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Finding the balance:

Ranching and Rapid
Growth in Bandera
County, Texas

A Cost of
Community
Services Study



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Old Meets New in the Cowboy Capital

Traditionally Texans have viewed new growth as new wealth for struggling counties. And Bandera County is growing. Its location in the scenic Hill Country west of San Antonio, ranked the tenth largest city in the nation, makes Bandera County an ideal refuge for commuters and tourists alike.

But new growth hasn't brought new wealth to Bandera County's coffers. Although residential land contributes the largest amount of revenue to the county, its net fiscal impact is actually negative. Residential lands demand even more in service costs, including schools, road maintenance, water and wastewater, courts and public safety, than they provide in revenue. Conversely, ranch and open land in Bandera County generate almost four times more dollars for the county than what the county spends on them. If residential development is not balanced by business growth and conservation of rural and open lands, either property taxes must rise or services must

decline.

Despite its rapid growth, Bandera is still a rural county. Bandera, Texas is "Cowboy Capital of the World," with roots in the cattle drives of yesteryear and continuing today in rodeos. The county's primary industries are tourism and ranching - all intrinsically linked to its heritage. Maintaining Bandera's vibrant rural and ranching traditions is the key to the county's future prosperity.

Today dude ranches draw tourists who support local restaurants, shops and outdoor recreational businesses. Commercial and industrial development is limited, although "cottage" manufacturing businesses such as custom furniture builders, saddlers, jewelers and woodworkers are located throughout the county. Apples, apple products and apple festivals contribute to the area's economy. Top selling commodities are cattle and calves, while goats are firmly established in the local agricultural industry.



Photo courtesy of TxDOT



Photo by Debbie McWilliam

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Agriculture is an economic engine that benefits the local economy through jobs, sales and products. Total agricultural products sales in Bandera County in 1997 were valued at nearly \$5 million. Farmers and ranchers purchase materials, provide employment, spend money locally and have a positive impact on other sectors of the economy.

In addition to helping maintain fiscal balance, ranches and open lands help shape the overall quality of life in the region. Through the tradition of good stewardship within the ranching community, wildlife habitat protected on working ranches sustains a wide array of species. Open lands also minimize flooding and enhance water quality and quantity through recharge of aquifers and local creeks used for tourism and recreational activities.

While traditional ranches remain throughout Bandera County, many have given way to smaller “ranchettes” or single-family homes in platted residential subdivisions. Many of the rural lots are yet to be developed, leaving the potential for thousands of new homes. Some new residents, who commute to and shop in San Antonio, expect customary services from the county. Yet much of their sales tax revenues continue to be contributed to San Antonio.

Photo courtesy of Bandera County Visitors Center



The Cost of Services to Bandera County

To gain a better understanding of the fiscal impact of existing land uses on Bandera County’s budget, American Farmland Trust (AFT) conducted this Cost of Community Services (COCS) study. Revenues and expenditures from three different types of land uses - agricultural/open space, commercial/industrial and residential - were considered for Fiscal Year 2001. Revenues generated by each land use were compared to dollars spent to provide public services such as road maintenance, schools, water and wastewater and law enforcement.

Table 1 shows how much was spent by the county, the independent school districts and the water district to provide services to residents,

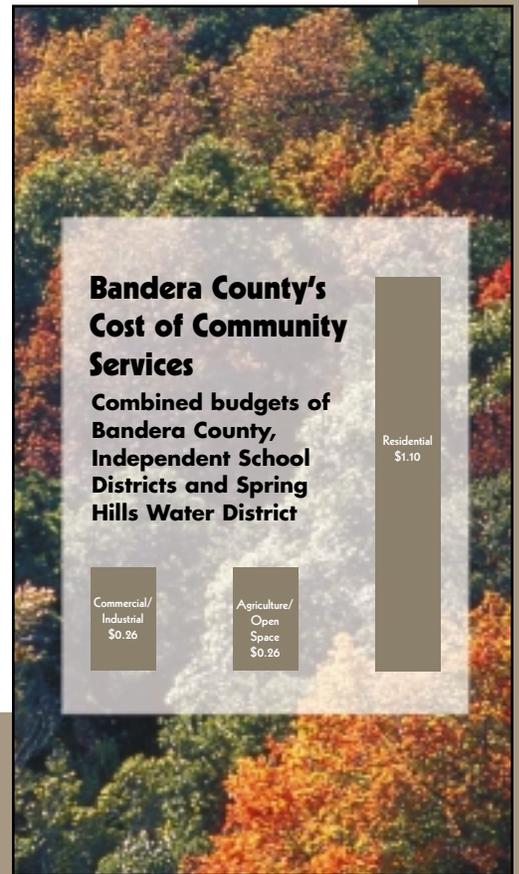


Photo courtesy of Bandera County Visitors Center

Table 1. Cost of Community Services

Combined budgets of Bandera County, Independent School Districts and Spring Hills Water District

	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>Agricultural/ Open Space</u>
Total Revenues	\$24,381,281	\$ 2,278,343	\$ 3,282,840
Total Expenditures	26,813,102	595,069	855,525
Revenues/Expenditures Ratios	1:1.10	1:0.26	1:0.26

For every dollar received in taxes from ranch and open lands, Bandera County spends only \$0.26 to provide services to these lands. Yet for every dollar received in tax revenue from residential development, the county spends \$1.10 to service residential properties.



Photo courtesy of Bandera County Visitors Center

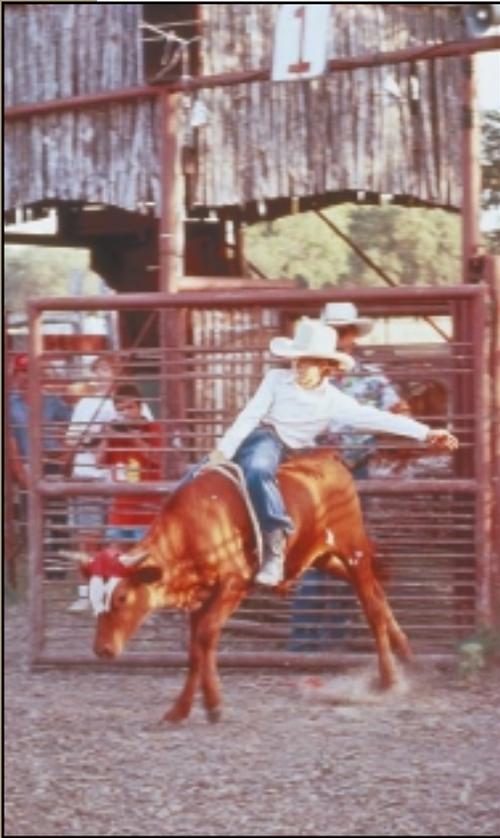


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compared to the tax dollars generated by lands in the three categories.

The revenues/expenditures ratios show that agricultural land and open space more than pay for themselves. For every dollar these lands provide in revenue from property taxes, sales taxes and other revenues, they demand back only \$0.26 in services. Similarly, industrial and commercial properties provide a net fiscal benefit, demanding only \$0.26 in service costs for every dollar they generate. However, residential development requires \$1.10 in services for every tax dollar it generates.

What Does Growth Really Cost?

Texas law limits the authority that counties have over development. But rapid growth is a reality in Bandera County. With a population of 17,645 in 2000, Bandera County grew by 67 percent from 1990. How future growth will be accommodated will determine the quality of life for Bandera County's residents for generations to come.

The results of this study provide reliable information demonstrating the importance of ranch and open land to the fiscal stability of Bandera County. A COCS study is only a "snapshot in time" of revenues and costs based on land use. It cannot predict growth nor is it meant to be anti-growth. The Bandera County COCS study confirms that:

- Taxes and other revenues from residential development do not cover all the public services residents expect. A balance of land uses, including ranch and open land, is needed to reduce overall infrastructure costs and provide the revenue to pay for these services. The alternative, as more residential development occurs in existing subdivisions, is that services will be stretched thinner or property taxes will have to be raised.
- Ranch and open land pay more in local tax revenues than these lands receive back in services. Texas' agricultural and open space valuation property tax program is justified as a way to provide an incentive to

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keep land open and in active agricultural use. Even with a reduced assessed value, agricultural properties contribute a surplus of revenue to pay for public services for residents of Bandera County.

- Ranch and open land should not be considered interim uses awaiting conversion to their “highest and best” use. Instead the county should plan for a future with these lands. The results of the COCS study suggest that these land uses are of great fiscal value to local communities.
- The ratio of \$1/\$1.10 for residential land use would have been much higher if not for the contribution of almost \$12 million of state money for education. In FY2001, the combined budgets for independent school districts represent 74 percent of expenditures considered in this study. Bandera County taxpayers may find it difficult to pay for services if state revenues decrease or if education demands increase.
- There is a substantial inequity between revenue received by the county and for school services. In making decisions about future growth in Bandera County, local officials must recognize the combined tax burden on the individual property owner as county and school taxes rise to meet the increased demand for services.

Photo courtesy of TBOCT



Photo courtesy of Richard and Mary Lou Perner, Pir 5 Ranch, Lometa, Texas.



Photo by Debbie McWilliams

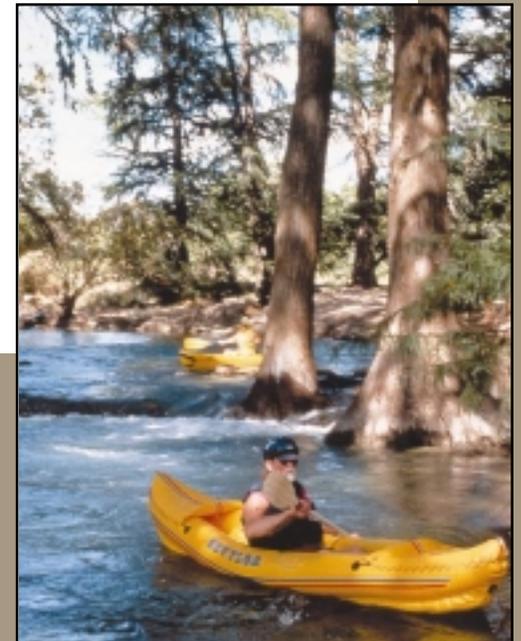


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Assuring a Bright Future for the Cowboy Capital

Citizens and officials need a plan for the future of ranchland and ranching activities in Bandera County that:

- ◆ Outlines when, where and how desired growth and development will occur;
- ◆ Identifies priority areas for agriculture, water recharge, wildlife habitat or other conservation purposes; and
- ◆ Inventories existing residential lots and determines the adequacy of public services, including water availability, to accommodate future build out of these lots.

Once Bandera County has a vision for its future, the plan can be used in numerous ways: to rally support for local or statewide voluntary conservation initiatives that fund the protection of land identified as important to the community; to seek private, state or federal funds to begin initiating components of the plan; to evaluate additional potential revenue streams to the county; and to encourage the state legislature to provide urbanizing counties with additional authority to manage growth.

As Bandera County continues to grow, the land use policies and decisions that leaders make will have important consequences for the future quality of life for residents. This Bandera County COCS study can aid community leaders and citizens as they discuss how to accommodate new residents, while preserving the unique heritage and natural beauty that attracted all of Bandera's residents. The numbers show clearly that maintaining a land base for future agricultural-related activities would be a sound long-term investment for Bandera County.



Photo courtesy of Bandera County Visitors Center

American Farmland Trust

For details of this COCS study methodology and findings, or for more information on American Farmland Trust's activities in Texas and around the nation, please visit our website at www.farmland.org or contact us at 101 Umland Road, Ste. 205, San Marcos, Texas 78666; 512/396-5517; fax 512/396-5529.



Photo courtesy of TADOT

Who is AFT? American Farmland Trust is the largest private, nonprofit conservation organization dedicated to protecting our nation's agricultural resources. Founded in 1980, AFT works to stop the loss of productive farmlands and to promote farming practices that lead to a healthy environment.

Our Texas Field Office staff in San Marcos works at state and local levels to inform the public about farm and ranch land conservation and to aid communities in initiating local farm and ranch conservation programs.