



City Council Agenda Item Report

February 19th, 2013

Agenda Item

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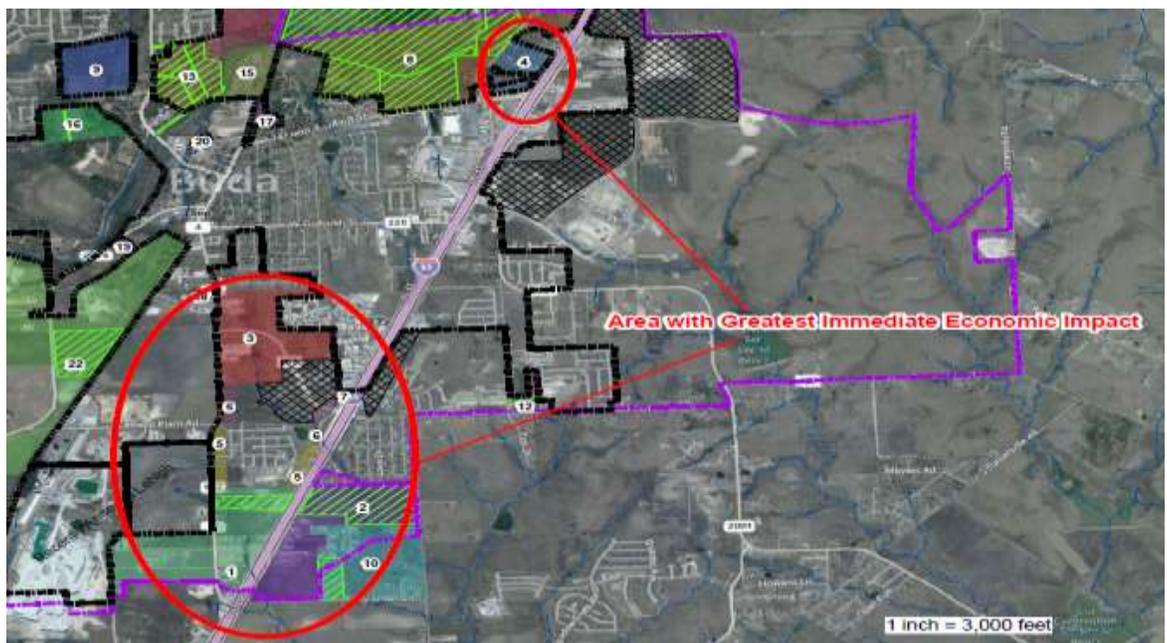
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SUBJECT: DELIBERATION AND POSSIBLE ACTION ON APPROVAL OF A RESOLUTION AUTHORIZING AND DIRECTING STAFF TO PROVIDE FOR PUBLIC HEARING NOTIFICATION, PREPARE A SERVICE PLAN AND INITIATE ANNEXATION PROCEEDINGS ON APPROXIMATELY 36 ACRES OF LAND LOCATED NEAR THE NORTHWEST CORNER OF IH-35 AND MAIN STREET.

1. BACKGROUND/HISTORY

On January 15th, 2013, the City Council by consensus elected to proceed with annexations as outlined in the Annexation Growth Plan (attached). This Plan emphasized annexation of two critical areas: North IH-35 and the southern industrial areas along FM 967 and IH-35. The Plan and accompanying staff report contained annexation “windows” by which annexations could be performed without need for special-called meetings.



Under State law and given the current boundary characteristics of the City, the City of Buda has authority to annex just over 1,417 acres in 2013.

This agenda item concerns the approximately 36 acres located at the northwest corner of IH-35 and Main Street, and further identified on the attached exhibit accompanying the resolution.

2. FINDINGS/CURRENT ACTIVITY

In the past, the City Council has indicated a desire to move forward with annexations as expediently as possible in order to quickly realize sales tax benefits and place properties on the ad valorem tax roles as soon as possible.

While this item initiates the annexation, the City must still offer a development agreement for non-annexation for any agriculturally-exempt properties. This will be performed as part of the owner notification process as appropriate.

Should Council consider the resolution, the following is the schedule of proceedings:

- April 2nd, 2013 – 1st Public Hearing
- April 3rd-9th, 2013 – Special-called Council meeting - 2nd Public Hearing
- April 30th, 2013 – Special-called Council meeting – 1st and Final Reading

3. FINANCIAL IMPACT

The proposed tracts fall within the City of Buda's water service area, therefore, water shall be provided by the City of Buda (property owner to pay for any extension necessary). Wastewater service is currently provided through privately-owned on-site sewage facilities (OSSF); however, the City of Buda has sufficient capacity to provide sanitary sewer to the areas should the property owner, at the expense of the owner, want to tie in. Some properties are already served by wastewater through development agreements. Wastewater collection is located on Main Street.

The property will be subject to property tax and sales tax upon annexation. The property will be assessed property tax for 2013, but revenues will not be collected until 2014. Based on current appraised value and the city's current 0.2713 ad valorem tax rate, the resulting tax benefit to the City is \$4,032. Sales tax revenue will be collected immediately upon annexation and notification will be sent to the Comptroller's office. This annexation area includes a number of properties that currently, or are capable of, producing sales tax revenue, though currently development is encumbered by environmental issues related to its prior use as a landfill. As Council is aware, the state allows cities to collect 2 cents in sales tax; however, the city's collection in sales tax for general fund purposes is at a ½ cent due to the following breakdown: County- ½ cent, ESD #8 - ½ cent, Buda Economic Development Corp (4B).- ½ cent, and City of Buda - ½ cent.

4. ACTION OPTIONS/RECOMMENDATION

Staff recommends to Council approval of the resolution authorizing initiation of annexation proceedings on the property.

5. ENCLOSURES

- A. Annexation resolution
- B. Exhibit "A" map