



MEMORANDUM

TO: Mayor and City Council

FROM: Gregory I. Guernsey, Director, AICP *gg*
Planning and Zoning Department

DATE: October 19, 2017

RE: Mooreland Addition annexation area - questions from 10/12/17 public hearing

On October 12, 2017 City Council conducted the first of two public hearings regarding the full purpose annexation of the Mooreland Addition annexation area. City Council held similar public hearings in 2016, and at that time Council agreed to delay annexation at the request of property owners and residents of the area. City staff has prepared the following information in response to discussion and questions at the October 12th hearing.

City Revenues

Upon full purpose annexation the City will receive ad valorem taxes, sales tax revenues from the existing commercial properties along Manchaca Road, in addition to drainage, clean community, and transportation user fees.

Based on the 2017 certified TCAD values and the current City adopted tax rate (excluding exemptions) the Mooreland Addition area would generate \$31,527 in property tax revenue, the equivalent of approximately 0.005% of the current city property tax levy. This does not include an estimate of the potential build out value if future infrastructure improvements were made to accommodate additional development within the annexation area. Single family subdivisions in the City's full purpose jurisdiction surrounding Mooreland have developed as small lot subdivisions, double the density of Mooreland. Recent Multi-Family development adjacent to Mooreland accommodates a density of 10 units per acre. If the number of homes within Mooreland were to double in the future by utilizing underdeveloped land, the area would easily generate at least twice this estimated property tax revenue.

Cost of providing City services

The Mooreland Addition area is entirely surrounded by the City's full purpose jurisdiction and no capital improvements are required to serve the area, therefore, the estimated cost to provide City services to this area is negligible. No additional fire or police investment is needed to provide public safety response to the area. Additional revenues generated from enclave areas such as

this will augment current revenues dedicated to providing City services in the area and surrounding areas. Although City departments do not have a formula for predicting the cost of services on a per capita basis, this area will require service similar to other areas of the City with similar topography, land use, and population density. Future drainage and road maintenance requirements would be similar to other areas currently in the City with similar infrastructure.

In addition to the financial implications, a decision to not annex this enclave negatively impacts and complicates public safety regulations and response to this area. The surrounding residential areas are subject to different regulations (such as outdoor burning and fireworks, discharge of firearms, noise regulations, and alcohol sales) and receive different public safety services. Sole access to this area is through the City's full purpose jurisdiction.

Potential cost of post-Dec. 1 annexation based on new state law requirements

If Council does not approve of annexation in November 2017, any alternative would proceed under new statutory requirements that will be effective December 1, 2017. Senate Bill 6 requires Tier 2 cities to gain consent for non-property owner requested annexations. For annexation areas with a population of fewer than 200 people, e.g. Mooreland Addition, the City Council must initiate the annexation process by adopting a resolution, provide additional notification and initiate and implement a complex petition process.

- At this time an annexation petition process has not been tested by any Tier 2 cities. Staff from multiple departments have been working to clarify steps and costs to administer and implement the process.
- It may be an expensive process for the city to initiate and implement obtaining approval of 50% or more of the landowners in an area proposed for annexation or 50% or more of the qualified voters in the same area.

Planning and Zoning staff would recommend considering a larger annexation area to help offset the costs of gaining consent for annexation. Staff would require time necessary to analyze opportunities to define a larger annexation boundary.