



Unincorporated Area Study:

Comparative Analysis, Fiscal Impact Analysis, and Service Delivery Recommendations

December 9, 2014

Presented to:
**Bexar County, Texas
Commissioners Court**

Presented by:
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Outline of Presentation

- Summary of Study Components
- General Approach
- Background and Context
- Elements of the Study: Phases I – III and Addendum
- Findings and Recommendations

Study Components

- Phase I: Comparative Analysis
 - Legal Authority
 - Historical Annexations
 - Historical Incorporations
 - Special Districts and Financing Tools
- Phase II: Fiscal Impact Analysis of Annexation and Incorporation
- Phase III: Service Delivery and Fiscal Sustainability Recommendations
- Addendum: Study Comparison to City of San Antonio 2014 Annexation Program

General Approach to the Study

- Tackle each sub-task discretely
- As they are completed, findings are “layered”
- One of the central efforts is a Fiscal Impact Analysis
- Two main drivers of the work:
 - Test what it would mean to City of San Antonio if parts of the Unincorporated County are annexed to City
 - Test what it would mean if sub-areas of Unincorporated County were to incorporate

Background

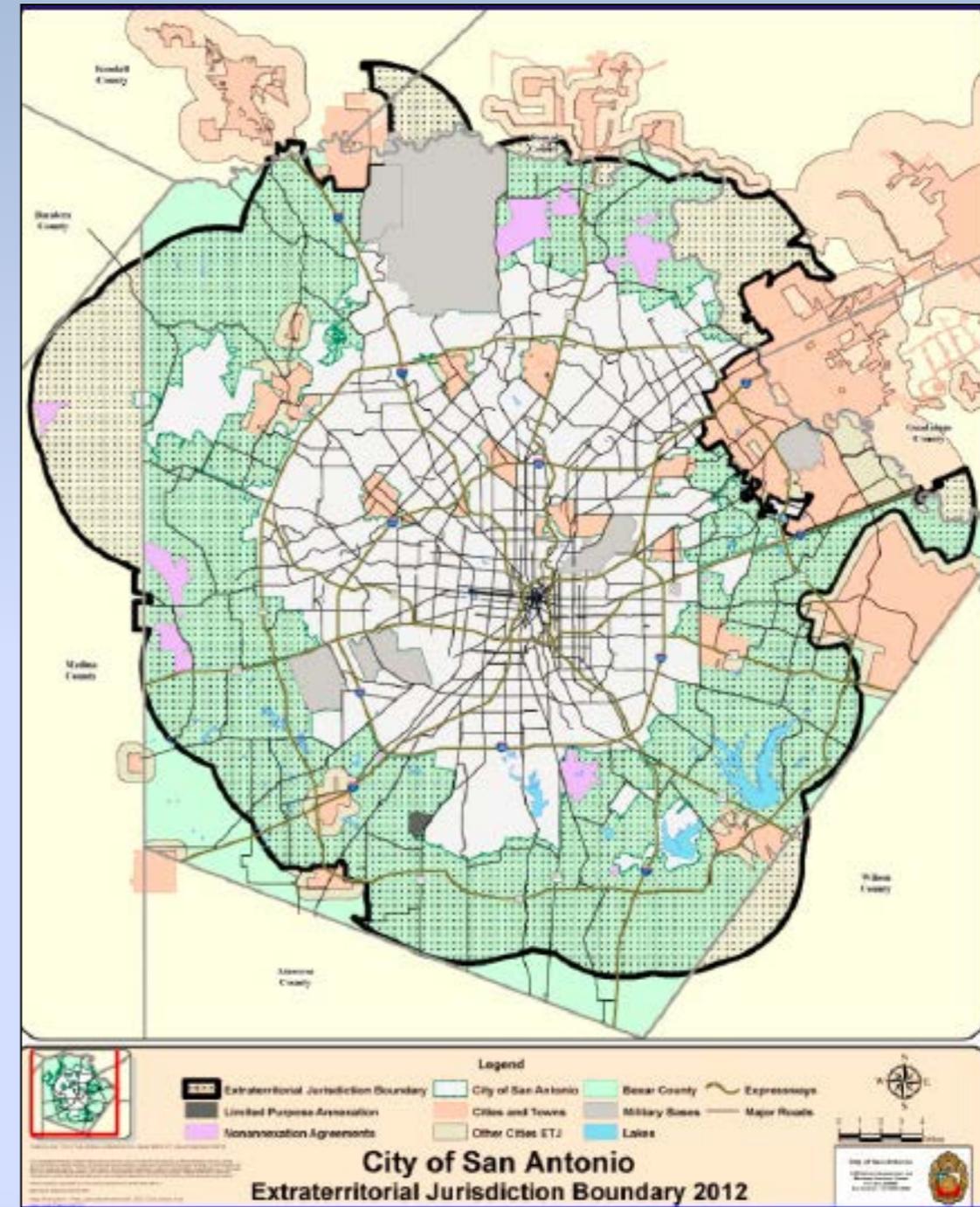
- County population growth (2000-2010)
 - 23% increase for the County as a whole (1.7 million people)
 - 88% increase in the unincorporated area (260,000 people; 85,000 housing units)
 - Expected continuation of growth (Ranked 1st among Texas counties in 2012 for net gain [5,601] in households)
- Demand for “city-like” services in certain areas
- Past decline in COSA annexation activity . . . with activity beginning again

What Are the Issues and Why the Study?

- “Urban” problems in parts of the Unincorporated County
- Inability to pass and enforce ordinances to protect health, safety, and welfare
- Limited authority to regulate land use
- Substandard housing conditions
- Unfunded infrastructure needs
- . . . Investigate range of options for service delivery to meet needs of current and future residents

Who's in Control?

- Bexar County has a total land area of 1,257 square miles
 - 37% is incorporated COSA (465 square miles)
 - 49% is unincorporated (614 square miles)
- Of the unincorporated area, 84% is within COSA's ETJ* (518 square miles)
- Leaving 96 square miles in Unincorporated control (~8% of total County)



* ETJ = Extraterritorial Jurisdiction

What are Current Tools for County Residents?

- Annexation (COSA controlled)
- Incorporation (COSA approval required)
- Special Districts (COSA approval required; funding limitations)
- Changes to Texas Law (Legislature controlled)

Study Components

- Phase I
 - 1.2: City and County Legal Authority
 - *Supplement: Neighborhood Revitalization Zones*
 - 1.3: Analysis of Annexations in the County
 - *Supplement: Basics of Annexation in Texas*
 - 1.4: Analysis of Incorporations in the County
 - 1.5: Special Districts and Financing Tools
- Phase II: Fiscal Impact Analysis of Annexation and Incorporation
- Phase III: Service Delivery and Fiscal Sustainability Recommendations
- Addendum: Comparison of Study Recommendations to COSA 2014 Priority Annexation Areas

Phase I

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 municipality or municipality'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.

TASK 1.2: COMPARATIVE ANALYSIS OF LEGISLATIVE AUTHORITY

Prepared for
 Bexar County, Texas

November 13, 2013

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

Phase I

NEIGHBORHOOD REVITALIZATION & STABILIZATION APPROACHES

Prepared for

Bexar County, Texas

November 13, 2013

Bexar County, Texas Neighborhood Revitalization & Stabilization Approaches v.3

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Phase I

TASK 1.3: ANNEXATION ANALYSIS

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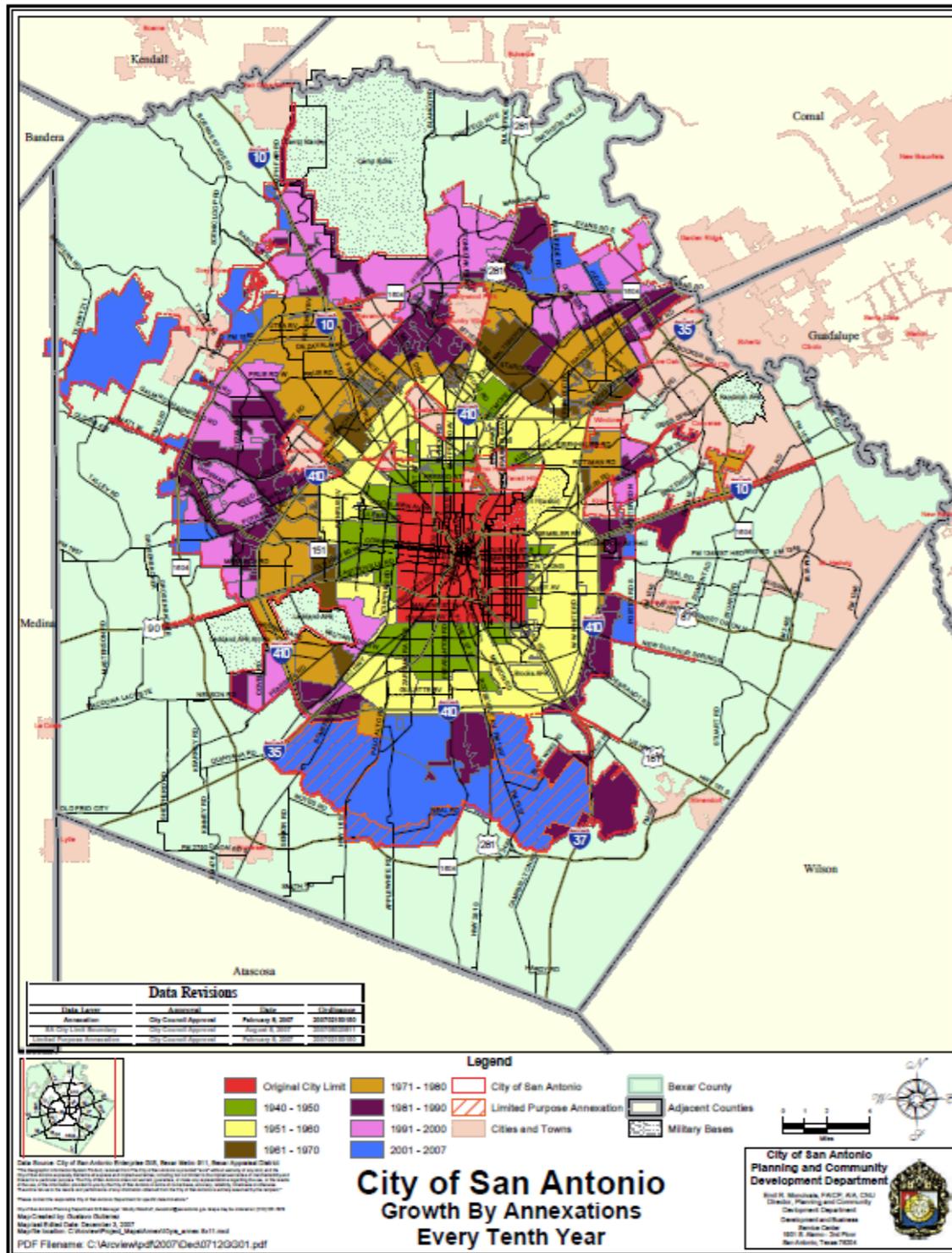
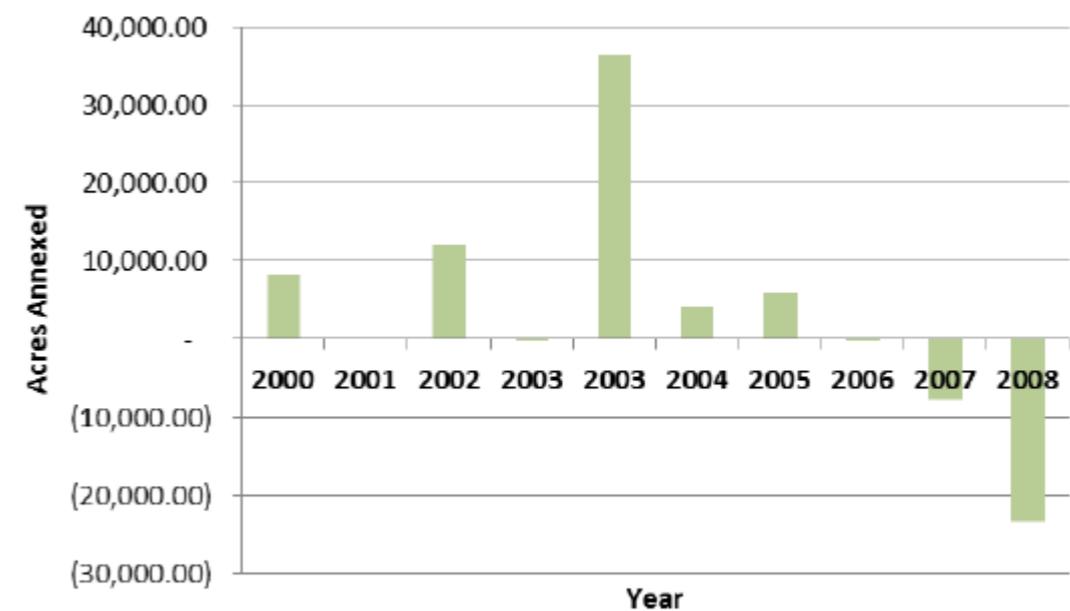


Figure 4: Acres Annexed since 2000 by the City of San Antonio by Year⁶



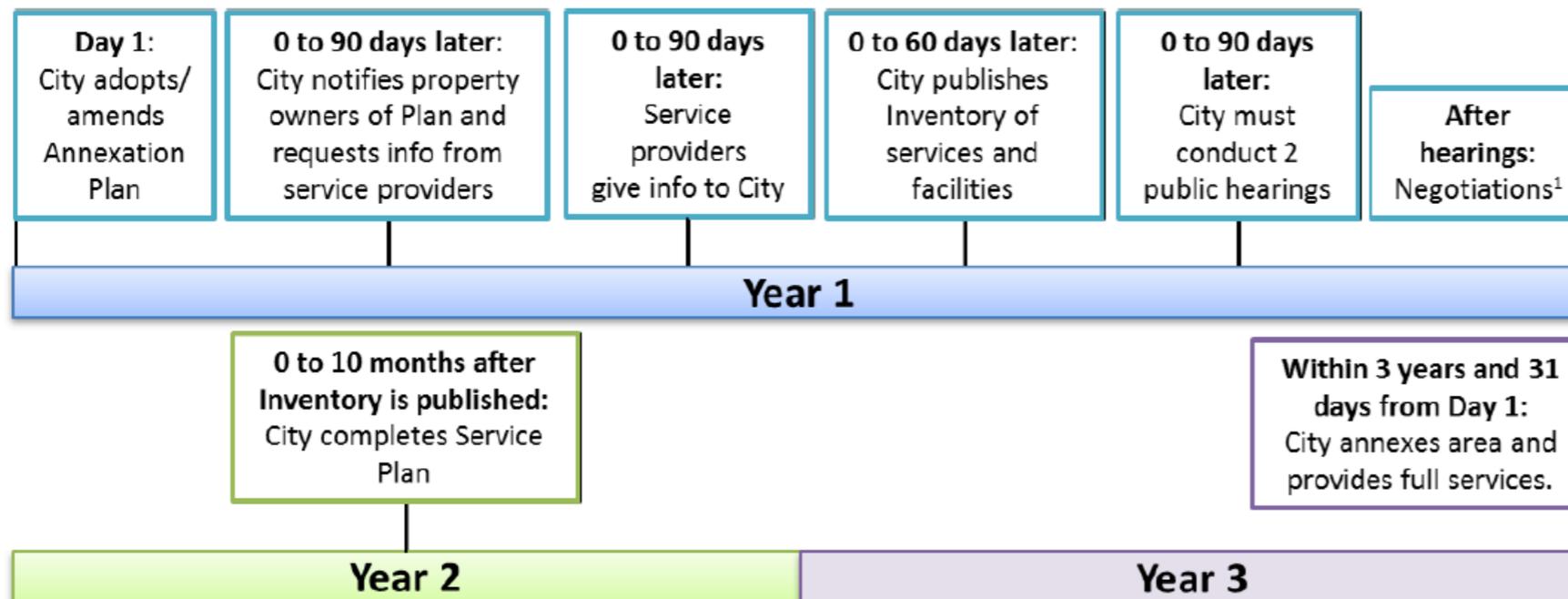
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BASICS OF ANNEXATION IN TEXAS

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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.

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TASK 1.4: INCORPORATION ANALYSIS

Prepared for
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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 Property Tax Rate per \$100 assessed valuation	\$0.2461		\$0.3200	
FY2011-2012 Revenues	<i>Revenues</i>	<i>Percent of Total</i>	<i>Revenues</i>	<i>Percent of Total</i>
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

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Phase I

TASK 1.5: INVENTORY OF SPECIAL DISTRICTS AND FINANCING TOOLS

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Figure 1: Services and Corresponding Districts

Service Needed	Applicable District
Affordable Housing	<ul style="list-style-type: none"> Defense Adjustment Mgt Authority Homestead Preservation District
Beautification	<ul style="list-style-type: none"> Public Improve Type B Economic I
Community Venue	<ul style="list-style-type: none"> Municipal Manag Public Improve
Cultural Life	<ul style="list-style-type: none"> Municipal Develo Public Improve Sports and Comm Type B Economic
Drainage	<ul style="list-style-type: none"> Arts & Entertainm Public Improvem Sports and Comm Type B Economic Drainage District Groundwater Co Levee Improvem Municipal Mana Municipal Utility Navigation Distr Public Improven Special Utility Di Stormwater Cor Water Control I Water Improve
Economic Development	<ul style="list-style-type: none"> Agricultural Dev County Assistar County Develo Defense Adjust Municipal Deve Municipal Man Public Improve Type A Econom Type B Econom Emergency Ser
EMS	<ul style="list-style-type: none"> Fire Control, P Municipal Utili Noxious Weed Sports and Co Type B Econon
Environmental Conservation	<ul style="list-style-type: none"> Water Contro Wind Erosion

Service Needed	Applicable District
Fire Protection	<ul style="list-style-type: none"> County Assistance District Emergency Services District Fire Control, Preventi Special Utility District
Fishing, Hunting, Boating Reg.	<ul style="list-style-type: none"> Irrigation District Water Control Impro Water Improvement I
Flood Control	<ul style="list-style-type: none"> Drainage District Groundwater Conser Levee Improvement I Municipal Managem Municipal Utility Dist Navigation District Special Utility District Stormwater Control I Water Control Impro Water Improvement
Health Care	<ul style="list-style-type: none"> Health Services Distr Hospital District
Hydroelectric	<ul style="list-style-type: none"> Municipal Managem Municipal Utility Dist Water Control Impro Water Improvement
Infrastructure Improvements in General	<ul style="list-style-type: none"> Defense Adjustment Municipal Developm Municipal Managem Public Improvement
Irrigation	<ul style="list-style-type: none"> Irrigation District Municipal Managem Municipal Utility Dis Navigation District Special Utility Distric Water Control Impr Water Improvement
Law Enforcement and Detention	<ul style="list-style-type: none"> County Assistance D Crime Control and P Jail District
Parks and Recreational Facilities	<ul style="list-style-type: none"> County Assistance D Municipal Managem Municipal Utility Dis Public Improvement Sports and Commur Stormwater Control Type B Economic De

Service Needed	Applicable District
Public Library	<ul style="list-style-type: none"> County Assistance District Library District
Road Construction and Maintenance	<ul style="list-style-type: none"> Public Improvement District County Assistance District Municipal Management District Municipal Utility District Public Improvement District Road District Road Utility District
Sewer	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Defense Adjustment Mgt Authority Municipal Utility District Special Utility District Sports and Community Venue District
Sports Facility	<ul style="list-style-type: none"> Sports Facility District Type B Economic Development Corporation
Street Lighting	<ul style="list-style-type: none"> Drainage District Freshwater Supply District Levee Improvement District Municipal Management District Municipal Utility District
Tourism	

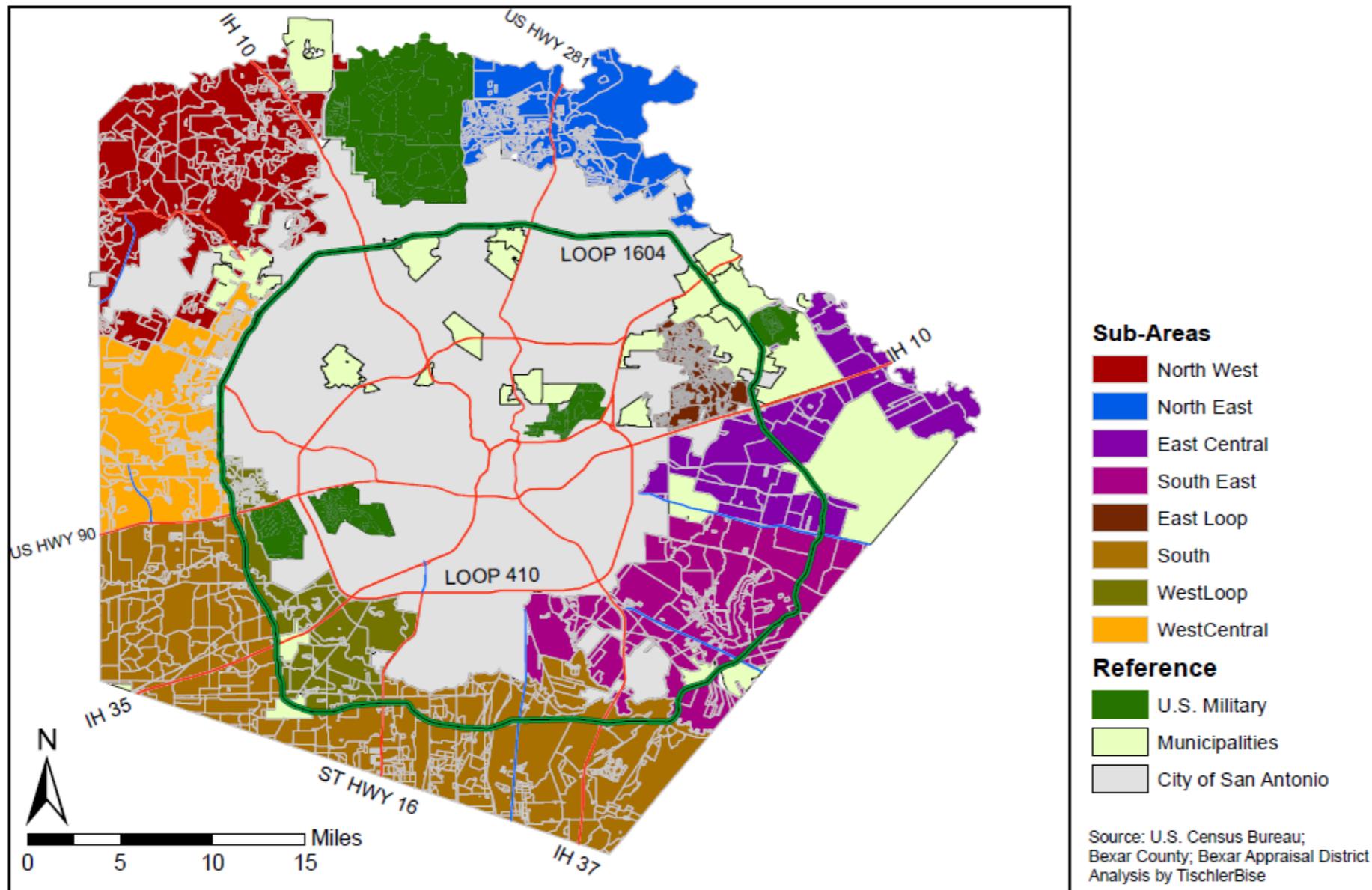
Service Needed	Applicable District
Water Supply (Treated)	<ul style="list-style-type: none"> Defense Adjustment Mgt Authority Groundwater Conservation District Freshwater Supply District Municipal Utility District Navigation District Public Improvement District Special Utility District Water Improvement District
Water Supply (Untreated)	<ul style="list-style-type: none"> Groundwater Conservation District Freshwater Supply District Irrigation District Municipal Utility District Navigation District Special Utility District Water Control Improvement District Water Improvement District

Phase II: Fiscal Impact Analysis of Annexation and Incorporation

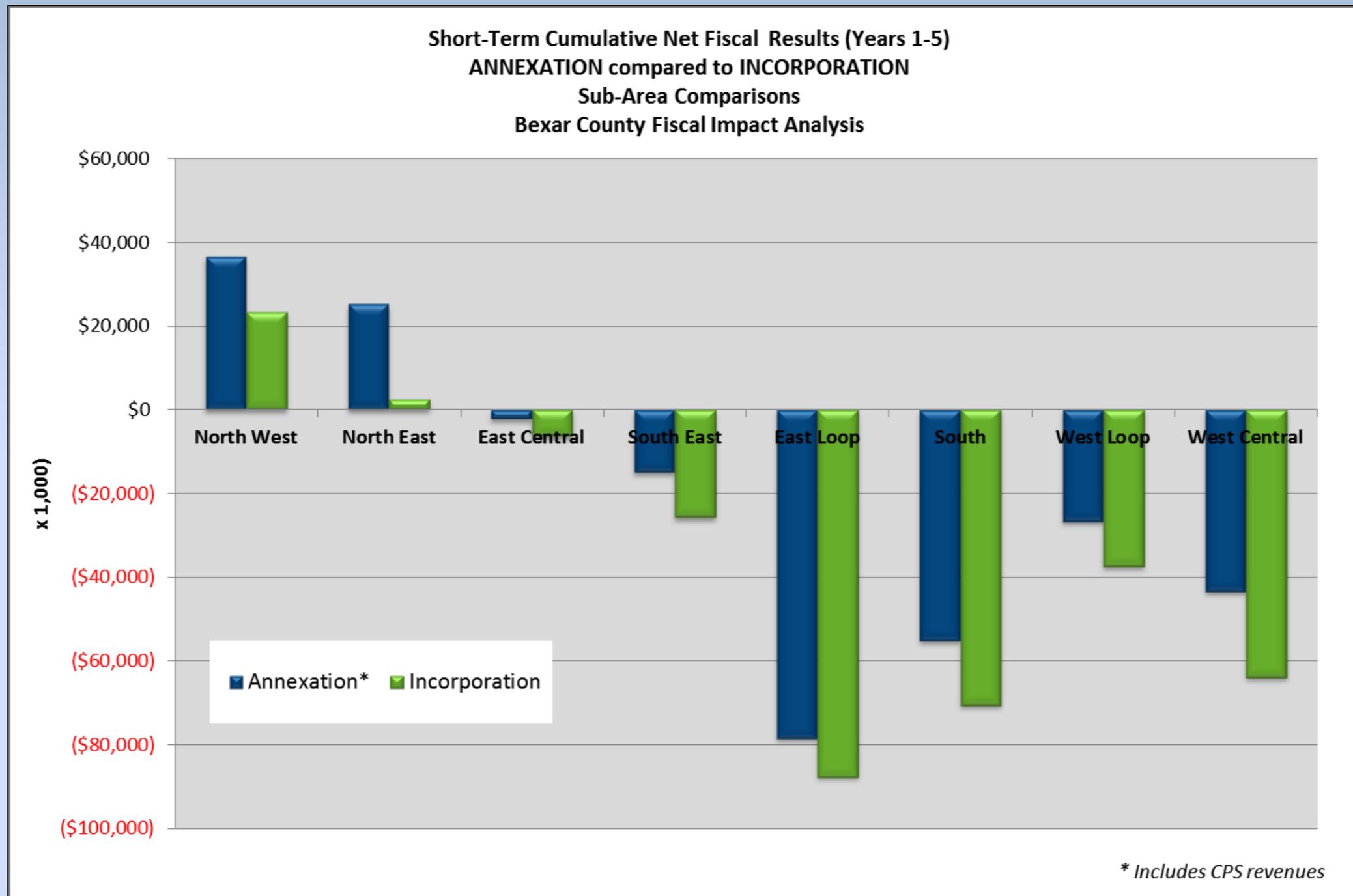
1. To identify potential areas for annexation by the City of San Antonio
 - In particular, areas that make sense for COSA to annex from a fiscal perspective
2. To provide information for areas considering incorporation
 - In particular, illustrate potential costs to provide city-like services compared to potential revenues
 - A sample of proxy municipalities were used to create a “prototype” municipality to test incorporation

Phase II: Fiscal Impact Analysis of Annexation and Incorporation

Unincorporated Bexar County
U.S. Census Blocks
2010 Decennial Census



Phase II: Fiscal Impact Analysis of Annexation and Incorporation



Fiscal Context

- Given revenue structure of municipalities in County, residential development does not pay for itself—unless high enough value
 - For example, City of San Antonio's General Fund is
 - Property tax = 27 %
 - **Sales tax = 24%**
 - CPS = 31%
 - All other = 18%
 - With sales tax comprising almost a quarter of revenue, residential is at a disadvantage

City of San Antonio Annexation Policy

■ **Strategies**

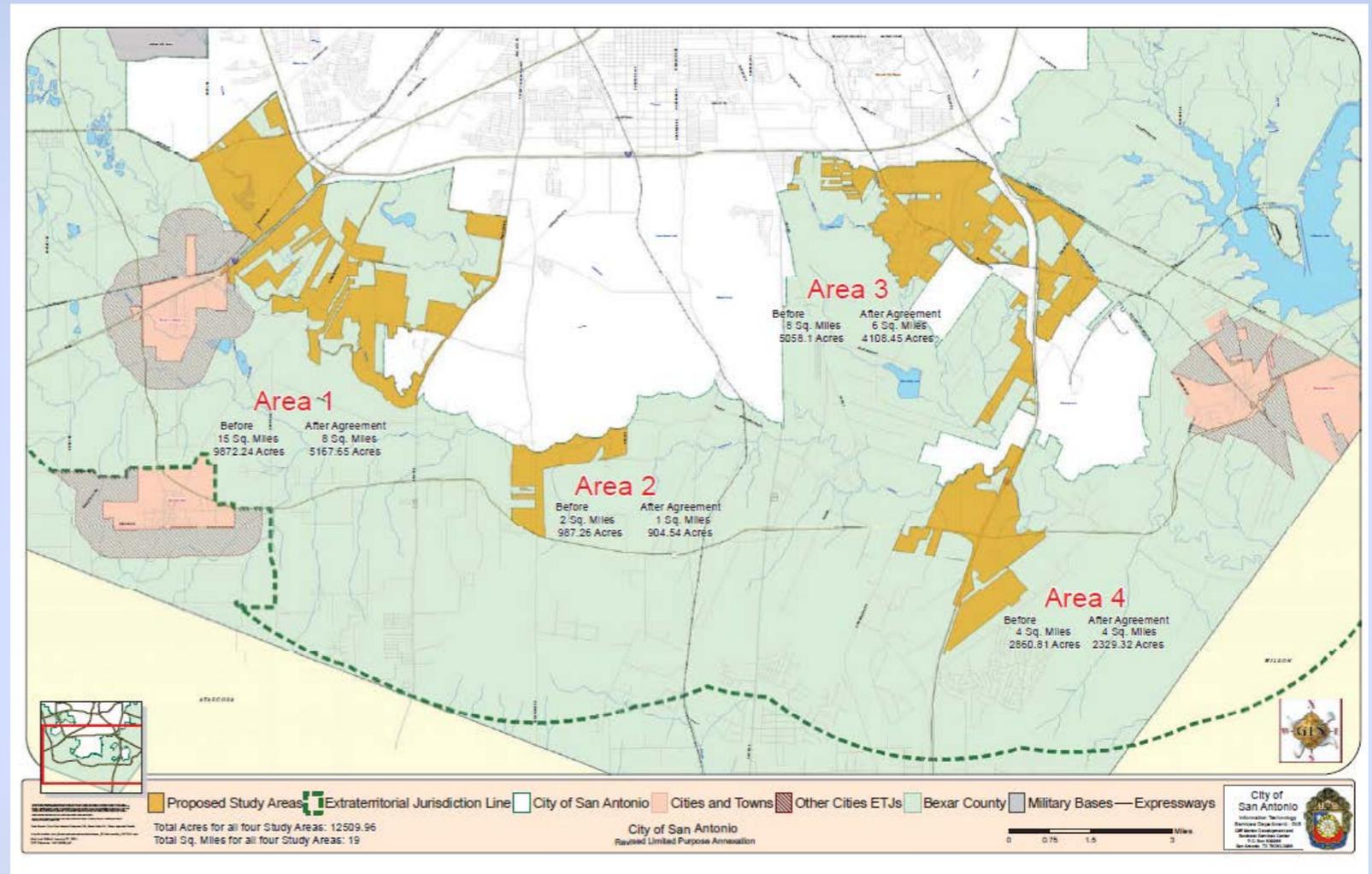
- Promote Economic Development
- Facilitate Long-Range Planning
- Protect Future Development
- Foster Intergovernmental Cooperation

■ **Six Policy Statements:** Evaluate areas for annexation based on . . .

- Existing or planned level of development
- Service delivery needs
- Need to protect public health, safety, and welfare
- Intergovernmental relations
- Fiscal considerations
- Consideration of non-annexation agreements

COSA Annexation Policy and Program

- *“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.” (page 7; COSA Annexation Policy; February 14, 2013)*
- Southside Limited Purpose Annexation illustrates the implementation of components of the Policy



Phase III: Recommendations

- Annexation analysis uses COSA's Annexation Policy as framework and fiscal impact results

PHASE III: SERVICE DELIVERY AND FISCAL SUSTAINABILITY RECOMMENDATIONS

*Prepared for
Bexar County, Texas*

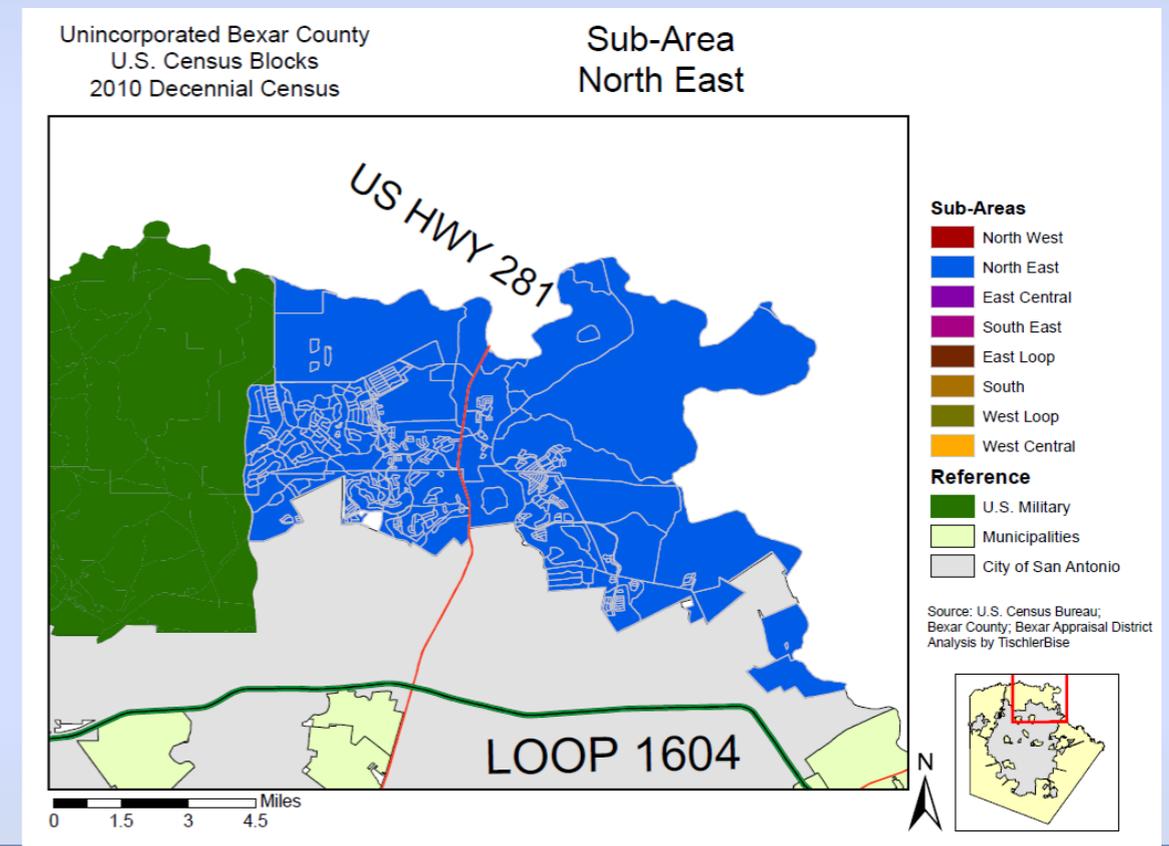
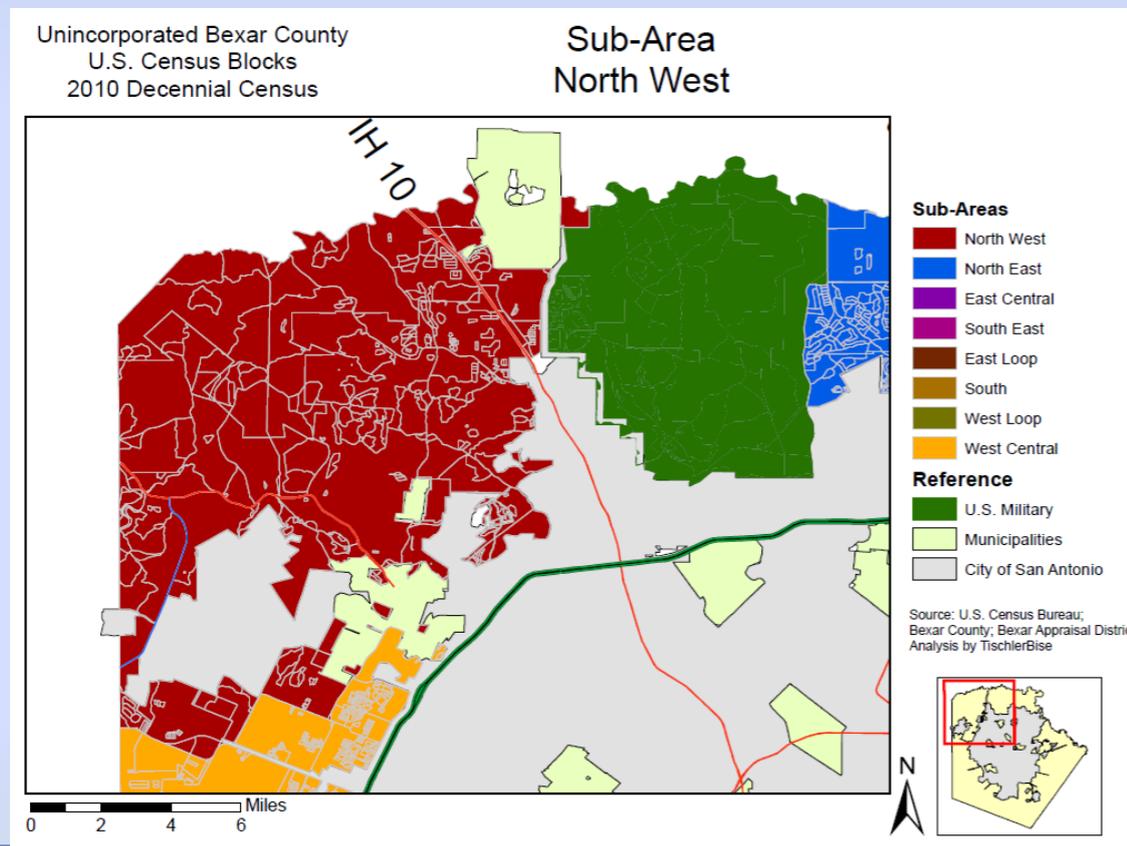
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Figure 6: Annexation Recommendations Matrix

	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	✓

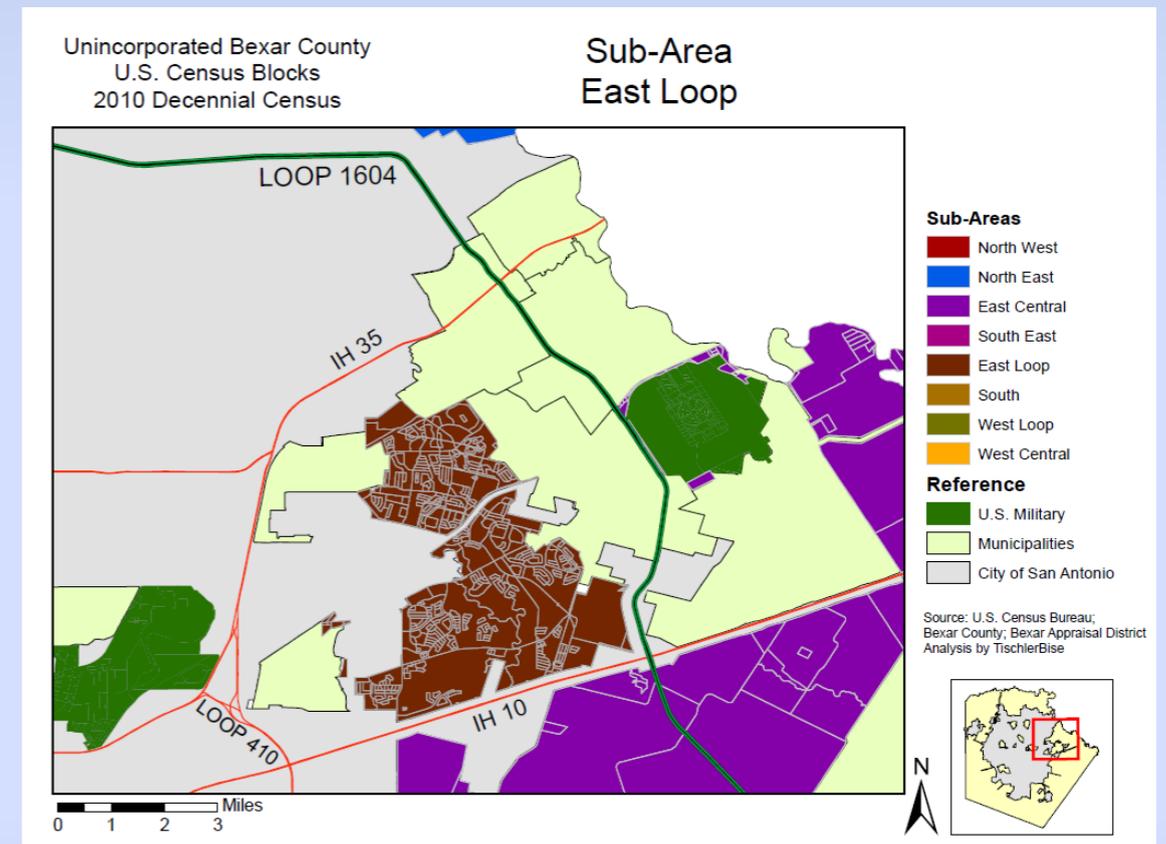
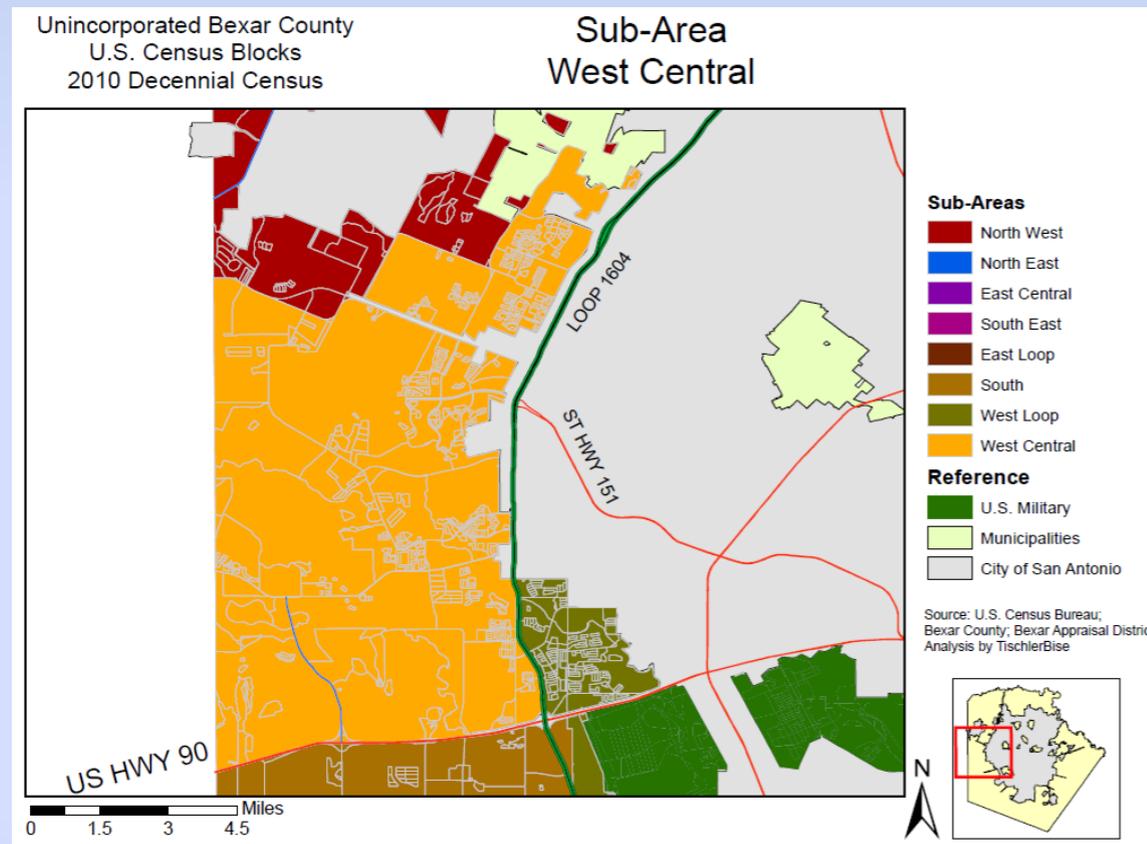
County Study: Findings and Recommendations

- **North West and North East** sub-areas generate positive fiscal results and meet other criteria—good candidates for annexation and potentially incorporation



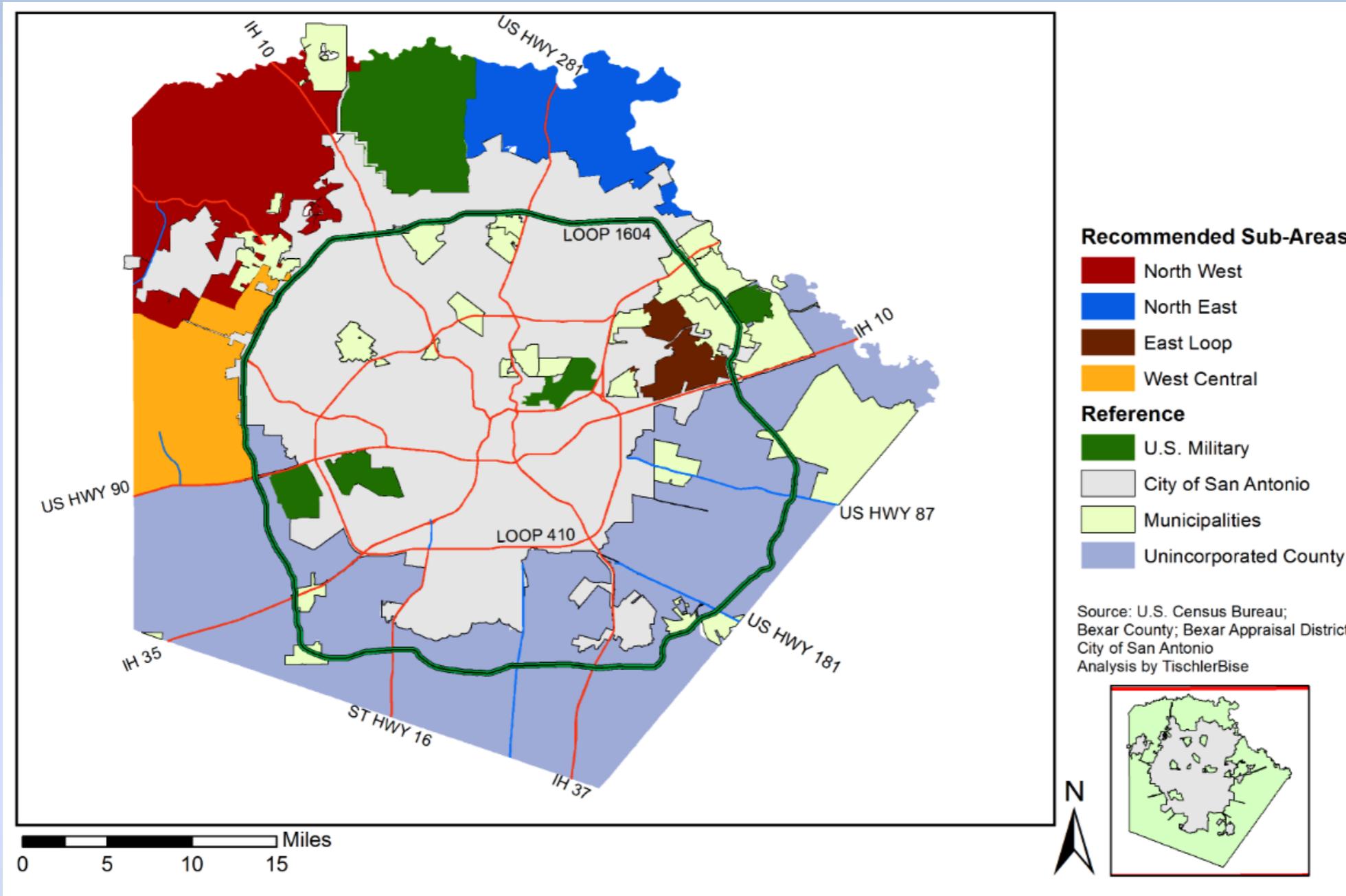
County Study: Findings and Recommendations

- Other criteria identifies the **West Central** and **East Loop** sub-areas as good candidates for annexation



Addendum: Comparison with COSA Annexation Program

■ *County Study Recommended Sub-Areas*



Addendum: Comparison with COSA Annexation Program

- City of San Antonio analyzed 30 sub-areas in ETJ for annexation consideration
- Criteria used:
 - 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*

Source: City of San Antonio Agenda Memorandum and Presentation, City Council B Session (Nov. 12, 2014)

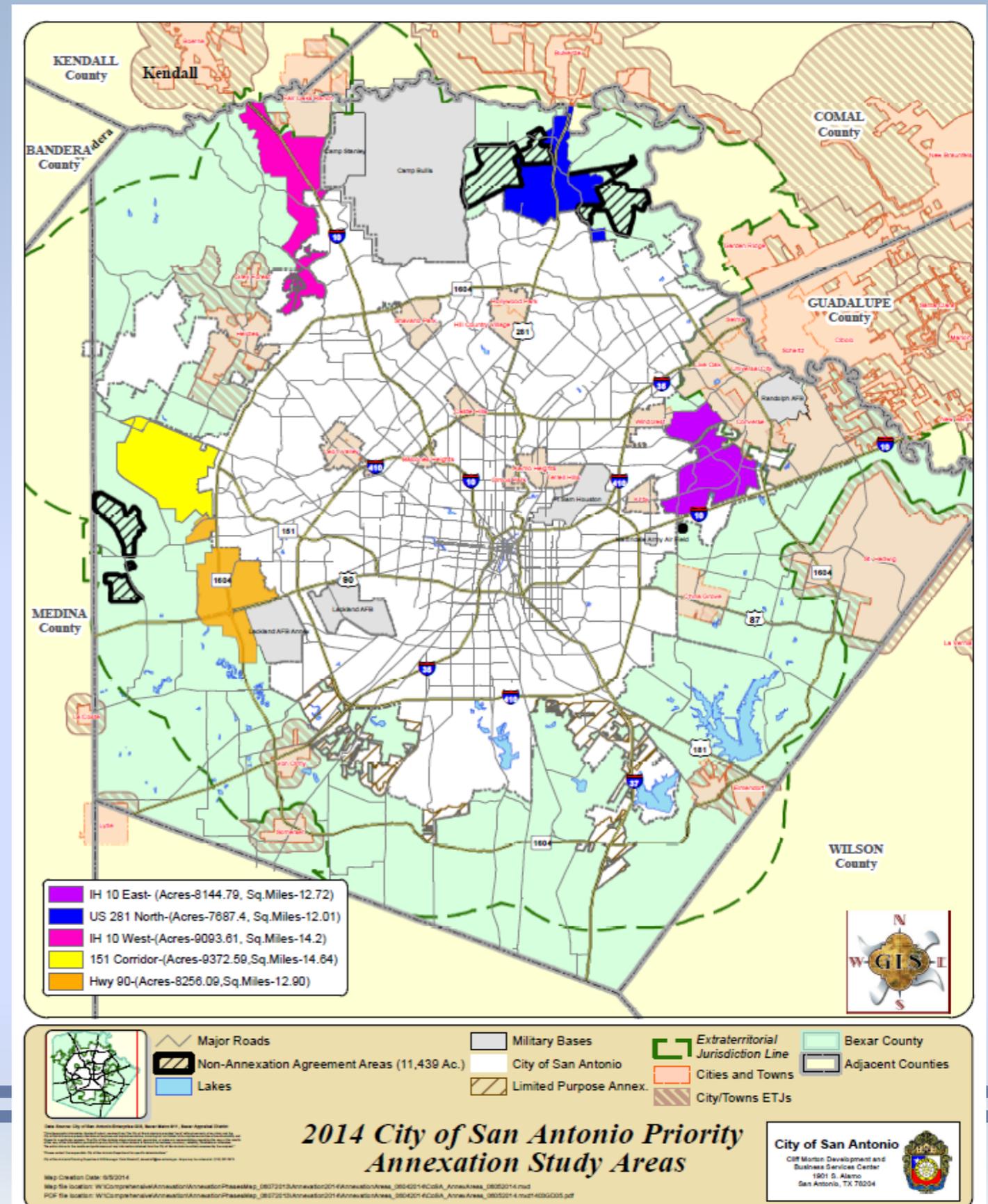
Addendum: COSA Annexation Program

- 5 Priority Areas
 - I-10 West*
 - 281 North*
 - I-10 East*
 - Hwy 151^
 - Hwy 90 / 1604^

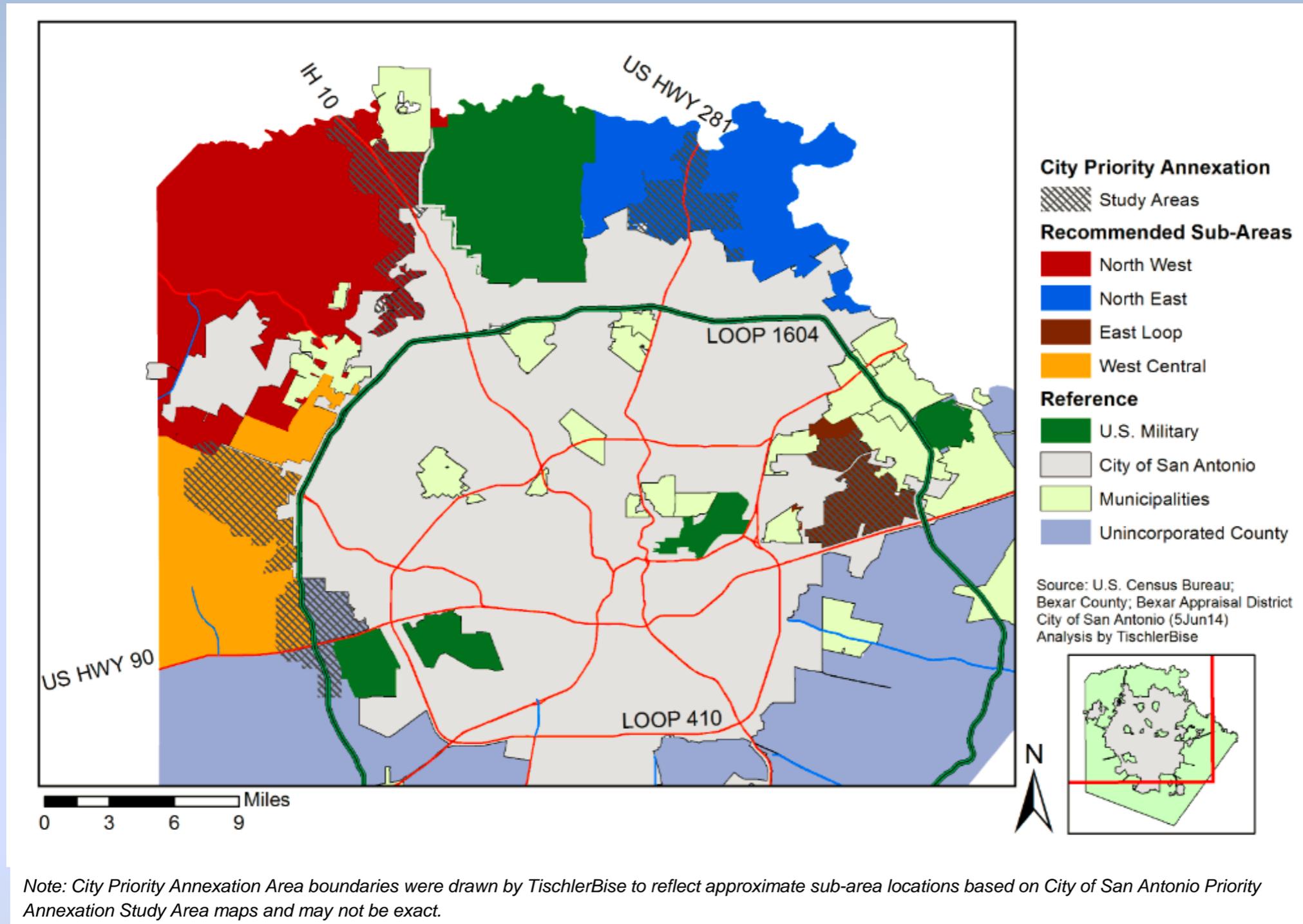
* Proposed for 2015

^ Proposed for 2016

Source: City of San Antonio Agenda Memorandum and Presentation, City Council B Session (Nov. 12, 2014)



Addendum: Overlap between County Study and COSA Annexation Program



County Study: Other Recommendations

- Encourage broad application and implementation of COSA Annexation Policy
- Convene “regional growth coalition”
- Engage Unincorporated Area residents on service level discussion
 - Implement “Code of the West” campaign as means to convey expectations
- Explore retail potential with market study
- Explore regional revenue sharing between cities and counties

County Study: Other Recommendations

- Continue fiscal assessments on smaller sub-areas to determine fiscal sustainability of annexation, incorporation, or special districts
- Assist communities to explore revenue enhancement options—particularly those interested in incorporating
- Assist communities to develop community capacity—particularly those interested in incorporating

Conclusion

- County Study effort to date has been technical and policy analyses
- Is it time to take a step back and think about findings . . .
 - What does it mean to a citizen in Unincorporated Area?
 - What are appropriate approaches in different parts of the County? Not a one-size-fits-all remedy.
 - Who are the appropriate actors to address and work to resolve issues and needs?
- Questions/Discussion



Thank you

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