

**CITY OF SAN ANTONIO
City Manager's Office
Interdepartmental Correspondence**

To: Mayor & City Council

Through: Terry M. Brechtel, City Manager

From: Christopher J. Brady, Assistant City Manager

Copies: File

Subject: Transfer of SAWS Land

DATE: October 9, 2003

Summary and Recommendation:

An ordinance approving an Intrajurisdictional Agreement between the San Antonio Water System ("SAWS") and the City of San Antonio ("COSA") for the transfer of approximately 1,841 acres of land in Bexar County, Texas, from SAWS to COSA in exchange for the imposition of a Conservation Easements on other properties to be acquired including approximately 710 acres (the Chris Hill Conservation Easement) and approximately 855 acres (the Lauder Conservation Easement) in favor of SAWS and the assumption by COSA of certain obligations for payment of the acquisition of the Lauder property and further authorizing the subsequent transfer of approximately 637 acres out of the 1,841 acres to the City of San Antonio, Texas, Starbright Industrial Development Corporation to be used to fulfill a portion of the requirements of the Project Starbright Agreement.

Staff recommends approval.

Background Information:

SAWS acquired approximately 2,300 acres as part of the Applewhite Reservoir Project between December 1990 and May 1991. After the failed August 1994 Applewhite referendum, City Council directed SAWS Board of Trustees to dispose of the property. In May 1996, SAWS Board of Trustees declared the property as surplus.

The Starbright Agreement between the City of San Antonio, Starbright IDC and Toyota was authorized May 22, 2003. The agreement states that the City is primarily responsible for acquiring approximately 2,700 acres for the project site, which is between the Medina River and Leon Creek and bounded by Applewhite road. Approximately 2,000 acres have already been acquired. The rail tract, approximately 113 acres, and the SAWS parcel, approximately 637

acres, remain to be acquired. On September 23, 2003, Toyota requested that the entire project site be conveyed within 120 days, pursuant to the Starbright Agreement.

SAWS will transfer the operation and control of two parcels of real property to the City, consisting of approximately 637 acres north of the Medina River and 1204 acres south of Medina River. SAWS will retain all surface water rights and permits on the entire property.

The City intends to transfer the property south of the Medina River to the Land Heritage Institute, a non-profit organization. A public hearing must be conducted prior to any transfer of property south of the Medina River to comply with IRS regulations pertaining to the bonds that were sold to acquire the property. That hearing will be scheduled when the final details of the proposed conveyance to the non-profit organization have been finalized.

The Land Heritage Institute has the mission to acquire, preserve and develop Medina River property for educational, recreational, archeological, environmental, cultural and historical purposes. LHI has agreed to assist with relocating historical ranch structures and historic preservation compliance. SAWS and LHI will provide 10 days notice prior to any construction activity on the southern parcel. Should either party object to the location of the construction, an alternate location should be identified on the southern parcel.

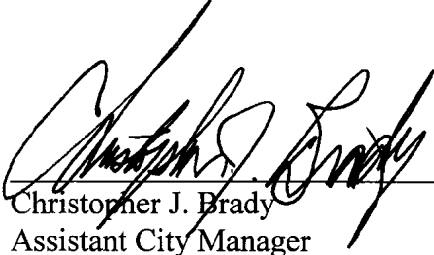
SAWS Board authorized the execution of the Intra-jurisdictional Agreement to convey the property to the City at the meeting held on September 16, 2003.

Financial Impact:

SAWS and the City agree that the value of the entire property is \$1,840,000. In exchange for the former Applewhite tract, the City will impose Conservation Easements on other properties to be acquired by the City including 710 acres (the Chris Hill Conservation Easement) and approximately 855 acres (the Lauder Conservation Easement) and the assumption by the City for payment of the acquisition of the Lauder property. The conservation easements will be acquired using Proposition 3 funds. The City has an option to purchase the Chris Hill property. Planning commission will consider the land purchase on October 22. Full City Council consideration for the purchase of the Chris Hill tract will occur on October 23. There is no impact to the City's operating budget.

Coordination:

This ordinance has been coordinated with the City Attorney's office and Proposition 3 office.

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Christopher J. Brady
Assistant City Manager

Approved:

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Terry M. Brechtel
City Manager