



# City Council Agenda Item Report

April 2<sup>nd</sup>, 2013

## Agenda Item

Contact – Chance Sparks, AICP, CNUa, Director of Planning

512-312-0084

csparks@ci.buda.tx.us

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**SUBJECT: HOLD A PUBLIC HEARING TO RECEIVE WRITTEN AND ORAL COMMENTS REGARDING THE SERVICE PLAN AND ANNEXATION PROCEEDINGS ON APPROXIMATELY 1.02 ACRES OF LAND SURROUNDED BY THE CURRENT CITY OF BUDA CITY LIMITS LOCATED NEAR THE NORTHWEST CORNER OF SOUTH FM 967/SOUTH LOOP 4/SOUTH MAIN STREET AND PRECISION DRIVE.**

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**1. BACKGROUND/HISTORY**

On February 19<sup>th</sup>, 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. There were no properties holding agricultural exemptions

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

**2. FINDINGS/CURRENT ACTIVITY**

A single parcel, as shown on the attached map, is under consideration for annexation. Current active use includes a commercial business selling restaurant equipment, which will be allowed to continue after annexation regardless of zoning. Properties in the annexation area are identified as business/light industrial in accordance with the city's Future Land Use Plan, and, thus, staff will be bringing a proposed initial zoning consistent with that classification.

**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 \$339 (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 property that currently produces 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 30<sup>th</sup>, 2013 meeting.

**5. ENCLOSURES**

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