



City Council Agenda Item Report

February 19th, 2013

Agenda Item

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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 3.35 ACRES OF LAND LOCATED ON FM 1626 IMMEDIATELY NORTH OF BROADWAY BANK.

1. BACKGROUND/HISTORY

Staff has received a petition for voluntary annexation from Gay Ruby Dahlstrom for her property located on FM 1626 immediately north of Broadway Bank. The purpose of the annexation request is to allow them to more efficiently market the property for commercial purposes by completing the annexation and zoning—two important steps in the land entitlement process.

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. A voluntary annexation does not count against this acreage.

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 property was not identified as one of the top priorities in the Annexation Growth Plan, for the sake of efficiency it can proceed on the same schedule as the other annexations under consideration at this City Council meeting.

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 FM 1626.

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 \$604. Sales tax revenue will be collected immediately upon annexation and notification will be sent to the Comptroller's office. This annexation area includes a property that is capable of producing sales tax revenue. 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