



# MEMO

**TO:** City of San Marcos City Council  
**FROM:** Will Rugeley, Planner – Planning and Development Services Department  
**DATE:** May 13, 2026  
**RE:** Request to Amend the La Cima Development Agreement. Case #PDA-25-02

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The purpose of this memo is to notify the City Council of an application to amend the La Cima Development Agreement and to briefly explain the history as well as the proposed amendment.

## HISTORY

- 2/5/2013 City Council approved Lazy Oaks Development Agreement via Resolution 2013-131.
- 9/16/2014 City Council approved an amendment to the development agreement via Resolution 2014-131 to provide for the future annexation of 2,031 acres.
- 5/15/2018 City Council approved a second amendment to the agreement via Resolution 2018-075 to increase the acreage and total number of dwelling units from 2,400 to 2,800.
- 8/18/2020 City Council approved a third amendment to the agreement via Resolution 2020-179 to include an additional 129.38 acres and to change the maximum amount of multi-family allowed to be based off the number of units instead of acres. This amendment changed the maximum from 30 acres to 720 units.
- 7/6/2021 City Council approved a fourth amendment to the agreement via Resolution 2021-126 to change the number of multi-family units authorized for construction within the first phase to be based off 360 units instead of 15 acres.
- 11/16/2021 City Council approved a fifth amendment to the development agreement via Resolution 2021-232R to add Film and Television Production Facilities (FTPF) as a permitted use and to establish development standards for the same.
- 1/4/2022 City Council approved a sixth amendment to the development agreement via Resolution 2022-10R to provide additional standards for the first phase of multifamily development (requires height and building location be constructed in accordance with the approved site plan).
- 2/14/2022 City Council approved a seventh amendment to the development agreement via Resolution 2022-106R to include an additional 1,295 acres to the La Cima development.
- 10/3/2025 Staff received an application requesting an eighth amendment to align the development agreement with prior City action and the La Cima Municipal Management District.

## ABOUT THE 2026 PROPOSED AMENDMENT

### **Public Financing Tools (PIDs and MMD):**

Under the February 2022 agreement, the City acknowledged a single existing Public Improvement District (PID) of approximately 2,029 acres and agreed not to oppose petitions to either add remaining property or create additional PIDs. In the 2026 amendment, the City and County formally recognize three PIDs—the Original PID (2,029 acres), the La Cima South PID (320.964 acres, created August 30, 2022), and the La Cima North PID (684.476 acres, created September 13, 2022).

The amendment also incorporates the creation of the La Cima Municipal Management District No. 1 (MMD), established through special district legislation effective September 1, 2025, with City consent provided through Resolution 2025-74R. The 2026 agreement adds conditions related to bond issuance timing (post-annexation), restrictions on nonprofit ownership of tax-exempt property without City approval, and requirements ensuring the retention of Extraterritorial Jurisdiction (ETJ) and annexation authority.

***Utility Financing Provisions:***

The 2022 agreement allowed infrastructure costs to be financed through the existing PID. The 2026 amendment expands this to authorize the use of the Original PID, La Cima South PID, La Cima North PID, and the MMD as financing mechanisms. The updated agreement also includes provisions regarding Attorney General approval and the potential use of interlocal or strategic partnership agreements to maintain the viability of MMD financing after annexation.

***DA Form:***

The document titled “PDA-25-02 Development Agreement Proposed (Clean)” contains pages 1–24. Pages 25–68, which include the property’s metes and bounds and other development agreement exhibits, are omitted because they are not being amended as part of this proposal.