

## EXHIBIT A



### **City of Corpus Christi Annexation Guidelines**

***Purpose:*** The purpose of this document is to describe the City of Corpus Christi’s Annexation Guidelines. The Annexation Guidelines provide the guidance and rationale for the consideration of areas within the City of Corpus Christi’s extraterritorial jurisdiction (ETJ) for annexation.

The intent of the Annexation Guidelines is to implement **Plan CC**, the City’s adopted Comprehensive Plan, by providing City Council with specific, objective, and prescriptive guidance for making decisions about annexation and other issues within Corpus Christi’s extraterritorial jurisdiction (ETJ).

In addition, Plan CC has designated two potential annexation areas tied to a Master Planning Process or Area Development Plan Process. Per Plan CC, the goal for annexed land shall be orderly development which is managed by local government according to an adopted land use and utility plan. Areas designated in Plan CC include, roughly, 4.6 square miles in the Northwest Area and 8 square miles in the Southside Area.

***Background:*** Annexation is the legal process that adds land to the corporate limits of a city. Annexation allows formerly unincorporated properties to receive municipal services such as police protection, fire protection, and garbage collection.

Controlled annexation can yield a more efficient land development pattern responding to population growth and economic development opportunities, while ensuring effective delivery of services.

The extraterritorial jurisdiction (ETJ) is a legally designated area of land located a specific distance beyond a city’s corporate boundaries that a city has authority to annex. State statutes define the size of the ETJ boundaries according to a city’s population. The statutes allow a five-mile ETJ for cities in excess of 100,000 in population. Corpus Christi falls into this category and has a five-mile ETJ.

## EXHIBIT A

The City will evaluate property owner-initiated annexations and City-initiated annexations based on the following Six Guiding Statements and associated criteria:

1. *The City of Corpus Christi will consider annexation to **protect public health and safety** by:*
  - a. Providing zoning, land use, building codes, and other development regulations; promoting and maintaining safe living and working conditions and sustainable development.
  - b. Extending regulations before development occurs, on undeveloped land, where growth is anticipated.
  - c. Preventing unregulated development in areas that:
    - i. will have an adverse impact on adjacent areas within the City;
    - ii. will have an adverse environmental impact;
    - iii. will have an adverse impact on Military missions/operations, including advisories and determinations provided by the Department of Defense and/or Federal Aviation Administration;
    - iv. will have an adverse impact on the Port of Corpus Christi and navigable waters.
2. *The City of Corpus Christi will consider annexation to provide **municipal services** to:*
  - a. Residential, commercial, and industrial land uses that would benefit from a level of service calibrated for a city rather than an unincorporated area.
  - b. Jurisdictional pockets outside the city limits, but surrounded by the city, to provide logical planning and/or service delivery boundaries.
  - c. Territories that establish contiguity required for strategic expansion of the City and its services.
3. *The City of Corpus Christi will consider annexation where the **property location** is in:*
  - a. Areas contiguous to the City limits for which dense urban or suburban development activity is anticipated; and
  - b. Planned Development Areas as identified in the adopted comprehensive plan.
4. *The City of Corpus Christi will evaluate annexation based on **intergovernmental relations** in order to:*
  - a. Protect its ability to expand its City limits.
  - b. Provide municipal authority over City-owned properties, including those belonging to City-owned utilities, by annexing City-owned properties as soon as practical after acquisition.
  - c. Preclude the creation of other competing political jurisdictions.
  - d. Maintain the City's ability to expand in the future and protect potential economic competition when evaluating requests for incorporations of new cities within Corpus Christi's ETJ.
  - e. Address the viability of City-owned utilities when evaluating requests for Utility Districts or other Special Districts in the ETJ.
  - f. Ensure that Special Districts in the ETJ do not create regulations that would not be in the best interest of the City.
  - g. Provide services in coordination with service districts and utility providers, including, but not limited to, school districts, emergency services districts, public transportation providers, and utility providers.
  - h. Promote collaborative relationships with other jurisdictions in the region.
  - i. Provide consideration for the following factors prior to releasing any portion of the City's corporate limits or ETJ to another jurisdiction, or accepting territory from another jurisdiction:
    - i. The exchange of areas of equivalent value with the other jurisdiction;

## EXHIBIT A

- ii. Adequate land use control by the other municipality (as determined by the City) to protect the subject property and surrounding area;
- iii. The existence of distinct planning boundaries that define the current or proposed City limits and ETJ;
- iv. Fiscal impacts to the City's budget;
- v. The need for City protection of environmental or other resources;
- vi. The long-term effects of cumulative ETJ releases to other jurisdictions;
- vii. Suitability for designation as an Industrial District;
- viii. Ability to provide adequate municipal services to the area.

### 5. *The City of Corpus Christi will consider annexation based on **economic and fiscal impacts**:*

- a. Annexation of areas with proposed development that is fiscally feasible for both operating and capital improvements while maintaining current levels of service to existing residents.
- b. Annexation to ensure that areas benefitting from proximity to a large urban City are contributing revenue to offset the cost of providing services within an urban environment.
- c. The impact of additional population within the City limits to help procure state and federal funding for transportation and other services that are provided on a per capita basis.
- d. Annexation to keep economic activity, and associated tax revenues, within the City limits.
- e. Consider opportunities for agreements with other municipalities or regional/area service providers to assist with provision of services.
- f. For both City initiated annexations and petitions for annexation, a Fiscal Impacts Analysis will be conducted by City staff. See section on fiscal impact analyses below for further details.

### 6. *The City of Corpus Christi will consider **Non-Annexation Agreements** for:*

- a. Property owners that have Agricultural Exemptions, in accordance with state law.
- b. Special Districts, which shall include a statement that the property owner consents to future voluntary annexation and a negotiated annexation schedule shall be included.
- c. Areas willing to accept services, such as municipal water and wastewater, in lieu of annexation along with extension of City regulations and requirements. A negotiated annexation schedule shall be included. The area covered under the non-annexation agreement must pay the full costs of services provided by the City.
- d. Areas with taxing authority offering revenue sharing options in exchange for the agreement.
- e. Future and existing Industrial Districts.
  - i. Industrial District 1 shall not extend south of I-37.
  - ii. Industrial District 2 will be protected from incompatible land uses.

## EXHIBIT A

### **The City will require the following when receiving petitions for annexation:**

1. An owner-initiated application will require the submittal of an annexation application. The application will, at a minimum, require:
  - a. A general development plan showing:
    - 1) The dimensions and boundaries of the property;
    - 2) Location of existing buildings and structures;
    - 3) Proximity to existing water, wastewater, storm water, streets, and other public improvements;
    - 4) A preliminary drainage plan for the project site using best management practices and prevent increases to both peak and total storm water runoff flows;
    - 5) General arrangements of existing and proposed land uses;
    - 6) The proposed zoning and density;
    - 7) Development phasing;
    - 8) The proposed street plan;
    - 9) And proof of ownership.
  - b. Public Infrastructure required to serve the proposed development and estimated costs;
  - c. Projections of additional elementary, middle, and high school students the development will generate.
  - d. Payment of an annexation application fee of \$50 per acre, with a maximum fee of \$2,000, or an amount as otherwise subsequently determined by ordinance of the City Council.
2. The City will consider the establishment of a Special District for the proposed area covered by development and annexation agreements to promote developments that incorporate higher development standards, such as the integrating a mixture of land uses, an interconnected network of streets, transportation alternatives to the automobile, and the provision of additional amenities.
3. A development agreement, detailing the obligations of the City and project developer and specifying the standards and conditions that will govern development of the property, will be required for the City to enter into an annexation agreement where the property owner is applying for annexation.

## EXHIBIT A

### ***Fiscal Impacts Analysis Details:***

1. A fiscal impact analysis models the projected costs and revenues associated with the proposed development to determine the net fiscal impact of the development on the City. Such analyses would go beyond the provision of infrastructure, and would include city services such as police and fire protection, libraries, parks and recreation, and other city functions that experience increased demand for service from new development. The fiscal impact analysis must assess each phase of the proposed development.
  - a. The Fiscal Impact Analyses shall be conducted by City Planning Division staff, in cooperation with pertinent Departments, to project revenues and costs anticipated as a result of the proposed development.
  - b. The Fiscal Impact Analysis considers both revenues and expenditures for proposed areas to be annexed using the development plan for the area and the current adopted City budget. Below is the methodology that shall be used for the Fiscal Impact Analysis.
    - i. Expenditures:
      - 1) Expenditures shall be considered for all municipal services to be provided.
      - 2) Expenditures shall include annual operation and maintenance costs.
      - 3) Expenditures shall include capital improvement costs.
      - 4) Expenditures shall be based on an assessment of the services to be delivered, the level of service to be delivered and the estimated costs of providing the service.
      - 5) Service delivery cost estimates shall be provided by the Department responsible for service delivery, guided by the City Planning Division Staff.
      - 6) Expenditures may be estimated using average costing, marginal costing, or a combination of the two methodologies.
    - ii. Revenues – the following shall be considered:
      - 1) Property taxes from existing land uses
      - 2) Property taxes for proposed future land use (based on current tax rate)
      - 3) Sales taxes
      - 4) Hotel Occupancy Taxes
      - 5) Other revenues as applicable to the area being considered for annexation (e.g. other local taxes, user fees, fines, etc.)
      - 6) Revenues may be estimated on per service population, per housing unit, per building square feet, and/or per acre basis, as appropriate.
      - 7) A sensitivity test of revenue assumptions, such as assessed value of property and sales tax revenues, will be included in the fiscal analysis.
  - c. Time Period of Analysis:

The Fiscal Impact Analysis shall extend a minimum of 10 years into the future. If necessary, the timeframe should be extended to either:

    - i. the year the proposed area for annexation is built-out, or
    - ii. the repayment period for any debt that would need to be assumed to more accurately reflect the applicable revenues and expenditures.

## EXHIBIT A

### **APPENDIX A: DEFINITIONS**

**Agriculture Development Agreement:** State law requires cities to offer a Development Agreement to areas appraised by the tax roll as agriculture, wildlife management or timber management. If the landowner consents to the agreement, the City shall exclude the property from annexation for a number of years. The Agreement may include the term of the agreement and the landowner's consent to voluntary annexation at the end of the agreement term. Annexation may proceed if land owners decline to enter into an agreement or if at any time landowner files any type of subdivision plat or related development document for the area

**Annexation:** The legal process by which a City extends its boundaries.

**Annexation Guidelines:** A set of guidelines for making annexation decisions.

**Annexation Plan:** See Municipal Annexation Plan.

**Average Costing:** A type of fiscal impact analysis model. This procedure estimates the costs of a new development based on the current average cost per unit of service in existing development multiplied by the number of units the new development is estimated to create. It does not consider excess or deficient capacity to deliver services, and it assumes that average costs of municipal services will remain stable in the future. For example, a fiscal impact model could use the Code Enforcement budget to generate a current average cost per household and apply that average to the number of households included in the proposed new development. An average cost model can also be updated annually as the new City budget is adopted.

**Contiguous:** Sharing a common boundary or border, or abutting a municipality's city limits; however, property will be considered contiguous to a city boundary/limit even if it does not actually touch that boundary/limit if an intervening property is subject to a development agreement guaranteeing temporary continued ETJ status, such as for an agricultural exemption.

**Developed:** Characterized by significant site improvements, such as utility installations, paving, and in many instances, the construction of one or more structures.

**Disannexation:** The legal process by which territory is removed from the city limits for failure to provide services. A majority of the qualified voters of an annexed area may petition the City Council to disannex the area if the City fails to provide services to the area within the period specified by the service plan. Similarly, the City may seek to disannex an area if it determines that it is unable to provide municipal services to that area in accordance with state law.

**Extraordinary Economic Development Project:** A commercial or industrial project that is eligible for property tax abatement and generates substantial benefit to the municipality.

**Extraterritorial Jurisdiction (ETJ):** Unincorporated area that is contiguous to, and extends five miles from, the Corpus Christi City limits. In the ETJ, the City has the authority to annex and extend subdivision regulations. The area excludes other municipalities and their respective ETJs, if any.

**Extraterritorial Jurisdiction (ETJ) Release:** An agreement to release ETJ boundary as agreed to jointly by written consent of two municipal entities.

**Fiscal Impact Analysis:** A study that models the projected costs and revenues associated with a proposed development to determine the net fiscal impact of the development on the City.

## EXHIBIT A

**Full Purpose Annexation:** Full purpose annexation is the process by which cities extend municipal services, voting privileges, full regulatory authority and taxing authority to new territory. The City regulates land development in its full purpose jurisdiction with zoning, engineering, environmental, land entitlement and building code requirements. An area under consideration for annexing must be within the City's extraterritorial jurisdiction and contiguous to the boundaries of the city.

**Incorporation:** The creation of a municipal corporation (i.e. "City").

**Industrial District:** An area containing an Extraordinary Economic Development Project for which a non-annexation agreement is issued for up to 15 years and is renewable to delay annexation and the extension of City taxes.

**Infrastructure:** Facilities necessary to provide City services, usually referring to physical assets such as streets and utility lines.

**Jurisdictional Island:** An unincorporated area surrounded on most sides by the City of Corpus Christi.

**Limited Purpose Annexation:** Limited purpose annexation extends the City's planning, building, zoning, health, and safety regulations. The City assesses no taxes and the City is not required to provide full municipal services. Residents in this type of area may vote in City Council and Charter elections but may not vote on proposals to issue bonds, nor seek municipal office. Generally, areas annexed for limited purposes are annexed for full purpose jurisdiction after three years.

**Marginal Costing:** A type of fiscal impact analysis model. This procedure relies on analysis of the demand and supply relationships for public services. This approach recognizes that excess and deficient capacity exists in communities. It models growth not in a linear manner, but as a more cyclical process in terms of the impact on expenditures. For example, a proposed project could necessitate that a new fire station be constructed to adequately provide service to a new development.

**Municipal Annexation Plan:** A document required by state statute that identifies areas to be annexed. Adoption of the Plan by the municipality initiates a three-year process that includes a public process and the creation of a Service Plan for the provision of municipal services after annexation.

**Municipal Boundary Adjustment:** An adjustment to municipal boundaries agreed to jointly by written consent of two municipal entities.

**Non-Annexation/Annexation Agreement:** Agreements authorized by Chapters 43 and 212 of the Texas Local Government Code and negotiated with property owners and adopted by City Council. Such agreements are often used in conjunction with the following:

1. An Industrial District for Extraordinary Economic Development Projects,
2. A Special Utility District or Public Improvement District that has taxing authority to pay for infrastructure improvements, or
3. An agreement for Services in Lieu of Annexation that may be negotiated with property owners who do not want to be placed in a Municipal Annexation Plan but have areas for which the City would like to extend regulations and services.

An annexing municipality must offer non-annexation agreements to property owners who have Agricultural Tax Exemptions if the area is slated to be placed in a Municipal Annexation Plan. The

## EXHIBIT A

agreement is only valid while an agricultural exemption is maintained and becomes void if development activity is pursued.

**Planning Study:** A document required for Limited Purpose Annexation which provides a ten-year projection regarding anticipated development, proposed zoning, and anticipated public benefits gained from the annexation.

**Public Improvement District (PID):** Authorized under Chapter 372 of the Local Government Code, PIDs are created only at the request of land owners via petition of more than fifty percent of owners of taxable real property liable for assessment under the proposed petition. PID creation is a discretionary act of City Council if Council finds that the establishment of a PID promotes the interests of the City. A PID may be established for the purposes of funding capital improvements as well as operational costs, including: landscaping; constructing or improving sidewalks, streets, or parking facilities; constructing or improving water and wastewater facilities; installing art; and constructing or improving libraries. Special assessments paid by land owners that benefit from the public improvements and/or service are the source of funding.

**Regulatory Plan:** A document required for Limited Purpose Annexation that identifies regulations and land uses to be extended to the area.

**Services:** Municipal services that may include police protection, fire protection, emergency medical services, solid waste collection, operation and maintenance of water and wastewater facilities, operation and maintenance of roads and streets, operation and maintenance of parks, and operation and maintenance of any other publicly owned facility, building, or service.

**Service Plan:** A document required as part of the Three-Year Municipal Annexation Plan that outlines the schedule for the provision of municipal services to an area annexed for Full Purposes.

**Services in Lieu of Annexation:** A type of non-annexation agreement to guarantee the land's immunity from annexation for a period of up to 15 years; extends certain aspects of the city's land use and environmental authority over the land; and authorizes enforcement of land use regulations in addition to, or in lieu of, those that apply within the City.

**Special District:** A political subdivision of the state providing water, sewer, drainage, transportation and/or other utility and infrastructure services within a specified geographic area.

**Utility District:** A political subdivision of the state providing water, sewer, drainage and/or other utility services within a specified geographic area. Sometimes referred to as a Municipal Utility District.

**Voluntary Annexation:** Property owners may petition the City to annex their property. The request for voluntary annexation requires at least fifty percent of the property owners' signature in the area up for consideration.