. Figures are in constant 2013 dollars and are shown in thousands. (Detail by sub-area is provided in the Appendix.)

Figure 44. Incorporation Revenue Summary

Fiscal Impact Analysis: REVENUE SUMMARY (in $1,000s) *INCORPORATION* *Bexar County, Texas*				
	TOTAL: Existing	TOTAL: 20-Year Cumulative		
Category	$000s	$000s	% of Fund	% of Grand Total
GENERAL FUND				
Property Taxes	$54,196	$1,441,972	46%	39%
Sales Taxes	$6,759	$225,550	7%	6%
Other Revenues	$50,917	$1,445,505	46%	39%
SUBTOTAL GENERAL FUND Revenues	**$111,872**	**$3,113,026**	**100%**	**85%**
CAPITAL REVENUES				
Debt Service Fund	$21,093	$561,222	100%	15%
SUBTOTAL CAPITAL Revenues	**$21,093**	**$561,222**	**100%**	**15%**
GRAND TOTAL REVENUES ($000s)	***$132,965***	***$3,674,248***		***100%***
AVERAGE ANNUAL Revenues ($000s)	***$132,965***	***$183,712***		

Property Taxes

As is done and discussed in the Annexation chapter, we model residential, nonresidential, and other (vacant and agricultural) real property taxable values using actual and projected values. The current base year breakdown is as follows by sub-area (same as assumed in Annexation analysis).

These values are used to estimate Year 1 property taxes to the new municipality if incorporation were to occur. The assessed values are further modified in the analysis to reflect *taxable values*, which account for exemptions provided by municipalities. A weighted average for the proxy jurisdictions of 93 percent of assessed values is assumed to estimate taxable values (based on an analysis of current exemptions in our proxy jurisdictions).

Figure 45. Unincorporated Sub-Area Total Real Property Assessed Values

Uninc. Sub-Area	*Pop.*	*Jobs*	*Res Assessed Val*	*Nonres Assessed Val*	*Other (Vacant & Ag)*	*Total*
East Central	6,034	1,521	$152,086,385	$55,191,669	$203,762,499	$411,040,553
East Loop	50,746	2,629	$1,506,331,848	$147,617,688	$51,503,431	$1,705,452,967
North East	40,258	3,692	$3,541,002,578	$420,539,066	$394,193,346	$4,355,734,990
North West	19,259	2,361	$2,135,043,081	$120,671,735	$738,035,869	$2,993,750,685
South East	13,764	3,914	$349,492,542	$65,096,711	$228,568,314	$643,157,567
South	36,756	3,762	$591,296,967	$72,678,080	$571,879,728	$1,235,854,775
West Central	57,696	4,728	$2,993,341,860	$185,998,973	$635,553,414	$3,814,894,247
West Loop	22,443	1,161	$661,011,565	$73,822,252	$160,384,242	$895,218,059
Total	**246,956**	**23,768**	**$11,929,606,826**	**$1,141,616,174**	**$2,983,880,843**	**$16,055,103,843**
			74%	*7%*	*19%*	*100%*

Source: Bexar Appraisal District, 2010 Real Property Information by Parcel. Retrieved from County of Bexar, TX. (TischlerBise analysis)

To project potential property tax revenues from future growth, we model the increase in residential and nonresidential assessed values based on projected development in each sub-area and then apply average assessed values by sub-area (i.e., weighted average assessed values per housing unit and weighted average assessed value per nonresidential square foot.) As noted above, assessed values are further modified in the analysis to reflect *taxable values*, which account for exemptions provided by municipalities. Average assessed values by type of land use and sub-area are shown below:

Figure 46. Unincorporated Sub-Area Real Property Assessed Values per Unit / Nonresidential Sq. Ft.

	Average Assessed Values per Unit / Nonres SF	
	Per Resid. Unit	*Per Nonres. Sq. Ft.*
North West Uninc. Sub-Area	$295,600	$123
North East Uninc. Sub-Area	$245,700	$242
East Central Uninc. Sub-Area	$63,500	$70
South East Uninc. Sub-Area	$66,700	$41
East Loop Uninc. Sub-Area	$86,100	$133
South Uninc. Sub-Area	$50,500	$47
West Loop Uninc. Sub-Area	$92,100	$149
West Central Uninc. Sub-Area	$156,500	$106
Average	*$140,700*	*$114*

Sources: Bexar County Appraisal District; TischlerBise

As described in the Annexation chapter, the assumption is that current vacant and agricultural land will be used for future development therefore the assessable base of this type of property will "decrease" in that new improved properties will shift value from those properties to the developed ones. The incorporation analysis uses the same assumptions as the annexation analysis regarding use and values of vacant and agricultural property. That is, TischlerBise evaluated appraisal data for vacant and agricultural property to derive a current assessed value per vacant and agricultural acre. As land is "consumed" for future development, the total assessed value for vacant and agricultural land is reduced commensurately in each sub-area.

Figure 47. Unincorporated Sub-Area Real Property Assessed Values per Vacant or Agricultural Acre

	East Central	*East Loop*	*North East*	*North West*	*South East*	*South*	*West Central*	*West Loop*	*TOTAL Uninc. Co.*
Current Vacant/Ag Acres	33,290	3,643	19,851	47,971	113,398	84,347	26,673	19,409	348,582
Assessed Val for Vac/Ag	$203,762,499	$51,503,431	$394,193,346	$738,035,869	$228,568,314	$571,879,728	$635,553,414	$160,384,242	$2,983,880,843
Assessed Val $/Ac (rounded)	$6,100	$14,100	$19,900	$15,400	$2,000	$6,800	$23,800	$8,300	$8,600

Source: Bexar Appraisal District; TischlerBise analysis.

In addition as is done for the annexation analysis, we include personal property taxes based on current values by sub-area and a derived average value for future nonresidential development (average value per job).

Figure 48. Unincorporated Sub-Area Total Personal Property Assessed Values

	Comm Real	*Comm Pers [1]*	*Ind Real*	*Ind Personal [2]*	***Total Personal***	***$ per job***
East Central	$42,928,579	**$18,569,727**	$11,829,050	**$11,829,050**	**$30,398,777**	$19,986
East Loop	$146,333,318	**$63,299,783**	$0	**$0**	**$63,299,783**	$24,078
North East	$414,426,636	**$179,269,606**	$3,537,830	**$3,537,830**	**$182,807,436**	$49,514
North West	$113,442,105	**$49,071,946**	$1,876,615	**$1,876,615**	**$50,948,561**	$21,579
South East	$58,093,908	**$25,129,833**	$5,089,870	**$5,089,870**	**$30,219,703**	$7,721
South	$69,255,000	**$29,957,815**	$2,256,550	**$2,256,550**	**$32,214,365**	$8,563
West Central	$167,003,775	**$72,241,256**	$3,579,630	**$3,579,630**	**$75,820,886**	$16,037
West Loop	$61,032,272	**$26,400,888**	$8,377,000	**$8,377,000**	**$34,777,888**	$29,955
Total	***$1,072,515,593***	***$463,940,854***	***$36,546,545***	***$36,546,545***	***$500,487,399***	***$21,057***

[1] Reflects statewide average of 43% of commercial real property value
[2] Reflects statewide average of 100% of industrial real property value
Source: Bexar County Appraisal District; Texas Comptroller of Public Accounts; TischlerBise

For the incorporation analysis, as a starting point to model property tax revenues for General Fund (operating purposes), we use a weighted average of the proxy cities' tax rate. This is derived by summing current property tax revenues and estimated taxable values to derive a weighted property tax rate. The formula is: property taxes x $100 / total taxable values = $.35228. See Figure 49. The rate is rounded in the analysis to $.352.

What is interesting to note is that this is approximately the same as City of San Antonio's operating tax rate of $.35419 – a difference of $.0019, or approximately $2.00 on a $100,000 home. However, as noted elsewhere, if the City of San Antonio did not have CPS revenues to help fund its General Fund, the City's tax rate would need to be higher to provide the same levels of service provided today.

Figure 49. Proxy Cities' Operating Property Tax Rates and Derived Weighted Average

	Current Ad Valorem Taxes	*Operating Tax Rate*	*Estd. Taxable Value [1]*
Balcones Heights	$1,122,279	0.538	$208,705,188
Castle Hills	$2,400,165	0.501	$478,745,175
Fair Oaks Ranch*	$2,526,571	0.266	$948,768,682
Grey Forest	$33,700	0.094	$36,033,146
Helotes	$2,140,550	0.273	$783,682,361
Hollywood Park	$2,106,785	0.537	$392,536,938
Kirby	$1,243,474	0.657	$189,402,095
Leon Valley	$3,086,388	0.477	$647,378,092
Live Oak**	$3,120,161	0.368	$848,093,383
Schertz*	$7,481,207	0.299	$2,499,567,992
Selma*	$570,000	0.098	$580,448,065
Universal City	$4,137,642	0.463	$893,074,726
Windcrest	$1,550,638	0.352	$440,955,598
Total	*$31,519,560*		*$8,947,391,443*
Weighted Average		***$0.35228***	

**Partially located in Bexar County; taxes and valuations reflect citywide totals.*

***Reflects gross taxes before netting out refunds or tax increments*

[1] Calculated based on budgeted property tax revenues and operating rate as shown.

Sources: Municipal Budgets; Texas State Comptroller; Bexar County Appraisal District

A similar approach is taken to determine a weighted average property tax rate for **debt service** (also called "interest and sinking" funds) purposes. Although the proxy jurisdictions have capital expenditures, not all of the jurisdictions have this type of tax. Therefore, the calculation reflects the property tax revenues and taxable values from only those with the tax. The weighted property tax rate calculated is $.137. For comparison purposes, the City of San Antonio's current rate is $.2115.

Figure 50. Proxy Cities' Debt Service Property Tax Rates and Derived Weighted Average

	Current Ad Valorem Taxes (Debt Service) [1]	*Debt Service Tax Rate*	*Taxable Value [2]*
Balcones Heights	$62,242	0.034	$208,705,188
Castle Hills	$0	0.000	n/a
Fair Oaks Ranch*	$0	0.000	n/a
Grey Forest	$0	0.000	n/a
Helotes	$508,679	0.082	$783,682,361
Hollywood Park	$0	0.000	n/a
Kirby	$103,133	0.054	$189,402,095
Leon Valley	$620,219	0.098	$647,378,092
Live Oak	$782,855	0.095	$848,093,383
Schertz*	$5,032,646	0.201	$2,499,567,992
Selma*	$1,120,000	0.181	$580,448,065
Universal City	$1,098,153	0.123	$893,074,726
Windcrest	$356,584	0.081	$440,955,598
Total	*$9,684,511*		*$7,091,307,501*
Weighted Average		***$0.13657***	

**Partially located in Bexar County; taxes and valuations reflect citywide totals.*

[1] Reflects ad valorem taxes only in Debt Service Fund

[2] Calculated based on budgeted property tax revenues and operating rates.

Sources: Municipal Budgets; Texas State Comptroller; Bexar County Appraisal District

Sales Tax Revenues

To approximate a typical incorporated area, we use a weighted average of the proxy jurisdictions used throughout this analysis.

Sales tax revenues are projected based on retail land use and not population. Because municipalities have a site-based sales tax, sales tax revenues are directly linked to new retail square footage. If the areas under consideration for incorporation have retail square footage, then additional retail sales tax revenues will be generated. The formula and factors are as follows:

Figure 51. Proxy Jurisdictions Sales Tax Revenues per Retail Square Feet

	Sales Tax Revs [1]	*Retail Jobs [2]*	*Retail SF [3]*	*Sales Tax $/ Retail SF*
Balcones Heights	$1,250,000	915	457,500	$2.73
Castle Hills	$965,000	1,152	576,000	$1.68
Fair Oaks Ranch*	$195,000	183	91,500	$2.13
Grey Forest	$24,900	26	13,000	$1.92
Helotes	$880,000	439	219,500	$4.01
Hollywood Park	$409,649	216	108,000	$3.79
Kirby	$248,000	144	72,000	$3.44
Leon Valley	$1,793,342	2,411	1,205,500	$1.49
Live Oak**	$4,644,783	2,012	1,006,000	$4.62
Schertz*	$5,637,958	2,331	1,165,500	$4.84
Selma*	$4,844,980	1,471	735,500	$6.59
Universal City	$1,460,000	1,937	968,500	$1.51
Windcrest	$1,927,570	1,248	624,000	$3.09
Total / Wtd Average	***$24,281,182***		***7,242,500***	***$3.35***

**Partially located in Bexar County; taxes and valuations reflect citywide totals.*

[1] General Fund sales tax only; does not include Special Districts (e.g., Crime Control Districts or Municipal Development Districts)

[2] US Census, LED OnTheMap, 2011

Retail = Retail Trade + Arts, Entertainment, and Recreation + Accommodation and Food Services

[3] Assumes average of 500 square feet per employee

The above sales tax revenue analysis reflects General Fund sales tax revenues and does not include any special district sales tax revenue or sales taxes levied for restricted uses. Similarly, the expenditures funded from the special funds or taxes are excluded as well. For example, several of our proxy localities have additional sales taxes for specific purposes.

- Balcones Heights Crime Control District
- Castle Hills Crime Control District
- Fair Oaks Ranch Municipal Development District
- Leon Valley Street Maintenance (Sales) Tax
- Selma Municipal Development District
- Windcrest Crime Control District

Other Revenues

Other Revenues reflect a combination of franchise fees, court fines, and miscellaneous other revenue sources. These revenues are projected based on population and jobs in the unincorporated areas. The weighted average revenue per person and job from the proxy jurisdiction analysis is used.

EXPENDITURES

Operating Expenditures

Expenditures are modeled for the General Fund and Capital Projects/Debt Service purposes. We model operating and capital expenditures separately.

As was done on the revenue side, TischlerBise conducted an analysis of services and expenditures in the proxy cities used in the incorporation analysis. A comparison of expenditures across departments by proxy city is shown in Figure 52. The average general fund total is approximately $6.8 million. The departments with the largest average budgets are Police, Fire and EMS, and Administration.

Next, cost factors are shown for each city by Department in Figure 53. To derive the cost factors, totals for each service category were divided by the applicable jurisdiction's **population and job total**--except for Animal Control, Health, Library, and Parks and Recreation, which are allocated only to **population** (residential development). It should be noted that for those cities located in more than one county (and indicated as such on the tables), the full budgets and total population and employment numbers are used.

The highest amount per department is spent on Police and Fire, and the lowest is spent on Planning, for those municipalities with a separate Planning Department. At the bottom of the figure a straight average is shown along with weighted averages.

The weighted average is derived by adding together each municipality's departmental budget and dividing by total population and jobs served (or population where applicable). For example, for Administration, the weighted average of $87 per person and job is the sum of the budgets ($15.6 million) divided by total population and jobs (178,700) for those with Administration expenditures (all municipalities). *Weighted averages are used to estimate levels of service and costs for the incorporation analysis.*

Figure 52. General Fund Expenditures by Department in Select Bexar County Cities

	Admin.	*Animal Control*	*Dev. Services*	*Facility Maint.*	*Fire & EMS*	*Health*	*Library*	*Mayor/ Council/ Manager*	*Municipal Court*	*Planning*	*Parks & Rec.*	*Police*	*Public Works*	*Other*	*Total*
Balcones Heights	$526,168	$4,700	$85,294	$45,100	$1,450,929			$72,050	$236,289		$12,950	$1,374,899	$154,189	$851,105	$4,813,673
Castle Hills	$658,211	i			$1,524,993			i	$382,402			$2,051,086	$701,520	$132,483	$5,450,695
Fair Oaks Ranch*	$639,042		$96,207		i	$275,081		i	$83,344		$216,500	$1,436,781	$819,223	$377,320	$3,943,498
Grey Forest	$131,922				$58,905	$2,000		i	$27,058			$240,835	$143,099	$750	$604,569
Helotes	$665,610	i	$55,005	$228,680	$982,142			$1,600	$479,480			$1,434,895	$240,754		$4,088,166
Hollywood Park	$264,223			$89,985	$946,574			i	$76,530		$48,150	$856,498	$153,557	$507,318	$2,942,835
Kirby	$1,003,331	$132,462			$776,036			$15,397	$135,663		$346,408	$906,179	$480,857		$3,796,333
Leon Valley	$214,447		$435,227		$2,210,409		$438,311	$306,627	$166,311		$111,940	$2,142,438	$1,111,763	$17,599	$7,155,072
Live Oak	$1,388,220	$214,960	$324,680		$1,964,290			$468,190	$197,425	$135,500	$675,800	$3,634,069	$1,242,700	$744,645	$10,990,479
Schertz*	$4,504,082	$391,348	i	i	$2,918,186		$855,105	$1,044,586	$365,550	$185,883	$1,228,212	$6,385,359	$1,328,405	$2,503,927	$21,710,643
Selma*	$3,447,300		i		$1,704,512			$47,200	i		$50,000	$2,905,406	$554,553	$5,000	$8,713,971
Universal City	$1,607,560	$305,094	$325,860	$936,807	$1,967,190		$280,700	i	$256,472		$250,246	$3,143,582	$157,686		$9,231,197
Windcrest	$561,363	$83,815	$80,191	$114,000	$253,067			$125,322	$256,680		$389,271	$1,613,106	$526,695	$1,062,222	$5,065,732
Total	***$15,611,479***	***$1,132,379***	***$1,402,464***	***$1,414,572***	***$16,757,233***	***$277,081***	***$1,574,116***	***$2,080,972***	***$2,663,204***	***$321,383***	***$3,329,477***	***$28,125,133***	***$7,615,001***	***$6,202,369***	***$88,506,863***
Average	**$1,200,883**	**$188,730**	**$200,352**	**$282,914**	**$1,396,436**	**$138,541**	**$524,705**	**$260,122**	**$221,934**	**$160,692**	**$332,948**	**$2,163,472**	**$585,769**	**$620,237**	**$6,808,220**

**Partially located in Bexar County but total citywide population and jobs used.*

i= included in another department's budget

Figure 53. General Fund Expenditures per Person or Person and Job by Department in Select Bexar County Cities

			Admin.	*Animal Control*	*Dev. Services*	*Facility Maint.*	*Fire*	*Health*	*Library*	*Mayor/ Council/ Manager*	*Muni. Court*	*Planning*	*Parks & Rec.*	*Police*	*Public Works*	*Other*	*Total*
	Pop. [1]	*Jobs [2]*	Pop. and Jobs	Pop.	Pop. and Jobs	Pop. and Jobs	Pop. and Jobs	Pop.	Pop.	Pop. and Jobs	Pop. and Jobs	Pop. and Jobs	Pop.	Pop. and Jobs	Pop. and Jobs	Pop. and Jobs	Pop. and Jobs
Balcones Heights	2,817	5,043	$67	$2	$11	$6	$185			$9	$30		$5	$175	$20	$108	$612
Castle Hills	4,217	4,096	$79	i			$183			i	$46			$247	$84	$16	$656
Fair Oaks Ranch*	6,162	437	$97		$15		i	$45		i	$13		$35	$218	$124	$57	$598
Grey Forest	494	46	$244				$109	$4		i	$50			$446	$265	$1	$1,120
Helotes	7,523	1,642	$73	i	$6	$25	$107			$0.17	$52			$157	$26		$446
Hollywood Park	3,138	943	$65			$22	$232			i	$19		$15	$210	$38	$124	$721
Kirby	8,199	547	$115	$16			$89			$2	$16		$42	$104	$55		$434
Leon Valley	10,402	21,025	$7		$14		$70		$42	$10	$5		$11	$68	$35	$1	$228
Live Oak	13,455	5,032	$75	$16	$18		$106			$25	$11	$7	$50	$197	$67	$40	$594
Schertz*	32,478	10,458	$105	$12	i	i	$68		$26	$24	$9	$4	$38	$149	$31	$58	$506
Selma*	5,689	3,365	$381		i		$188			$5	i		$9	$321	$61	$1	$962
Universal City	18,987	4,620	$68	$16	$14	$40	$83		$15	i	$11		$13	$133	$7		$391
Windcrest	5,493	2,392	$71	$15	$10	$14	$32			$16	$33		$71	$205	$67	$135	$642
Average			**$111**	**$13**	**$12**	**$21**	**$121**	**$24**	**$28**	**$11**	**$24**	**$6**	**$29**	**$202**	**$68**	**$54**	**$608**

Total G.F. Expenditure [3]	$15,611,479	$1,132,379	$1,402,464	$1,414,572	$16,757,233	$277,081	$1,574,116	$2,080,972	$2,663,204	$321,383	$3,329,477	$28,125,133	$7,615,001	$6,202,369	$88,506,863
Pop./ Pop. And Jobs [4]	178,700	81,429	105,030	52,598	172,101	7,139	61,867	135,560	169,646	61,423	104,875	178,700	178,700	137,182	178,700
Weighted Avg Cost (per Pop /Pop and Job)	**$87**	**$14**	**$13**	**$27**	**$97**	**$39**	**$25**	**$15**	**$16**	**$5**	**$32**	**$157**	**$43**	**$45**	**$495**

**Partially located in Bexar County but total citywide population and jobs used.*

Projection Methodology

[1] Source: US Census, 2011 Population Estimates

[2] Source: US Census, LED , "On the Map," 2011 Estimate.

[3] Represents total expenditures of selected Bexar County cities under each department.

[4] Represents total population or population and jobs of selected Bexar County cities that fund the department through their General Fund.

As shown above, there are a wide range of costs factors within departments by locality. Police and Fire are the highest cost departments at a weighted average of $157 and $97 per person and job respectively. For Police, cost factors range from a low of $68 to a high of $446 per person and job. Fire costs range from $32 to $232 per person and job. Administration ranges from a low of $7 to a high of $381 per person and job with a weighted average of $87. This is likely a function of what is classified as Administration. Public Works is similar and again, likely due to what is included. As noted above, w*eighted averages are used to project costs for the incorporation analysis.*

Using the weighted cost factors as shown above, costs for services assuming incorporation can be projected. Projected total expenditures from incorporation are shown in Figure 54. The figure shows both *Year 1* projected expenditures reflecting costs to service existing development and *total cumulative* revenues over the 20-year projection timeline. Expenditures reflect the estimated costs to provide services to all of the sub-areas currently (Year 1) as well as costs incurred to serve projected new growth (20-Year Cumulative Total). Figures are in constant 2013 dollars and are shown in thousands. (Detail by sub-area is provided in the Appendix.)

Figure 54. Incorporation Expenditure Summary

Fiscal Impact Analysis: EXPENDITURE SUMMARY (in $1,000s)
INCORPORATION
Bexar County, Texas

	TOTAL: Existing	TOTAL: 20-Year Cumulative		
Category	**$000s**	**$000s**	**% of Fund**	**% of Grand Total**
GENERAL FUND				
General Administration/Other*	$69,428	$1,964,752	42%	38%
Fire	$26,271	$745,819	16%	15%
Police	$42,521	$1,207,150	26%	24%
Public Works	$11,646	$330,621	7%	6%
Parks and Recreation	$7,906	$220,661	5%	4%
Library	$6,177	$172,392	4%	3%
SUBTOTAL GENERAL FUND Expenditures	**$163,949**	**$4,641,395**	**100%**	**91%**
CAPITAL				
Capital Expenditures	$17,063	$484,398	100%	9%
SUBTOTAL CAPITAL Expenditures	**$17,063**	**$484,398**	**100%**	**9%**
GRAND TOTAL EXPENDITURES ($000s)	***$181,012***	***$5,125,792***		***100%***
AVERAGE ANNUAL ($000s)	***$181,012***	***$256,290***		

** Includes: Admin, Animal Control, Dev. Services, Facility Maintenance, Health, Court, Planning, Other*

As shown in Figure 54, the largest share of projected expenditures is for Police and Fire, which account for approximately 40 percent of total costs.

Capital Expenditures

Expenditures for capital improvements are projected using an average cost methodology. Similar to the approach taken for operating costs, we evaluated capital expenditures of our proxy jurisdictions—both average annual capital improvements and expenditures for debt service. Because the improvements reflect a range of types of improvements, an average approach is appropriate. Using the total annual amount, we derive a cost per population and job to model average capital/debt costs for a new incorporated municipality. Of course, any new municipality will have specific capital and infrastructure needs that should be estimated prior to incorporation. For purposes of this analysis, a higher-level analysis using average capital impact is sufficient.

Additional detail is provided below separating operating and capital expenditures by sub-area and reflecting the impact from *existing development* (that which is assumed as being initially incorporated) and for 20 years total assuming existing development plus future growth.

Figure 55. Incorporation Operating and Capital Expenditures by Sub-Area

Fiscal Impact Analysis: EXPENDITURE COMPARISON by Sub-Area (in $1,000s)
INCORPORATION
Bexar County, Texas

	TOTAL EXPENDITURES					
	Existing Development			Cumulative 20-Years		
Unincorporated Sub-Area	***Operating***	***Capital***	***Total***	***Operating***	***Capital***	***Total***
North West Uninc. Sub-Area	$13,037	$1,362	$14,399	$370,365	$38,828	$409,193
North East Uninc. Sub-Area	$26,691	$2,776	$29,467	$755,143	$78,745	$833,888
East Central Uninc. Sub-Area	$4,479	$476	$4,955	$129,205	$13,808	$143,013
South East Uninc. Sub-Area	$10,441	$1,114	$11,555	$302,218	$32,431	$334,648
East Loop Uninc. Sub-Area	$32,536	$3,363	$35,899	$915,347	$94,756	$1,010,103
South Uninc. Sub-Area	$24,505	$2,553	$27,057	$694,307	$72,539	$766,846
West Loop Uninc. Sub-Area	$14,389	$1,487	$15,876	$404,794	$41,903	$446,697
West Central Uninc. Sub-Area	$37,871	$3,933	$41,803	$1,070,016	$111,389	$1,181,405
TOTALS	**$163,949**	**$17,063**	**$181,012**	**$4,641,395**	**$484,398**	**$5,125,792**

Appendix

Development Detail

Figure 56. Current Development by Sub-Areas

	East Central	*East Loop*	*North East*	*North West*	*South East*	*South*	*West Central*	*West Loop*	*TOTAL Uninc. Co.*	*TOTAL County*
Population	**6,034**	**50,746**	**40,369**	**19,259**	**13,764**	**36,756**	**57,696**	**22,443**	**247,067**	**1,785,704**
Housing Units	**2,395**	**17,486**	**14,413**	**7,222**	**5,237**	**11,714**	**19,124**	**7,181**	**84,772**	**690,291**
Single Family	1,729	15,025	12,353	7,187	3,709	7,667	15,906	6,644	70,221	
Mobile Home	653	451	564	35	1,406	4,047	2,320	463	9,939	
Multifamily	13	2,009	1,496	-	122	-	898	74	4,612	
Total Jobs	**1,521**	**2,629**	**3,692**	**2,361**	**3,914**	**3,762**	**4,728**	**1,161**	**23,768**	**761,856**
Retail	254	966	637	616	313	539	502	208	4,035	
Office	180	1,184	1,097	1,173	2,255	2,000	3,300	544	11,733	
Industrial	1,087	479	1,958	572	1,346	1,223	926	409	8,000	
Nonres Sq Ft in thousands (KSF)	**787**	**1,106**	**1,740**	**980**	**1,586**	**1,553**	**1,761**	**496**	**10,010**	**300,000**
Retail KSF	127	483	319	308	157	270	251	104	2,018	
Office KSF	54	356	330	353	679	602	993	164	3,532	
Industrial KSF	606	267	1,092	319	751	682	516	228	4,461	

Sources: Population from 2010 U.S. Census, SF 1. Housing Units from 2007-2011 American Community Survey 5-Year Estimates. Jobs from OnTheMap web application, U.S. Census Bureau. Floor area estimates using square feet per employee factors from Institute of Transportation Engineers, 2012.

Revenue and Expenditure Detail

Figure 57. Annexation Revenue Detail by Unincorporated Sub-Area (in $1,000s): 20-Year Cumulative

Fiscal Impact Analysis: REVENUE SUMMARY (in $1,000s)
ANNEXATION
Bexar County, Texas

	North West		North East		East Central		South East		East Loop		South		West Loop		West Central		TOTAL: Year 1	TOTAL: 20-Year Cumulative		
Category	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	$000s	% of Fund	% of Grand Total
GENERAL FUND																				
Property Taxes	$250,975	65%	$399,833	62%	$34,794	41%	$55,202	35%	$157,861	34%	$96,156	30%	$79,472	39%	$329,846	50%	$52,774	$1,404,139	48%	37%
City Sales Tax	$30,359	8%	$31,394	5%	$12,518	15%	$15,426	10%	$47,608	10%	$26,564	8%	$10,251	5%	$24,740	4%	$5,959	$198,860	7%	5%
Other Taxes	$9,046	2%	$18,346	3%	$3,217	4%	$7,556	5%	$22,076	5%	$16,900	5%	$9,763	5%	$25,951	4%	$3,975	$112,854	4%	3%
CPS Energy	$72,109	19%	$146,240	23%	$25,643	30%	$60,228	38%	$175,975	38%	$134,715	42%	$77,820	38%	$206,866	31%	$31,688	$899,596	31%	24%
Other Revenues	$24,680	6%	$50,555	8%	$8,464	10%	$19,724	12%	$61,666	13%	$46,406	14%	$27,271	13%	$71,740	11%	$10,995	$310,507	11%	8%
SUBTOTAL GENERAL FUND Revenues	**$387,168**	**100%**	**$646,367**	**100%**	**$84,636**	**100%**	**$158,136**	**100%**	**$465,186**	**100%**	**$320,740**	**100%**	**$204,577**	**100%**	**$659,144**	**100%**	**$105,391**	**$2,925,955**	**100%**	**77%**
SPECIAL FUNDS																				
Special Fund Revenues	$5,548	100%	$5,737	100%	$2,288	100%	$2,819	100%	$8,700	100%	$4,854	100%	$1,873	100%	$4,521	100%	$1,089	$36,341	100%	1%
SUBTOTAL SPECIAL FUND Revenues	**$5,548**	**100%**	**$5,737**	**100%**	**$2,288**	**100%**	**$2,819**	**100%**	**$8,700**	**100%**	**$4,854**	**100%**	**$1,873**	**100%**	**$4,521**	**100%**	**$1,089**	**$36,341**	**100%**	**1%**
CAPITAL REVENUES																				
Debt Service Fund	$149,866	100%	$238,755	100%	$20,777	100%	$32,963	100%	$94,264	100%	$57,418	100%	$47,456	100%	$196,963	100%	$31,514	$838,463	100%	22%
SUBTOTAL CAPITAL Revenues	**$149,866**	**100%**	**$238,755**	**100%**	**$20,777**	**100%**	**$32,963**	**100%**	**$94,264**	**100%**	**$57,418**	**100%**	**$47,456**	**100%**	**$196,963**	**100%**	**$31,514**	**$838,463**	**100%**	**22%**
GRAND TOTAL REVENUES ($000s)	***$542,583***		***$890,860***		***$107,701***		***$193,918***		***$568,150***		***$383,013***		***$253,906***		***$860,629***		***$137,993***	***$3,800,759***		***100%***
AVERAGE ANNUAL Revenues ($000s)	***$27,129***		***$44,543***		***$5,385***		***$9,696***		***$28,408***		***$19,151***		***$12,695***		***$43,031***		***$137,993***	***$190,038***		

Figure 58. Annexation Expenditure Detail by Unincorporated Sub-Area (in $1,000s): 20-Year Cumulative

Fiscal Impact Analysis: EXPENDITURE SUMMARY (in $1,000s)
ANNEXATION
Bexar County, Texas

	North West		North East		East Central		South East		East Loop		South		West Loop		West Central		TOTAL: Year 1	TOTAL: 20-Year Cumulative		
Category	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	$000s	% of Fund	% of Grand Total
GENERAL FUND																				
General Administration/Other	$26,895	8%	$55,389	9%	$9,039	8%	$20,968	9%	$68,049	9%	$50,746	9%	$30,094	9%	$78,733	9%	$12,070	$339,915	9%	8%
Fire	$93,228	29%	$184,078	29%	$30,966	29%	$69,305	29%	$230,492	29%	$168,447	29%	$99,120	29%	$258,410	29%	$40,072	$1,134,046	29%	27%
Police	$133,776	41%	$264,141	41%	$44,435	41%	$99,449	41%	$330,742	42%	$241,711	42%	$142,232	42%	$370,802	42%	$57,501	$1,627,287	42%	38%
Public Works	$37,658	12%	$64,946	10%	$12,398	12%	$26,445	11%	$78,799	10%	$49,136	9%	$31,049	9%	$82,135	9%	$13,292	$382,566	10%	9%
Parks and Recreation	$22,374	7%	$46,899	7%	$7,010	7%	$15,990	7%	$58,954	7%	$42,702	7%	$26,073	8%	$67,029	8%	$10,284	$287,032	7%	7%
Library	$11,144	3%	$23,359	4%	$3,491	3%	$7,964	3%	$29,363	4%	$21,268	4%	$12,986	4%	$33,384	4%	$5,122	$142,959	4%	3%
SUBTOTAL GENERAL FUND Expenditures	**$325,075**	**100%**	**$638,812**	**100%**	**$107,340**	**100%**	**$240,122**	**100%**	**$796,399**	**100%**	**$574,010**	**100%**	**$341,554**	**100%**	**$890,493**	**100%**	**$138,340**	**$3,913,805**	**100%**	**92%**
SPECIAL FUNDS																				
Special Fund Expenditures	$7,726	100%	$13,273	100%	$2,550	100%	$5,411	100%	$16,127	100%	$10,049	100%	$6,333	100%	$16,748	100%	$2,715	$78,218	100%	2%
SUBTOTAL SPECIAL FUND Expenditures	**$7,726**	**100%**	**$13,273**	**100%**	**$2,550**	**100%**	**$5,411**	**100%**	**$16,127**	**100%**	**$10,049**	**100%**	**$6,333**	**100%**	**$16,748**	**100%**	**$2,715**	**$78,218**	**100%**	**2%**
CAPITAL																				
Capital Expenditures	$19,647	100%	$43,806	100%	$4,664	100%	$10,640	100%	$55,939	100%	$40,280	100%	$20,596	100%	$60,215	100%	$112,439	$255,787	100%	6%
SUBTOTAL CAPITAL Expenditures	**$19,647**	**100%**	**$43,806**	**100%**	**$4,664**	**100%**	**$10,640**	**100%**	**$55,939**	**100%**	**$40,280**	**100%**	**$20,596**	**100%**	**$60,215**	**100%**	**$112,439**	**$255,787**	**100%**	**6%**
GRAND TOTAL Expenditures ($000s)	***$352,449***		***$695,890***		***$114,554***		***$256,173***		***$868,466***		***$624,339***		***$368,483***		***$967,455***		***$253,495***	***$4,247,809***		***100%***
AVERAGE ANNUAL Expenditures ($000s)	***$17,622***		***$34,794***		***$5,728***		***$12,809***		***$43,423***		***$31,217***		***$18,424***		***$48,373***		***$253,495***	***$212,390***		

Note: Year 1 totals not provided by sub-area on the above tables.

Figure 59. Incorporation Revenue Detail by Unincorporated Sub-Area (in $1,000s): 20-Year Cumulative

Fiscal Impact Analysis: REVENUE SUMMARY (in $1,000s)
INCORPORATION
Bexar County, Texas

	North West		North East		East Central		South East		East Loop		South		West Loop		West Central		TOTAL: Existing	TOTAL: 20-Year Cumulative		
Category	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	$000s	% of Fund	% of Grand Total
GENERAL FUND																				
Property Taxes	$257,737	63%	$410,606	60%	$35,732	39%	$56,689	33%	$162,114	32%	$98,747	29%	$81,613	37%	$338,734	48%	$54,196	$1,441,972	46%	39%
Sales Taxes	$34,433	8%	$35,607	5%	$14,198	16%	$17,496	10%	$53,998	11%	$30,129	9%	$11,627	5%	$28,061	4%	$6,759	$225,550	7%	6%
Other Revenues	$115,867	28%	$234,984	34%	$41,204	45%	$96,777	57%	$282,764	57%	$216,465	63%	$125,045	57%	$332,400	48%	$50,917	$1,445,505	46%	39%
SUBTOTAL GENERAL FUND Revenues	**$408,037**	**100%**	**$681,197**	**100%**	**$91,134**	**100%**	**$170,963**	**100%**	**$498,875**	**100%**	**$345,341**	**100%**	**$218,285**	**100%**	**$699,194**	**100%**	**$111,872**	**$3,113,026**	**100%**	**85%**
CAPITAL REVENUES																				
Debt Service Fund	$100,312	100%	$159,810	100%	$13,907	100%	$22,064	100%	$63,095	100%	$38,433	100%	$31,764	100%	$131,837	100%	$21,093	$561,222	100%	15%
SUBTOTAL CAPITAL Revenues	**$100,312**	**100%**	**$159,810**	**100%**	**$13,907**	**100%**	**$22,064**	**100%**	**$63,095**	**100%**	**$38,433**	**100%**	**$31,764**	**100%**	**$131,837**	**100%**	**$21,093**	**$561,222**	**100%**	**15%**
GRAND TOTAL REVENUES ($000s)	***$508,350***		***$841,007***		***$105,041***		***$193,027***		***$561,971***		***$383,773***		***$250,049***		***$831,031***		***$132,965***	***$3,674,248***		***100%***
AVERAGE ANNUAL Revenues ($000s)	***$25,417***		***$42,050***		***$5,252***		***$9,651***		***$28,099***		***$19,189***		***$12,502***		***$41,552***		***$132,965***	***$183,712***		

Figure 60. Incorporation Expenditure Detail by Unincorporated Sub-Area (in $1,000s): 20-Year Cumulative

Fiscal Impact Analysis: EXPENDITURE SUMMARY (in $1,000s)
INCORPORATION
Bexar County, Texas

	North West		North East		East Central		South East		East Loop		South		West Loop		West Central		TOTAL: Existing	TOTAL: 20-Year Cumulative		
Category	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	%	$000s	$000s	% of Fund	% of Grand Total
GENERAL FUND																				
General Administration/Other*	$156,682	42%	$319,697	42%	$54,513	42%	$127,433	42%	$387,910	42%	$293,864	42%	$171,546	42%	$453,108	42%	$69,428	$1,964,752	42%	38%
Fire	$59,782	16%	$121,242	16%	$21,259	16%	$49,933	17%	$145,894	16%	$111,687	16%	$64,518	16%	$171,504	16%	$26,271	$745,819	16%	15%
Police	$96,761	26%	$196,236	26%	$34,409	27%	$80,819	27%	$236,138	26%	$180,771	26%	$104,426	26%	$277,589	26%	$42,521	$1,207,150	26%	24%
Public Works	$26,501	7%	$53,746	7%	$9,424	7%	$22,135	7%	$64,675	7%	$49,511	7%	$28,601	7%	$76,028	7%	$11,646	$330,621	7%	6%
Parks and Recreation	$17,201	5%	$36,054	5%	$5,389	4%	$12,293	4%	$45,322	5%	$32,828	5%	$20,044	5%	$51,530	5%	$7,906	$220,661	5%	4%
Library	$13,438	4%	$28,168	4%	$4,210	3%	$9,604	3%	$35,408	4%	$25,647	4%	$15,660	4%	$40,258	4%	$6,177	$172,392	4%	3%
SUBTOTAL GENERAL FUND Expenditures	**$370,365**	**100%**	**$755,143**	**100%**	**$129,205**	**100%**	**$302,218**	**100%**	**$915,347**	**100%**	**$694,307**	**100%**	**$404,794**	**100%**	**$1,070,016**	**100%**	**$163,949**	**$4,641,395**	**100%**	**91%**
CAPITAL																				
Capital Expenditures	$38,828	100%	$78,745	100%	$13,808	100%	$32,431	100%	$94,756	100%	$72,539	100%	$41,903	100%	$111,389	100%	$17,063	$484,398	100%	9%
SUBTOTAL CAPITAL Expenditures	**$38,828**	**100%**	**$78,745**	**100%**	**$13,808**	**100%**	**$32,431**	**100%**	**$94,756**	**100%**	**$72,539**	**100%**	**$41,903**	**100%**	**$111,389**	**100%**	**$17,063**	**$484,398**	**100%**	**9%**
GRAND TOTAL EXPENDITURES ($000s)	***$409,193***		***$833,888***		***$143,013***		***$334,648***		***$1,010,103***		***$766,846***		***$446,697***		***$1,181,405***		***$181,012***	***$5,125,792***		***100%***
AVERAGE ANNUAL ($000s)	***$20,460***		***$41,694***		***$7,151***		***$16,732***		***$50,505***		***$38,342***		***$22,335***		***$59,070***		***$181,012***	***$256,290***		

** Includes: Admin, Animal Control, Dev. Services, Facility Maintenance, Health, Court, Planning, Other*

Note: Year 1 totals not provided by sub-area on the above tables.

PHASE III: SERVICE DELIVERY AND FISCAL SUSTAINABILITY RECOMMENDATIONS

Prepared for

Bexar County, Texas

December 2014

TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, Suite S240
Bethesda, MD 20816
800-424-4318
www.tischlerbise.com

TischlerBise
4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318

www.tischlerbise.com

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11 Key Recommendations

1. From a fiscal perspective, pursue annexation or incorporation of the North West and North East sub-areas of the unincorporated County.

2. From a broader set of criteria, pursue annexation of the North West, North East, West Central, and East Loop sub-areas of the unincorporated County.

3. Form and participate in a regional growth coalition to address current issues and plan for future needs. Ensure that a designated County office is an equal partner in the effort.

4. Start a community discussion on what constitutes adequate levels of service and infrastructure and who should be expected to pay for what. Explore the notion of "moral obligations" with regard to public services.

5. Embark on a public relations/marketing campaign on the "Code of the West." That is, that living in the unincorporated County is different than living in a city—particularly that county governments do not offer the same level of service that city governments provide.

6. Conduct a Retail Market Study to identify unmet retail needs in growing areas.

7. Explore regional revenue sharing options. Given the regional economy of San Antonio-Bexar County, location decisions are typically made without knowing whether one is in the City or County. Regional revenue sharing supports economic development and promotes orderly development by reducing the effect of location decisions.

8. Continue fiscal assessments for smaller areas of the unincorporated area to determine fiscal sustainability as communities explore options for improved service delivery through annexation, incorporation, or special districts.

9. Assist communities to explore revenue enhancement options, particularly for those places looking to incorporate.

10. Assist communities to develop community capacity, particularly for those places looking to incorporate.

11. Encourage a broad application and implementation of the City of San Antonio's Annexation Policy.

Executive Summary

TischlerBise has been retained by Bexar County to analyze and provide recommendations for service delivery shortcomings in the unincorporated area of the County. The deliverables of this project include:

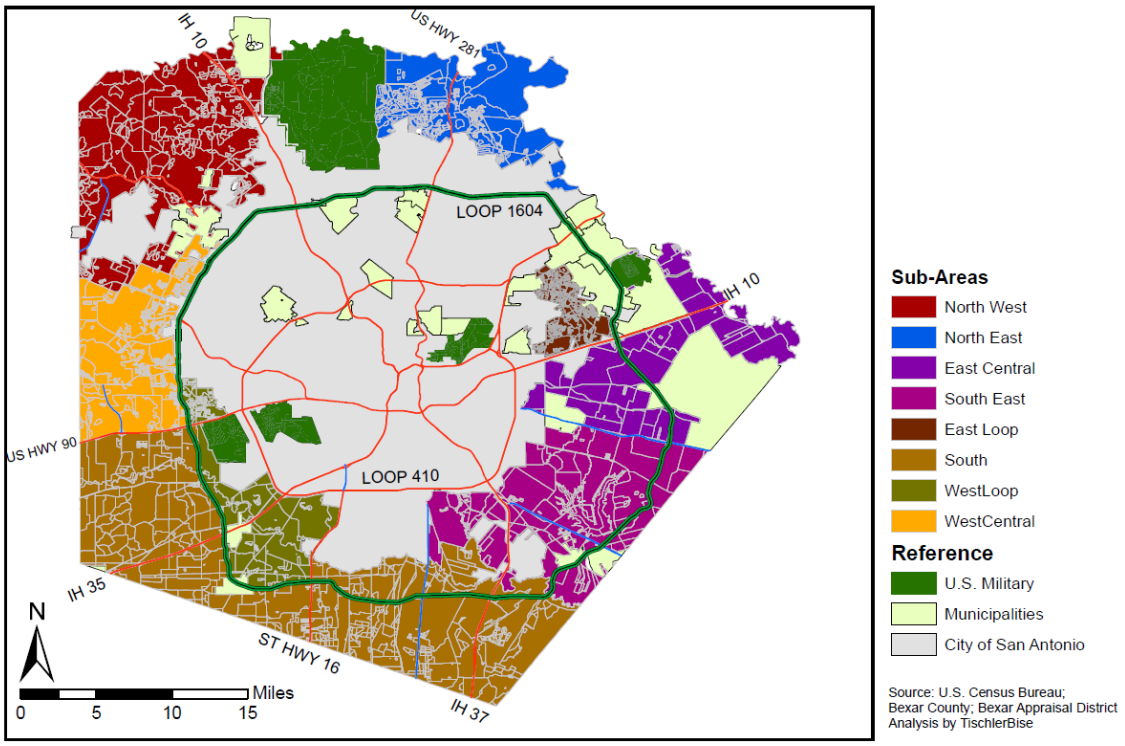
- A comparative analysis of legislative authority of Texas cities, Texas counties, and counties in other states;
- A historical annexation analysis of Bexar County;
- An analysis of incorporation law and best practices;
- An inventory of special district options in Texas;
- A white paper on neighborhood revitalization and stabilization approaches;
- Fiscal impact analysis of annexation and incorporation; and
- Service delivery and fiscal sustainability recommendations document.

This report is the final deliverable, *Service Delivery and Fiscal Sustainability Recommendations*.

FISCAL IMPACT ANALYSIS

TischlerBise conducted a quantitative analysis of the fiscal impacts of annexation and incorporation in the unincorporated areas of the County. To do the fiscal impact analysis, the unincorporated area is divided into 8 sub-areas, covering all areas of the unincorporated County.

Figure 1. Map of Unincorporated County Sub-Areas



1. Two avenues were explored related to the fiscal impacts of providing additional services. The two central tasks were: **To identify potential areas for annexation by the City of San Antonio**. The City has a new Annexation Policy with both quantitative and qualitative factors to be considered in identifying areas to annex. We evaluated the fiscal impact to the City of San Antonio of annexation of each of the sub-areas.

2. **To provide information for areas considering incorporation as to whether or not that decision would make financial sense**. The analysis would allow decision makers to understand the relationship between potential available revenue compared to potential costs for providing city-like services. To do this, TischlerBise used a sample of proxy municipalities in Bexar County reflecting a "prototypical" incorporated area in the County.

The fiscal impact results reveal similar findings between annexation and incorporation. That is, those sub-areas of the County that generate net surpluses under the Annexation analysis also generate net surpluses under the Incorporation analysis, albeit at different levels.

- The **North West** and **North East**[1] sub-areas generally generate sufficient revenues to cover projected costs. The results are driven primarily by property values. *From a fiscal perspective, these areas are viable candidates for annexation or incorporation.* These two sub-areas have the highest property values and as a result, property tax revenues result in 60 percent of the revenue mix, a higher share than the other sub-areas.

- The **East Central** sub-area generates essentially fiscally neutral results. The level of revenues and costs generated are relatively low compared to the other sub-areas however, the amount of revenue is generally almost sufficient to cover the projected expenses.

- The remaining areas do not generate sufficient revenues to offset the costs generated. These areas have lower property values, thus requiring a shift in reliance to other revenue sources, which are insufficient to cover costs in these sub-areas.

[1] It should be noted that the analysis does not exclude Cibolo Canyons Special Improvement District at this time, which has a non-annexation agreement in place with the City of San Antonio through the end of the fiscal analysis' projection time period. The evaluations at this stage of the process are intended to be used to evaluate the **fiscal viability** of annexation and incorporation of current and future development—as opposed to the legal or political likelihood—and does not exclude any portion of the unincorporated area. It is assumed that subsequent analyses of specific geographic areas under consideration for annexation or incorporation would be further refined and delineated.

SAN ANTONIO ANNEXATION POLICY EVALUATION CRITERIA

A matrix was created based on criteria listed in San Antonio's Annexation Policy, and includes factors relating to fiscal impact, current and future land use, service delivery needs, and intergovernmental relations. Based on these factors, the matrix concluded that the **North West, North East, East Loop,** and **West Central** should be considered for annexation.

Figure 2. Recommendations Matrix

	Fiscal Evaluation			Existing or Planned Level of Development			Service Delivery Needs					Public Health, Safety and Welfare		Intergovernmental Relations			Summary			
	Annex.	Inc.	Lost Revenue	Min Pop Density (Current)	Current Land Use	Future Growth Center	Benefit of City LOS	Prox. to City Infra.	Future Fire Station	Current Access to Water	Current Access to Sewer	% of Area within Floodplain	Prox. to Mil. Bases	Pursued Incorp.	Special Districts	Border Incorp. Cities	Ratio	Total	Ranking	Annex?
North West	✓	✓	✗	✗	✗	✓	✗	✗	✗	✓	!	✗	✓	✓	✗	✓	7:1:8	15	3	✓
North East	✓	✓	✓	✗	✓	✗	✗	✗	✗	✓	!	✓	✓	✗	✓	✗	8:1:7	17	1	✓
East Central	!	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✗	✗	✓	✓	5:3:8	13	5	✗
East Loop	✗	✗	✗	✓	✓	✗	✓	✓	✗	✓	✓	✓	✗	✗	✗	✓	8:0:8	16	2	✓
South East	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	✗	✓	✗	✗	✗	✓	3:1:12	9	8	✗
South	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓	✗	✓	✗	✓	✓	✓	6:0:10	12	6	✗
West Loop	✗	✗	✗	✗	✗	✗	✗	✓	✗	✓	✗	✓	✓	✓	✗	✓	6:0:10	12	6	✗
West Central	✗	✗	✓	✗	✓	✓	✓	✗	!	✓	✗	✗	✗	✗	✓	✓	7:1:8	15	3	✓

Results. The criteria above include fiscal considerations, areas that would benefit or are in need of annexation, and areas that would be more easily annexed, based on San Antonio's Annexation Policy.

We assigned a point value to each criterion as follows:

✓	2
!	1
✗	0

The "Total" column sums the points and then ranks the results. The "Ratio" column shows the relationship among the three indicators. The areas that fare best under San Antonio's annexation policy evaluation criteria are the **North West, North East, East Loop,** and **West Central**.

- The North West is financially viable and is a future growth center. Additionally, it needs increased levels of service in terms of floodplain management and sewer.
- The North East area is also financially viable and has floodplain management issues as well.
- The West Central is a future growth center, has a high population, and higher nonresidential development than the other sub-areas. This area is thus in need of city levels of service, but could also provide future revenues in the form of nonresidential development.
- The East Loop area is dense, close to city infrastructure, has access to utilities, and has floodplain management issues.

The sub-areas that fare the worst under the above assumptions and criteria are the South East, South, West Loop, and East Central sub-areas. While there may be certain subsections of these sub-areas that are fiscally viable as well as desire or require higher levels of service, as a whole under the study's criteria, they do not emerge as top ranked.

OTHER RECOMMENDATIONS

- **Plan Regionally: Form a Regional Growth Coalition.** Planning should be integrated with other regional entities in the same space. The County could create a "growth coalition," which should include Bexar County, San Antonio, CPS, SAWs, school districts, other municipalities, the MPO, and other regional planning organizations. By having agreed-upon missions and shared information, problems can be identified and strategies can be determined for tracking and potentially coordinating approaches to growth. A Bexar County office should be designated as an equal partner in this effort. At the same time, Bexar County should dedicate resources to track development and infrastructure projects that will impact growth and development in one office. This will help the County assist communities in the unincorporated area plan for incorporation, annexation, or formation of special districts.

- **Determine Obligation to Citizens.** Knowing that most residential development does not pay for itself under the current City revenue structure, what is government's obligation to allow current or future residents to obtain services? Because the unincorporated area continues to grow, and the status quo in terms of regulations and revenue collection is not a viable solution for some residents, it becomes the responsibility of local leaders and community members to determine financially viable levels of service. During the Great Recession, many communities embarked on community dialogues on budgeting priorities. Local leaders surveyed residents on priorities for public services to determine the public will for cutting services, shifting resources, and raising taxes.

- **Embark on a Public Relations / Marketing Campaign: "The Code of the West".** A different tactic could be employed to embrace the unregulated and "unserviced" unincorporated County. Bexar County could provide notice to new residents in the unincorporated County that living in the unincorporated area means *lower service and infrastructure standards* than living in a city. This could be done through a targeted marketing campaign. There are many examples of this "Code of the West" from rural counties in the U.S. While the emphasis is on **rural areas** and many areas of Bexar County are no longer rural, the concept may still be applicable. That is, living in the county is different from living in a city—particularly that county governments do not offer the same types and levels of service that city governments provide.

- **Conduct a Retail Market Study.** A retail market study would help to identify opportunities for future retail in the unincorporated area. Identification of opportunities would help to eventually enhance the current revenue base to support annexation or incorporations. Due to the concentration of residents, especially in the West Central Sub-Area, it seems logical that retail development should occur through natural market forces. A market study would help determine if residents are

underserved as well as identify the gaps in retail options, the current value per square foot of retail, and anticipated future retail growth.

- **Explore Revenue Sharing Opportunities.** Given the interjurisdictional needs between the County and City of San Antonio, and the size of the City's ETJ, one regional innovative solution is revenue or tax base sharing. Examples from other parts of the country are provided in the body of this report. A first step would be to determine the level of "cross-subsidization" between the County and City of San Antonio. A Fiscal Equity study can evaluate this by determining the sources of revenues compared to users of services.

- **Continue to Refine Fiscal Assessments.** For smaller areas of the unincorporated area desiring improved service delivery, additional fiscal impact analyses can be conducted to further refine assumptions on service and infrastructure needs. In particular, location-specific service and facility cost implications can be estimated as well as further refined revenue estimates and projections.

- **Explore Revenue Enhancements.** Particularly for areas that incorporate as cities, other revenue options are available including impact fees (for road, water, sewer, storm water capital facilities), user fees, franchise fees, and charges for service. Because cities have more revenue options legally available to them than counties, incorporation may offer the most options and flexibility to fund services and facilities rather than relying solely on property and sales taxes.

- **Assist Communities to Develop Community Capacity.** Particularly for those places looking to incorporate, community capacity to establish and operate a municipality is essential. Resources could be made available to assist with this effort.

- **Encourage a Broad Application and Implementation of the City of San Antonio's Annexation Policy.** The City of San Antonio's Annexation Policy allows for broad annexation. In terms of long-range planning, the document states that "as unincorporated areas become more densely developed, the Comprehensive Plan should identify additional growth centers in the ETJ, which should be considered for annexation." Another goal of annexation is to protect future growth, and "San Antonio should use annexation as a means of extending the City's land use regulations and building codes to protect future development from inadequate design and construction standards that may proliferate in unincorporated areas." If these are important goals to San Antonio, a logical assumption is that significant portions of the unincorporated county would be candidates for annexation for these reasons.

Introduction

PURPOSE

This paper provides the final piece of the analysis and policy recommendations regarding service and infrastructure needs in unincorporated Bexar County. The recommendations include the fiscal impact of annexation and incorporation, an analysis of each sub-area according to characteristics of properties described in San Antonio's Annexation Policy, and other recommendations Bexar County should pursue. Additionally, TischlerBise has provided documents to empower elected officials and citizens in the unincorporated area regarding the "how-to's" and best practices of incorporation and special districts.

BACKGROUND

The population of Bexar County grew 23 percent to over 1.7 million people between 2000 and 2010. Significantly, the unincorporated area of Bexar County grew to over 260,000 people, an increase of almost 90 percent. During the same time period, housing units in the unincorporated area increased 83 percent to over 85,000 units.

In 2000, unincorporated Bexar County made up 10.1 percent of the total county population. By year 2010, this share had increased to 15.4 percent. Looking at the growth from 2000 to 2010, the increase in population in the unincorporated County[2] comprised a total of approximately 38 percent of the overall County growth.

Figure 3. Population Growth Trends in the Unincorporated County

	2000	*2010*	*10-Year Growth in Population*	*10-Year Growth %*
Total Bexar County	1,392,931	1,714,773	**321,842**	**23%**
Unincorporated County	140,683	264,572	**123,889**	**88%**
Uninc. Co. Share of Total County	***10.1%***	***15.4%***		
Uninc. Co. Share of Total County Growth			***38.5%***	

Source: US Census

The citizens of the unincorporated area of Bexar County receive limited services compared with incorporated areas of the county, including limited fire protection, and limited access to library and animal control services. Portions of the unincorporated area have developed urban-like conditions, and it is reasonable to assume that residents may expect city-type services.

The Bexar County Planning and Resource Management Department presented a Long-Range Service Delivery Forecast in 2011, which found that it is not legal for the County to provide similar types and levels of services as the City of San Antonio. This is because the County does not have "home-rule"

[2] Unincorporated County reflects the total for the County less the sum of all municipalities in the County (e.g., San Antonio plus all other incorporated areas.)

authority[3] and taxes would need to increase to a level that is higher than is politically feasible.[4] (There is a roll-back tax rate increase limit of no more than an annual 8 percent increase in the tax rate; otherwise the increase can be challenged by the voters.)[5]

Additionally, the City of San Antonio has significantly reduced its annexation activity in recent years. The City of San Antonio had steadily annexed property in Bexar County for many decades[6], but has almost completely stopped its annexations over the past 10 years due to more cumbersome annexation requirements, passed in 1999.[7] However, as described above, growth has not stopped outside of city limits. Because of continued growth pressure and curtailed annexations by the City of San Antonio, Bexar County is experiencing what could be considered unsustainable development such as an aging housing stock, substandard infrastructure, and sprawl. Because growth is continuing at a rapid pace, it seems logical that citizens in the unincorporated area will demand city services in the form of incorporation, annexation, or through special districts.

TischlerBise is under contract with Bexar County to conduct a study of the unincorporated area in the County, the services the County provides, the gap in services as compared to those provided by municipalities, and options for persons living in such areas to obtain the desired services.

ORGANIZATION OF THIS PAPER

First, the situation of communities in the unincorporated area of Bexar County will be discussed, including limited services and other problems that some are facing. Then, remedies to correct service delivery inadequacies are presented, followed by pros and cons to these solutions and underlying issues in Bexar County. Lastly, a discussion of fiscal and non-fiscal characteristics of each sub-area is presented, followed by recommendations for each area.

[3] *City of San Antonio v. City of Boerne, 111 S.W.3d 22, 28 (Tex. 2003).*
[4] Combs, Susan. "Setting Tax Rates." Window on State Government. Retrieved from: http://www.window.state.tx.us/taxinfo/proptax/remedy10/remedy10_7.html
[5] Holland, Clayton T. & Charles R. Kimbrough. (2012). Basic Taxation and Other Revenue Possibilities for Counties. Bickerstaff Heath Delgado Acosta LLP. Retrieved from: http://vgyi-tamu-edu.wpengine.netdna-cdn.com/files/2012/06/Holland-Basic-Taxation-and-Other-Revenue-Possibilities-for-Counties.pdf
[6] City of San Antonio. (2008). "Annexation Areas Listing 1940 to Present."
[7] Houston, Scott. (2012). Municipal Annexation in Texas. Texas Municipal League. Retrieved from: http://www.tml.org/legal_pdf/ANNEXATION.pdf

Conditions and Needs in Unincorporated Bexar County

Texas counties are limited in their abilities to provide services as compared to cities. Counties may not be granted home-rule status or pass general ordinances.[8] In terms of collecting revenue, counties derive most of their revenue from property taxes, and are capped at a much lower rate than cities. Cities have a much more diversified revenue stream, and receive substantial funds from sales tax, utility revenue, and fees along with property taxes. Counties do not have the ability to plan and zone and can only require certain building standards through subdivision regulation, whereas cities have a broad power to zone. Cities have more options in terms of economic and community development than counties. Counties are able to establish fire, police, utilities, and solid waste service, but cities have more flexibility in terms of regulating and financing these entities.[9]

Bexar County's population in its unincorporated area has rapidly grown and portions have developed urban-like conditions. Residents of this area do not receive city-type services similar to those of San Antonio, but current and future densities suggest that city-like services would be advisable or desired by residents. San Antonio has not annexed any major areas since 2006, due to legislative changes that have made it more difficult to annex and San Antonio's priorities.[10] Because of the differences in authority governing development described above, Bexar County does not have the powers of San Antonio to ensure development occurs in a sustainable manner. Details of different consequences of the County having inadequate power to regulate development in the unincorporated area are presented below.

CONSEQUENCES OF INADEQUATE REGULATION

Inability to Pass and Enforce Ordinances. Counties in Texas do not have the authority to pass general ordinances[11] whereas cities may adopt and enforce regulations that best meet the needs of its citizens. As a result, some unincorporated areas are plagued by problems such as trash, noise, and wild animals, in part due to a county's inability to regulate these issues.[12] Many residents live in conditions that would not be tolerated within an incorporated community, and the enforcement of ordinances could help improve residential conditions.

For instance, neighborhoods to the east of San Antonio in unincorporated Bexar County, have had major problems dealing with trash pickup. In a March 2013 news article, Bexar County's environmental engineer Andrew Winter noted that only 30 to 40 percent of residents are paying for trash pickup, which means that 60 to 70 percent of residents outside cities do not pay for this service. The dumping problem is the worst in urban areas of East Bexar County. However, he also stated that areas with homeowners associations do not have the same issue. In Camelot II, a neighborhood in East Bexar County, a rat infestation plagued the area to such a point that schools would not allow children to play outside during recess. Other neighborhoods facing similar issues include the Glen and Windsor Oaks. Many of the

[8] *City of San Antonio v. City of Boerne, 111 S.W.3d 22, 28 (Tex. 2003).*
[9] TischlerBise. (2013). Comparative Analysis of Legislative Authority. Prepared for Bexar County.
[10] TischlerBise. (2013). Annexation Analysis. Prepared for Bexar County.
[11] *City of San Antonio v. City of Boerne, 111 S.W.3d 22, 28 (Tex. 2003).*
[12] Sam Martin. (2010). Incorporation. Retrieved from: http://martinmanor.com/martin4mayor/Incorporation.pdf

homes in this neighborhood are rental homes that do not have trash pickup and are owned by long-distance landlords.[13] Other issues that residents of unincorporated Bexar County must face, specifically in the East, include noise and wild animals. Bexar County officials receive around 3 to 5 noise complaints a week, but the officials do not have the authority to act on most of the complaints.[14]

The images below show examples of the trash issues and disrepair in Camelot II and Windsor Oaks neighborhoods in East Bexar County.[15]

Authority over Dangerous Structures: Counties are also unable to pass and enforce ordinances regarding the use of buildings as well as what to do if a building is in disrepair or a hazard. In contrast, cities can make an ordinance establishing minimum standards for the use and occupancy of buildings and can require the relocation of occupations, repair, or demolition of a building that is a hazard to the public health, safety, and welfare.[16] Counties have few options, such as fining or prosecuting persons who have created a nuisance. However, the nuisance must reach a certain threshold where the public health is endangered for the county can take any action. Additionally, property owners must be given 30 days' notice before any legal action can be taken,[17] and many landlords are long-distance.

Efforts made thus far by the County include getting more aggressive with owners who do not maintain their property. The county demolished two buildings and sued the owners. The targeted apartments were in the Windsor Oaks subdivision. It took years of complaints and legal action before the Commissioners Court ordered the demolition and cleanup at the owners' expense, which was around $15,500 per building. Thirty buildings have been targeted for cleanup in Camelot II and Windsor Oaks in a 2012 initiative. Fourteen of the sites now comply with health and safety laws, and the rest were charged with criminal violations. However, these efforts were long, arduous, and involved legal fees.

[13] Gonzalez, John. (2013). Legislative Push is on to Clean Up East Bexar. San Antonio Express-News. Retrieved from: http://www.mysanantonio.com/news/local_news/article/Legislative-push-is-on-to-clean-up-East-Bexar-4389567.php

[14] Editorial. (2013). McClendon's Bill Shows Modern Needs. San Antonio Express-News. Retrieved from: http://www.mysanantonio.com/default/article/McClendon-s-bills-show-modern-need-4386348.php

[15] Bexar County.

[16] Tex. Loc. Gov't Code §214.001

[17] Tex. Health and Safety Code §343, Subchapter B

The following is a picture of a building scheduled for demolition in Windsor Oaks, from the San Antonio News Express.[18]

Lack of Land Use Control: Municipalities are granted zoning authority "for the purpose of promoting the public health, safety, morals, or general welfare."[19] The basic purposes of zoning are to conserve property values and the welfare of the community, encourage the most effective use of land, and to prevent one person from committing their property to a use that would affect his or her neighbors' use and enjoyment of their property.[20] Counties in Texas do not have the authority to zone and control land use. Because of a county's lack of power, annexation by a city such as San Antonio prevents the establishment of incompatible development patterns by extending land use and other regulatory controls intended to protect existing and future land uses. Annexation can be used to promote orderly development patterns and more efficient provision of public services and infrastructure.[21]

There are many consequences resulting from a lack of land use control, including sprawl and strained infrastructure and services, unsanctioned development--such as building in a floodplain--and threats to environmental resources.

> ***Sprawl:*** Over the past decade, unincorporated Bexar County has seen enormous growth, resulting in densely populated areas with an urban feel. These developments are far from the city center and services, resulting in growth that is straining the County. Additionally, these citizens receive limited police and fire protection, limited animal control, and inadequate street maintenance funding. The current and growing population of these areas exacerbates the need for these services. Federal and State funding for new highways is dwindling while demands continue to increase from residents and commuters living farther and farther from employment and recreation centers. Additionally, EPA regulations and other environmental laws are difficult

[18] Gonzalez, John. (2013). Eyesore Apartments Get Bexar Ax. San Antonio Express-News. Retrieved from: http://www.mysanantonio.com/default/article/Eyesore-apartments-get-Bexar-ax-4327393.php
[19] Tex. Loc. Gov't Code §211.001 – 211.007
[20] Dougherty, James L. and Reid C. Wilson. Zoning: A Quick Review of Concepts, Key Procedures, Words of Art, etc. Retrieved from: http://www.wcglaw.net/docs/1280339455_Zoning%20-%20A%20Quick%20Review%20of%20Concepts.pdf
[21] City of Fort Worth Texas. (2006). Annexation Policy. Comprehensive Plan. Retrieved from: http://fortworthtexas.gov/uploadedFiles/Planning/Comprehensive_Planning/24AnnexationPolicy_06.pdf

to meet due to sprawling developments, according to Judge Wolff.[22] The County and San Antonio are trying to encourage inner city/infill growth instead, but Bexar County cannot control the amount of development happening within its borders nor encourage a redirection of that growth.[23] Although annexation may increase San Antonio or another city's size and potential problems associated with sprawl, a city is better equipped to curb potential harmful effects by encouraging dense development, establishing growth boundaries, or other strategies. In addition, cities in Texas have more resources to address and mitigate urban issues.

Unsanctioned Development*:* Due to its inability to oversee large developments, it is difficult for Bexar County officials to discover unsanctioned development on large private properties. For example, Clearwater Ranch, which was built in Northwest Bexar County in the mid-2000s, shows the consequences of un-regulated development. Bexar County inspectors found many problems in 2007, the most serious of which was the existence of private roads built in floodplains without required permits and studies. Low water crossings and steep inclines on some roads could result in fire and EMS vehicles not being able to reach some of these lots. Years later, the roads were inspected again, and sections had eroded and low water crossings had washed away.

The image below shows Clearwater Ranch after it had rained.[24]

Environment. Bexar County has limited control over development, so officials have less ability to protect natural resources. For example, developers in Northwest Bexar County had problems with the Texas Department of Fish and Wildlife in 2008. According to San Antonio Express-News

[22] Nelson, Wolff. (2011). State of County Address. Retrieved from: http://www.bexar.org/CountyJudge/Speeches/StateofCounty2011.pdf

[23] Degellado, Jessie. (2011). Bexar County Judge Warns of Urban Sprawl. KSAT – San Antonio. Retrieved from: http://www.ksat.com/news/Bexar-County-Judge-Warns-Of-Urban-Sprawl/-/478452/4744696/-/h3npo6/-/index.html

[24] Hiller, Jennifer and John Tedesco. (2012). $200,000 Bought Nothing but Trouble. San Antonio News Express. Retrieved from: http://www.mysanantonio.com/news/local_news/article/200-000-bought-nothing-but-trouble-2673472.php#photo-2142804

archives, the agency launched a probe into the clearing of land at the Cresta Bella neighborhood near Camp Bullis, which may have been habitat to the goldencheeked warbler.[25]

Substandard Housing Conditions: Bexar County's unincorporated area has an aging housing stock. There is a major need for the rehabilitation of older, owner-occupied homes, especially in the south and east. Additionally, there is a rapidly emerging need for multi-family housing because many lower-income residents do not have adequate housing, especially in the south, west, and east.[26] Manufactured homes are also prevalent in many parts of the unincorporated County. For instance, most of the residents of Waterwood, part of the Sandy Oaks community, live in manufactured housing. According to recent reports, the Waterwood management company does not strongly enforce deed restrictions, the purpose of which is to regulate the appearance and upkeep of homes. [27]

Infrastructure Needs: Bexar County's Consolidated Plan found that a major impediment to affordable housing was lack of land with access to adequate infrastructure. Infrastructure needs identified in this report are sewer, drainage, sidewalks, water, and street reconstruction. The plan found that even with allocations of CDBG funds, state money, and other funds, Bexar County would still need $75 million to meet its water, sewer, drainage, and street needs over the next five years. (This total includes participating jurisdictions in the CDBG and HOME programs, which includes the unincorporated area, 15 cities, but not San Antonio.) Public comments obtained for the plan were generally about the need for projects to address flooding and drainage needs. These issues affect property value, public safety, and are needed to be remedied to promote growth and economic development in Bexar County. Access to potable water and sewer and solid waste treatment also is a problem near the county line. [28]

Inadequate Provision of Services. As an unincorporated area increases in population, city services become necessary. For instance, with higher population density, fire risks and the number of emergency responses rise. This requires more specialized equipment and training, with volunteer departments often being replaced by paid career departments, thus increasing the cost of fire protection. Special districts are used in counties to provide this service if volunteer departments are not adequate or available, but often the revenue in unincorporated areas is not sufficient to pay for the district. As the population in unincorporated Bexar County has grown, the ability of the County's Emergency Services Districts (ESDs) and the County have been stretched. Fire departments of large cities are typically able to provide this service more efficiently and quickly than counties because cities have more authority, revenue-raising ability, and a lower cost per resident due to economies of scale.[29]

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[25] Jefferson, Greg (2008.) Bills Would Give Bexar County Zoning Power in Camp Bullis Area. Retrieved from: www.mysanantonio.com/military/Bills_would_give_Bexar_County_zoning_power_in_Camp_Bullis_area.html

[26] Bexar County Department of Community Resources. (2011). Five-Year Consolidated Plan. Retrieved from: http://www.bexar.org/CDP/documents/CDBG/Bexar_County_Consolidate_Plan.pdf

[27] Jefferson, Greg. (2012). No Man's Land. City of Sandy Oaks. Retrieved from: http://cityofsandyoaks.info/wp-content/uploads/2012/04/No_mans_land_no_photos.pdf

[28] Jefferson, Greg. (2012). No Man's Land. City of Sandy Oaks. Retrieved from: http://cityofsandyoaks.info/wp-content/uploads/2012/04/No_mans_land_no_photos.pdf

[29] Harris County Fire Marshal. (2011). County Fire Prtotection 2025, Study Concept Guide. Retrieved from: http://www.hcfmo.net/documents%5Creports%5C2011_FPS_2025_Study_Concept_Guide.pdf

Tools for Residents of Bexar County

As shown above, Bexar County and the residents of the unincorporated area face many challenges due to lack of authority. Because the unincorporated area is already densely developed in some areas and continues to grow at a rapid pace, it is logical and necessary for residents to desire adequate ordinances, services, infrastructure, and land use control. Because these items are not available to residents under only County governance, other options County residents could pursue include the following:

- Annexation
- Incorporation
- Special Districts
- Changes to Texas Law

Each is discussed in turn below.

ANNEXATION

Effects of Annexation: If an unincorporated resident is annexed, he or she is supposed to receive all services that a city resident receives as well as upgraded infrastructure. When annexing an area, cities are required to provide full city services to that area, which include the following:

1. Police protection
2. Fire protection
3. Emergency medical services;
4. Solid waste collection
5. Operation and maintenance of water and wastewater facilities in the annexed area that are not within the service area of another water or wastewater utility;
6. Operation and maintenance of roads and streets, including road and street lighting;
7. Operation and maintenance of parks, playgrounds, and swimming pools; and
8. Operation and maintenance of any other publicly owned facility, building, or service.[30]

There are several advantages that residents in an unincorporated area would enjoy if annexed by a major city, including increased levels of service, improved infrastructure, and better-regulated development. Because of Texas counties' limited revenue raising abilities and statutory authority, these services and infrastructure are often provided at a lower level than in cities, especially a large city, or not provided at all. Additionally, residents in unincorporated areas may have lower standards for roads, facilities, parks, and other infrastructure. (See the TischlerBise paper, "Comparative Analysis of Legislative Authority.")

Major benefits of annexation include the following:

[30] Tex. Loc. Gov't Code §43.056

1. **Reduced Costs for Services.** As mentioned above, a city can often provide services more efficiently due to economies of scale. The cost per resident of many services decreases as a city becomes larger. Thus, a resident of a city may pay less for a service than they would have if provided by a utility district, emergency services district, or other special district.[31]

2. **More Sustainable Development due to Zoning, Land Use Control, and Building Standards.** As described above, development in an incorporated area is subject to higher standards, and a city is able to plan and regulate growth due to its zoning powers. If a city requires and enforces appropriate codes and subjects a newly-annexed area to a comprehensive plan, this area will most likely have higher-quality housing stock and more sustainable land use than if it were not annexed. This can result in higher and better protected property values.

3. **Economic Development:** The orderly provision of infrastructure and services, as described above, encourages economic development and helps develop the tax base for the city and region. Additionally, Texas cities have more economic development tools than counties. (See the TischlerBise paper, "Comparative Analysis of Legislative Authority.")

Annexation Procedures: A municipality may annex land if it is in its ETJ and it is contiguous to the city limits, unless the land is owned by the city. Home rule cities may implement full-purpose and limited-purpose annexations. As described above, when an area is annexed for full-purpose, the city is required to provide full city services to that area, including emergency response, water, wastewater, and other city services. Additionally, the city must enforce ordinances and assess property and sales tax. Limited purpose annexation allows the city to enforce planning and zoning laws as well as city codes. However, the annexed residents do not pay city property taxes and the city does not provide police, fire, infrastructure maintenance or other services. The city must annex areas for full purposes three years after limited-purpose annexation unless the city and affected landowners agree to extend the deadline.

Procedures for annexation can be found in Subchapter C of the Texas Local Government Code. Cities in Texas are required to adopt a 3-year annexation plan, which identifies annexations that will occur beginning three years after the date the plan is adopted. Exempt annexations, which are governed by C-1 of the Texas Local Government Code, are a much shorter process. Examples of exempt areas include those that contain fewer than 100 persons and land that is petitioned to be annexed by area voters or landowners. [32]

[31] Berk & Associates. (2008). City of Everett: Annexation Study. Retrieved from: http://www.mrsc.org/govdocs/e9annexrpt.pdf

[32] San Antonio Department of Planning and Community Development. (2013). City of San Antonio, Texas Annexation Policy.

INCORPORATION

Effects of Incorporation. There are several important reasons a community in an unincorporated area would choose to incorporate. Counties in Texas do not have the authority to provide certain services, set building standards, or control land use, among other limitations. An incorporated city has the power to perform these functions and may adopt the most appropriate rules and regulations that serve the best interest of the city. Advantages of a community incorporating into a city are listed below:

1. **Control land use and building construction.** A city may control zoning and land use of an area to retain some control over development unlike the powers available in the unincorporated county. Additionally, land use regulations can be implemented to prevent one person's indiscriminate use of property from damaging another person's property or injuring others.

2. **Establish Safety Codes.** An incorporated city can establish and enforce safety codes, including building and electrical codes. This reduces the likelihood of a person or property being damaged.

3. **Qualify for federal or state grants.** Many federal or state grant programs are available only to general-purpose local governments. An example of a program is Community Development Block Grants from the Texas Department of Housing and Community Affairs, Texas Parks and Wildlife Grants, and Economic Development Administration Grants. Additionally, counties and other entities generally do not entrust public funds to an unincorporated community, but would do so for a city.[33]

4. **Prevent Annexation by Other City.** Most home rule charters in Texas allow for unilateral annexation by home rule cities. This means that unincorporated citizens in an existing city's ETJ could be annexed into that city without their consent. Once a city has incorporated, it cannot be unilaterally annexed by another city.[34]

Incorporation Procedures. Steps to incorporate include meeting certain population and land requirements, submitting a petition and application, and having an election of the citizens of the proposed city. A proposed city that is within the extraterritorial jurisdiction (ETJ) of an existing city must be granted release from the ETJ prior to incorporation. The governing body of the existing city must give written consent by an ordinance or resolution.[35]

[33] TischlerBise. (2013). Incorporation Analysis. Prepared for Bexar County, Texas.
[34] Houston, Scott. (2012). Municipal Annexation in Texas: Is it Really That Complicated? Texas Municipal League. Retrieved from: http://www.tml.org/legal_pdf/ANNEXATION.pdf
[35] Tex. Loc. Gov't Code §5, 7, 8, and 9.

SPECIAL DISTRICTS

There are several types of special districts available in Texas that can help citizens provide services and infrastructure along with the required revenue. Special districts cover a wide range of issues, including affordable housing, beautification, culture, drainage, economic development, fire/EMS, environmental, flood control, health care, infrastructure, law enforcement and detention, roads, sewer, and solid waste. (See the TischlerBise report, "Inventory of Special Districts and Financing Tools," for details on available special districts.)

Special Districts in Bexar County. Several special districts currently exist in Bexar County. There are 11 emergency service districts, which provide fire and EMS service. These districts are funded by property taxes. See below for current property-tax funded special districts in Bexar County along with the tax rates (per $100 in taxable value) for 2012 and 2013. Only those taxing units that are identified as "Special Districts" by the Bexar County Appraisal District are included in this table.

Figure 4. Special Districts in Bexar County that Levy a Property Tax

Code	Special District Taxing Unit Name	Property Tax Rate (per $100)	
		2012	2013
75	Bexar County ESD #6	$0.097879	$0.100000
76	Bexar County ESD #5	$0.095500	$0.100000
77	Bexar County ESD #7	$0.099040	$0.100000
78	Bexar County ESD #3	$0.038628	$0.050877
79	Bexar County ESD #2	$0.094000	$0.098007
84	Bexar County ESD #1	$0.100000	$0.100000
85	San Antonio MUD #1	$0.692500	$0.703200
100	Bexar County ESD #4	$0.079998	$0.082025
101	Bexar County ESD #8	$0.098265	$0.100000
102	Bexar County ESD #10	$0.100000	$0.100000
106	Westside 211 Special Improvement District	$0.565690	$0.565690
110	Cibolo Canyons Special Improvement District	$0.565690	$0.565690
111	Bexar County ESD #11	$0.100000	$0.099131
112	Bexar County ESD #12	$0.100000	$0.100000

Source: Bexar County Appraisal District, "2012 Actual Tax Rates/2013 Actual Tax Rates" (as of 10/01/13); retrieved from http://www.bcad.org/PDFs/2013TAXRATECHART.pdf

Other districts include municipal development districts, municipal utility districts, crime control districts, and special improvement districts. There are also districts for education and health care. Municipal development districts and special improvement districts are both created to plan and fund beneficial public improvement and development projects, such as infrastructure or facilities. However, a municipal development district must be created by a city.[36] See below for a list of current sales-tax funded special districts in Bexar County.

[36] Tex. Loc. Gov't Code §382.003

Figure 5. Special Districts in Bexar County that Levy a Sales Tax[37]

Name	Sales and Use Tax	Effective Date
Balcones Heights Crime Control District	$0.0050	1/1/1999
Castle Hills Crime Control and Prevention District	$0.0025	10/1/2004
Cibolo Canyons Special Improvement District	$0.0150	1/1/2008
Fair Oaks Ranch Municipal Development District	$0.0050	4/1/2012
Selma Municipal Development District	$0.0050	4/1/2002
Shavano Park Crime Control District	$0.0050	10/1/1999
Windcrest Crime Control and Prevention District	$0.0025	1/1/2005

However, despite the existence of many different tools for raising revenue and providing services and infrastructure, these options are not enough to remedy the consequences of inadequate regulation as discussed above. There is not a tool available that gives an area authority to pass and enforce ordinances or land use control.

Also—and perhaps most importantly--the revenue-raising mechanism for most special districts is a **sales tax**. The combined rate of all of local sales and use taxes (city, county, and metropolitan transit authority/city transit department) may not exceed 2% in any one taxing district as required by state law.[38] *If an area is already at or close to a 2% combined rate due to special districts, increasing the sales tax is not an option.* Additionally, because there is not much nonresidential development in the unincorporated area, sales tax is not a major revenue source. Therefore, it would be beneficial if special districts were allowed to enact other different types of financing, such as a property tax.

Lastly, the presence of many emergency services districts has resulted in a system that can be disjointed. Because of this, special districts are not a viable solution to all problems occurring in unincorporated Bexar County, therefore changes to Texas law should be considered as well.

[37] Texas Comptroller of Public Accounts. (2013). Special Purpose Districts Listed by County. Retrieved from: http://www.window.state.tx.us/taxinfo/local/spd.html
[38] Tex. Administrative Code §3.251

CHANGES TO TEXAS LAW

There are multiple types of law changes that counties in Texas could lobby for in order to provide them with appropriate powers to prevent against consequences of inadequate regulation in the unincorporated area.

Ability to Pass and Enforce Ordinances. Because the Texas Constitution declares that counties in Texas are legal subdivision of the State,[39] counties are not able to pass and enforce ordinances. To change this, the Texas Constitution could be amended to allow for county home rule. Another option would be to consider a new county status. For example, New Mexico has an "urban county" designation.[40]

The following is the constitutional text on becoming an urban county in New Mexico:

> *"A. A county that is less than one thousand five hundred square miles in area and has, at the time of this amendment, a population of three hundred thousand or more may become an urban county by the following procedure…*
> *B. An urban county may exercise all legislative powers and perform all governmental functions not expressly denied to municipalities, counties or urban counties by general law or charter and may exercise all powers and shall be subject to all limitations granted to municipalities by Article 9, Section 12 of the constitution of New Mexico. This grant of powers shall not include the power to enact private or civil laws except as incident to the exercise of an independent municipal power, nor shall it include the power to provide for a penalty greater than the penalty provided for a misdemeanor. No tax imposed by the governing body of an urban county, except a tax authorized by general law, shall become effective until approved by a majority vote in the urban county."*[41]

Revenue Raising Abilities. Counties can levy a property tax of up to $.80 per $100 assessed valuation and have a few options for additional property taxes dedicated to certain items, whereas general law cities can impose up to $1.50 and home rule cities can impose up to $2.50. Both are subject to a voter petition if a property tax is higher than the rollback rate. Bexar County currently does not levy the maximum tax rate that it is able to. Taxing units must calculate and propose an effective tax rate and rollback tax rate. The effective tax rate refers to the rate that will generate the same amount of revenue that city had the previous fiscal year after including changes in appraisals.[42] The rollback tax rate is equal to 108% of the maintenance and operating effective tax rate and required taxes to pay for general obligation debt.[43] If a tax rate is adopted that is higher than the rollback rate, voters can petition for an election to limit the size of the tax increase.[44] Because of this, the rollback tax rate acts as a revenue cap on the county.

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[39] TX Constitution, Art. 11, Sec.1
[40] While the purpose of this designation may have been to allow for the consolidation of Bernalillo County and the City of Albuquerque, it may still provide a useful example for Texas counties.
[41] N.M. Const. Art X
[42] Tex. Tax Code, §26.04(c)(1)
[43] Tex. Tax Code, §26.06
[44] Combs, Susan. "Setting Tax Rates." Window on State Government. Retrieved from: http://www.window.state.tx.us/taxinfo/proptax/remedy10/remedy10_7.html

Special District. As described above, a special district does not exist that allows Bexar County to remedy all of their issues in the unincorporated area. The County could consider lobbying for a special district that gives them the power to do so. One such option is to create a zone or district that includes a special set of tools to help neighborhoods experiencing breakdown and problems such as blight and nuisances. This district would not be a general broad grant of authority, but a well-defined special purpose tool to use under certain circumstances that includes the support of the community. Thus, the zone should include criteria for creation (such as percentage of structures determined to present a threat to health and safety or number of nuisance abatement complaints filed in a certain time period.) The zone should also require a statement describing the threshold characteristics, a hearing, an action plan, and steps for dissolution. District tools could include:

- Increased authority to more quickly address nuisances and remove unsafe structures
- Increased authority in DA's office to address gang activity or other neighborhood crime
- Mandated solid waste collection under a rental agreement
- Annual inspection of neighborhood rental properties for a fee

It is also important to consider funding sources, methods for citizen participation, and zone names and connotations. Finally, and perhaps most importantly, a distinguishing element for this type of district is the process for establishing one. Unlike other limited purpose special districts available to Texas counties, the revitalization/stabilization districts discussed herein do not require an election or petition from property owners. Instead, they can be designated by a local governing body, albeit with the requisite planning and public input processes. (See the TischlerBise report, "Neighborhood Revitalization and Stabilization Approaches" for details.)

Specific Issues. Bills have been proposed to the Texas legislature to deal with specific issues that unincorporated areas face.

- Concerning the matter of trash pick-up, Rep. Ruth Jones McClendon of San Antonio proposed a bill that only allows Bexar County to require solid waste pickup in San Antonio's ETJ, or contract with San Antonio to provide the service. Another bill was proposed that would allow all counties to create solid waste programs in ETJs if affected cities are on board. Bexar County also planned to lobby for the authority to require landlords with two or more rental properties to set up trash and solid waste service. These laws faced opposition from waste haulers who felt that a change in solid waste laws wasn't needed.[45]
- Another bill was proposed to allow a county to establish an 85-decibel noise limit in unincorporated areas.[46]

[45] Gonzalez, John. (2013). Legislative Push is on to Clean Up East Bexar. San Antonio Express-News. Retrieved from: http://www.mysanantonio.com/news/local_news/article/Legislative-push-is-on-to-clean-up-East-Bexar-4389567.php

[46] Editorial. (2013). McClendon's Bill Shows Modern Needs. San Antonio Express-News. Retrieved from: http://www.mysanantonio.com/default/article/McClendon-s-bills-show-modern-need-4386348.php

- Recently, a bill was proposed with the attempt of allowing Helotes to claim an ETJ without the consent of San Antonio.[47]

Although lobbying for the power to regulate specific issues has not met much success, this may be an easier way to gain authority than broad, overarching changes to Texas law.

[47]Garcia, Gilbert. (2013). Helotes Just Might Win This Battle with San Antonio. San Antonio Express-News. Retrieved from: http://www.mysanantonio.com/news/news_columnists/article/Helotes-vs-S-A-in-the-battle-for-ETJ-4432927.php

The Issue from Different Perspectives

When analyzing the need for special tools to deal with issues in the unincorporated area of Bexar County, several items should be considered such as the perspective of the citizens, the perspective of the City of San Antonio, fiscal matters, and the overall health of the region.

CITIZEN PERSPECTIVE

Why Support Annexation? Citizens of unincorporated Bexar County have reasons to be for or against annexation by the City of San Antonio or a smaller city. As mentioned above, there are many reasons that citizens would be in favor of annexation, including higher levels of service (that often can be provided at a lower cost due to economies of scale), increased ordinances and enforcement, more sustainable land use and zoning, and economic development. City residents in the San Antonio Water System (SAWS) service area pay less than customers in the unincorporated County. Annexation would reduce utility bills for those customers. Overall, major complaints heard by citizens in the unincorporated area include illegal dumping, vacant homes, animal control, and noise.[48] This shows that the average citizen in the area would appreciate annexation for its ability to provide more ordinances and enforcement.

Why Oppose Annexation? Despite the reasons listed above, many residents of unincorporated Bexar County may be indifferent or not in support of becoming part of another city.

- **Double Taxation.** It can be assumed that a person chose to live in unincorporated Bexar County as opposed to a city due to lower taxes and lower housing costs. A resident living in a city in Texas must pay a property tax to the city as well as a property tax to a county, whereas unincorporated residents only pay a property tax to a county. The property tax rate in the County is $.326866 per $100 valuation, and the City rate is $.56569 per $100 valuation. However, if a county resident is already paying a property tax to a district (e.g., Emergency Services District), these services would be provided by the city and this tax would no longer need to be paid.[49]
- **Higher Housing Costs:** Many developers build in unincorporated areas to avoid the expense of complying with zoning ordinances, codes, and other municipal regulations. Additional city regulations could increase costs of homes.[50]
- **Increased Regulation:** Because of the difference in the statuses of counties and home-rule cities under Texas law, residents living in a home-rule city will be subject to more ordinances than a person living in a county. While some may feel increased regulation and enforcement of

[48] Hicks, Nolan. (2012). DA Files Charges to Force Camelot II, Windsor Oaks Cleanup. San Antonio News Express. Retrieved from: http://www.mysanantonio.com/news/local_news/article/DA-files-charges-to-force-Camelot-II-Windsor-4078439.php#ixzz2E6qjxJXb
[49] TischlerBise. (2013). Comparative Analysis of Legislative Authority. Prepared for Bexar County.
[50] TischlerBise. (2013). Comparative Analysis of Legislative Authority. Prepared for Bexar County.

these laws creates a more orderly society, others do not trust governmental authority over private property, and cite this as a reason for moving into the unincorporated area initially.[51]

- **Loss of Community Identity.** Some residents would prefer not to become part of a larger city because they feel they will lose their identity as a smaller community or town.[52]

Why Support Incorporation? Citizens also have a desire to incorporate as new cities, as shown with the experiences of Von Ormy and Fair Oaks Ranch, and most recently with Sandy Oaks' desire to become a city. The main reasons include the following:

- **Provides Community with a Voice and Identity.** An incorporated city has a city council that provides more direct and responsive governance. Citizens in an incorporated city are likely to have more influence over their environs than in an unincorporated area or as part of the City of San Antonio. Additionally, it provides the community with a stronger identity that may be nebulous as an unincorporated area or be lost if annexed by another city.
- **Pass and Enforce Ordinances.** As described above under annexation benefits, the ability to pass and enforce ordinances is important to deal with many of the problems that residents of unincorporated Bexar County are facing. The governing body of an incorporated city may adopt regulations that it feels best meets the needs of its citizens. As a result, some unincorporated areas are plagued by problems such as trash, noise, and wild animals. This is in part due to a county's inability to regulate these issues.[53]
- **Provides Residents with Services.** An incorporated city can determine for itself the type and level of services that it needs and collect funds to provide such services. Services include fire, police, traffic controls, trash and recycling pick-up, water, sewer, and more. If an unincorporated area is not currently receiving a service, and the county or nearby city has no intention of providing it, then an incorporated city can initiate it themselves. As shown in the case of Von Ormy, a major reason for incorporation was to obtain sewer service.[54]

Why Oppose Incorporation? There are many reasons citizens of unincorporated Bexar County would not want to form a new city.

- **Responsibility for Services.** A city that incorporates becomes responsible for the cost of the new layer of government, providing services, and enforcing regulations. Additionally, some responsibilities paid for by the county, such as county road maintenance, can become the responsibility of the city. Some small cities have trouble affording an adequate level of basic services to meet the needs of their citizens. A city that only needs improvement with a single service might be better off financially having it provided by an existing government or private entity, and many contracting powers are allowed through the Interlocal Contracting Act. There

[51] House Research Organization. (2002). Do Texas Counties Need New Powers to Cope with Urban Sprawl? Texas House of Representatives. Retrieved from: http://www.hillcountryalliance.org/uploads/HCA/caurbansprawl.pdf
[52] Interview with Von Ormy Mayor Art Martinez de Vara, January 11, 2013
[53] Sam Martin. (2010). Incorporation. Retrieved from: http://martinmanor.com/martin4mayor/Incorporation.pdf
[54] TischlerBise. (2013). Incorporation Analysis. Prepared for Bexar County

are also different types of special service districts that can be created in Texas (see TischlerBise report, "Summary of Special Districts.")

- **Double Taxation.** As was described under reasons against annexation, a resident of an unincorporated community only pays county property taxes (unless the area is located in other taxing districts). As an incorporated municipality, an additional property tax rate is likely to be established, which will increase property taxes for its citizens. Some residents likely initially choose to live in the unincorporated area to pay the lowest level of taxes possible.
- **Volunteers Necessary.** To be successful, volunteers are needed to devote time and resources to incorporate the community into a city as well as run the city. However, smaller cities have had difficulty finding volunteers who can spend much time without getting paid. [55]
- **Liability.** A city may be liable for damages and is eligible to sue and be sued. For example, the City of Midland, Texas, has been held liable for over $2 million in damages for not clearing an obstruction of brush at an intersection. For smaller jurisdictions, this may be cost prohibitive.
- **Costs Associated with Special District Consolidation.** If homes are being annexed or incorporated into a city that are covered by a Municipal Utility District (MUD) mostly outside the city, the portion of debt associated with these homes must be paid off before they are included under a new city.[56] This circumstance exists in the Woodlands, which is detailed in the TischlerBise report "Incorporation Analysis."
- **Additional Layer of Government.** It can be presumed that some people choose to live in the unincorporated area of a county to be free from government bureaucracy and regulations, therefore another layer of government would not be supported.[57]

PERSPECTIVE OF SAN ANTONIO

The City of San Antonio considers two general areas when considering whether to annex an area, or whether it should release an area from its ETJ. The two main areas that the City considers are the planning and development impact and the fiscal impact.

Planning Impact. The City of San Antonio's Annexation Policy provides a look at the perspective and motivations of the City in terms of their long-range planning and future growth. Strategies are listed in the Policy to help the City achieve the goal of orderly and sustainable growth. The strategies include the following:

- **Promote Economic Development.** Annexation should be used to stimulate local and regional economic growth and capital improvements. Candidate areas for annexation will generally consist of raw land and be accessible to public utilities and City services.
- **Facilitate Long Range Planning.** Annexation can be used to manage and regulate development on the fringe of the City in accordance with the City's Comprehensive Plan. As unincorporated

[55] Interview with Mayor Art Martinez de Vara, January 11, 2013.
[56] Economic & Planning Systems, Inc. (2012). The Woodlands Incorporation Study: Working Paper #2. Financial Model and Results. Prepared for Partners for Strategic Action, the Woodlands Township. Retrieved from: http://www.thewoodlandstownship-tx.gov/DocumentCenter/Home/View/1766
[57] Sam Martin. (2010). Incorporation. Retrieved from: http://martinmanor.com/martin4mayor/Incorporation.pdf

areas become more densely developed, the Plan should identify additional growth centers to be considered for annexation. Consideration should be given to key thoroughfares and their impact on development in the ETJ.

- **Protect Future Development.** Annexation should be used as a method of extending land use regulations and building codes to protect future development from inadequate construction and design standards that occur in the unincorporated area.
- **Foster Intergovernmental Cooperation.** Annexation should be used to alleviate jurisdictional conflicts with local governments and for coordinating service delivery with emergency response providers. San Antonio will consider annexation areas that will protect its ability to expand, and limit economic competition from competing political jurisdictions or utilities. The City will also consider its ability to expand in the future and potential economic competition when evaluating requests for incorporations of new cities within the ETJ.[58]

Financial Impact. The City of San Antonio also must consider how annexation will impact them financially. Because it is required by Texas law that cities provide full city services to any area that is annexed[59], this can be expensive for a City. The Annexation Policy maintains that it will consider an Annexation Program that is fiscally feasible for both operating and capital improvements. The policy statements listed in the plan go on to say that annexation should benefit the city in terms of nonresidential revenues, additional population that can qualify for federal money, and economic activity revenues.

Impact of San Antonio's Policies on Unincorporated Area: In recent years, the City of San Antonio has slowed its pace of annexation with the exception of finger annexations of primarily nonresidential development. At the same time, the City is allowed a "right of first refusal," on incorporations, creation of special districts, or annexations by other municipalities located in the ETJ of the City. Given that the City of San Antonio and its ETJ accounts for much of the County, this right of first refusal creates a de facto restriction on services and facilities in communities in the unincorporated County. This begs the question of a "moral obligation" on the part of the public sector (in this case, the City of San Antonio) to allow residents to obtain the services required and/or desired. In other words, i*f the option of annexation by the City of San Antonio is no longer available, then it stands to reason that Bexar County should be allowed to facilitate other viable service-delivery options for its citizens.*

Recent experiences of communities incorporating and attempting to incorporate show that San Antonio is intent on protecting its ability to expand, any potential nonresidential tax base, and lessening economic competition from other cities. Only two cities have incorporated over the past 20 years—Von Ormy and Fair Oaks Ranch. Both Fair Oaks Ranch and Von Ormy maintained that negotiating with San

[58] San Antonio Department of Planning and Community Development. (2013). City of San Antonio, Texas Annexation Policy
[59] Tex. Loc. Gov't Code §43.056

Antonio about release from its ETJ was a complicated step in the process that required substantial legal expertise.[60]

Currently, another area is attempting to incorporate—Sandy Oaks—but the Committee to Incorporate Sandy Oaks (CISO) claims San Antonio officials are preventing them from doing so. CISO requested a 4-square mile area with 3,500 residents, mostly in the Waterwood subdivision, and a few commercial businesses, including a Burger King, a Conoco, and a fireworks stand. The San Antonio planning commission recommended that this request be denied and offered a 2.4-square mile alternative, but CISO claims this will not give the city enough of a tax base to survive. Sandy Oaks is near the Eagle Ford Shale, and this could be a reason for the trouble CISO is having. However, businesses such as Halliburton and Weatherford that have located in the area lie outside the potential future Sandy Oaks.[61]

FISCAL EQUITY

The City of San Antonio appears to place an emphasis on annexing areas that will be financially viable for the city. As shown through the fiscal impact analysis, most unincorporated areas do not have the tax base to support city services and the capital upgrades necessary to become part of San Antonio, so these places would cost San Antonio to annex. Taxes paid for by residential development do not fund city-level services by themselves.

However this is a complicated issue because it is not the "fault" of residential development, it is the revenue structure. The City of San Antonio receives around a quarter of its general fund revenue from sales tax and approximately 30 percent of its revenues from CPS energy. These are both sources of revenue that residents of the unincorporated area pay, so they are paying for city services that they do not receive. Additionally, most of the unincorporated area does not have an adequate nonresidential tax base to subsidize residential services. This is because retail areas have already largely been annexed by the city. On the other hand, citizens of San Antonio may argue that their tax dollars are subsidizing county services that they may not use on a regular basis, such as Jails or Courts. Their argument may be that they are paying more than their fair share. However, those services are necessary to provide for the health, safety, and welfare of the community. A fiscal equity analysis can evaluate the source of revenue (city or unincorporated areas) compared to services provided to city or unincorporated areas.

Furthermore, the current City of San Antonio General Fund budget receives 30 percent from CPS revenue, which is collected from all CPS customers both inside and outside City limits. This essentially serves to reduce the City's property tax rate because customers outside of the City are supporting City services and infrastructure but are not necessarily direct recipients of those services. Therefore, unless property values are exceptionally high, a residential neighborhood being evaluated for annexation would likely **never generate a fiscal surplus** because the City is already receiving a portion of its revenue base (30 percent) from those unincorporated residents but not paying for the services needed by those residents. So, after annexation, the City would receive additional revenue from property taxes and other

[60] TischlerBise. (2013). Incorporation Analysis. Prepared for Bexar County, Texas

[61] Moravec, Eva Ruth. (2013). Sandy Oaks Incorporation Postponed Again. San Antonio Express-News. Retrieved from: www.mysanantonio.com/default/article/Sandy-Oaks-incorporation-postponed-again-4769417.php

"population-driven" revenues from these annexed housing units (70 percent of total revenue) but would also incur 100 percent of the costs.

What is interesting to note is that the weighted property tax rate (rounded) of the proxy jurisdictions calculated as part of the incorporation analysis of the fiscal impact portion of the study is approximately the same as the City of San Antonio's operation tax rate. The weighted average of the proxy jurisdictions is $.352 per $100 in value, while the City of San Antonio's operating tax rate (rounded) is $.354 – a difference of $.002, or $2.00 on a $100,000 home. However, without CPS revenue, the City of San Antonio would have to have a higher property tax rate to fund services and facilities at current levels of service.

HEALTH OF REGION

It is important to consider the health of the entire region. Cities and suburbs depend on the health of each other to compete as a region. The San Antonio MSA is one of the fastest growing Metro areas in the country. It has weathered the Great Recession and is ranked 5th out of 100 largest MSAs in the U.S. in the amount of economic activity recovered since the Recession.[62] The MSA is poised to grow in population by almost 30 percent, or more than 400,000 people over the next 20 years. In addition, the Eagle Ford Shale formation is expected to bring significant job growth and billions of dollars in economic impact to the region surrounding Bexar County. Bexar County and San Antonio currently comprise over 90 percent of the MSA's population—a majority of the MSA. The economy is regional and business location decisions are made considering a region first then a specific location secondarily. The quality of development and quality of life in the region—regardless of specific location—will have an effect on the economy as a whole. The trend in economic development is "collaborate to compete," which is already occurring in Bexar County-San Antonio and has a 10-year history with the Toyota plant siting.

There are several items to consider when planning for the future health of the entire region, including the consequences of a decaying ring around the City of San Antonio, the ability to promote sustainable development, the inadequacies of a special district as a growth management tool, and future competition of cities between San Antonio and Austin.

Consequences of decaying ring around city. As described earlier, unhindered suburban expansion that results in sprawling developments impose much greater burdens on infrastructure and services, making them more expensive for a government entity to maintain and provide. Without a way to control development or a way for a government to recoup the costs of the expansion, a negative externality is created that limits the prospects and capacity for growth of the entire area.[63] Secondly, differences in infrastructure, building standards, and enforcement of certain ordinances can create decaying areas, which can hinder the entire region. Annexing unincorporated areas, specifically those that do not have adequate infrastructure, will bring these areas up to code with that of the city. A city will be significantly

[62] Brookings, "Metro Monitor," September 2013
[63] Houston, Scott. (2012). Municipal Annexation in Texas. Texas Municipal League. Retrieved from: http://www.tml.org/legal_pdf/ANNEXATION.pdf

negatively impacted if it is surrounded by a ring of decaying infrastructure, substandard homes, and crime.

Inadequacies of Special Districts. One special district created to help deal with new development in south Bexar County, known as the City South Management Authority, has not been a success, some of which can be attributed to a lack of city authority. The City South Management Authority was created on May 19, 2005, by the City of San Antonio with the goal of providing "a regional vision for sustainable growth within a 63 square mile area in the southern part of San Antonio and Bexar County." It was created as a "Defense Adjustment Management Authority" as a means to provide planning for the area to prepare for eventual annexation by San Antonio. "City South" is overseen by an 11-member board, four of which are appointed by San Antonio, four by Bexar County, and three by San Antonio area Independent School Districts. The Board has the authority to levy a sales and use tax, develop and finance projects within its boundaries, administer planning and zoning regulations, and enter into regional development agreements. *City South does not currently levy a sales tax*, so does not have its own dedicated funding source, and has City of San Antonio staff working for it. In general, the board has two tools available to accomplish its goals, regulating land use and advocating for the area.

Since its creation, several successful residential and commercial developments have located in City South. Major employers in the region include a Toyota manufacturing plant, Texas A&M-San Antonio, Eagle Ford Shale, and a CPS Energy Solar Power project. A few commercial and strip center retail developments have emerged. Two master planned developments, Verano and Hunter's Pond, have gained traction. However, many large projects have been planned in City South over the past decade, but have stalled following the planning phase, such as the Preserve at Medina River and the Espada Conservation Subdivision. The land is generally rural, ranch and agricultural, except for the Toyota facility and Texas A&M, which has potential for development. It is expected that housing demand will increase significantly due to Eagle Ford Shale oil and gas explorations taking place generally ringing the County to the south and east.

An Effectiveness Study & Economic Strategic Plan for the City South Management Authority, completed in Fall 2012 found both strengths and weaknesses of the Authority, but detailed many challenges it faced and ultimately recommended that CSMA be phased out and have San Antonio's annexation and land use policies be implemented in the area instead. Challenges include the following:

- **Inadequate Infrastructure:** City South needs major investment in roads and utilities. (This is a problem for areas outside of city limits, and not unique to City South.) Existing transportation options are limited, especially for traveling east to west. With the opening of Eagle Ford Shale, the traffic burden is expected to increase. Additionally, City South has several major floodplains, which creates dangerous conditions for residents. The report states that because City South is so large, it will take decades for all needed infrastructure to fully support development throughout the region is in place. CSMA is seen as the responsible body for infrastructure investment, but most projects are too expensive.

- **Confusing Land Use and Zoning:** Land use and zoning regulations in City South are described as confusing and complex, which hinders development. The zoning regulations have been changed many times to reduce restrictions to accommodate commercial development, but issues still exist. Additionally, there is a perception among developers and other stakeholders that zoning will add additional costs to any project and the regulatory policies are too difficult to navigate.
- **Lack of Development Consensus**: There is no strong consensus on the appropriate amount of development that should occur in City South over the next decade. It was also reported that there is confusion as to what the overall purpose of CSMA is, whether it is to promote a specific type of development, environmental conservation, or something else.
- **No Funding Mechanisms**: CSMA has not attempted to levy a tax and has no major program-related resources. The report maintains that government entities that manage spending through PIDS, TIFS, or MUDs follow a defined, well-understood process to raise funds to accomplish projects, but this does not exist in CSMA. This could change if the board chose to raise a tax or money was allocated from San Antonio or Bexar County.[64]

Overall, City South has successfully attracted some development and is home to a few major employers, but the growth is lower than initially expected. The lack of commercial development can be blamed on real and perceived zoning concerns as well as the recession. Additionally, residents are concerned with the condition of infrastructure. Lastly, there does not seem to be a consensus among residents about how the area should be developed or real tools that the board of CSMA can use to fund projects or encourage development. The case study of the City South Management Authority shows that a Special District may not be the best solution for managing future growth. However, San Antonio is planning to eventually annex the area, which hopefully will improve conditions of infrastructure, land use, and funding.[65]

[64] TXP Inc. (2012). Effectiveness Study & Economic Strategic Plan for the City South Management Authority
[65] TischlerBise. (2013). Inventory of Special Districts and Financing Tools. Prepared for Bexar County, Texas

Recommendations

It is clear that the continued pressure of urbanizing development in the unincorporated area of the County is unsustainable for the County. The options outlined in this project focus on annexation and incorporation and the remaining sections of this paper identify recommended actions and ways to evaluate options. Because our analysis looked at relatively large sub-areas, some of the criteria can be modified when looking at smaller sub-areas. We evaluate each of our areas at the larger scale and provide caveats where necessary.

SAN ANTONIO'S ANNEXATION POLICY EVALUATION CRITERIA

Because San Antonio holds much of the power as to whether land in its ETJ can be annexed or released from its ETJ, enabling it to incorporate, it is necessary to start with San Antonio's Annexation Policy.

San Antonio's Annexation Policy (February 14, 2013) outlines four **strategies**:

1. **Promote Economic Development**: San Antonio should use annexation, where appropriate, as a tool to facilitate public-private partnerships intended to stimulate local and regional economic growth and implement sound capital improvement programming.

2. **Facilitate Long-Range Planning**: San Antonio should use annexation to manage and regulate development on the fringe of the City in accordance with the Comprehensive Plan.

3. **Protect Future Development**: San Antonio should use annexation as a means of extending the City's land use regulations and building codes to protect future development from inadequate design and construction standards that may proliferate in unincorporated areas.

4. **Foster Intergovernmental Cooperation**: San Antonio should use annexation as an approach for alleviating jurisdictional conflicts with abutting municipal and county governments, and for coordinating service delivery arrangements with emergency response providers.

Given the above strategies, the policy sets forth six **policy statements** that comprise the City's Annexation Policy (applied to both City-initiated and Property Owner-initiated annexations).[66] The policy statements are listed here:

A. Evaluation of areas for annexation based on existing or planned level of development.
B. Evaluation of areas for annexation based on service delivery needs.
C. Evaluation of areas for annexation based on need to protect public health, safety, and welfare.
D. Evaluation of areas for annexation based on intergovernmental relations.
E. Evaluation of areas for annexation based on fiscal considerations.
F. Considerations for the issuance of non-annexation agreements.

[66] See pp. 8-10 of *City of San Antonio Annexation Policy*, Feb. 14. 2013, for further detail on the policy statements.

We use the policy statements and criteria as set forth in the City's Annexation Policy document as starting points for our recommendations. It should be noted that the City's Annexation Policy does not include any weighting factors or prioritization of the policy statements or criteria.

Evaluation Criteria. Eight sub-areas of Bexar County's unincorporated area are evaluated using fiscal and non-fiscal characteristics to determine whether any of the tools presented above, including annexation, incorporation, or some type of special district, would be appropriate or necessary. Appendix A includes a description of the reasoning for the evaluation criteria as well as how each sub-area was evaluated for each criterion.

The criteria used to evaluate each area are discussed below.

- **Fiscal Evaluation.**
  - *Annexation:* If the area generates a positive fiscal result after 20 years in TischlerBise's fiscal impact analysis, it receives a ✓.
  - *Incorporation*. If the area generates a positive fiscal result after 20 years in TischlerBise's fiscal impact analysis, it receives a ✓.
  - *Lost Revenues.* If the area has the highest or second highest amount of nonresidential square footage, it receives a ✓.
- **Existing or Planned Level of Development**
  - *Minimum Population Density.* If the area has a higher density than San Antonio's population density of 4.4 persons per acre, it receives a ✓.
  - *Current Land Use.* Areas that have highly dense areas within the sub-area receive a ✓.
  - *Future Growth Center.* Areas that have the highest number of Master Development Plans and plans for mixed use development receive a ✓.
- **Service Delivery Needs.**
  - *Benefit of City LOS.* Areas that have the highest densities and population receive a ✓.
  - *Proximity to City Infrastructure.* Areas that lie within Loop 1604 receive a ✓.
  - *Distance to Fire Stations.* If the area does not need a fire station over the next 20 years, it receives a ✓.
  - *Access to Water:* If the vast majority of the area has access to water service, it receives a ✓.
  - *Access to Sewer:* If the vast majority of the area has access to sewer service, it receives a ✓.
- **Public Health, Safety and Welfare**
  - *Proximity to Military Bases:* If the area borders a military base, it receives a ✓.
  - *Percent of Area within Floodplain.* 11.4% of San Antonio is in a floodplain. If the area has a higher percentage than this, it receives a ✓.
- **Intergovernmental Relations**
  - *Pursued Incorporation:* If the area includes a territory that has pursued incorporation or ETJ release in the past 40 years, it receives a ✓.

- *Special District:* If the area has attempted to form or has formed a special district in the past 20 years, it receives a ✓ .
- *Borders Incorporated City:* If the area borders an incorporated city, it receives a ✓ .

Results. Figure 6 displays a matrix listing the criteria described above, along with an evaluation of each sub-area.

Figure 6: Annexation Recommendations Matrix

	Fiscal Evaluation			Existing or Planned Level of Development			Service Delivery Needs					Public Health, Safety and Welfare		Intergovernmental Relations			Summary			
	Annex.	Inc.	Lost Revenue	Min Pop Density (Current)	Current Land Use	Future Growth Center	Benefit of City LOS	Prox. to City Infra.	Future Fire Station	Current Access to Water	Current Access to Sewer	% of Area within Floodplain	Prox. to Mil. Bases	Pursued Incorp.	Special Districts	Border Incorp. Cities	Ratio	Total	Ranking	Annex?
North West	✓	✓	✗	✗	✗	✓	✗	✗	✗	✓	!	✗	✓	✓	✗	✓	7:1:8	15	3	✓
North East	✓	✓	✓	✗	✓	✗	✗	✗	✗	✓	!	✓	✓	✗	✓	✗	8:1:7	17	1	✓
East Central	!	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✗	✗	✓	✓	5:3:8	13	5	✗
East Loop	✗	✗	✗	✓	✓	✗	✓	✓	✗	✓	✓	✓	✗	✗	✗	✓	8:0:8	16	2	✓
South East	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	✗	✓	✗	✗	✗	✓	3:1:12	9	8	✗
South	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓	✗	✓	✗	✓	✓	✓	6:0:10	12	6	✗
West Loop	✗	✗	✗	✗	✗	✗	✗	✓	✗	✓	✗	✓	✓	✓	✗	✓	6:0:10	12	6	✗
West Central	✗	✗	✓	✗	✓	✓	✓	✗	!	✓	✗	✗	✗	✗	✓	✓	7:1:8	15	3	✓

Results. The criteria above include fiscal considerations, areas that would benefit or are in need of annexation, and areas that would be more easily annexed, based on San Antonio's Annexation Policy.

We assigned a point value to each criterion as follows:

✓	2
!	1
✗	0

The "Total" column sums the points and then ranks the results. The "Ratio" column shows the relationship among the three indicators. The areas that fare best under San Antonio's annexation policy evaluation criteria are the **North West, North East, East Loop,** and **West Central**.

- The North West is financially viable and is a future growth center. Additionally, it needs increased levels of service in terms of floodplain management and sewer.
- The North East[67] area is also financially viable and has floodplain management issues as well.

[67] It should be noted that the analysis does not exclude Cibolo Canyons Special Improvement District at this time, which has a non-annexation agreement in place with the City of San Antonio through the end of the fiscal analysis' projection time period. The evaluations at this stage of the process are intended to be used to evaluate the **fiscal viability** of annexation and incorporation of current and future development—as opposed to the legal or political likelihood—and does not exclude any portion of the unincorporated area. It is assumed that subsequent analyses of specific geographic areas under consideration for annexation or incorporation would be further refined and delineated.

- The West Central is a future growth center, has a high population, and higher nonresidential development than the other sub-areas. This area is thus in need of city levels of service, but could also provide future revenues in the form of nonresidential development.
- The East Loop area is dense, close to city infrastructure, has access to utilities, and has floodplain management issues.
- The sub-areas that fare the worst under the above assumptions and criteria are the South East, South, West Loop, and East Central sub-areas. While there may be certain subsections of these sub-areas that are fiscally viable as well as desire or require higher levels of service, as a whole under the study's criteria, they do not emerge as top ranked.

INCORPORATION RECOMMENDATIONS

A chart is shown in Figure 7 that displays items a community should considering when determining when to incorporate. The matrix is not populated by sub-area because an entire sub-area of the county would not incorporate into one city. However, smaller communities that lie within the sub-areas could use the items listed below to evaluate themselves.

Community Capacity. Based on case studies performed by TischlerBise on the recently incorporated cities of Von Ormy and Fair Oaks Ranch, community capacity is essential.

- *Presence of Champion.* First, a leader is necessary to mobilize the community and create the vision. Fair Oaks Ranch already had a sophisticated Homeowners' Association in place that included members who later became the mayor and other city staff. Von Ormy had a dedicated leader who is the current mayor, Art Martinez de Vara.
- *Presence of Volunteers.* Because a government is not already in place, incorporation requires the time and dedication of many people to prepare the community for incorporation as well as perform government functions without compensation once the city has incorporated. The city of Fair Oaks Ranch has many knowledgeable, experienced volunteers that help the city function. Von Ormy also successfully became a city through the help of volunteers, but the city has had problems obtaining adequate citizen turnout at meetings.
- *Reasons for Incorporation.* It is necessary for a community to have a clear mission and reasons for incorporation, which will help mobilize the citizens to favor incorporation. Both Fair Oaks Ranch incorporated because the Homeowners Board was concerned about the appropriate provision of services as the small city grew and about possible annexation from San Antonio or Boerne. Basic services were not available to the community because of vast amounts of undeveloped land and distance from other major cities. Von Ormy did not have access to a public sewer system, an adequate potable water supply, public safety organizations, and other public services.
- *Clear Vision and Tax Plan.* It is important that a city be governed in a manner that is appropriate and the citizens are in favor of. Fair Oak Ranch's plan is to maintain high property values through good development and other amenities, keep a low tax rate, and use volunteers and Homeowners' Associations to maintain a well-cared for city. Von Ormy was approved by the voters because the leaders planned a low-tax, low-regulation city that would not be similar to San Antonio.

Fiscal Evaluation.

- *TischlerBise Incorporation Results.* Even though an entire sub-area will not incorporate into one city, a community could look at the results of the fiscal impact of incorporation for the sub-area it is in. As shown above, the **North West** and **North East** were the only sub-areas that had positive fiscal impacts of incorporation.
- *Residential and Nonresidential Tax Base.* In order to incorporate, a community must identify sources of revenue to fund city services.

- *County Duty to Ensure Fiscal Viability.* As part of the incorporation process, involvement by the County may be warranted to ensure that areas wishing to incorporate are fiscally sustainable. The fiscal analysis approach used in this study can be refined and tested for smaller subsections of the study's sub-areas. This would allow informed decisions by various parties including the County to ensure that a new municipality has the resources to support operations and infrastructure needs—or understand the level of investment the County may need to make.

Intergovernmental Relations. Because incorporation requires release from San Antonio's ETJ, it is essential to consider the relationship a community has with San Antonio.

- *Legal Expertise.* Both Fair Oaks Ranch and Von Ormy maintained that negotiating with San Antonio was a complicated step in the process that requires substantial legal expertise.
- *Distance from San Antonio.* In San Antonio's Annexation Policy, it lists that the City will consider its ability to expand in the future and potential economic competition when evaluating requests for incorporation of new cities. Thus, a community should consider where it is located in relation to San Antonio. If it is very close to the City, annexation may be a better way to improve service delivery, because communities that are closer to City limits, San Antonio may be less likely to grant them exclusion from its ETJ.
- *Inclusion in San Antonio's Future Land Use Plans.* Similar to what was described above, San Antonio will choose to protect what is in its future plans for expansion. If there are substantial plans for an area in San Antonio's Future Land Use Plans and the presence of Master Development Plans, the City may be less likely to allow incorporation, and annexation could be a more likely option.

Other. There are many other factors to consider when determining when a community should incorporate, but these will vary greatly across communities. It is most important to determine if it is feasible based on the motivation of the community, fiscal needs, and the relationship with San Antonio.

Figure 7: Incorporation Recommendations Matrix

Community Capacity				Fiscal Evaluation		Intergovernmental Relations		
Presence of Champion	Presence of Volunteers	Reasons for Incorporation	Clear Vision and Tax Plan	TischlerBise Incorporation Results	Residential and Nonres Tax Base	Legal Expertise to Negotiate with San Antonio	Distance from San Antonio	Inclusion in San Antonio's Future Land Use Plans

OTHER RECOMMENDATIONS

1. **Plan Regionally: Form a Regional Growth Coalition.** Planning should be integrated with other regional entities in the same space. The County could create a "growth coalition," which should include Bexar County, San Antonio, CPS, SAWs, school districts, other municipalities, the MPO, and other regional planning organizations. By having agreed-upon missions and shared information, problems can be identified and strategies can be determined for tracking and potentially coordinating growth. A Bexar County office should be designated as an equal partner in this effort. At the same time, Bexar County should dedicate resources to track development and infrastructure projects that will impact growth and development in one office. This will help the County assist communities in the unincorporated area plan for incorporation, annexation, or formation of special districts.

2. **Determine Obligation to Citizens.** Knowing that most residential development does not pay for itself under the current City revenue structure, what is government's obligation to allow current or future residents to obtain services? Is a regional dialogue on living standards, required basic services, and desired levels of service in order? Because the unincorporated area continues to grow, and the status quo in terms of regulations and revenue collection is not a viable solution for some residents, it becomes the responsibility of local leaders and community members to determine financially viable levels of service. During the Great Recession, many communities embarked on community dialogues on budgeting priorities. Local leaders surveyed residents on priorities for public services to determine the public will for cutting services, shifting resources, and raising taxes. One such approach is called "priority based budgeting" that identifies core services, the appropriate funding mechanism for those services, and opportunities to obtain those services elsewhere.

3. **Embark on a Public Relations / Marketing Campaign: "The Code of the West".** A different tactic could be employed to embrace the unregulated and "unserviced" unincorporated County. Bexar County could provide notice to new residents in the unincorporated County that living in the unincorporated area means *lower service and infrastructure standards* than living in a city. This could be done through a targeted marketing campaign. An example of this is from Larimer County, Colorado,[68] but others have adopted and promoted the code such as Chelan County, WA; Spokane County, WA; Apache County, AZ; Gallatin County, MT; Torrance County, NM; Coconino County, AZ; and others. While the emphasis is on **rural areas** and many areas of Bexar County are no longer rural, the concept may still be applicable. That living in the county is different from living in a city—particularly that county governments do not offer the same level of service that city governments provide. An excerpt sums it up:

   "Since the rural west will not change to accommodate your lifestyle or expectations, you should be prepared to adapt accordingly. You are encouraged to be vigilant in exploring and thoroughly examining any issues related to a rural existence that could affect your decision to relocate to

[68] See http://www.co.larimer.co.us/planning/planning/code_of_the_west

this area. The information presented in the Code of the West is not intended to discourage you, only to give you a true and accurate picture of rural living in Coconino County, Arizona."

"Code of the West: A Portrait of Land and Lifestyle," Coconino County, AZ (http://www.coconino.az.gov/index.aspx?NID=659)

4. **Conduct a Retail Market Study.** A retail market study would help to identify opportunities for future retail in the unincorporated area. Identification of opportunities would help to eventually enhance the current revenue base to support annexation or incorporations. Due to the concentration of residents, especially in the West Central Sub-Area, it seems logical that retail development should occur through natural market forces. A market study would help determine if residents are underserved as well as identify the gaps in retail options, the current value per square foot of retail, and anticipated future retail growth. If the area is underserved, Bexar County and San Antonio could identify options to promote successful retail development. Additional retail development will not only serve residents it will enhance the revenue base to enable incorporations or annexation.

5. **Explore Revenue Sharing Opportunities.** Given the interjurisdictional needs between the County and City of San Antonio, and the size of the City's ETJ, one regional innovative solution is revenue or tax base sharing. A first step would be to determine the level of "cross-subsidization" between the County and City of San Antonio. A Fiscal Equity study can evaluate this by determining the sources of revenues compared to users of services. Examples of revenue sharing programs are provided below:

    a. *Minnesota's Fiscal Disparity Program:* Probably the best known program is the Minneapolis-St. Paul Fiscal Disparities Program. The program was an innovative attempt to address growing fiscal concerns within the seven-county Minneapolis-St. Paul region, home to 186 cities, villages and townships; 48 school districts; and 60 other taxing authorities. The law took effect 35 years ago requires all communities in the seven-county area to contribute 40 percent of the future growth in their commercial-industrial tax base to a regional pool. The idea was to reduce the disparities between the "haves" and the "have-nots"—communities with a lot of commercial-industrial property and those lacking in such development. The two main goals of the program are: (1) promoting more orderly regional development and (2) improving equity in the distribution of fiscal resources.

    b. *Hackensack Meadowlands, New Jersey:* The main purpose of the Hackensack Meadowlands model was to minimize the fiscal impacts of land use regulations, particularly the need to protect wetlands in one area while allowing nonresidential development in other areas. As a regional zoning approach was being developed in an area with 14 municipalities and 2 counties, officials developed a tax revenue sharing plan to share the fiscal benefits of development with those localities that housed nontaxable uses. Essentially, the need to house and preserve certain non-taxable uses and non-developable land was seen as a regional benefit. Taxes are assessed and paid in

the same way in the district as they are for other properties. County taxes are first paid and the remaining amount is divided into two pots—the amount collected from taxes on pre-1970 properties and the taxes from post-1970 properties. The taxes from the post-1970 properties are subject to revenue sharing with 40 percent of the revenues (not the tax base) going into a revenue-sharing pool. From that fund, payments are first made to communities for school pupils living in the Meadowlands district boundaries. The remaining funds are distributed to the municipalities based on their proportion of total land area in the Meadowlands District. The program also includes a tax sharing stabilization fund to mitigate large swings in contributions or receipts.

c. *Monroe County, New York:* In this program, sales tax collected by the County is redistributed to the City of Rochester at a disproportionately higher amount than would be done if distributed based on population as is done elsewhere in the state. The increase in revenues is directed toward service and education costs in the City. The County received authority for an additional one percent on the sales tax to be distributed locally. The formula treats the original 3 percent sales tax and the new 1 percent differently. The City receives half of the growth in countywide sales tax revenue from the previous year from the original 3 percent. The remaining revenue is then distributed to the County, City and suburban schools, towns, and villages located in the County. From the new 1 percent tax, the City of Rochester and the County receive approximately 91 percent of the revenue split evenly in half.

d. *City of Charlottesville and County of Albemarle, Virginia*: This revenue sharing program is a legacy of an annexation dispute. Cities and counties are independent entities in Virginia. The City of Charlottesville attempted to annex an area of the County. After legal battles, the City and County entered into an Annexation and Revenue Sharing Agreement (in 1982). The agreement obligates the County and City to contribute a portion of their property tax revenues to a Revenue and Economic Growth Sharing Fund each year. The agreement prevents the City from initiating annexation procedures. The County's contribution is 10 cents per $100 of assessed value in the County.

6. **Continue to Refine Fiscal Assessments.** For smaller areas of the unincorporated area desiring improved service delivery, additional fiscal impact analyses can be conducted to further refine assumptions on service and infrastructure needs. In particular, location-specific service and facility cost implications can be estimated as well as further refined revenue estimates and projections.

7. **Explore Revenue Enhancements.** Particularly for areas that incorporate as cities, other revenue options are available including impact fees (for road, water, sewer, storm water capital facilities), user fees, franchise fees, and charges for service. Because cities have more revenue options legally available to them than counties, incorporation may offer the most options and flexibility to fund services and facilities rather than relying solely on property and sales taxes.

8. **Assist Communities to Develop Community Capacity.** Particularly for those places looking to incorporate, community capacity to establish and operate a municipality is essential. Resources could be made available to assist with this effort.

9. **Encourage a Broad Application and Implementation of the City of San Antonio's Annexation Policy.** The City of San Antonio's Annexation Policy allows for broad annexation. In terms of long-range planning, the document states that "as unincorporated areas become more densely developed, the Comprehensive Plan should identify additional growth centers in the ETJ, which should be considered for annexation." Another goal of annexation is to protect future growth, and "San Antonio should use annexation as a means of extending the City's land use regulations and building codes to protect future development from inadequate design and construction standards that may proliferate in unincorporated areas." If these are important goals to San Antonio, a logical assumption is that significant portions of the unincorporated county would be candidates for annexation for these reasons. Substandard development is allowed to proliferate currently and without annexation (or incorporation), future significant growth will continue to be substandard and will affect the City's ability to promote quality growth.

Areas for Future Research

Finally, we provide a short list of areas for future research

1. "Fiscal equity": We have had discussions on the notion of city residents subsidizing county residents. That is, does a city taxpayer pay more in County taxes and other revenues than they receive in County services? Or vice versa? A "fiscal equity" study can address this by determining the sources of revenues and the users of services allocated to city versus countywide services. This can be done through caseload data or other metrics. TischlerBise has pioneered this type of study.

2. Inner ring suburbs: A major issue confronting the County today is the effect of deteriorating subdivisions. Further study could be conducted to determine and highlight the impact on cities and communities from degraded inner-ring suburbs.

Appendix A: Justification for COSA Annexation Policy Matrix

San Antonio will evaluate areas for annexation based on the following six items:

- Existing or planned level of development
- Service delivery needs
- Need to protect public health, safety, and welfare
- Intergovernmental relations
- Fiscal considerations
- Considerations for the issuance of non-annexation agreements

FISCAL EVALUATION

San Antonio Annexation Policy: Fiscal evaluation considerations include an annexation program that is fiscally feasible for both operating and capital improvements and annexation to keep economic activity, and associated tax revenues, within the City limits.

The matrix considers:

- TischlerBise's Fiscal Impact Analysis of Annexation
- TischlerBise's Fiscal Impact of Incorporation
- Potential Lost Revenues

TischlerBise's Fiscal Impact of Annexation. Figures 8 and 9 display the cumulative (20 years) annexation results by sub-area. Figure 8 shows the results including CPS revenues, and Figure 9 displays the results without CPS revenues.

Figure 8. Cumulative Annexation Results by Fund Grouping and Sub-Area (with CPS Revenues)

Fiscal Impact Analysis: Cumulative (20 Years) Results from Annexation & New Growth (in $1,000s)
ANNEXATION
Bexar County, Texas

	GENERAL FUND			SPECIAL REVENUE FUNDS			CAPITAL FUNDS			TOTAL COMBINED RESULTS		
Unincorporated Sub-Area	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**
North West	$387,168	$325,075	$62,094	$5,548	$7,726	($2,178)	$149,866	$19,647	$130,219	$542,583	$352,449	$190,134
North East	$646,367	$638,812	$7,556	$5,737	$13,273	($7,536)	$238,755	$43,806	$194,949	$890,860	$695,890	$194,970
East Central	$84,636	$107,340	($22,704)	$2,288	$2,550	($262)	$20,777	$4,664	$16,113	$107,701	$114,554	($6,854)
South East	$158,136	$240,122	($81,986)	$2,819	$5,411	($2,592)	$32,963	$10,640	$22,323	$193,918	$256,173	($62,255)
East Loop	$465,186	$796,399	($331,214)	$8,700	$16,127	($7,427)	$94,264	$55,939	$38,325	$568,150	$868,466	($300,316)
South	$320,740	$574,010	($253,270)	$4,854	$10,049	($5,194)	$57,418	$40,280	$17,138	$383,013	$624,339	($241,326)
West Loop	$204,577	$341,554	($136,977)	$1,873	$6,333	($4,460)	$47,456	$20,596	$26,860	$253,906	$368,483	($114,577)
West Central	$659,144	$890,493	($231,349)	$4,521	$16,748	($12,227)	$196,963	$60,215	$136,749	$860,629	$967,455	($106,826)
TOTALS	**$2,925,955**	**$3,913,805**	**($987,850)**	**$36,341**	**$78,218**	**($41,877)**	**$838,463**	**$255,787**	**$582,676**	**$3,800,759**	**$4,247,809**	**($447,050)**

Figure 9. Cumulative Annexation Results by Fund Grouping and Sub-Area (without CPS Revenues)

Fiscal Impact Analysis: Cumulative (20 Years) Results from Annexation & New Growth (in $1,000s)
ANNEXATION: Without CPS Revenues
Bexar County, Texas

	GENERAL FUND			SPECIAL REVENUE FUNDS			CAPITAL FUNDS			TOTAL COMBINED RESULTS		
Unincorporated Sub-Area	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**
North West	$315,060	$325,075	($10,015)	$5,548	$7,726	($2,178)	$149,866	$19,647	$130,219	$470,474	$352,449	$118,026
North East	$500,128	$638,812	($138,684)	$5,737	$13,273	($7,536)	$238,755	$43,806	$194,949	$744,620	$695,890	$48,730
East Central	$58,993	$107,340	($48,346)	$2,288	$2,550	($262)	$20,777	$4,664	$16,113	$82,058	$114,554	($32,496)
South East	$97,908	$240,122	($142,215)	$2,819	$5,411	($2,592)	$32,963	$10,640	$22,323	$133,690	$256,173	($122,484)
East Loop	$289,211	$796,399	($507,189)	$8,700	$16,127	($7,427)	$94,264	$55,939	$38,325	$392,175	$868,466	($476,291)
South	$186,025	$574,010	($387,985)	$4,854	$10,049	($5,194)	$57,418	$40,280	$17,138	$248,298	$624,339	($376,041)
West Loop	$126,756	$341,554	($214,797)	$1,873	$6,333	($4,460)	$47,456	$20,596	$26,860	$176,086	$368,483	($192,398)
West Central	$452,278	$890,493	($438,214)	$4,521	$16,748	($12,227)	$196,963	$60,215	$136,749	$653,763	$967,455	($313,692)
TOTALS	**$2,026,359**	**$3,913,805**	**($1,887,446)**	**$36,341**	**$78,218**	**($41,877)**	**$838,463**	**$255,787**	**$582,676**	**$2,901,164**	**$4,247,809**	**($1,346,646)**

TischlerBise's Fiscal Impact of Incorporation. Figure 10 shows the cumulative results of TischlerBise's Fiscal Impact Analysis of Incorporation.

Figure 10. Cumulative Results from Incorporation and New Growth

Fiscal Impact Analysis: Cumulative (20 Years) Results from Incorporation & New Growth (in $1,000s)
INCORPORATION
Bexar County, Texas

	OPERATING			CAPITAL			TOTAL COMBINED RESULTS		
Unincorporated Sub-Area	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**	**Revenues**	**Expenditures**	**Net Results**
North West	$408,037	$370,365	$37,672	$100,312	$38,828	$61,485	$508,350	$409,193	$99,157
North East	$681,197	$755,143	($73,946)	$159,810	$78,745	$81,065	$841,007	$833,888	$7,119
East Central	$91,134	$129,205	($38,072)	$13,907	$13,808	$99	$105,041	$143,013	($37,972)
South East	$170,963	$302,218	($131,255)	$22,064	$32,431	($10,367)	$193,027	$334,648	($141,622)
East Loop	$498,875	$915,347	($416,472)	$63,095	$94,756	($31,660)	$561,971	$1,010,103	($448,132)
South	$345,341	$694,307	($348,966)	$38,433	$72,539	($34,106)	$383,773	$766,846	($383,072)
West Loop	$218,285	$404,794	($186,509)	$31,764	$41,903	($10,139)	$250,049	$446,697	($196,648)
West Central	$699,194	$1,070,016	($370,821)	$131,837	$111,389	$20,447	$831,031	$1,181,405	($350,374)
TOTALS	**$3,113,026**	**$4,641,395**	**($1,528,368)**	**$561,222**	**$484,398**	**$76,824**	**$3,674,248**	**$5,125,792**	**($1,451,544)**

Potential Lost Revenues. Figure 11 shows the nonresidential square footage in thousands of each sub-area, as well as San Antonio. Although no region can compare to San Antonio, the two areas with the highest amounts of nonresidential development are North East and West Central.

Figure 11. Nonresidential Square Footage

	Nonresidential Square Footage								
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop	San Antonio
Nonres Sq Footage (1000's)	980	1,740	787	1,106	1,586	1,553	1,761	496	242,431
Result	✗	✓	✗	✗	✗	✗	✓	✗	

EXISTING OR PLANNED LEVEL OF DEVELOPMENT

San Antonio Annexation Policy: San Antonio considers multiple factors when determining whether to annex based on existing or planned level of development, including areas that have become developed, areas for which dense development activity is anticipated, and areas planned or designated in the comprehensive plan as mixed use or regional growth centers.

The matrix considers:

- Minimum Population Density
- Current Land Use
- Future Growth Centers

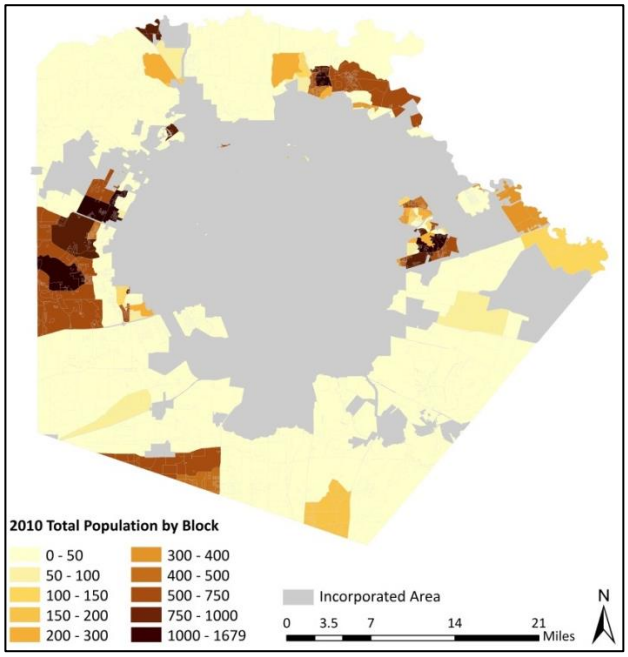
Minimum Population Density. Figure 12 displays the population density of each sub area compared to that of San Antonio, which is shown on the far right of the table.

Figure 12. Population Density

	Population Density								
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop	San Antonio
Acres	62,793	34,431	39,395	2,322	57,012	118,166	37,158	25,190	298,635
Current Population	19,259	40,258	6,034	50,746	13,764	36,756	57,696	22,443	1,327,407
Population Density	**0.31**	**1.17**	**0.15**	**21.85**	**0.24**	**0.31**	**1.55**	**0.89**	**4.44**
Result	✗	✗	✗	✓	✗	✗	✗	✗	

Current Land Use. To evaluate current land use, areas that are densely developed are considered. Figure 13 displays the population by block in 2010. This map shows dense areas within the subareas, as opposed to the total population or total population density. As shown, West Central, East Loop, and North East have the most densely developed blocks.

Figure 13. Unincorporated Bexar County Population by Block, 2010[69]



Future Growth Centers. To evaluate whether an area is considered a future growth center or will have mixed-use development, the Master Development Plans in unincorporated Bexar County are considered. Figure 14 displays the number of Master Development Plans in each sub-area, broken down by land use. These plans were retrieved from a GIS file via San Antonio's web site. The North West and West Central have the highest number of MDPs by far, as well as the highest number of mixed-use MDPs.

Figure 14. Number of Master Development Plans[70]

	Number of MDPS							
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop
Residential	31	3	4	11	3	8	31	10
Commercial	2	1	0	5	0	2	4	5
Mixed Use	16	1	1	5	2	5	19	3
Total	**49**	**5**	**5**	**21**	**5**	**15**	**54**	**18**
Results	✓	✗	✗	✗	✗	✗	✓	✗

For additional reference, maps of the MDPs in the North West and the West Central subareas are shown in Figures 15 and 16.

[69] Bexar County, U.S. Census. Map Created by TischlerBise, 2013.
[70] City of San Antonio. Master Development Plans GIS shapefile.

Figure 15. Master Development Plans in North West

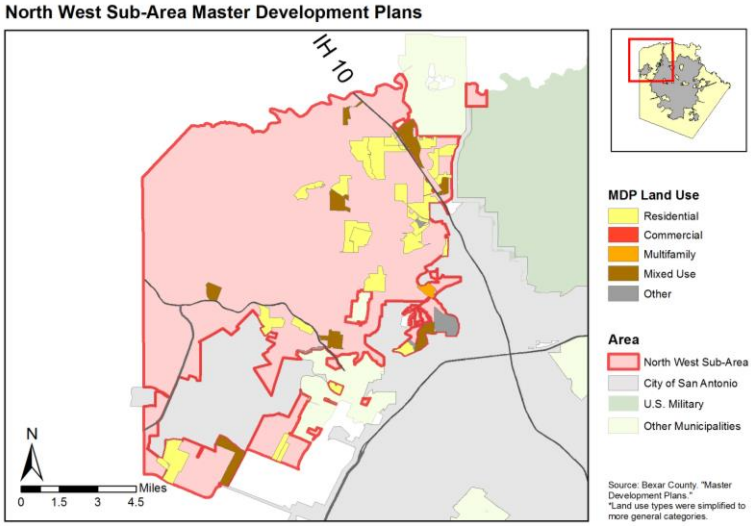
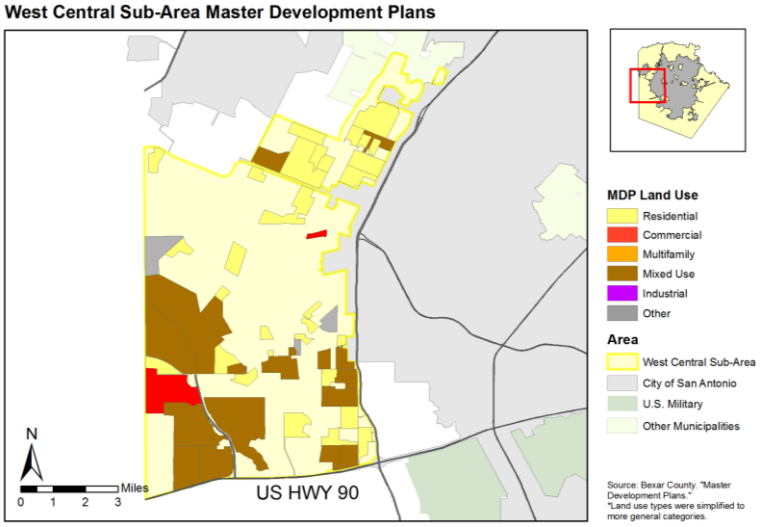


Figure 16. Master Development Plans in West Central



SERVICE DELIVERY NEEDS

San Antonio Annexation Policy: To evaluate areas based on service delivery needs, San Antonio considers:

1. Residential, commercial, and industrial land uses that would benefit from a level of service calibrated for a city rather than an unincorporated area.
2. Jurisdictional Islands to provide logical planning and/or service delivery boundaries.
3. Territories that do not adversely impact services to areas already within the City limits.
4. Territories that establish contiguity required for strategic expansion of the City and its services.

Evaluation criteria of these items in the matrix include:

- Areas that would benefit from a city level of service.
- Areas that are in need of a fire station over the next 20 years.
- Proximity to city infrastructure.
- Water access
- Wastewater access

Benefit from City LOS. Areas that would benefit from a City LOS are those with high populations and high density of population. As an unincorporated area increases in population, city services become more necessary. For instance, with higher population density, fire risks increase and the number of emergency responses rise.

Figure 17. Benefit from City LOS

	Benefit from City LOS							
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop
Acres	62,793	34,431	39,395	2,322	57,012	118,166	37,158	25,190
Current Population	19,259	40,258	6,034	50,746	13,764	36,756	57,696	22,443
Population Density	**0.31**	**1.17**	**0.15**	**21.85**	**0.24**	**0.31**	**1.55**	**0.89**
Result	✗	✗	✗	✓	✗	✗	✓	✗

Proximity to City Infrastructure. The matrix assigns the highest rating to the areas that are within Loop 1604, because the entire sub-area is the closest to city roads and other types of city infrastructure. East Central and South East receive the middle rating because portions of the area are within the loop.

Figure 18. Proximity to City Infrastructure

	Proximity to City Infrastructure							
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop
Within Loop 1604	✗	✗	!	✓	!	✗	✗	✓

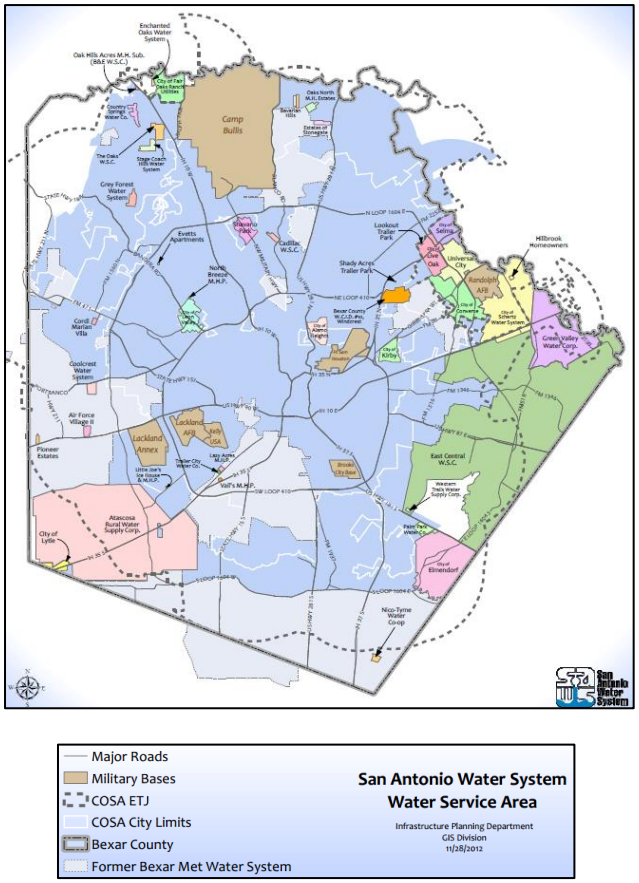
Need for Fire Station. The table below shows the need for fire stations in the sub-areas in 20 years, determined in TischlerBise's fiscal analysis. If the area does not need a fire station, it receives a plus meaning that existing infrastructure is available once annexed.

Figure 19. Fire Station Need

	Fire Station Need							
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop
Stations Needed in 20 Years	1	1	-1.5	2	-1.5	-3	1	0
Result	✗	✗	✓	✗	✓	✓	✗	!

Access to Water. Information on current access to water was determined from San Antonio Water System (SAWS). City of San Antonio Sector plans provide additional details on water coverage. Three plans currently exist, the North Sector Plan, the Heritage South Sector Plan, and the West/ Southwest Sector Plan. The figure below is a map created by SAWS that shows its service area, as well as other water service providers in the area. This shows that the vast majority of Bexar County is covered, with the exception of the far northwest and northeast, but there is little or no development there. Most residents receive water from SAWS or BexarMet (which recently was dissolved and became part of SAWS). As described in the sector plans, some rural residents rely on well water, but most of the area has access to water. [71]

Figure 20. Water Service Areas in Bexar County



Based on the map and descriptions found in the San Antonio sector plans, the vast majority of Bexar County residents have access to water.

Figure 21. Water Coverage

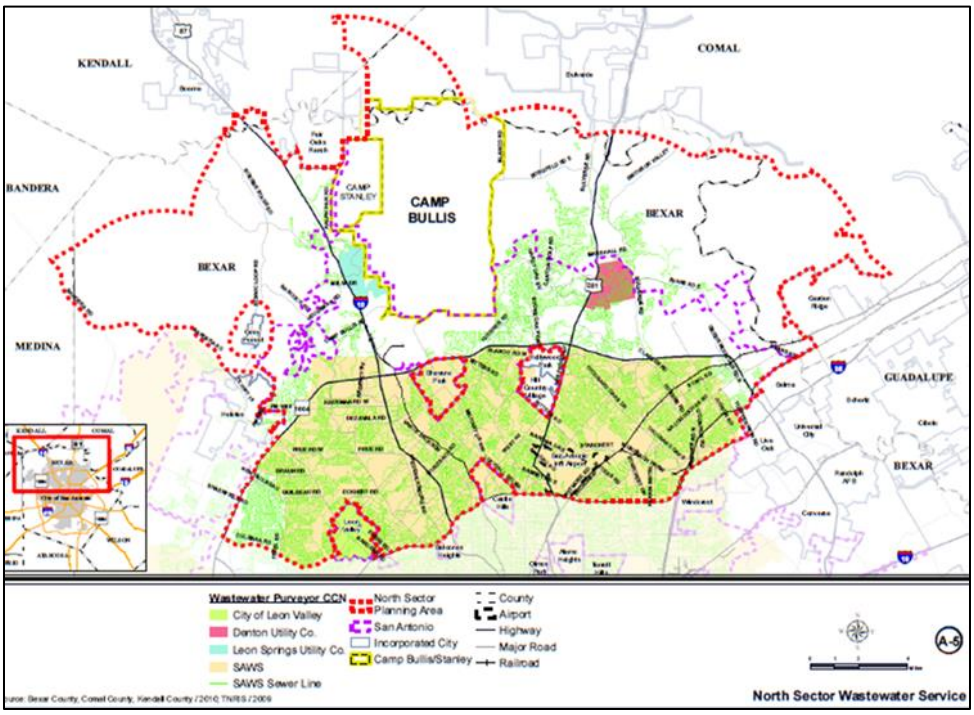
	Water Coverage							
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop
Result	✓	✓	✓	✓	✓	✓	✓	✓

[71] City of San Antonio. Heritage South Sector Plan. September 16, 2010.

Current Access to Wastewater. The maps provided in the Sector Plans are presented below because they provide increased detail on wastewater access. Wastewater maps are provided in the North Sector Plan.

- North Sector: The sewer lines are displayed in green in the figure below. There are large amounts of the County not covered, but these areas have limited development.

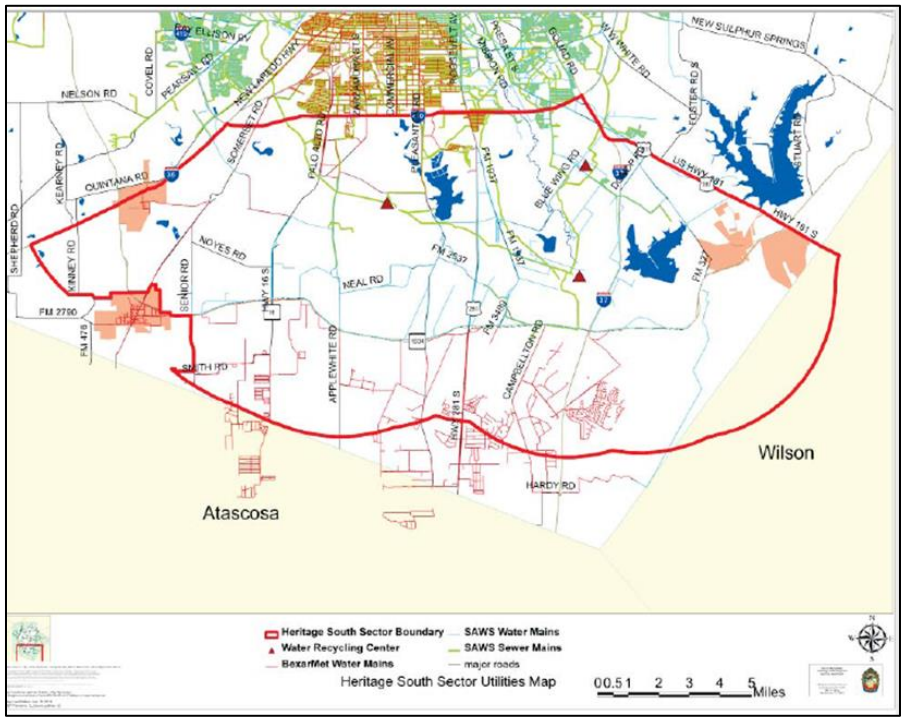
Figure 22. Wastewater Service in North Sector



- Heritage South: SAWS is the primary wastewater service provider in the sector planning area. The Heritage South Map displays that the sewer lines do not extend nearly as far as the water lines, showing that there are many areas without access.[72]

[72] City of San Antonio. Heritage South Sector Plan. September 16, 2010.

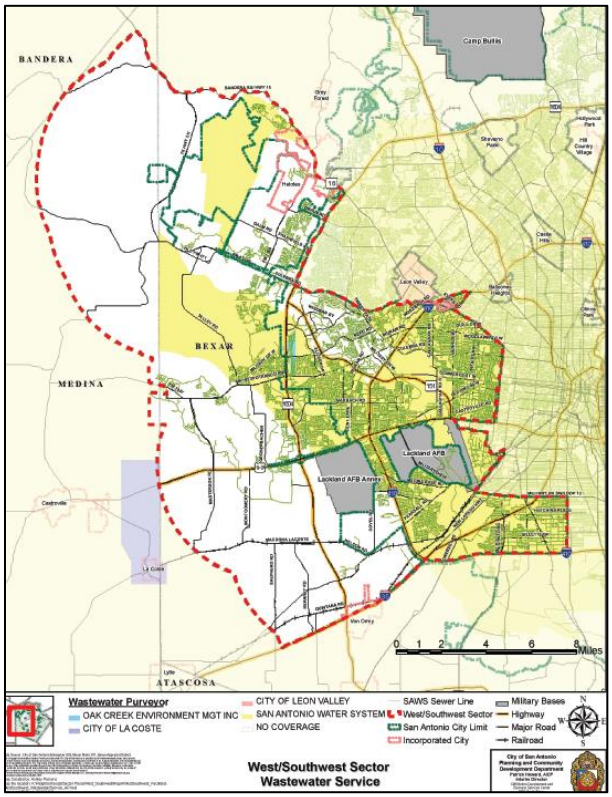
Figure 23. Wastewater Service in Heritage South Sector73



- West/Southwest: SAWS is the primary wastewater service provider in the West/Southwest Sector. Besides Oak Creek Environment Management, a small provider located near Loop 1604 and Military Drive, most of the remaining portion has no wastewater coverage and relies on septic systems.[74] As shown in the figure below, there is not complete sewer coverage in the area. Considering the West Central area, because it is largely populated and continuing to grow at a fast rate, it is logical that this area would need increased wastewater access. In terms of West Loop, there is seemingly no coverage.

[73] City of San Antonio. Heritage South Sector Plan. September 16, 2010.
[74] City of San Antonio. West/ Southwest Sector Plan. April 21, 2011.

Figure 24. Wastewater Services in West/ Southwest Sector



- East Loop, East Central, and South East Water Service. Because there is no sector plan for these areas, the map created by SAWS for sewer coverage is displayed. The East Loop receives service from the San Antonio River Authority (SARA). The East Central Region receives coverage from SARA and SAWS, but there is still area with no coverage. The South East region receives services from SAWS closest to the city, but most of the area has no access.

Figure 25. SAWS Wastewater Service Area

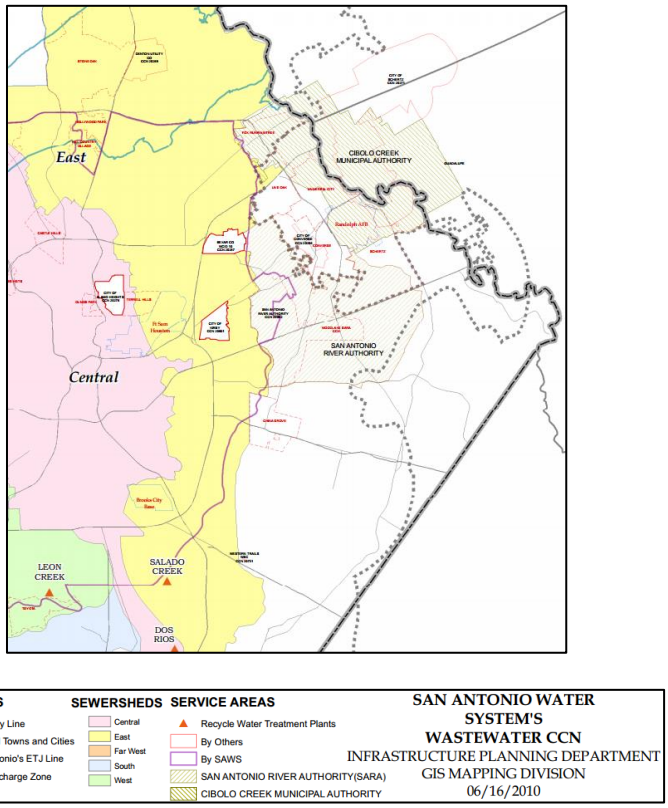


Figure 26. Sewer Coverage

	Sewer Coverage							
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop
Result	!	!	!	✓	✗	✗	✗	✗

PUBLIC HEALTH, SAFETY, AND WELFARE

San Antonio Annexation Policy: When considering public health, safety and welfare, San Antonio considers annexation to provide regulations to promote safe living and sustainable development, and on areas where unregulated development could have an adverse impact on Military operations.

The matrix considers

- Percent of area within floodplain.
- Bordering on military base.

Percent of Area within Floodplain. Using information found in GIS data provided by Bexar County, the percent of each sub-area that is within a flood plain was calculated and compared to that of San Antonio. As a safety indicator, areas with percentages higher than San Antonio receive a check.

Figure 27. Percent of Land in Floodplain

	Floodplains								
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop	San Antonio
Total Acres	34,431	62,793	39,395	2,322	57,012	118,166	37,158	25,190	298634.6
Acres in Floodplain	4,108	3,563	7,288	1,036	11,263	17,332	3,984	6,999	34177.36813
% Acres in Floodplain	**11.9%**	**5.7%**	**18.5%**	**44.6%**	**19.8%**	**14.7%**	**10.7%**	**27.8%**	**11.4%**
Result	✓	✗	✓	✓	✓	✓	✗	✓	

Proximity to Military Bases. The next figure shows which sub-areas border on military bases. The North West and North East border Camp Bullis, and Lackland Air Force Base sits to the east of West Loop.

Figure 28. Sub-Areas and Bordering Incorporated Jurisdictions

	Border On Military Base							
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop
Military Base	Camp Bullis	Camp Bullis						Lackland AFB
Result	✓	✓	✗	✗	✗	✗	✗	✓

INTERGOVERNMENTAL RELATIONS

San Antonio Annexation Policy. When considering annexation, San Antonio will protect its ability to expand city limits and consider requests for incorporations and special districts.

The matrix considers:

- Incorporation efforts
- Special districts
- Sub-areas that border incorporated cities

Pursued Incorporation. The following are the most recent incorporations in Bexar County:

- Fair Oaks Ranch. This City incorporated in 1975 and is located in the North West sub area.
- Von Ormy. This City incorporated in 2008 and is located in the West Loop sub-area.
- Sandy Oaks. This area is currently trying to incorporate and is located in the South sub-area.

Figure 29. Incorporation Efforts

	Pursued Incorporation							
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop
Name of Jurisdiction	Fair Oaks Ranch					Sandy Oaks		Von Ormy
Result	✓	✗	✗	✗	✗	✓	✗	✓

Pursued Special Districts. All of Bexar County is covered by 11 Emergency Services District. Other special districts in the county include the following:

Taxing Special Districts:

- **Cibolo Canyons.** This is a Subchapter C Public Improvement District, which was established in 2001. [75] It is located in the North East sub-area.
- **Westside 211 Special Improvement District.** This is a Special Improvement District, located in the Central West, which was established in 2007.[76]

Other Special Districts

- **City South Management Authority.** This Defense Adjustment Management Authority was created in 2005 by the City of San Antonio, and is a 63 square mile area in the southern part of San Antonio and Bexar County. It is located in the South sub-area.[77]

Special Utility District

- **East Central Special Utility District.** This is a Special Utility District that formed in 1967.[78]

Figure 30. Special Districts in Sub-Areas

	Special District							
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop
Special Districts		Cibolo Canyons	East Central Special Utility District			City South Management Authority	Westside 211 District	
Result	✗	✓	✓	✗	✗	✓	✓	✗

Border on Other Incorporated Jurisdictions. Lastly, sub-areas that border on other incorporated jurisdictions are considered. This is because other cities may wish to expand their ETJ, annex other areas, or have other priorities that conflict with San Antonio. For instance, Helotes has been in discussions with San Antonio to acquire 6.7 square miles as part of the town's ETJ, enabling it to annex nearby subdivisions.[79]

Figure 31. Sub-Areas and Bordering Incorporated Jurisdictions

	Border on Other Incorporated Jurisdictions							
	North West	North East	East Central	East Loop	South East	South	West Central	West Loop
Bodering Incorporated Cites	Fair Oaks Ranch Grey Forest Helotes		China Grove Schertz St. Hedwig	Converse Live Oak Windcrest	China Grove Elmendorf	Somerset Von Ormy	Helotes	Somerset Von Ormy
Result	✓	✗	✓	✓	✓	✓	✓	✓

[75] Cibolo Canyon Improvement District. No 1. (2002). Fact Sheet.
[76] Bexar County Commissioners Court. (2007). Commissioners Court Items of Note for June 21st. Agenda News. Retrieved from: http://www.bexar.org/cmacs/CM/P/fjn48300.PDF
[77] TXP Inc. (2012). Effectiveness Study & Economic Strategic Plan for the City South Management Authority.
[78] East Central SUD. (2013). About East Central SUB. Retrieved from: http://www.eastcentralsud.org/about.php
[79] Ryan, Lloyed. (2013). Land Use Battle Tests Usually Friendly Helotes – San Antonio Relationship. Texas Public Radio. Retrieved from: http://tpr.org/post/land-battle-tests-usually-friendly-helotes-san-antonio-relationship

BASICS OF ANNEXATION IN TEXAS

Prepared for

Bexar County, Texas

December 2014

TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, Suite S240
Bethesda, MD 20816
800-424-4318
www.tischlerbise.com

TischlerBise
4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318

www.tischlerbise.com

December 2014

Basics of Annexation in Texas

Two types of annexation can be performed by municipalities in Texas - annexation for full purpose and annexation for limited purpose. Both are summarized below.

FULL PURPOSE ANNEXATION

Power to Annex: A home-rule municipality may extend its boundaries by annexing areas adjacent to it, as well as fixing its boundaries and exchanging areas with other municipalities.[1] A municipality may annex areas only in its extra territorial jurisdiction (ETJ) unless the municipality owns the area.[2] A general-law municipality may annex areas as well, but these types of municipalities are subject to specific standards that home-rule municipalities are not. The major difference is that home-rule municipalities can unilaterally annex an area by ordinance, whereas general-law municipalities can only annex areas that have voted in favor of it.[3]

Procedure:

1. **Adoption of Annexation Plan:** A municipality must prepare an annexation plan that specifically identifies annexations that may occur three years from the date the plan is adopted or amended.[4] A municipality may amend its annexation plan at any time to remove an area proposed for annexation.[5]
    a. Some areas are exempt from being in a plan. These include areas that contain fewer than 100 separate residential tracts of land, areas that will be annexed by petition, areas under an industrial district contract or strategic partnership agreement, colonias, areas in closed military installations, or areas in which the municipality determines that annexation is necessary to protect the area from destruction of property, injury of persons, or a nuisance.[6]
2. **Notice to Property Owners:** Within 90-days after a municipality adopts or amends an annexation plan, the municipality must give written notice to each property owner in the affected area that the property has been included or removed from the annexation plan. Notice must also be given to each public or private entity that provides services in the area proposed for annexation.[7]
3. **Completion of Inventory:** After adopting an annexation plan, a municipality must compile a comprehensive inventory of services and facilities provided by public and private entities in each area proposed for annexation. The inventory of services and facilities must include all services and facilities the municipality is required to provide or maintain following the annexation.

[1] Tex. Loc. Gov't Code §43.021
[2] Tex. Loc. Gov't Code §43.051
[3] Tex. Loc. Gov't Code §43.023
[4] Tex. Loc. Gov't Code §43.052 (c)
[5] Tex. Loc. Gov't Code §43.052 (e)
[6] Tex. Loc. Gov't Code §43.052 (h)
[7] Tex. Loc. Gov't Code §43.052 (f)

Specific details required in the inventory can be found in Tex. Loc. Gov't Code Sec. 43.053. The municipality shall complete the inventory and make the inventory available for public inspection on or before the 60th day after the date the municipality receives the required information from the service providers.[8]

4. **Annexation Hearing:** A municipality must conduct two public hearings. The hearings must be conducted no later than the 90th day after the date the inventory is available for inspection.[9]
5. **Negotiation:** After the hearings, in a municipality with a population of less than 1.6 million, the municipality and the property owners of the area proposed for annexation shall negotiate for the provision of services to the area after annexation or for the provision of services in lieu of annexation.[10]
6. **Completion of Service Plan:** Before the first day of the 10th month after which the inventory is prepared, the municipality proposing the annexation shall complete a service plan that provides for the extension of full municipal services to the area to be annexed. "Full municipal services" means services provided by the annexing municipality within its full-purpose boundaries, including water and wastewater services. The service plan must also include a program to acquire or construct capital improvements necessary to provide municipal services to the service area after the effective date of annexation.[11]
7. **Annexation of Area:** The annexation of the area under the plan must be completed between three years and three years plus 31 days from the start of annexation proceedings. If it is not completed by this point, the municipality may not annex the area until five years later.[12]
8. **Provision of Services to Annexed Areas:** The municipality must provide services as described under the service plan. The service plan must include a program where the municipality will provide *full* municipal services in the annexed area no later than two and a half years after the effective date of the annexation. However, if services cannot reasonably be provided within that period, the municipality may propose a schedule to provide services no later than four and a half years after the effective date of the annexation.

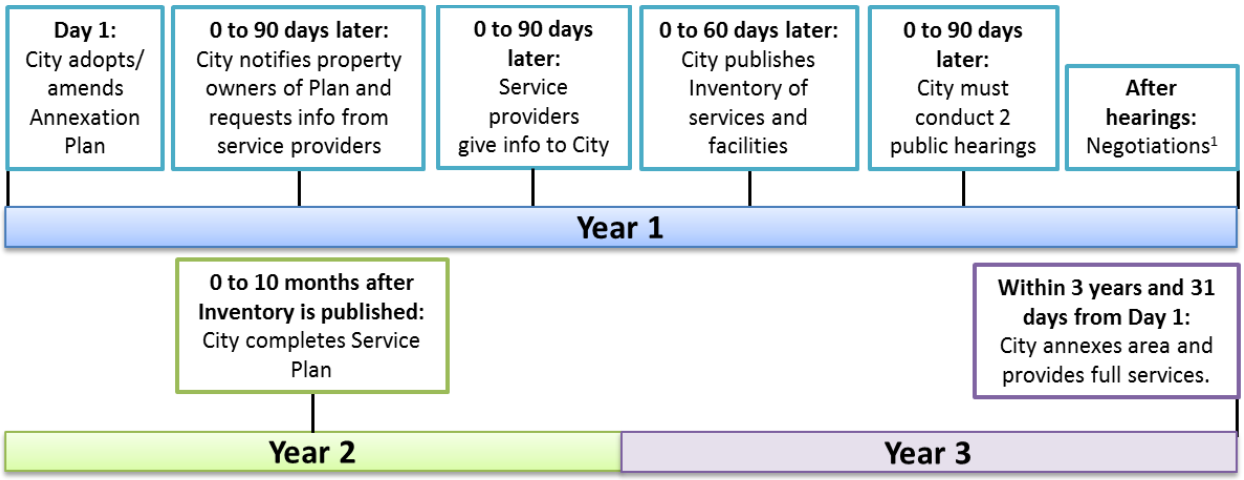
   However, if the municipality provides any of the following services within the municipality prior to annexation, it must provide those services on the effective date of the annexation (this would therefore apply to the City of San Antonio):

   - police protection;
   - fire protection;
   - emergency medical services;
   - solid waste collection[13];
   - operation and maintenance of water and wastewater facilities in the annexed area that are not within the service area of another water or wastewater utility;

[8] Tex. Loc. Gov't Code §43.053
[9] Tex. Loc. Gov't Code §43.0561
[10] Tex. Loc. Gov't Code §43.0562
[11] Specific details required in the service plan are found in Tex. Loc. Gov't Code §43.056.
[12] Tex. Loc. Gov't Code §43.052 (g)
[13] Except as provided by Subsection (o)

- operation and maintenance of roads and streets, including road and street lighting;
- operation and maintenance of parks, playgrounds, and swimming pools; and
- operation and maintenance of any other publicly owned facility, building, or service.[14]

Full Purpose Annexation Timeline



1. If a city has a population of less than 1.6 million, the municipality and the property owners of the area proposed for annexation shall negotiate for the provision of services to the area after annexation or for the provision of services in lieu of annexation.

ANNEXATION FOR LIMITED PURPOSE

Purpose of Limited Purpose Annexation: A municipality may annex an area for limited purpose to apply its planning, zoning, health and safety ordinances in the area.[15] An area that is annexed for limited purpose will become fully annexed within three years, unless this is waived and postponed by property owners as described below.

Power to Annex for Limited Purpose: A home-rule municipality with more than 225,000 inhabitants may annex an area for limited purposes. To be annexed for limited purposes, an area must be within the municipality's ETJ and contiguous to the corporate boundaries of the municipality, unless the owner of the area consents to noncontiguous annexation.[16]

Procedure:

1. **Conduct a Planning Study and Regulatory Plan:** The planning study must:
    a. Project the kinds of development that will occur in the next ten (10) years if the area is not annexed for limited purpose and also if it is annexed for limited purpose;
    b. Describe issues that the municipality considers to give rise to the need for limited purpose annexation and public benefits that can occur;

[14] Tex. Loc. Gov't Code §43.056
[15] Tex. Loc. Gov't Code §43.121
[16] Tex. Loc. Gov't Code §43.121

c. Analyze economic, environmental and other impacts that may occur from limited purpose annexation; and
d. Identify the proposed zoning of the area.

The regulatory plan must:

a. Identify kinds of land use and other regulations that would occur under limited purpose annexation; and
b. State the date on or before which the municipality shall annex the area for full purposes, which must be within three years after the limited purpose annexation. This deadline does not apply to an area that:
    a. Is owned by the United States or the State of Texas;
    b. Is located outside the boundaries of a water control and improvement district or a municipal utility district; and
    c. Is annexed for limited purposes in connection with a strategic partnership agreement.[17] (A strategic partnership agreement is a written agreement between a municipality and a district. It may provide for limited purpose annexation on terms acceptable to both parties.[18])

2. **Preparation of Report:** Ten (10) days before the date of the first hearing, the municipality must prepare a report regarding the proposed annexation of the area for limited purposes and make the report available to the public. The report must contain the results of the planning study and the regulatory plan.
3. **Public Hearings:** The governing body must hold two public hearings on the proposed annexation. Each member of the public who wishes to present testimony or evidence regarding the proposed limited purpose annexation must be given the opportunity to do so. The hearings must be held between 20 to 40 days before the date the annexation proceedings are instituted.[19]
4. **Adoption of Limited Purpose Annexation and Regulatory Plan:** At the same time the governing body of the municipality adopts an ordinance annexing an area for limited purposes, the regulatory plan must be adopted.[20] The limited purpose annexation must be completed within 90 days after the date the governing body institutes the annexation proceedings.[21]
5. **Annexation for Full Purposes:** On or before the date prescribed by the regulatory plan, the municipality must annex the area for full purposes. In each of the three years for which an area may be annexed for limited purposes, the municipality must take the steps prescribed by this subsection toward the full-purpose annexation of the area.

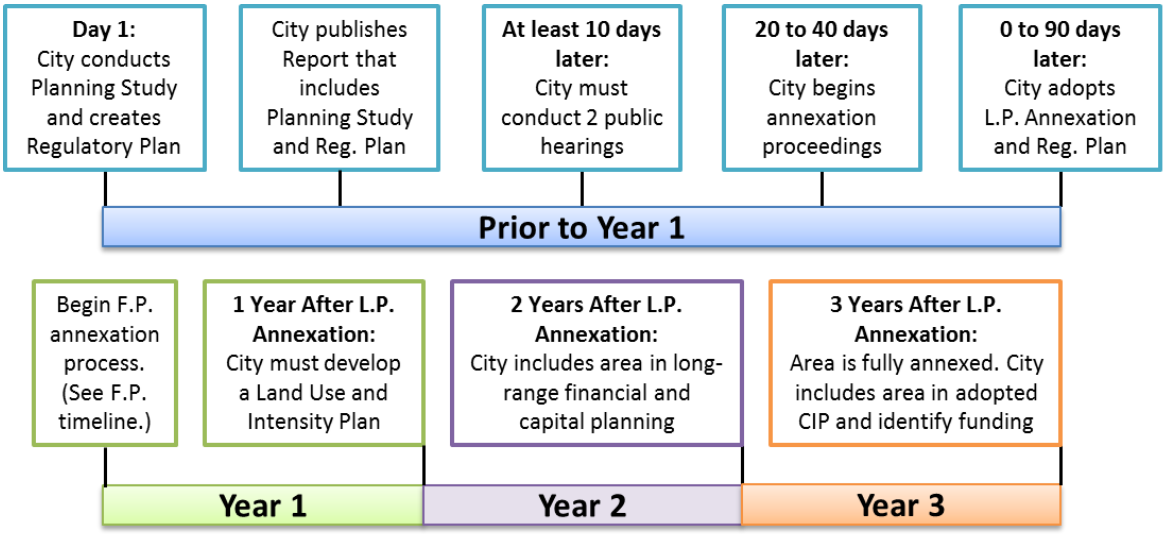
[17] Tex. Loc. Gov't Code §43.123
[18] Tex. Loc. Gov't Code §43.0751
[19] Tex. Loc. Gov't Code §43.123
[20] Tex. Loc. Gov't Code §43.125
[21] Tex. Loc. Gov't Code §43.126

a. By the end of the *first year* after the date an area is annexed for limited purposes, the municipality must develop a land use and intensity plan as a basis for services and capital improvements projects planning.
b. By the end of the *second year* after that date, the municipality must include the area in the municipality's long-range financial forecast and in the municipality's program to identify future capital improvements projects.
c. By the end of the *third year* after that date, the municipality must include in its adopted capital improvements program the projects intended to serve the area and must identify potential sources of funding for capital improvements.

Additionally, if the area is going to be annexed for full purposes, all steps required in the three year full purpose annexation procedure must be followed as well.[22]

6. **Postponement of Full Purpose Annexation:** The requirement for Full Purpose Annexation may be waived and the date postponed by written agreement between the municipality and a majority of the affected landowners. A written agreement to waive the municipality's obligation to annex the area for full purposes binds all future owners of land annexed for limited purposes pursuant to that waiver.[23]

Limited Purpose Annexation Timeline



* L.P. refers to limited purpose and F.P. refers to full purpose.

[22] Olson, William A. (2005). Annexation Procedures and Pitfalls. CLE International Land Use Law: How To. Retrieved from: http://www.olsonllp.com/wp-content/uploads/2012/07/annexation.pdf.
[23] Tex. Loc. Gov't Code §43.127

CITIZEN QUESTIONS

Does annexation need to be approved by the voters?

No, it does not need to be approved by the voters if a home-rule municipality is annexing the area. A home-rule municipality with a population of more than 100,000 can annex by ordinance. However, if a home-rule municipality requires annexation to undergo an election submitted to the voters *under its charter*, then an election can be held.[24]

If I am annexed, can a municipality force me to change how I use my land?

Once a municipality annexes an area, it may not prohibit a person from continuing to use the land in the manner in which the land was being used on the date the annexation proceedings were instituted.[25] The municipality may not prevent a person from starting to use the land in the manner it was planned for before 90 days prior to an annexation if all permits and necessary applications were filed before the date the annexation procedures began.[26]

However, municipalities may still impose regulations related to the location of sexually oriented businesses, colonias, the prevention of property destruction or injury to persons, public nuisances, flood control, the storage and use of hazardous substances, and the sale and use of fireworks.[27]

If I am annexed for limited purpose, can I vote?

The qualified voters of an area annexed for limited purposes are entitled to vote in municipal elections regarding the election or recall of members of the governing body of the municipality, the election or recall of the controller (if the office of controller is an elected position of the municipality) and the amendment of the municipal charter, but may not vote in any bond election. A resident of an area annexed for limited purposes is not eligible to be a candidate for or to be elected to a municipal office.[28]

If I am annexed for limited purpose, will I have to pay municipal taxes?

The municipality may not impose a tax on any property in an area or on any resident of the area for an activity occurring in the area. The municipality may impose reasonable charges, such as building inspection and permit fees, on residents or landowners for actions or procedures performed by the municipality in connection with the limited purposes for which the area is annexed.[29]

Is there a limit on how much a municipality can annex?

In a calendar year, a municipality may not annex a total area greater than 10 percent of the incorporated area of the municipality.[30]

[24] Tex. Loc. Gov't Code §43.022
[25] Tex. Loc. Gov't Code §43.002(a)(1)
[26] Tex. Loc. Gov't Code §43.002(a)(2)
[27] Tex. Loc. Gov't Code §43.002(c)
[28] Tex. Loc. Gov't Code §43.130
[29] Tex. Loc. Gov't Code §43.130
[30] Tex. Loc. Gov't Code §43.055

NEIGHBORHOOD REVITALIZATION & STABILIZATION APPROACHES

Prepared for

Bexar County, Texas

December 2014

TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, Suite S240
Bethesda, MD 20816
800-424-4318
www.tischlerbise.com

TischlerBise
4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318

www.tischlerbise.com

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Executive Summary

BACKGROUND ON THE ISSUE

The citizens of the unincorporated area of Bexar County receive limited services compared with incorporated areas of the county, including limited fire protection, and limited access to library and animal control services. Portions of the unincorporated area have developed urban-like conditions, and it is reasonable to assume that residents may expect city-type services.

Additionally, some areas of Bexar County, such as Camelot II and Windsor Oaks, are experiencing what has been characterized as "neighborhood breakdown." For instance, these neighborhoods currently have a significant number of vacant homes, which have become magnets for illegal dumping of trash and debris. In November 2012, twelve landlords were charged with misdemeanors by the Bexar County District Attorney's Office because of failure to clean properties. However, these misdemeanors took longer to charge than the office would like due to the mandated steps that must take place in civil and criminal courts.

The strategy of the DA's office is to force landlords to clean up their properties by finding them in violation of the Texas Health and Safety Code as a nuisance. However, the nuisance must reach a certain threshold to act where the public health is endangered. Additionally, property owners must be given 30 days' notice before any legal action can be taken. Finally, many other landlords were not charged. A third of the landlords cited for violating the state's Health and Safety code were able to avoid the misdemeanor charge by "abating the nuisance." The DA's office could also not identify the owners of three of the homes.

"NEIGHBORHOOD STABILIZATION ZONES"

Bexar County is exploring options to address the above situation and set of challenges. One such option is to create a zone or district that includes a special set of tools to help neighborhoods experiencing breakdown and problems such as blight and nuisances. This district would not be a general broad grant of authority, but a well-defined special purpose tool to use under certain circumstances that includes the support of the community. Thus, the zone should include criteria for creation (such as percentage of structures determined to present a threat to health and safety or number of nuisance abatement complaints filed in a certain time period.) The zone should also require a statement describing the threshold characteristics, a hearing, an action plan, and steps for dissolution. District tools could include:

- Increased authority to more quickly address nuisances and remove unsafe structures
- Increased authority in DA's office to address gang activity or other neighborhood crime
- Mandated solid waste collection under a rental agreement
- Annual inspection of neighborhood rental properties for a fee

It is also important to consider funding sources, methods for citizen participation, and zone names and connotations. As described in this document, there are a variety of names for these types of districts.

Finally, and perhaps most importantly, a distinguishing element for this type of district is the process for establishing one. Unlike other limited purpose special districts available to Texas counties, the revitalization/stabilization districts discussed herein do not require an election or petition from property owners. Instead, they can be designated by a local governing body, albeit with the requisite planning and public input processes.

PURPOSE OF THIS PAPER

This paper examines enabling legislation for neighborhood stabilization/revitalization districts that can be created by counties in other Dillon's rule states, and how they are applicable to Bexar County. Then, a general framework for a stabilization zone in Bexar County is provided as Appendix A. Appendix B provides examples of state enabling legislation from the states discussed in this document.

Arizona – County Infill Incentive District

SUMMARY

- Allows county board of supervisors to designate and establish an infill incentive district in any unincorporated area to encourage redevelopment.
- Allows the plan to include expedited zoning or rezoning procedures, expedited processing of plans and proposals, waivers of county and county improvement district fees and assessments for development activities and waivers of development standards and procedural requirements.

PURPOSE

- Infill development is the process of developing vacant or under-used parcels within existing urban areas that are already largely developed. Infill development contributes to a more compact form of development which is less consumptive of land and resources. Many communities across the country are using infill development to address urban sprawl and low-density growth.
- If the board of supervisors establishes an infill incentive district, it shall adopt an infill incentive plan to encourage redevelopment in the district. The plan shall emphasize voluntary incentives, including, if appropriate, continuing traditional rural and agricultural enterprises. The plan may include:
  1. Expedited zoning or rezoning procedures.
  2. Expedited processing of plans and proposals.
  3. Waivers of county and county improvement district fees and assessments for development activities.
  4. Waivers of development standards and procedural requirements

CRITERIA

- The board of supervisors may designate an infill incentive district in any unincorporated area of the county that meets at least three of the following requirements:
  1. There are a large number of vacant, older, or dilapidated structures.
  2. There are a large number of vacant or underused parcels of property that are of small or inappropriate sizes or that are environmentally contaminated, that are owned by different owners and that are located in an area that lacks the presence of development and investment activity compared to other areas in the county.
  3. There are a large number of parcels of property or buildings where nuisances exist or occur.
  4. There is a high occurrence of crime.
  5. There is a continuing decline in population.

STEPS TO CREATE

1. Board of supervisors identifies the boundaries of the proposed district.
2. Board of supervisors notifies the owners of private property in the proposed district and property managers of federal and state land in the proposed district by first class mail sent to the addresses on the most recent tax roll. The notice shall be mailed at least fifteen days before the hearing held to adopt the infill incentive plan.
3. Board of supervisors establishes infill incentive district.
4. Board of supervisors adopts an infill incentive plan to encourage redevelopment in the district. The plan shall emphasize voluntary incentives and other tools as discussed above.

STEPS TO DISSOLVE

The infill incentive created by the governing body must include the duration and any steps to dissolve.

APPLICABILITY TO NEEDS OF BEXAR COUNTY

The purpose of this district is to promote development in a smart, sustainable way. The district encourages revitalization and active citizen participation by using incentives to encourage property owners to improve their structures. It is also relatively easy to create and would use general funds.

Although the main goal of a zone in Bexar County is not necessarily infill development, aspects of the legislation can be used as a model for the County because it is specifically targeted to unincorporated areas that have a high amount of vacant structures, nuisances, and crime.

Kansas – Neighborhood Revitalization Area

SUMMARY

- A tool for political subdivisions to encourage investment in aging and deteriorating neighborhoods and commercial districts.
    - Expanded in 1996 - "dilapidated structure" added as an eligible project
- Any political subdivision covered by the cash basis law[1] to designate an area within its boundaries as a neighborhood revitalization area and to provide rebates to taxpayers in the amount of the incremental increases in property taxes resulting from improvements made to the property (i.e., tax increment financing).
- Created by the governing body after public hearing. Governing body must create a Neighborhood Revitalization Plan and designate the neighborhood revitalization area.
- A neighborhood revitalization fund is created to fund improvements, which can receive revenues from the general fund or any other legal source.

PURPOSE

- To encourage both reinvestment and improvements to a specific area or district of a community by promoting the rehabilitation, conservation, and redevelopment of areas in order to protect the public health, safety, and welfare of the residents of the city.
- Incentives, such as tax rebates, are used to facilitate improvements and renovation of property.

CRITERIA

- A neighborhood revitalization area is defined as:
    1. An area in which buildings or improvements by reason of dilapidation or obsolescence are detrimental to the public health, safety, or welfare;
    2. An area where there is a substantial number of deteriorating or defective structures and other improvements which impairs or arrests the sound growth of a city or constitutes an economic liability;
    3. An area in which there is a predominance of buildings or improvements which by reason of age, history, architecture, or significance, should be preserved or restored.
- The individual governing body must determine what property is eligible for revitalization.

STEPS TO CREATE

1. Public Hearing on proposal of Neighborhood Revitalization Area.
2. Governing body adoption of Neighborhood Revitalization Plan. The Plan must include:
    - Legal description and map
    - Assessed valuation

[1] The cash basis law requires that cash be on hand before a political subdivision can incur an obligation (http://www.da.ks.gov/ar/muniserv/Manuals/ccmanual07.pdf).

   - Names and addresses of owners
   - Zoning classifications and land uses
   - Proposals for including or expanding services
   - Statement of eligibility and criteria
   - Application contents and submission procedure
   - Maximum years for rebate
3. Governing body must include Interlocal Agreement, if necessary.
4. Governing body designation of Neighborhood Revitalization Area. Area must be based on one or more conditions:
   - Enhance health, safety, or welfare
   - Eliminate concentration of poor conditions
   - Preserve or restore structures
5. Governing body creates a neighborhood revitalization fund to finance the redevelopment of designated revitalization areas and dilapidated structures and to provide authorized rebates.

STEPS TO DISSOLVE

The revitalization plan created by the governing body must include the duration and any steps to dissolve.

REVENUES AND REBATES

- The governing body must create a neighborhood revitalization fund to finance the redevelopment of designated areas and dilapidated structures and to provide authorized rebates. The fund includes money from any source that can be lawfully used for these purposes, including the general fund.
- Any increment in ad valorem property taxes levied by the municipality resulting from improvements by a taxpayer to property in a neighborhood revitalization area or to a dilapidated structure may be credited to the fund for the purpose of returning all or a part of the property increment to the taxpayer in the form of a rebate. Property owners must submit applications for rebates.

APPLICABILITY TO NEEDS OF BEXAR COUNTY

A neighborhood revitalization area would allow property owners to improve structures through incentives. This would allow the citizens to become active participants in improvements to their community. It is also relatively easy to create and allows the use of broad criteria to designate.

Virginia – Special District

SUMMARY

- Allows a locality (including a county) to use assessments and taxes to construct, maintain, operate facilities and services for a wide array of uses in order to provide additional, more complete or more timely services of government than are desired in the locality as a whole.

PURPOSE

- To provide more complete or timely services, including neighborhood revitalization and conservation.
- Service districts have the following powers:
  - To construct, maintain, and operate facilities and equipment to provide additional, more complete, or more timely governmental services such as: garbage removal and disposal; economic development services; promotion of business and retail development services; beautification and landscaping; extra security and other services, events, or activities to enhance public use, public convenience, and public well-being within a service district.
  - To contract with any person, municipality or state agency.
  - To require owners or tenants of any property in the district to connect with any such system or systems, and to contract with the owners or tenants for such connections.
  - To negotiate and contract with any person or municipality regarding connections to any such system.
  - To levy and collect an annual tax upon any property in such service district.
  - To accept contributions or funds.
  - To employ and fix the compensation of any technical, clerical, or other force.
  - To create (and terminate) a development board or other body with powers and responsibilities with respect to a special service district as delegated by local government ordinance.
  - To impose taxes or assessments upon the owners of abutting property for constructing, improving, replacing certain public improvements.

CRITERIA

- No specific criteria are necessary for creation of district.

STEPS TO CREATE

1. Public hearing.
2. Adoption of ordinance to create service district. Any ordinance or petition to create a service district shall include:
   - Name and boundaries of the district;
   - Purposes of the district and the facilities and services proposed within the district;
   - Proposed plan for providing such facilities and services;

- Benefits which can be expected from provision of such facilities and services.

STEPS TO DISSOLVE

Legislation does not include a provision on dissolution.

REVENUES

- A service district has the authority to levy taxes and to impose assessments.
- The costs of the improvements may be apportioned according to an agreement between the governing body and the landowners. (In absence of an agreement, the cost of the improvements to be paid by a local tax or assessment, may be ordered on a petition from not less than 3/4ths of landowners to be affected (in cities); or in counties, on a petition from not less than 60% of landowners to be affected or by a 2/3rds vote of the governing body.)
- Service districts are not allowed to issue debt.

APPLICABILITY TO NEEDS OF BEXAR COUNTY

The purpose of a service district is to provide more complete and timely government services than are currently provided. It allows a district to maintain and operate any services that will enhance public safety and public well-bring. Services can be provided when financial constraints may otherwise prevent them. This district is not specifically targeted toward blight and overall breakdown, but it is an example of a county in a Dillon's rule state with tools to address residential neighborhood needs. However, the benefits must be sufficient enough to encourage property owners to agree to the creation of the district and the levying of a special assessment.

Bexar County would like to more quickly address nuisances and remove unsafe structures. Virginia's rule can require owners or tenants in the district to connect to a system. This type of provision would allow Bexar County to require persons to connect to a garbage disposal and removal service. Overall, the Virginia Service District is an example of a special district that would allow Bexar County to have increased authority and options in terms of providing services, enforcing nuisance abatement and blight removal, and requiring trash removal.

Virginia – Rental Inspection District

SUMMARY AND PURPOSE

- A county may adopt an ordinance to inspect residential rental dwelling units for compliance with the Building Code and to promote safe, decent, and sanitary housing for its citizens. A fee can be used to fund the inspections.

CRITERIA

- The governing body must find that:
  - There is a need to protect the public health, safety, and welfare of the occupants of dwelling units inside the designated rental inspection district;
  - The residential rental dwelling units within the designated rental inspection district are either blighted or in the process of deteriorating, or the residential rental dwelling units are in need of inspection by the building department to prevent deterioration, taking into account the number, age and condition of residential dwelling rental units inside the proposed rental inspection district; and
  - The inspection of residential rental dwelling units inside the proposed rental inspection district is necessary to maintain safe, decent, and sanitary living conditions for tenants and other residents living in the proposed rental inspection district.

STEPS TO CREATE

1. Public hearing on the proposed ordinance.
2. Adoption of rental inspection ordinance and rental inspection district.

STEPS TO DISSOLVE

Legislation does not include a provision on dissolution.

REVENUES

- A local governing body may establish a fee schedule for enforcement of the Building Code, which includes a per dwelling unit fee for the initial inspections, follow-up inspections, and periodic inspections under this section.

APPLICABILITY TO NEEDS OF BEXAR COUNTY

This district does not address all the needs of Bexar County but provides an example of a mechanism used to require rental building inspections when public health is an issue.

Montana – Empowerment Zone

SUMMARY AND PURPOSE

- An empowerment zone is intended to be a tool of economic development that encourages the establishment of businesses in designated areas.
- Businesses are encouraged to locate in empowerment zones through income tax credits and insurance premium tax credits based upon the number of jobs that the employer has created in the empowerment zone.
- Many states have used some form of this type of zone, which were popular in the late 1990s/early 2000s.

CRITERIA

- The average unemployment or the poverty rate in the area or an area within a reasonable proximity of the area in the preceding 2 years, as determined by the department, was at least 150 percent of the average annual statewide unemployment or poverty rate for the same period;
- The geographical area must be contiguous, must be within one county, and unless it consists totally of undeveloped land, may not consist of less than one-fourth square mile; and
- The boundaries must be based on historic community or neighborhood identity and the empowerment zone must include an area in which there is an annual average population of at least 1,000 residents. Boundaries may also be based on boundaries of United States census geographical units, political subdivisions, Indian reservations, and school districts.

The governing body has the burden of establishing that the proposed empowerment zone meets the requirements of this section.

STEPS TO CREATE

1. The governing body shall hold a public hearing on the question of whether to establish an empowerment zone.
2. A governing body may adopt a resolution of intention to create an empowerment zone. The resolution must identify the limits of the zone and make findings that the proposed zone meets the qualifying criteria.

Each governing body may create a maximum of one empowerment zone, either wholly or partially within its limits, in any 7-year period.

STEPS TO DISSOLVE

No steps are listed on how to dissolve the zone.

REVENUES AND INCENTIVES

- An employer receives a credit against taxes for an increase in net employees if certain criteria are met including type of business (e.g., non-retail), place of residence of employees, hiring full-time and permanent new employees, and provision of health benefits.
- Any increment in ad valorem property taxes levied by the municipality resulting from improvements to the taxpayer in the form of a rebate. Property owners must submit applications for rebates.

APPLICABILITY TO NEEDS OF BEXAR COUNTY

This example provides specific criteria to establish a zone. Additionally it outlines a method to attract jobs to an impoverished area. However, Montana is a Dillon's Rule state and the law is primarily an economic development tool, so it does not serve all of the needs of a residential neighborhood area experiencing breakdown.

Summary

CRITERIA FOR CREATION

In Arizona, the district must include vacant, dilapidated, or environmentally contaminated structures, as well as parcels of property where nuisances occur, crime, and a decline in population. Kansas' neighborhood revitalization area considers buildings that are detrimental to health and safety, structures that affect the sound growth of a city, and buildings that should be restored. Virginia's rental district mandates that the governing body must find that the dwelling units are blighted or in need of inspection to prevent deterioration, and the inspection is needed to protect the public health, safety, and welfare of the occupants.

State enabling acts for the above districts do not include quantifiable thresholds or measurable criteria to designate a district. Nor is there criteria required for dissolution of a district (e.g., quantifiable benchmarks have been met).

STEPS TO CREATE

Many of the districts discussed above require official identification of the boundaries of a district, a public hearing, and formal establishment of the district by ordinance. Inherent in this process is establishment of a purpose and limitations for the district. While the process involves citizen input, it is not essential that the district be initiated by the residents. Additionally, some district requirements include a declaration of the purposes of the district, the proposed plan for providing any services, and the benefits that will result (e.g., Virginia special districts).

INCENTIVES

Many of the programs identified include monetary incentives to encourage property owners to improve their properties in the form of rebates and tax credits. For example, in Arizona incentives are used to encourage developers to improve an area in the form of waivers and expedited processing. Tax increment financing is employed in some districts as well and additional revenue sources (through special assessments) are also available.

APPLICABILITY TO NEEDS OF BEXAR COUNTY

While no single district or zone described in this document may be the ideal answer to address the needs of Bexar County, there are elements of each that are applicable and worth further exploration and support. The additional tools available through these types of districts have the potential to address and mitigate many of the current issues in destabilizing neighborhoods located in unincorporated Bexar County. A key distinguishing feature of these types of districts is the ability of a local governing body to identify and designate an area through a public process, but that does not require an election or petition from property owners.

Appendix A: Potential Framework for Bexar County

If Bexar County had authority for a Revitalization or Conservation Zone, a general framework for the process could be as follows:

OUTLINE

1) Definition of Neighborhood Revitalization Zone
   a) Declaration of need to protect health, safety, and welfare of the people of Texas.
2) Function of District
3) Creation of District
   a) Steps to Create
      i) Creation of statement of findings of need for Neighborhood Revitalization Zone
      ii) Creation of plan to revitalize neighborhood
         (1) Actions that will be taken
         (2) Measurable goals from actions
      iii) Hearing to collect input from citizens
      iv) Resolution by County Commissioners to create Neighborhood Revitalization Zone
   b) Criteria
      i) Large number of vacant or dilapidated structures that threaten the health, safety, or well-being of residents
      ii) Large number of vacant or dilapidated structures that can hinder the economic progress of an area
      iii) Large number of parcels of property or buildings where nuisances exist or occur
      iv) High occurrence of crime
4) General Powers of District
   a) Credits/other incentives to landlords to mandate solid waste collection
   b) Credits/other incentives to landlords that perform yearly inspections
   c) Expedited processing of property owners who create a nuisance, based not only upon health and safety well-being of citizens, but economic well-being of neighborhood
   d) Mandatory inspection of homes for fee that affect well-being of citizens
5) Steps for Dissolution
   a) Accomplishment of measurable goals

Appendix B: Examples of Actual State Legislation

This Appendix provides the relevant legislation from each state discussed in the body of this report.

ARIZONA: COUNTY INFILL INCENTIVE DISTRICTS (ARS 11-254.06)

A. The board of supervisors may designate an infill incentive district in any unincorporated area of the county that meets at least three of the following requirements:

1. There are a large number of vacant, older, or dilapidated structures.
2. There are a large number of vacant or underused parcels of property that are of small or inappropriate sizes or that are environmentally contaminated, that are owned by different owners and that are located in an area that lacks the presence of development and investment activity compared to other areas in the county.
3. There are a large number of parcels of property or buildings where nuisances exist or occur.
4. There is a high occurrence of crime.
5. There is a continuing decline in population.

B. Before establishing an infill incentive district, the board of supervisors shall:

1. Identify the boundaries of the proposed district.
2. Notify the owners of private property in the proposed district and property managers of federal and state land in the proposed district by first class mail sent to the addresses on the most recent tax roll. The notice shall be mailed at least fifteen days before the hearing held to adopt the infill incentive plan.

C. If the board of supervisors establishes an infill incentive district, it shall adopt an infill incentive plan to encourage redevelopment in the district. The plan shall emphasize voluntary incentives, including, if appropriate, continuing traditional rural and agricultural enterprises. The plan may include:

1. Expedited zoning or rezoning procedures.
2. Expedited processing of plans and proposals.
3. Waivers of county and county improvement district fees and assessments for development activities.
4. Waivers of development standards and procedural requirements.

D. The infill incentive plan shall not impair the ability of utilities to provide electricity, water, natural gas or other services in accordance with health, safety and industry standards, including meeting electric service load growth demand by customers.

E. Infill incentives established pursuant to this section shall not be in violation of the requirements of the county comprehensive plan pursuant to section 11-804.

KANSAS: NEIGHBORHOOD REVITALIZATION ACT (KSA 12-17, 114)

12-17,114: Neighborhood revitalization; title of act. This act shall be known and may be cited as the Kansas neighborhood revitalization act.

12-17,115: Definitions. As used in this act:

(a) "Dilapidated structure" means a residence or other building which is in deteriorating condition by reason of obsolescence, inadequate provision of ventilation, light, air or structural integrity or is otherwise in a condition detrimental to the health, safety or welfare of its inhabitants or a residence or other building which is in deteriorating condition and because of age, architecture, history or significance is worthy of preservation.

(b) "Municipality" means any municipality as defined by K.S.A. 10-1101, and amendments thereto.[2]

(c) "Neighborhood revitalization area" means:

(1) An area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare;

(2) an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use; or

(3) an area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.

(d) "Governing body" means the governing body of any municipality.

(e) "Increment" means that amount of ad valorem taxes collected from real property located within the neighborhood revitalization area or from dilapidated structures outside the revitalization area that is in excess of the amount which is produced from such property and attributable to the assessed valuation of such property prior to the date the neighborhood revitalization area was established or the structure was declared dilapidated pursuant to this act.

12-17,116: Designation of revitalization area; findings.

The governing body of any municipality may designate any area within such municipality as a neighborhood revitalization area if the governing body finds that one or more of the conditions as

[2] The term "municipality" may include a city, township, school, county, or other political subdivision.

described in subsection (c) of K.S.A. 12-17,115, and amendments thereto, exist and that the rehabilitation, conservation or redevelopment of the area is necessary to protect the public health, safety or welfare of the residents of the municipality. The governing body may declare a building outside of a neighborhood revitalization area to be a dilapidated structure if the structure satisfies the conditions set forth in subsection (a) of K.S.A. 12-17,115.

12-17,117: Revitalization plan, contents; notice and hearing.

(a) Prior to designating an area as a neighborhood revitalization area or a structure to be a dilapidated structure, the governing body shall adopt a plan for the revitalization of such area or designation of a dilapidated structure. Such plan shall include:

(1) A legal description of the real estate forming the boundaries of the proposed area and a map depicting the existing parcels of real estate;

(2) The existing assessed valuation of the real estate in the proposed area, listing the land, and building values separately;

(3) A list of names and addresses of the owners of record of real estate within the area;

(4) The existing zoning classifications and district boundaries and the existing and proposed land uses within the area;

(5) any proposals for improving or expanding municipal services within the area including, but not limited to, transportation facilities, water and sewage systems, refuse collection, road and street maintenance, park and recreation facilities and police and fire protection;

(6) A statement specifying what property is eligible for revitalization and whether rehabilitation and additions to existing buildings or new construction or both is eligible for revitalization;

(7) The criteria to be used by the governing body to determine what property is eligible for revitalization;

(8) The contents of an application for a rebate of property tax increments authorized by K.S.A. 12-17,118 and amendments thereto;

(9) The procedure for submission of an application for a rebate of property tax increments authorized by K.S.A. 12-17,118 and amendments thereto;

(10) the standards or criteria to be used when reviewing and approving applications for a rebate of property tax increments authorized by K.S.A. 12-17,118 and amendments thereto;

(11) A statement specifying the maximum amount and years of eligibility for a rebate of property tax increments authorized by K.S.A. 12-17,118; and

(12) Any other matter deemed necessary by the governing body.

(b) Prior to declaring a building to be a dilapidated structure, the governing body shall do the following:

(1) Obtain a legal description of the property to be declared dilapidated;

(2) Determine the assessed value of the property to be declared a dilapidated structure, with separate values established for the land and structure;

(3) Determine the owner of record of the structure.

(c) Prior to adopting a plan pursuant to this section, the governing body shall call and hold a hearing on the proposal. Notice of such hearing shall be published at least once each week for two consecutive

weeks in a newspaper of general circulation within the municipality. Following such hearing, or the continuation thereof, the governing body may adopt such plan.

12-17,118: Neighborhood revitalization fund; application for tax rebates; impact on state aid to school districts.

(a) Following adoption of a plan pursuant to K.S.A. 12-17,117 and amendments thereto, the governing body shall create a neighborhood revitalization fund to finance the redevelopment of designated revitalization areas and dilapidated structures and to provide rebates authorized by this section. Moneys may be budgeted and transferred to such fund from any source which may be lawfully utilized for such purposes. Any municipality may expend money from the general fund of such municipality to accomplish the purposes of this act.

(b) Moneys credited to such fund from annually budgeted transfers shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In making the budget of the municipality, the amounts credited to, and the amount on hand in, such neighborhood revitalization fund and the amount expended therefrom shall be shown thereon for the information of taxpayers. Moneys in such fund may be invested in accordance with K.S.A. 10-131, and amendments thereto with the interest credited to the fund.

(c) If the governing body determines that money which has been credited to such fund or any part thereof is not needed for the purposes for which so budgeted or transferred, the governing body may transfer such amount not needed to the fund from which it came and such retransfer and expenditure shall be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto.

(d) Any increment in ad valorem property taxes levied by the municipality resulting from improvements by a taxpayer to property in a neighborhood revitalization area or to a dilapidated structure may be credited to the fund for the purpose of returning all or a part of the property increment to the taxpayer in the form of a rebate. Applications for rebates shall be submitted in the manner and subject to the conditions provided by the revitalization plan adopted under K.S.A. 12-17,117 and amendments thereto. Upon approval of an application received hereunder the municipality shall rebate all or a part of incremental increases in ad valorem property tax resulting from the improvements. Upon payment of taxes by the taxpayer, the rebate must be made within 30 days after the next distribution date as specified in K.S.A. 12-1678a, and amendments thereto.

(e) No later than November 1 of each year the county clerk of each county shall certify to the state commissioner of education the assessed valuation amount of any school district therein for which tax increment rebates have been made by the school district during the previous year in accordance with an interlocal agreement approved by the board of education of such district under the provisions of K.S.A. 12-17,119 and amendments thereto. The amount of the assessed valuation shall be determined by dividing the total amount of tax increment rebates paid by the district during the preceding 12 months by the total of the ad valorem tax levy rates levied by or on behalf of the district in the previous year. The commissioner of education shall annually deduct the certified amounts of assessed valuation for such rebates from the total assessed valuation of the district in determining the total and per pupil assessed valuations used in the allocation of state aid payments to school districts.

12-17,119: Interlocal agreements. Any two or more municipalities may agree pursuant to K.S.A. 12-2901 *et seq.*, and amendments thereto, to exercise the powers and duties authorized by this act.

12-17,120: Act not exclusive authority for revitalization. This is enabling legislation for the revitalization of neighborhood areas and is not intended to prevent cities and counties from enacting and enforcing additional laws and regulations on the same subject which are not in conflict with the provisions of this act.

VIRGINIA: SERVICE DISTRICTS (VIRGINIA CODE, 15.2-2400 – 15.2-2413)

§ 15.2-2400. Creation of service districts. Any locality may by ordinance, or any two or more localities may by concurrent ordinances, create service districts within the locality or localities in accordance with the provisions of this article. Service districts may be created to provide additional, more complete or more timely services of government than are desired in the locality or localities as a whole.

Any locality seeking to create a service district shall have a public hearing prior to the creation of the service district. Notice of such hearing shall be published once a week for three consecutive weeks in a newspaper of general circulation within the locality, and the hearing shall be held no sooner than ten days after the date the second notice appears in the newspaper.

§ 15.2-2402. Description of proposed service district. Any ordinance or petition to create a service district shall:

1. Set forth the name and describe the boundaries of the proposed district and specify any areas within the district that are to be excluded;
2. Describe the purposes of the district and the facilities and services proposed within the district;
3. Describe a proposed plan for providing such facilities and services within the district; and
4. Describe the benefits which can be expected from the provision of such facilities and services within the district.

§ 15.2-2403. Powers of service districts. After adoption of an ordinance or ordinances or the entry of an order creating a service district, the governing body or bodies shall have the following powers with respect to the service districts:

1. To construct, maintain, and operate such facilities and equipment as may be necessary or desirable to provide additional, more complete, or more timely governmental services within a service district, including but not limited to water supply, dams, sewerage, garbage removal and disposal, heat, light, fire-fighting equipment and power and gas systems and sidewalks; economic development services; promotion of business and retail development services; beautification and landscaping; beach and shoreline management and restoration; dredging of creeks and rivers to maintain existing uses; control of infestations of insects that may carry a disease that is dangerous to humans, gypsy moths, cankerworms or other pests identified by the Commissioner of the Department of Agriculture and Consumer Services in accordance with the Virginia Pest Law (§ 3.2-700 et seq.); public parking; extra security, street cleaning, snow removal and refuse collection services; sponsorship and promotion of recreational and cultural activities; upon petition of over 50 percent of the property owners who own not less than 50 percent of the property to be served, construction, maintenance, and general upkeep of streets and roads; construction, maintenance, and general upkeep of streets and roads through creation of urban transportation service districts pursuant to § 15.2-2403.1; and other services, events, or activities that will enhance the public use and enjoyment of and the public safety, public convenience, and public well-being within a service district. Such services, events, or activities shall not be undertaken

for the sole or dominant benefit of any particular individual, business or other private entity. Any transportation service, system, facility, roadway, or roadway appurtenance established under this subdivision that will be operated or maintained by the Virginia Department of Transportation shall be established with the involvement of the governing body of the locality and meet the appropriate requirements of the Department.

2. Notwithstanding the provisions of § 33.1-69, to provide, in addition to services authorized by subdivision 1, transportation and transportation services within a service district, regardless of whether the facilities subject to the services are or will be operated or maintained by the Virginia Department of Transportation, including, but not limited to: public transportation systems serving the district; transportation management services; road construction, including any new roads or improvements to existing roads; rehabilitation and replacement of existing transportation facilities or systems; and sound walls or sound barriers. However, any transportation service, system, facility, roadway, or roadway appurtenance established under this subdivision that will be operated or maintained by the Virginia Department of Transportation shall be established with the involvement of the governing body of the locality and meet the appropriate requirements of the Department. The proceeds from any annual tax or portion thereof collected for road construction pursuant to subdivision 6 may be accumulated and set aside for such reasonable period of time as is necessary to finance such construction; however, the governing body or bodies shall make available an annual disclosure statement, which shall contain the amount of any such proceeds accumulated and set aside to finance such road construction.

3. To acquire in accordance with § 15.2-1800, any such facilities and equipment and rights, title, interest or easements therefor in and to real estate in such district and maintain and operate the same as may be necessary and desirable to provide the governmental services authorized by subdivisions 1 and 2.

4. To contract with any person, municipality or state agency to provide the governmental services authorized by subdivisions 1 and 2 and to construct, establish, maintain, and operate any such facilities and equipment as may be necessary and desirable in connection therewith.

5. To require owners or tenants of any property in the district to connect with any such system or systems, and to contract with the owners or tenants for such connections. The owners or tenants shall have the right of appeal to the circuit court within 10 days from action by the governing body.

6. To levy and collect an annual tax upon any property in such service district subject to local taxation to pay, either in whole or in part, the expenses and charges for providing the governmental services authorized by subdivisions 1, 2 and 11 and for constructing, maintaining, and operating such facilities and equipment as may be necessary and desirable in connection therewith; however, such annual tax shall not be levied for or used to pay for schools, police, or general government services not authorized by this section, and the proceeds from such annual tax shall be so segregated as to enable the same to be expended in the district in which raised. Such tax may be levied on taxable real estate zoned for residential, commercial, industrial, or other uses, or any combination of such use classification, within the geographic boundaries of the service district; however, such tax shall only be levied upon the

specific classification of real estate that the local governing body deems the provided governmental services to benefit. In addition to the tax on property authorized herein, in the City of Virginia Beach, the city council shall have the power to impose a tax on the base transient room rentals, excluding hotels, motels, and travel campgrounds, within such service district at a rate or percentage not higher than five percent which is in addition to any other transient room rental tax imposed by the city. The proceeds from such additional transient room rental tax shall be deposited in a special fund to be used only for the purpose of beach and shoreline management and restoration. Any locality imposing a tax pursuant to this subdivision may base the tax on the full assessed value of the taxable property within the service district, notwithstanding any special use value assessment of property within the service district for land preservation pursuant to Article 4 (§ 58.1-3229 et seq.) of Chapter 32 of Title 58.1, provided the owner of such property has given written consent. In addition to the taxes and assessments described herein, a locality creating a service district may contribute from its general fund any amount of funds it deems appropriate to pay for the governmental services authorized by subdivisions 1, 2, and 11 of this section.

7. To accept the allocation, contribution or funds of, or to reimburse from, any available source, including, but not limited to, any person, authority, transportation district, locality, or state or federal agency for either the whole or any part of the costs, expenses and charges incident to the acquisition, construction, reconstruction, maintenance, alteration, improvement, expansion, and the operation or maintenance of any facilities and services in the district.

8. To employ and fix the compensation of any technical, clerical, or other force and help which from time to time, in their judgment may be necessary or desirable to provide the governmental services authorized by subdivisions 1, 2 and 11 or for the construction, operation, or maintenance of any such facilities and equipment as may be necessary or desirable in connection therewith.

9. To create and terminate a development board or other body to which shall be granted and assigned such powers and responsibilities with respect to a special service district as are delegated to it by ordinance adopted by the governing body of such locality or localities. Any such board or alternative body created shall be responsible for control and management of funds appropriated for its use by the governing body or bodies, and such funds may be used to employ or contract with, on such terms and conditions as the board or other body shall determine, persons, municipal or other governmental entities or such other entities as the development board or alternative body deems necessary to accomplish the purposes for which the development board or alternative body has been created. If the district was created by court order, the ordinance creating the development board or alternative body may provide that the members appointed to the board or alternative body shall consist of a majority of the landowners who petitioned for the creation of the district, or their designees or nominees.

10. To negotiate and contract with any person or municipality with regard to the connections of any such system or systems with any other system or systems now in operation or hereafter established, and with regard to any other matter necessary and proper for the construction or operation and maintenance of any such system within the district.

11. To acquire by purchase, gift, devise, bequest, grant, or otherwise title to or any interests or rights of not less than five years' duration in real property that will provide a means for the preservation or provision of open-space land as provided for in the Open-Space Land Act (§ 10.1-1700 et seq.). Notwithstanding the provisions of subdivision 3, the governing body shall not use the power of condemnation to acquire any interest in land for the purposes of this subdivision.

12. To contract with any state agency or state or local authority for services within the power of the agency or authority related to the financing, construction, or operation of the facilities and services to be provided within the district; however, nothing in this subdivision shall authorize a locality to obligate its general tax revenues, or to pledge its full faith and credit.

13. In the Town of Front Royal, to construct, maintain, and operate facilities, equipment, and programs as may be necessary or desirable to control, eradicate, and prevent the infestation of rats and removal of skunks and the conditions that harbor them.

14. In Accomack County, to construct, maintain, and operate in the Wallops Research Park, consistent with all applicable federal, state, and local laws and regulations, such infrastructure, services, or amenities as may be necessary or desirable to provide access for aerospace-related economic development to the NASA/Wallops Flight Facility runway and related facilities, and to create and terminate a Wallops Research Park Partnership body, which shall consist of one representative of the NASA/Wallops Research Flight Facility, one representative of the U.S. Navy Surface Combat Systems Center, one representative of the Marine Science Consortium, one representative of the Accomack County government, the Chancellor of the Virginia Community College System, and one representative of the Virginia Economic Development Partnership. The Partnership body shall have all of the powers enumerated in § 15.2-2403. Federal appointees to the Partnership body shall maintain their absolute duties of loyalty to the U.S. government.

§ 15.2-2404. Authority to impose taxes or assessments for local improvements; purposes.

A. A locality may impose taxes or assessments upon the owners of abutting property for constructing, improving, replacing or enlarging the sidewalks upon existing streets, for improving and paving existing alleys, and for the construction or the use of sanitary or storm water management facilities, retaining walls, curbs and gutters. Such taxes or assessments may include the legal, financial, or other directly attributable costs incurred by the locality in creating a district, if a district is created, and financing the payment of the improvements. The taxes or assessments shall not be in excess of the peculiar benefits resulting from the improvements to such abutting property owners. No tax or assessment for retaining walls shall be imposed upon any property owner who does not agree to such tax or assessment.

B. In addition to the foregoing, a locality may impose taxes or assessments upon the owners of abutting property for the construction, replacement or enlargement of waterlines; for the installation of street lights; for the construction or installation of canopies or other weather protective devices; for the installation of lighting in connection with the foregoing; and for permanent amenities, including, but not

limited to, benches or waste receptacles. With regard to installation of street lights, a locality may provide by ordinance that upon a petition of at least 60 percent of the property owners within a subdivision, or such higher percent as provided in the ordinance, the locality may impose taxes or assessments upon all owners within the subdivision who benefit from such improvements. The taxes or assessments shall not be in excess of the peculiar benefits resulting from the improvements to such property owners.

C. In the Cities of Chesapeake, Hampton, Hopewell, Newport News, Norfolk, Richmond, and Virginia Beach, the governing body may impose taxes or assessments upon the abutting property owners for the initial improving and paving of an existing street provided not less than 50 percent of such abutting property owners who own not less than 50 percent of the property abutting such street request the improvement or paving. The taxes or assessments permitted by this paragraph shall not be in excess of the peculiar benefits resulting from the improvements to such abutting property owners and in no event shall such amount exceed the sum of $10 per front foot of property abutting such street or the sum of $1,000 for any one subdivided lot or parcel abutting such street, whichever is the lesser.

D. The governing bodies of the Cities of Buena Vista, Hampton, and Waynesboro and the County of Augusta may, by duly adopted ordinance, impose taxes or assessments upon abutting property owners subjected to frequent flooding for special benefits conferred upon that property by the installation or construction of flood control barriers, equipment or other improvements for the prevention of flooding in such area and shall provide for the payment of all or any part of the above projects out of the proceeds of such taxes or assessments, provided that such taxes or assessments shall not be in excess of the peculiar benefits resulting from the improvements to such abutting property owners.

E. In the Cities of Hampton, Poquoson and Williamsburg, the governing body may impose taxes or assessments upon the owners of abutting property for the underground relocation of distribution lines for electricity, telephone, cable television and similar utilities. Notwithstanding the provisions of § 15.2-2405, such underground relocation of distribution lines may only be ordered by the governing body and the cost thereof apportioned in pursuance of an agreement between the governing body and the abutting landowners. Notice shall be given to the abutting landowners, notifying them when and where they may appear before the governing body, or some committee thereof, or the administrative board or other similar board of the locality to whom the matter may be referred, to be heard in favor of or against such improvements.

F. The governing body of any locality may request an electric utility that proposes to construct an overhead electric transmission line of 150 kilovolts or more, any portion of which would be located in such locality, to enter into an agreement with the locality that provides (i) the locality will impose a tax or assessment on electric utility customers in a special rate district in an amount sufficient to cover the utility's additional costs of constructing that portion of the proposed line to be located in such locality, or any smaller portion thereof as the utility and the locality may agree, as an underground rather than an overhead line; (ii) the tax or assessment will be shown as a separate item on such customers' electric bills and will be collected by the utility on behalf of the locality; (iii) the utility will construct, operate,

and maintain the agreed portion of the line underground; (iv) the locality will pay to the utility its full additional costs of constructing that portion of the line underground rather than overhead; and (v) such other terms and conditions as the parties may agree. This provision shall not apply, however, to lines in operation as of March 1, 2005.

If the locality and the utility enter into such an agreement, the locality shall by ordinance (a) set the boundaries of the special rate district within a reasonable distance of the route of that portion of the line to be placed underground pursuant to the agreement, and (b) fix the amount of such tax or assessment, which shall be based on the assessed value of real property within such district. Thereafter, owners of real property comprising not less than 60 percent of the assessed value of real property within such district may petition the locality to impose such tax or assessment. If such petition is filed, the locality shall submit the agreement to the State Corporation Commission on or before the date by which respondents must prefile testimony and exhibits in any application for approval of the line before the State Corporation Commission, which, after notice and opportunity for hearing, shall approve the agreement if it finds it to be in the public interest. If there exists a practicably feasible overhead alternative for construction of the electric transmission line, the State Corporation Commission shall not approve the agreement unless the governing body of every locality in which the underground segment of the line would be located requests the electric utility to construct the line underground in accordance with this subdivision. If the agreement is approved by the State Corporation Commission, the locality shall impose such tax or assessment on electric utility customers within the district, and the locality and the utility shall carry out the agreement according to its terms and conditions.

G. In the County of Loudoun, the governing body may impose taxes or assessments upon the abutting property owners of Crooked Bridge Lane, located in the Blue Ridge District, for the improvement of the bridge located on Crooked Bridge Lane, including construction, repair and maintenance, provided not less than 50 percent of such abutting property owners who own not less than 50 percent of the property abutting such street request the improvement. The taxes or assessments permitted by this paragraph shall not be in excess of the peculiar benefits resulting from the improvements to such abutting property owners.

§ 15.2-2405. How imposed. Such improvements may be ordered by the governing body and the cost thereof apportioned in pursuance of an agreement between the governing body and the abutting landowners, and, in the absence of such an agreement, the cost of improvements which is to be defrayed in whole or in part by such local tax or assessment, may in cities and towns be ordered on a petition from not less than three-fourths of the landowners to be affected thereby, or in counties on a petition from not less than sixty percent of the landowners to be affected thereby or by a two-thirds vote of all the members elected to the governing body. Notice shall be given to the abutting landowners, notifying them when and where they may appear before the governing body, or some committee thereof, or the administrative board or other similar board of the locality to whom the matter may be referred, to be heard in favor of or against such improvements.

§ 15.2-2406. How cost assessed or apportioned. The cost of such improvement, when the same shall have been ascertained, shall be assessed or apportioned by the governing body, or by some committee thereof, or by any officer or board authorized by the governing body to make such assessment or apportionment, between the locality and the abutting property owners when less than the whole is assessed, provided that in cities and towns, except when it is otherwise agreed, that portion assessed against the abutting property owner or owners shall not exceed one-half of the total cost; but in cities and towns having a population not exceeding 12,000, the amount assessed shall not exceed three-fourths of the total cost of such improvement, and in the City of Chesapeake and the City of Virginia Beach, the amount assessed shall not exceed the total cost. Notwithstanding any other provision of this article, any portion of the cost of such improvements not funded by such special assessment may be paid from federal or state funds received by the locality for such purpose.

15.2-2407. Assessments to be reported to collector of taxes; postponement of payment by certain property owners. The amount assessed against each landowner, or for which he is liable by agreement, shall be reported as soon as practicable to the collector of taxes, who shall enter the same as provided for other taxes.

The governing body may provide for the postponement of the payment of such assessment by certain elderly or permanently and totally disabled property owners meeting certain conditions until the sale of the property or the death of the last eligible owner. Eligibility for postponement shall be subject to the conditions set forth in § 58.1-3211 as in effect on December 31, 2010, for such elderly or permanently and totally disabled persons. The governing body may provide for the postponement of the payment of such assessment until the property owner actually connects to the public utility system. However, if the property is conveyed between the time the assessment is made and the time the property owner actually connects to the public utility system, then the entire amount due under the assessment becomes due and payable on the day of the conveyance. In any event, the entire amount of assessment due shall be paid no later than ten years from the creation of the district.

The collector of taxes shall enter those assessments postponed by the governing body in accordance with the conditions prescribed as provided for other taxes, but the eligible property owner shall have the option of payment or postponement.

§ 15.2-2408. Notice to landowner of amount of assessment. When the assessment or apportionment is not fixed by agreement, notice thereof, and of the amount so assessed or apportioned, shall be given to each of the abutting owners who shall be cited to appear before governing body, committee, officer or board having charge of the matter, not less than ten days thereafter, at the time and place designated, to show cause, if he can, against such assessment or apportionment.

§ 15.2-2409. How notice given; objections. The notice may be given by personal service on all persons entitled to such notice, except (i) notice to an infant, a mentally incapacitated person or other person under a disability may be served on his guardian, conservator or committee; (ii) notice to a nonresident may be mailed to him at his place of residence or served on any agent of his having charge of the

property or on the tenant of the property; or (iii) in any case when the owner is a nonresident or when the owner's residence is not known, such notice may be given by publication in a newspaper having general circulation in the locality once a week for four successive weeks. In lieu of such personal service on the parties or their agents and of such publication, the notice to all parties may be given by publishing the same in a newspaper having general circulation in the locality, once a week for two successive weeks; the second publication shall be made at least seven days before the parties are cited to appear. Any landowner wishing to make objections to an assessment or apportionment may appear in person or by counsel and state such objections.

§ 15.2-2410. Appeal to court; duty of clerk of governing body, etc. If a property owner's objections are overruled, he shall, within thirty days thereafter, but not afterwards, have an appeal as of right to the circuit court for the locality. When an appeal is taken, the clerk of the governing body, committee or board, or the officer having charge of the matter, shall immediately deliver to the clerk of such court the original notice relating to the assessment, with the judgment of the governing body, committee, officer or board endorsed thereon, and the clerk of the court shall docket the same.

§ 15.2-2412. Docketing of abstracts of resolutions or ordinances. When any improvement is authorized for which assessments may be made against the abutting landowners, the governing body may, before the amount to be finally assessed against or apportioned to each landowner or fixed by agreement is determined, cause to be recorded in the deed book of the circuit court clerk's office for such locality, an abstract of the resolution or ordinance authorizing such improvement showing the ownership and location of the property to be affected by the proposed improvement and the estimated amount that will be assessed against or apportioned to each landowner or fixed by agreement with him and the same shall be indexed in the name of the owner of the property. Such assessment shall be a lien solely on the abutting land as provided in § 15.2-2411.

After the completion of the improvement, the estimated amount shall be amended to show the amount finally assessed against or apportioned to each landowner or fixed by agreement with him, which final amount shall in no event exceed the estimated amount for the improvements as initially authorized. The amount finally assessed against or apportioned to each landowner may be greater than the initially assessed amount when the increased amount is for additional work being performed when the work was requested by the landowner and the additional work and its estimated amount is written into a separate agreement between the locality and the affected landowner. From the time of the docketing of such abstract, any purchaser of, or creditor acquiring a lien on, any of the property described therein shall be deemed to have had notice of the proposed assessment.

§ 15.2-2413. Installment payment of assessments. The locality making assessments under the provisions of this article may provide that the persons against whom the assessments have been made may pay such assessments in equal installments over a period not exceeding 20 years, together with interest on the unpaid balances at an annual interest rate not to exceed the rate of the index of average yield on United States Treasury securities adjusted to a constant maturity of one year as made available by the Federal Reserve Bank at the time the assessment ordinance was adopted. Such installments shall

become due at the same time that real estate taxes become due and payable in the locality in which the assessment was made, and the amount of each installment, including principal and interest, shall be shown on a bill mailed, not later than 14 days prior to the installment due date, to each such person by the treasurer.

In cities, the council, in its discretion, may cause the payment of the amount assessed or apportioned against each landowner, or fixed by agreement with him, for improving sidewalks upon streets or for improving and paving alleys to be made in such manner divided into such installments as shall be determined by the council, bearing interest at such rate as shall be fixed by the council.

If an assessment is made under the provisions of this article for the installation of street lights, the locality making the assessment may provide by ordinance that the actual costs of installing, maintaining and operating such street lights be charged to and collected from each landowner as a separate component of the locality's billing system for any public utility.

VIRGINIA: RENTAL INSPECTION DISTRICTS (VIRGINIA CODE, 36-105.1)

§ 36-105.1:1. Rental inspections; rental inspection districts; exemptions; penalties.

A. For purposes of this section:

"Dwelling unit" means a building or structure or part thereof that is used for a home or residence by one or more persons who maintain a household.

"Owner" means the person shown on the current real estate assessment books or current real estate assessment records.

"Residential rental dwelling unit" means a dwelling unit that is leased or rented to one or more tenants. However, a dwelling unit occupied in part by the owner thereof shall not be construed to be a residential rental dwelling unit unless a tenant occupies a part of the dwelling unit which has its own cooking and sleeping areas, and a bathroom, unless otherwise provided in the zoning ordinance by the local governing body.

B. Localities may inspect residential rental dwelling units. The local governing body may adopt an ordinance to inspect residential rental dwelling units for compliance with the Building Code and to promote safe, decent, and sanitary housing for its citizens, in accordance with the following:

1. Except as provided in subdivision B 3, the dwelling units shall be located in a rental inspection district established by the local governing body in accordance with this section, and

2. The rental inspection district is based upon a finding by the local governing body that (i) there is a need to protect the public health, safety and welfare of the occupants of dwelling units inside the designated rental inspection district; (ii) the residential rental dwelling units within the designated rental inspection district are either (a) blighted or in the process of deteriorating, or (b) the residential rental dwelling units are in the need of inspection by the building department to prevent deterioration, taking into account the number, age and condition of residential dwelling rental units inside the proposed rental inspection district; and (iii) the inspection of residential rental dwelling units inside the proposed rental inspection district is necessary to maintain safe, decent and sanitary living conditions for tenants and other residents living in the proposed rental inspection district.

Nothing in this section shall be construed to authorize one or more locality-wide rental inspection districts and a local governing body shall limit the boundaries of the proposed rental inspection districts to such areas of the locality that meet the criteria set out in this subsection, or

3. An individual residential rental dwelling unit outside of a designated rental inspection district is made subject to the rental inspection ordinance based upon a separate finding for each individual dwelling unit by the local governing body that (i) there is a need to protect the public health, welfare and safety of the occupants of that individual dwelling unit; (ii) the individual dwelling unit is either (a) blighted or (b) in the process of deteriorating; or (iii) there is evidence of violations of the Building Code that affect the safe, decent and sanitary living conditions for tenants living in such individual dwelling unit.

For purposes of this section, the local governing body may designate a local government agency other than the building department to perform all or part of the duties contained in the enforcement authority granted to the building department by this section.

C. 1. Notification to owners of dwelling units. Before adopting a rental inspection ordinance and establishing a rental inspection district or an amendment to either, the governing body of the locality shall hold a public hearing on the proposed ordinance. Notice of the hearing shall be published once a week for two successive weeks in a newspaper published or having general circulation in the locality. Upon adoption by the local governing body of a rental inspection ordinance, the building department shall make reasonable efforts to notify owners of residential rental dwelling units in the designated rental inspection district, or their designated managing agents, and to any individual dwelling units subject to the rental inspection ordinance, not located in a rental inspection district, of the adoption of such ordinance, and provide information and an explanation of the rental inspection ordinance and the responsibilities of the owner thereunder.

2. Notification by owners of dwelling units to locality. The rental inspection ordinance may include a provision that requires the owners of dwelling units in a rental inspection district to notify the building department in writing if the dwelling unit of the owner is used for residential rental purposes. The building department may develop a form for such purposes. The rental inspection ordinance shall not include a registration requirement or a fee of any kind associated with the written notification pursuant to this subdivision. A rental inspection ordinance may not require that the written notification from the owner of a dwelling unit subject to a rental inspection ordinance be provided to the building department in less than 60 days after the adoption of a rental inspection ordinance. However, there shall be no penalty for the failure of an owner of a residential rental dwelling unit to comply with the provisions of this subsection, unless and until the building department provides personal or written notice to the property owner, as provided in this section. In any event, the sole penalty for the willful failure of an owner of a dwelling unit who is using the dwelling unit for residential rental purposes to comply with the written notification requirement shall be a civil penalty of up to $50. For purposes of this subsection, notice sent by regular first class mail to the last known address of the owner as shown on the current real estate tax assessment books or current real estate tax assessment records shall be deemed compliance with this requirement.

D. Initial inspection of dwelling units when rental inspection district is established. Upon establishment of a rental inspection district in accordance with this section, the building department may, in conjunction with the written notifications as provided for in subsection C, proceed to inspect dwelling

units in the designated rental inspection district to determine if the dwelling units are being used as a residential rental property and for compliance with the provisions of the Building Code that affect the safe, decent and sanitary living conditions for the tenants of such property.

E. Provisions for initial and periodic inspections of multifamily dwelling units. If a multifamily development has more than 10 dwelling units, in the initial and periodic inspections, the building department shall inspect only a sampling of dwelling units, of not less than two and not more than 10 percent of the dwelling units, of a multifamily development, which includes all of the multifamily buildings which are part of that multifamily development. In no event, however, shall the building department charge a fee authorized by this section for inspection of more than 10 dwelling units. If the building department determines upon inspection of the sampling of dwelling units that there are violations of the Building Code that affect the safe, decent and sanitary living conditions for the tenants of such multifamily development, the building department may inspect as many dwelling units as necessary to enforce the Building Code, in which case, the fee shall be based upon a charge per dwelling unit inspected, as otherwise provided in subsection H.

F. 1. Follow-up inspections. Upon the initial or periodic inspection of a residential rental dwelling unit subject to a rental inspection ordinance, the building department has the authority under the Building Code to require the owner of the dwelling unit to submit to such follow-up inspections of the dwelling unit as the building department deems necessary, until such time as the dwelling unit is brought into compliance with the provisions of the Building Code that affect the safe, decent and sanitary living conditions for the tenants.

2. Periodic inspections. Except as provided in subdivision F 1, following the initial inspection of a residential rental dwelling unit subject to a rental inspection ordinance, the building department may inspect any residential rental dwelling unit in a rental inspection district, that is not otherwise exempted in accordance with this section, no more than once each calendar year.

G. Exemptions from rental inspection ordinance. Upon the initial or periodic inspection of a residential rental dwelling unit subject to a rental inspection ordinance for compliance with the Building Code, provided that there are no violations of the Building Code that affect the safe, decent and sanitary living conditions for the tenants of such residential rental dwelling unit, the building department shall provide, to the owner of such residential rental dwelling unit, an exemption from the rental inspection ordinance for a minimum of four years. Upon the sale of a residential rental dwelling unit, the building department may perform a periodic inspection as provided in subdivision F 2, subsequent to such sale. If a residential rental dwelling unit has been issued a certificate of occupancy within the last four years, an exemption shall be granted for a minimum period of four years from the date of the issuance of the certificate of occupancy by the building department. If the residential rental dwelling unit becomes in violation of the Building Code during the exemption period, the building department may revoke the exemption previously granted under this section.

H. A local governing body may establish a fee schedule for enforcement of the Building Code, which includes a per dwelling unit fee for the initial inspections, follow-up inspections and periodic inspections under this section.

I. The provisions of this section shall not, in any way, alter the rights and obligations of landlords and tenants pursuant to the applicable provisions of Chapter 13 (§ 55-217 et seq.) or Chapter 13.2 (§ 55-248.2 et seq.) of Title 55.

J. The provisions of this section shall not alter the duties or responsibilities of the local building department under § 36-105 to enforce the Building Code.

K. Unless otherwise provided in this section, penalties for violation of this section shall be the same as the penalties provided in the Building Code.

MONTANA: EMPOWERMENT ZONE (MONTANA CODE ANNOTATED, 7-21-3701 - 10)

7-21-3701. Purpose of empowerment zone. An empowerment zone is intended to be a tool of economic development that encourages the establishment of businesses in designated areas, which can cause the emergence of industry clusters. Businesses are encouraged to locate in empowerment zones through income tax credits and insurance premium tax credits based upon the number of jobs that the employer has created in the empowerment zone.

7-21-3702. Definitions. As used in this part, the following definitions apply:
(1) "Department" means the department of labor and industry.
(2) "Governing body" means the board of county commissioners of a county and the governing body of a consolidated local government or municipality.

7-21-3703. Empowerment zones -- creation.
(1) The governing body of a county, a consolidated local government, or a municipality or jointly the governing bodies of counties, consolidated local governments, and municipalities may create empowerment zones. The empowerment zone may consist of all or a part of a county, consolidated local government, or municipality. If a proposed empowerment zone consists of an area partly within and partly outside of the limits of a municipality, the zone must be established by both the county and municipal governing bodies acting jointly, meeting together but voting separately.
(2) A governing body may adopt a resolution of intention to create an empowerment zone. The resolution must identify the limits of the zone and make findings that the proposed zone meets the qualifying criteria set forth in 7-21-3704. The governing body shall hold a public hearing on the question of whether to establish an empowerment zone. The hearing may be set no sooner than 3 weeks or later than 90 days from the date of the adoption of the resolution. Notice of the hearing must be published twice, 1 week apart not later than 1 week prior to the date set for the hearing. The notice must provide the subject, date, time, and place of the hearing and must identify the proposed empowerment zone boundaries.
(3) The hearing may be adjourned from time to time to seek additional information or to hear additional proponents or opponents. After the hearing, the governing body may, by resolution, create an empowerment zone.
(4) Each governing body may create a maximum of one empowerment zone, either wholly or partially within its limits, in any 7-year period.

7-21-3704. Criteria for empowerment zone. An empowerment zone may be established if it meets the following requirements:
(1) the average unemployment or the poverty rate in the area or an area within a reasonable proximity of the area in the preceding 2 years, as determined by the department, was at least 150% of the average annual statewide unemployment or poverty rate for the same period;
(2) the geographical area must be contiguous, must be within one county, and unless it consists totally of undeveloped land, may not consist of less than one-fourth square mile; and

(3) The boundaries must be based on historic community or neighborhood identity and the empowerment zone must include an area in which there is an annual average population of at least 1,000 residents. Boundaries may also be based on boundaries of United States census geographical units, political subdivisions, Indian reservations, and school districts.
(4) The governing body has the burden of establishing that the proposed empowerment zone meets the requirements of this section.

7-21-3710. Tax credits for employers in empowerment zone.
(1) There is allowed to an employer a credit against taxes imposed under 15-30-2103, 15-31-121, 15-31-122, or 33-2-705 for an increase in net employees as provided in this section.
(2) To be eligible for a credit under this section, the owner of a business located in an empowerment zone: (a) shall conduct a business in a facility within the empowerment zone in which retail sales of tangible personal property, other than that manufactured in the business facility, are not in excess of 10% of the business conducted in the facility, whether measured by number of employees doing retail sales, by square footage, or by dollar volume; and (b) shall increase employment in the empowerment zone with employees: (i) who are employed for at least 1,750 hours a year in permanent employment intended to last at least 3 years; (ii) who were not employed by the business in the preceding 12 months; (iii) at least 35% of whom were residents of the county in which the empowerment zone is located at the time they were hired by the business; (iv) who are provided a health benefit plan for employees in accordance with 33-22-1811(3)(d) of which at least 50% of the premium is paid by the business; and (v) who are paid for job duties performed at the empowerment zone location of the business.
(3) (a) For the purposes of subsection (2)(b)(i), an employee hired in the last 90 days of a year is considered to be an employee beginning employment in the following year. If an employee terminates employment, a replacement employee may be hired and the credit for the combined length of time may be claimed. (b) For the purposes of subsection (2)(b)(iii), if an employee for whom a credit was claimed and who counted as an empowerment zone county resident for credit eligibility in either of the immediate 2 preceding years terminates employment, the replacement employee must have been a resident of the county in which the empowerment zone is located at the time the replacement employee is hired.
(4) An employer shall apply for certification to claim a credit under the provisions of this section. The department shall require a report that contains detailed information to determine whether an employer qualifies under subsections (2) and (3). The information must be detailed enough for auditing purposes. The department is authorized to inspect employers applying for certification or who have obtained certification.
(5) The department shall certify to the department of revenue or the state auditor's office, as applicable, whether a business may claim a credit under the provisions of this section as well as how many additional employees qualify and the year of initial employment of qualifying employees.

ADDENDUM: COMPARISON OF STUDY RECOMMENDATIONS TO CITY OF SAN ANTONIO 2014 PRIORITY ANNEXATION AREAS

Prepared for

Bexar County, Texas

December 2014

TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, Suite S240
Bethesda, MD 20816
800-424-4318
www.tischlerbise.com

TischlerBise
4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318

www.tischlerbise.com

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Overview

TischlerBise was retained by Bexar County to analyze and provide recommendations for service delivery shortcomings in the unincorporated area of the County. The multi-phase project entitled, ***Bexar County Unincorporated Area Study***, includes the following deliverables:

- A comparative analysis of legislative authority of Texas cities, Texas counties, and counties in other states;
- A historical annexation analysis of Bexar County;
- An analysis of incorporation law and best practices;
- An inventory of special district options in Texas;
- A white paper on neighborhood revitalization and stabilization approaches;
- Fiscal impact analysis of annexation and incorporation; and
- Service delivery and fiscal sustainability recommendations document.

A key part of the study was to identify potential areas in the unincorporated County for annexation by the City of San Antonio. Those areas were identified in the final deliverable, *Phase III: Service Delivery and Fiscal Sustainability Recommendations*.

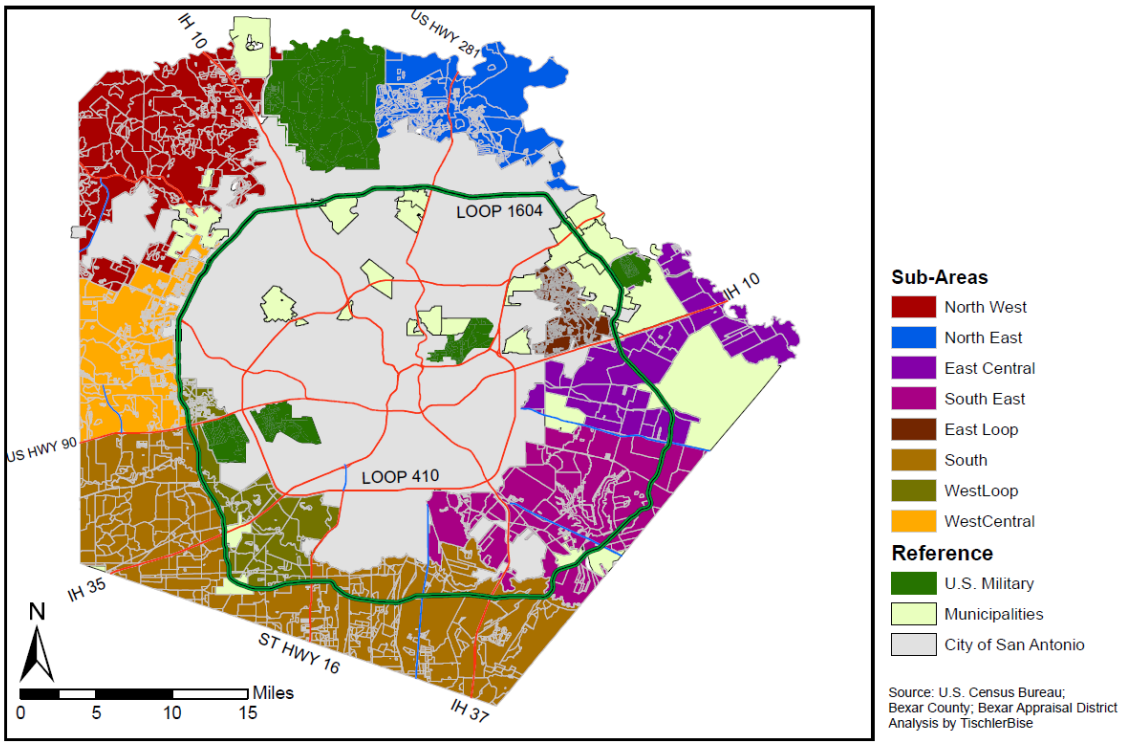
In the meantime, the City of San Antonio has also analyzed areas of the unincorporated County for potential annexation. In November 2014, the City of San Antonio released its "Annexation 360" program, which has identified five priority areas for annexation in addition to one area already approved for Limited Purpose Annexation.

This Addendum summarizes the City of San Antonio's annexation program with a comparison to the recommendations in the ***Bexar County Unincorporated Area Study***.

Summary of Bexar County Unincorporated Area Study Recommendations

TischlerBise conducted a quantitative analysis of the fiscal impacts of annexation and incorporation in the unincorporated areas of the County as well as other quantitative and qualitative evaluations. To do the fiscal impact analysis, the unincorporated area of Bexar County was divided into 8 sub-areas, covering all areas of the unincorporated County as shown below.

Figure 1. Map of Unincorporated County Sub-Areas



Two avenues were explored related to the fiscal impacts of providing additional services in the Unincorporated Area:

1. **To identify potential areas for annexation by the City of San Antonio**. The City adopted an Annexation Policy in February 2013 that includes both quantitative and qualitative factors to be considered in identifying areas to annex. We evaluated the fiscal impact to the City of San Antonio of annexation of each of the sub-areas as well as evaluated other quantitative and qualitative criteria based on the City of San Antonio's Annexation Policy.

2. **To provide information for areas considering incorporation as to whether or not that decision would make financial sense**. The analysis allows decision makers to understand the relationship between potential available revenue compared to potential costs for providing city-like services. To do this, TischlerBise used a sample of proxy municipalities in Bexar County reflecting a "prototypical" incorporated area in the County.

UNINCORPORATED AREA STUDY ANNEXATION EVALUATION FINDINGS

TischlerBise developed a matrix based on criteria listed in San Antonio's Annexation Policy, which includes factors relating to fiscal impact, current and future land use, service delivery needs, and intergovernmental relations. *Based on these factors,* ***North West, North East, East Loop,*** *and* ***West Central*** *sub-areas were identified as priority areas to be considered for annexation.* A summary of the evaluation is shown below.

Figure 2. Recommendation Matrix and Findings

	Fiscal Evaluation			Existing or Planned Level of Development			Service Delivery Needs					Public Health, Safety and Welfare		Intergovernmental Relations			Summary			
	Annex.	Inc.	Lost Revenue	Min Pop Density (Current)	Current Land Use	Future Growth Center	Benefit of City LOS	Prox. to City Infra.	Future Fire Station	Current Access to Water	Current Access to Sewer	% of Area within Floodplain	Prox. to Mil. Bases	Pursued Incorp.	Special Districts	Border Incorp. Cities	Ratio	Total	Ranking	Annex?
North West	✓	✓	✗	✗	✗	✓	✗	✗	✗	✓	!	✗	✓	✓	✗	✓	7:1:8	15	3	✓
North East	✓	✓	✓	✗	✓	✗	✗	✗	✗	✓	!	✓	✓	✗	✓	✗	8:1:7	17	1	✓
East Central	!	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✗	✗	✓	✓	5:3:8	13	5	✗
East Loop	✗	✗	✗	✓	✓	✗	✓	✓	✗	✓	✓	✓	✗	✗	✗	✓	8:0:8	16	2	✓
South East	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	✗	✓	✗	✗	✗	✓	3:1:12	9	8	✗
South	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓	✗	✓	✗	✓	✓	✓	6:0:10	12	6	✗
West Loop	✗	✗	✗	✗	✗	✗	✗	✓	✗	✓	✗	✓	✓	✓	✗	✓	6:0:10	12	6	✗
West Central	✗	✗	✓	✗	✓	✓	✓	✗	!	✓	✗	✗	✗	✗	✓	✓	7:1:8	15	3	✓

Results. The criteria above include fiscal considerations, areas that would benefit or are in need of annexation, and areas that would be more easily annexed, based on San Antonio's Annexation Policy. We assigned a point value to each criterion as follows:

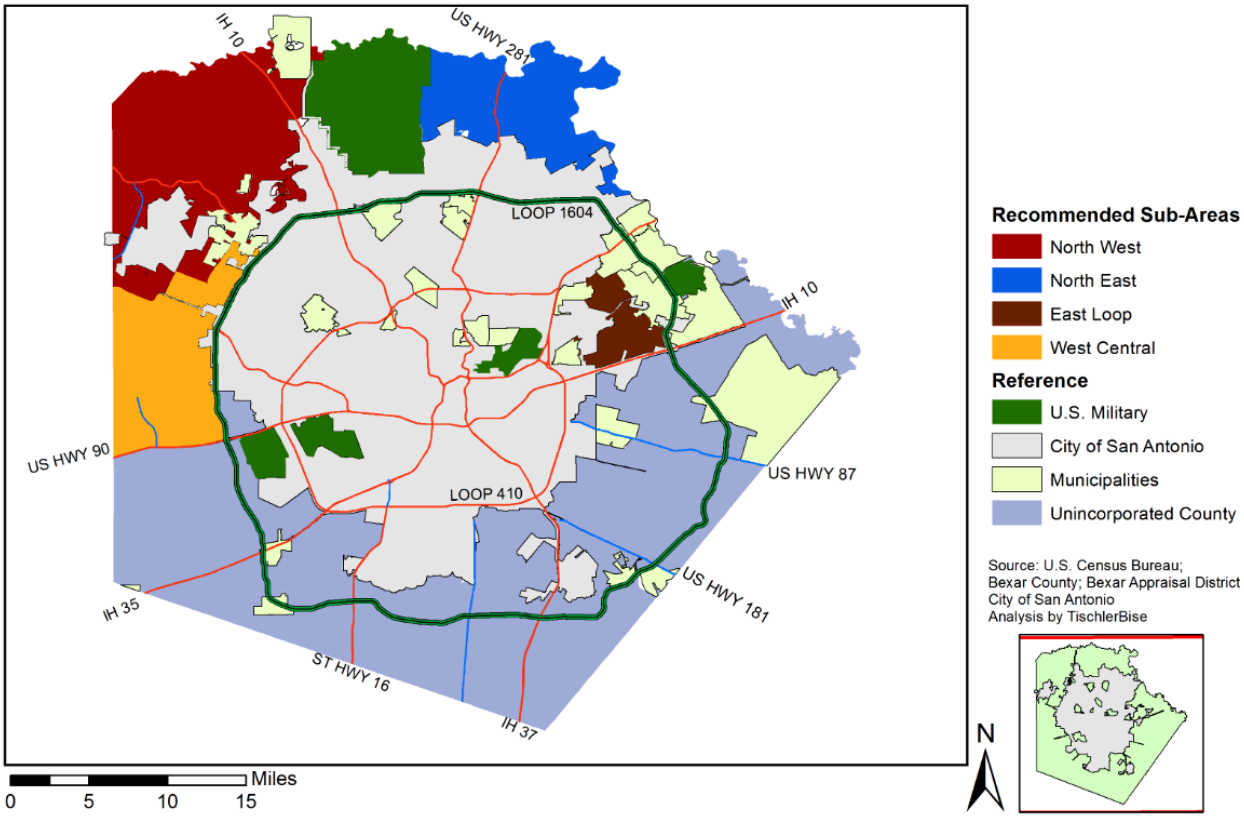
✓	2
!	1
✗	0

The "Total" column sums the points and then ranks the results. The "Ratio" column shows the relationship among the three indicators. The areas that fare best under San Antonio's annexation policy evaluation criteria are the **North West, North East, East Loop,** and **West Central**.

- The **North West** is financially viable and is a future growth center. Additionally, it needs increased levels of service in terms of floodplain management and sewer.
- The **North East** area is also financially viable and has floodplain management issues as well.
- The **West Central** is a future growth center, has a relatively large population, and higher nonresidential development than the other sub-areas. This area is thus in need of city levels of service, but could also provide future revenues in the form of nonresidential development.
- The **East Loop** area is dense, close to city infrastructure, has access to utilities, and has floodplain management issues.
- Under the above assumptions and criteria, the sub-areas of South East, South, West Loop, and East Central rank lower. While there may be certain subsections of these sub-areas that are fiscally viable as well as desire or require higher levels of service, as a whole under the study's criteria, they do not emerge as top ranked.

The following map depicts the areas of unincorporated Bexar County recommended for annexation in the Unincorporated County Study.

Figure 3. Map of the Unincorporated County Study Recommended Sub-Areas



Note: Because this Addendum compares **annexation** findings, other recommendations from the Unincorporated Study are not addressed. For discussion of other recommendations, please see the document, *Phase III: Service Delivery and Fiscal Sustainability Recommendations*.

Summary of City of San Antonio Priority Annexation Area Recommendations

The following section summarizes the City of San Antonio's Annexation activity from 2013 through December 2014.

The recent history and status of the City of San Antonio's Annexation Policy and Program is as follows[1]:

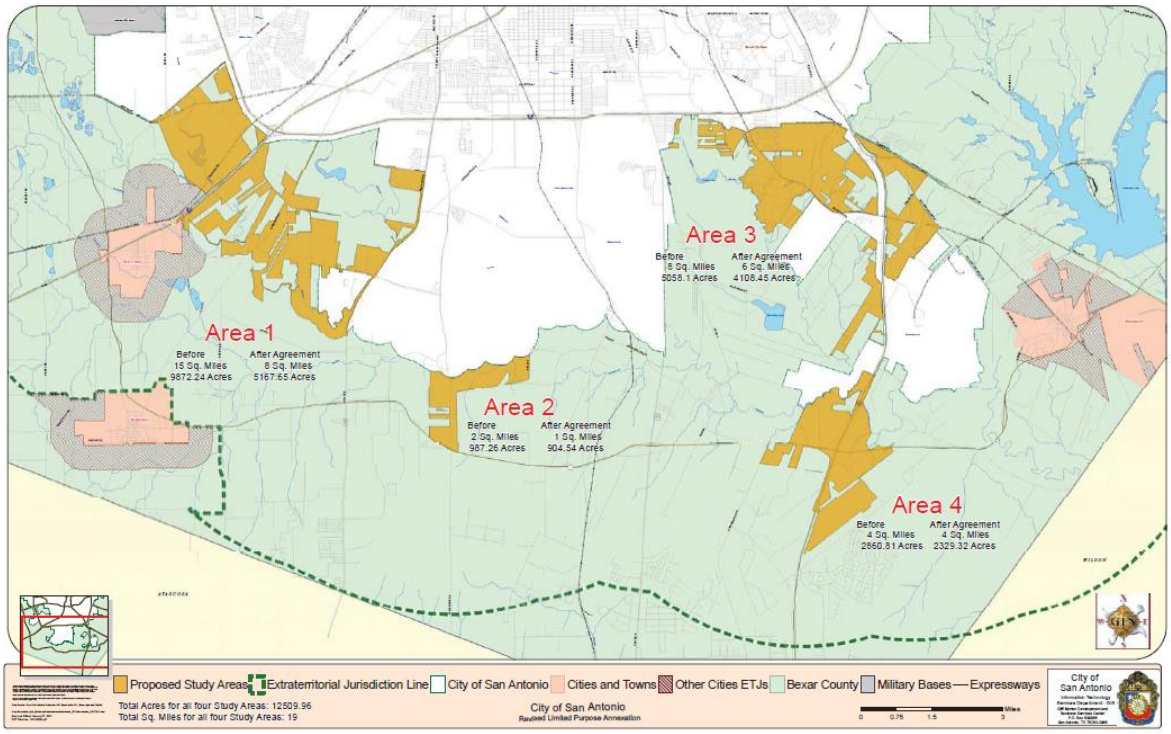
- *On February 14, 2013, City Council adopted the City of San Antonio Annexation Policy that provides guidance and rationale for the consideration of areas within the City of San Antonio's extraterritorial jurisdiction (ETJ) for annexation. The policy recommends the development of an Annexation Program to be proactive in analyzing and identifying areas for potential annexation for a period of ten years.*
- *On January 9, 2014, City Council approved a Limited Purpose annexation of a 19 square-mile area south of San Antonio in conjunction with the dissolution of City South Management Authority. This was the first annexation action since the adoption of the 2013 Annexation Policy.*
- *On April 16, 2014, staff briefed City Council on 30 areas in the Extraterritorial Jurisdiction proposed for study for inclusion in an annexation program. Staff outlined the policy statements used for the evaluation of the areas and the study process. Council requested that the areas be analyzed based on the evaluation criteria, and that priority areas be identified.*[2]

As noted above, the Southside Limited Purpose Annexation was approved in January 2014. This area (comprised of four sub-areas) was not one of the sub-areas identified by the Unincorporated County Study. A map of these areas is provided below in Figure 4.

[1] The sources for the information in this section are: City of San Antonio Agenda Memorandum for City Council B Session, "A briefing and discussion on the Annexation 360 Program," Department of Planning and Community Development (DPCD), November 12, 2014 (File Number: 14-2831); and "Annexation 360 Program: City Council B Session Item #2," PowerPoint presentation, DPCD, November 12, 2014.

[2] City of San Antonio Agenda Memorandum (Nov. 12, 2014).

Figure 4. Map of City of San Antonio Southside Limited Purpose Annexation



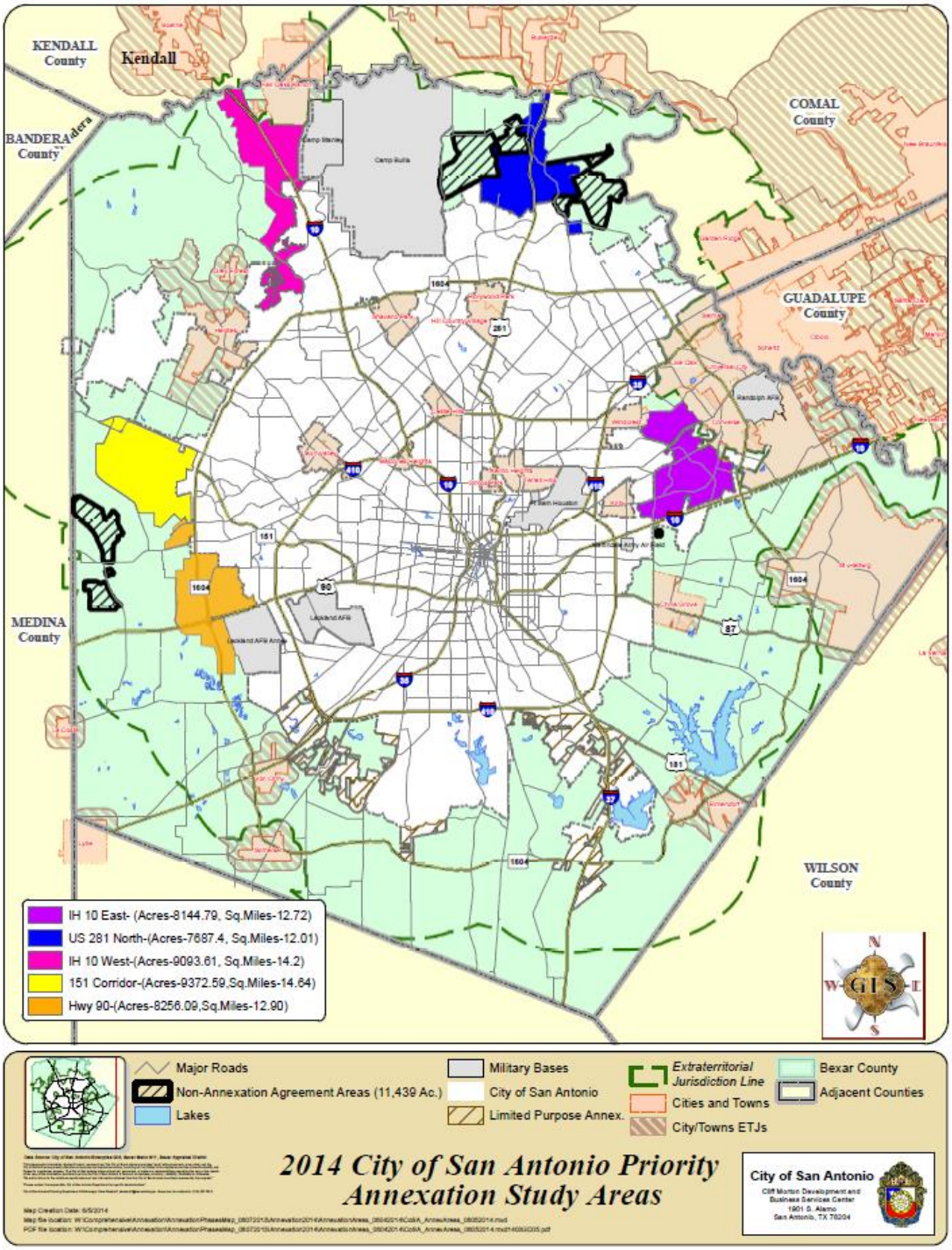
After the Limited Purpose Annexation was approved, City staff investigated 30 additional sub-areas in the ETJ for annexation consideration, as noted above. The following criteria were used to review and rank the areas, per documentation from City of San Antonio staff[3]:

1) Existing or planned level of development
2) Fiscal considerations
3) Service needs delivery
4) Public health, safety and welfare
5) Intergovernmental relations/jurisdictional boundaries
6) Non-annexation agreements
7) Municipal services to be provided
8) Fiscal impact analysis

Using the above criteria, the City identified five priority areas. The following figure shows the priority areas:

[3] City of San Antonio Agenda Memorandum (Nov. 12, 2014).

Figure 5. Map of City of San Antonio 2014 Priority Annexation Study Areas[4]



[4] City of San Antonio Agenda Memorandum (Nov. 12, 2014).

The City's description of each area is as follows[5]:

- *IH 10 E/1604 - This 12.72 square mile area of planned and developed neighborhoods is located north of IH 10 East inside East Loop 1604 abutting the municipal boundaries of several cities. Annexation would incorporate emerging commercial and industrial activity and preserve land from competing municipal jurisdictions.*

- *IH 10 W - This 14.2 square mile area of planned and developed neighborhoods is located on the Edwards Aquifer Recharge Zone and adjacent to Camp Bullis along Interstate 10 W extending from the city limits to Boerne's ETJ. Annexation would preserve military missions, preserve land from competing jurisdictions, protect through the extension of zoning the Edwards Aquifer Recharge Zone, and incorporate higher value residential developments and emerging commercial centers.*

- *Hwy 151 - This 14.64 square mile area of rapid developing neighborhoods and planned developments is located along Hwy 151 and Culebra Road. Annexation would incorporate a high growth area adjacent to emerging employment and commercial centers.*

- *US 90/1604 - This 12.9 square mile urbanized area is centered at the intersection of Hwy 90 and Loop 1604, adjacent to the Lackland Annex. Annexation would preserve military missions and incorporate planned and developed neighborhoods north of US 90.*

- *US 281 North - This 12.01 square mile area of planned and developed neighborhoods is located on the Edwards Aquifer Recharge Zone centered on US 281 North. Annexation would incorporate existing and future commercial activity related to the expansion of US 281 and planned and developed neighborhoods adjacent to current city limits.*

Further, the proposed Annexation Schedule[6] for the City to "initiate limited purpose annexation and prepare a regulatory plan" is as follows:

Year 2015: IH 10 W; US 281 North; IH 10 E/1604
Year 2016: Hwy 151; US 90/1604

[5] City of San Antonio Agenda Memorandum (Nov. 12, 2014).
[6] City of San Antonio Presentation, "Annexation 360 Program," (Nov. 12, 2014).

Comparison: City of San Antonio Annexation Plan with Study Recommendations

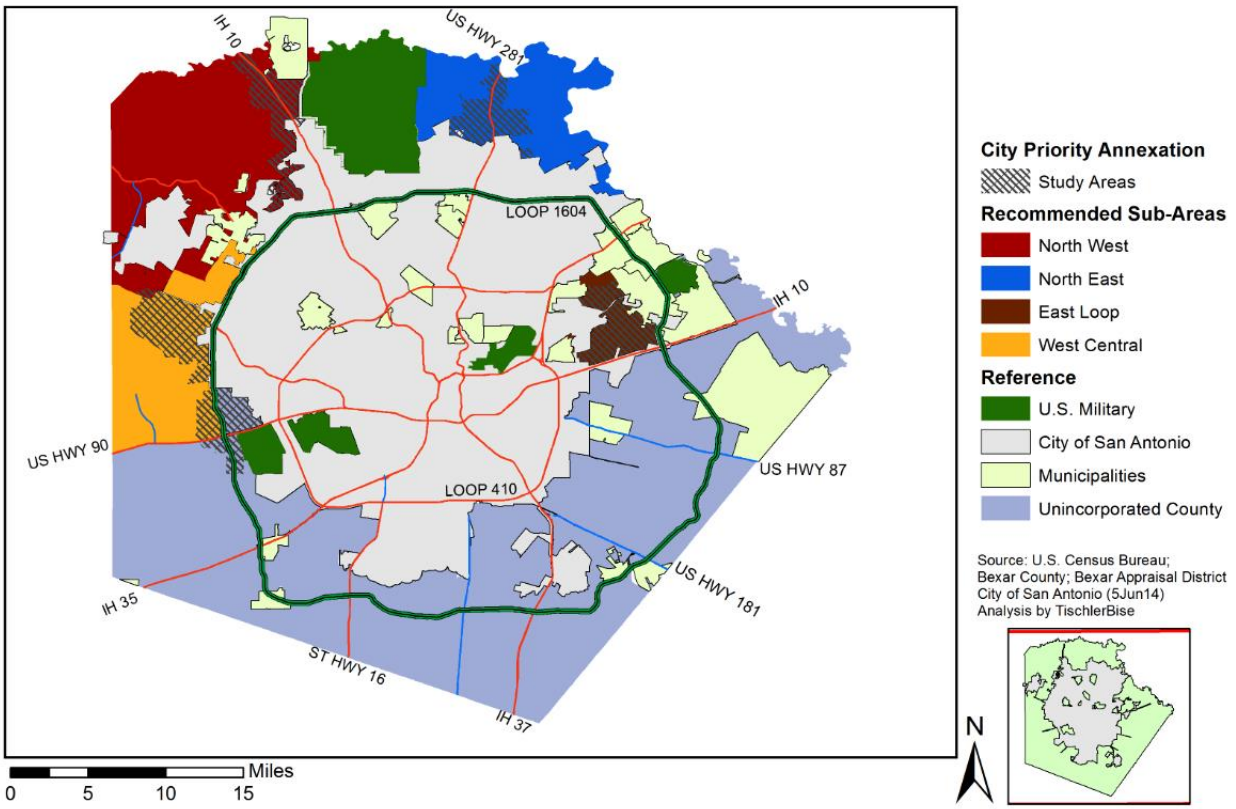
With the release of the City of San Antonio's Annexation Plan in November 2014 and the roll-out of the Unincorporated Area Study in December 2014, comparisons can be made between the two.

Generally, both the City's Annexation Plan and the Unincorporated Area Study identify the same areas for potential annexation.

Because the Unincorporated Area Study included all parts of the Unincorporated Area of the County—that is, corporate limits to corporate limits—the sub-areas in the City's Annexation Plan are smaller and more refined than the Unincorporated Area Study. However, the City's priority annexation areas are essentially within the sub-areas identified by the Unincorporated Area Study with a minor exception in the Unincorporated Study's West Central sub-area and the City's Hwy 90 sub-area. The remaining City areas are fully contained within the Unincorporated Area Study's recommended sub-areas.

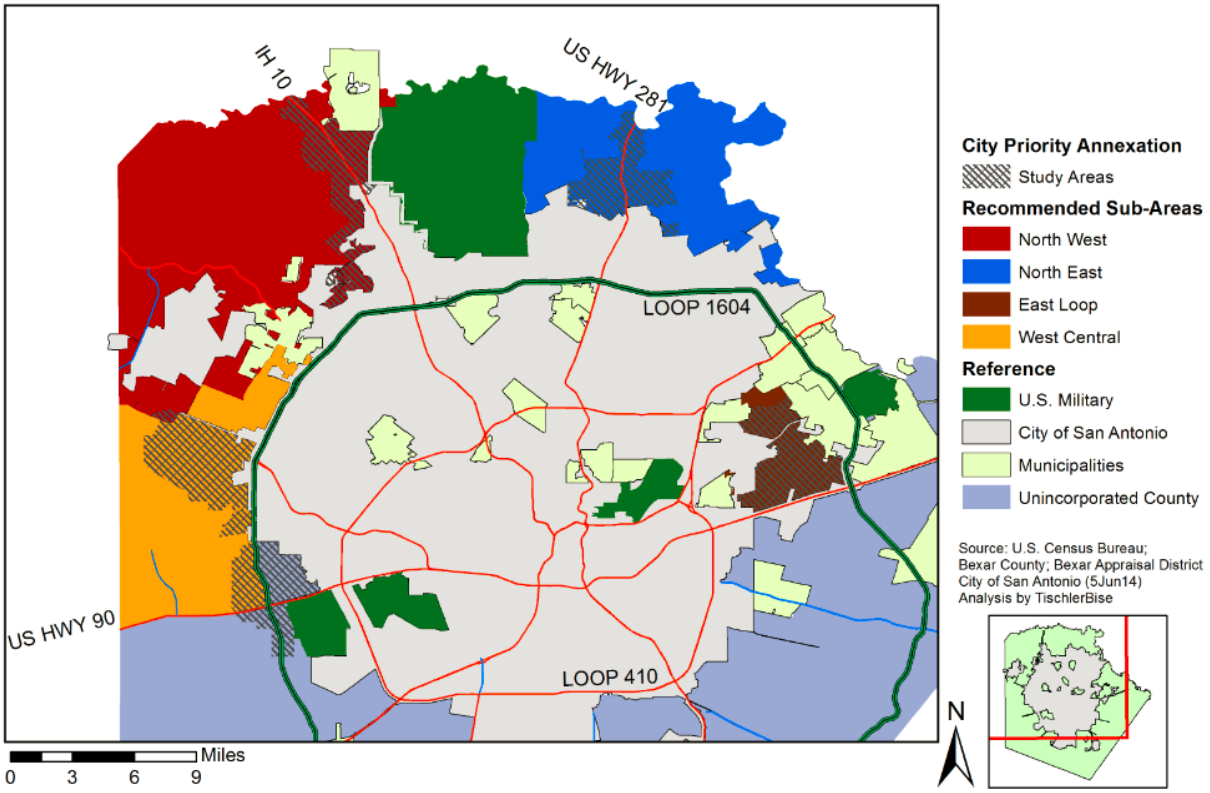
The maps below illustrate the overlap between the City's Annexation Plan and the Unincorporated Area Study.

Figure 6. Overlap between Unincorporated Area Study and City of San Antonio 2014 Priority Annexation Areas



Note: City Priority Annexation Area boundaries were drawn by TischlerBise to reflect approximate sub-area locations based on City of San Antonio Priority Annexation Study Area maps and may not be exact.

Figure 7. Zoomed Overlap between Unincorporated Area Study and City of San Antonio 2014 Priority Annexation Areas



Note: City Priority Annexation Area boundaries were drawn by TischlerBise to reflect approximate sub-area locations based on City of San Antonio Priority Annexation Study Area maps and may not be exact.