



City Council Agenda Item Report

April 2nd, 2013

Agenda Item

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SUBJECT: HOLD A PUBLIC HEARING TO RECEIVE WRITTEN AND ORAL COMMENTS REGARDING THE SERVICE PLAN AND ANNEXATION PROCEEDINGS ON APPROXIMATELY 700 ACRES OF LAND LOCATED EAST OF TEXAS LEHIGH CEMENT COMPANY, NORTH OF THE CITY OF KYLE CITY LIMITS, WEST OF DACY LANE AND SOUTH OF WINDMILL WAY.

1. BACKGROUND/HISTORY

On February 19th, 2013, the City Council adopted a resolution initiating annexation proceedings for the subject property. Notification was sent to interested public entities, utility companies and property owners within the annexation area. In addition, two properties hold agricultural exemptions and received offer letters for non-annexation development agreements. To date, neither property owner has elected to pursue such development agreement, although they have until April 8th to respond.

This is the first of two required public hearings under state law, with the second public hearing scheduled for April 9th at 6:30pm.

2. FINDINGS/CURRENT ACTIVITY

Several parcels, as shown on the attached map, are under consideration for annexation. Current active uses include a number of light industrial and commercial businesses, which will be allowed to continue after annexation regardless of zoning. Furthermore, such area has been identified as business/industrial and/or commercial in accordance with the city's Future Land Use Plan, and, thus, staff will be bringing a proposed initial zoning consistent with that classification.

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.

3. FINANCIAL IMPACT

The proposed tracts fall within Monarch Utilities I, LP., (formerly Tecon Utilities and Southwest Water Supply Corporation) and Goforth Special Utility District water service areas, therefore, water shall be provided by Monarch and Goforth.

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 at various spots along FM 967 and IH-35.

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 \$101,600 (not including sales tax). 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. 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

This is the first of two required public hearings. No action can be taken during such public hearing and discussion should be limited. City staff has prepared the necessary service plan outlining current and proposed services upon annexation. City Council will be considering the first readings of the annexation and initial zoning ordinances at the April 30th, 2013 meeting.

5. ENCLOSURES

- A. Service Plan
- B. Exhibit "A" map