



# City of San Antonio

## Agenda Memorandum

**File Number:** 15-1023

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**Agenda Item Number:** 4.

**Agenda Date:** 1/29/2015

**In Control:** City Council A Session

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**DEPARTMENT:** EastPoint and Real Estate, Parks and Recreation

**DEPARTMENT HEAD:** Mike Etienne, Xavier Urrutia

**COUNCIL DISTRICTS IMPACTED:** City Wide

### **SUBJECT:**

Reauthorization of 1/8th Sales Tax for Edwards Aquifer & Parks Venue Projects

### **SUMMARY:**

This City Council action will initiate the process for a May 2015 Special Election to renew the Edwards Aquifer Venue Project and the Parks Development and Expansion Venue Project (Linear Creekway Parks Program) at funding levels of \$100 million and \$80 million, respectively, and reauthorize the current 1/8th cent sales and use tax to fund these venue projects.

To initiate a sales tax election, City Council by Resolution must first designate the programs as Venue Projects under Local Government Code Chapter 334 and submit the Resolution of designation to the State Comptroller. The Resolution would need to be submitted to the State Comptroller by January 30, 2015 to meet the requirements for a May 2015 Special Election.

The City Council Governance Committee will consider this policy issue during its Wednesday, January 28, 2015 meeting.

### **BACKGROUND INFORMATION:**

Currently, the Edwards Aquifer Protection Venue Project encompasses the acquisition of land or conservation easements over sensitive lands of the Edwards Aquifer recharge and contributing zones. The Parks Development and Expansion Venue Project includes the acquisition of open space and development of linear parks along the Leon Creek, Salado Creek, Medina River, San Antonio River, and tributaries such as the

Apache, Alazan, Culebra, Huesta, Huebner, Lorence, Martinez, Olmos, and San Pedro Creeks.

In 2000 the voters approved a 1/8th cent sales and use tax venue program within one proposition to collect \$45 million for the purpose of acquiring sensitive lands over the Edwards Aquifer Recharge and Contributing Zones as well as providing \$20 million for land acquisitions, design, and construction of hike and bike trail systems along Salado Creek and Leon Creek.

In 2005, the Edwards Aquifer Protection Program (Proposition 1) and Linear Creekway Parks Development Program (Proposition 2) were placed on the ballot as separate election items. Both initiatives were passed by voters with the Edwards Aquifer Protection Program at \$90 million and the Linear Creekway Program at \$45 million.

In 2010, San Antonio voters again passed an extension of these venue projects and authorized the collection of the 1/8th cent sales tax for \$90 million to be used toward Edwards Aquifer protection and \$45 million to be used for Linear Creekway Parks development.

Since the initiation of the Edwards Protection Program, 133,447 acres of sensitive lands over the Edwards Recharge and Contributing Zones have been protected either as part of the City's natural areas parks system or as conservation easements protecting the hydrogeologic headwaters to San Antonio's drinking water. This translates to almost 13% of the entire Edwards Aquifer Recharge Zone or approximately 20.5% of the Recharge Zone that directly affects the City of San Antonio.

Since the inception of the Linear Creekway Parks System, over 1,250 acres of creekway properties have been preserved as public park space including construction of over 46 miles of accessible multi-use paths already open to the public for recreation. An additional 40 miles of trails is currently under design or construction.

During the November 5, 2014 City Council "B" Session, City Council received a staff briefing on the Edwards Aquifer Protection Program and Linear Creekway Parks Development Program. Specifically, the programs' background, current status, and potential extension options were presented.

A Resolution by City Council is the first step in a process to bring the City's Edwards Aquifer Protection Venue Project and Linear Creekway Venue Project to the voters in May 2015 for reauthorization and the extension of the 1/8th cent sales and use tax to fund these projects.

Upon adoption of this Resolution, City Staff will request the State Comptroller to make a determination whether the extension of the 1/8th cent sales and use tax for the Venue Projects would have a significant negative fiscal impact on State revenue, as required by Section 334.022 of the Local Government Code. After the State Comptroller's determination, an ordinance calling the sales tax election in May 2015 would be submitted to City Council for consideration on or before February 26, 2015.

The City Council Governance Committee will consider this policy issue during its Wednesday, January 28, 2015 meeting.

## **ISSUE:**

The current sales tax funding cap approved by the voters in 2010 for the Edwards Aquifer Protection Program is \$90 million and for the Linear Creekway Parks Development Program is \$45 million. Once sales tax collections reach \$135 million, the collection of the 1/8th cent sales tax will cease. It is estimated that the \$135 million sales tax cap will be reached in February 2016.

To continue the Edwards Aquifer Protection and Linear Creekway Parks Development Programs, the City must hold a sales and use tax election in accordance with the Local Government Code, Chapter 334, as noted below.

In establishing a venue project, a Resolution must be adopted by the City Council designating the proposed venue projects and the proposed method of financing (the sales and use tax). The City must next request from the State Comptroller a determination as to whether the proposed method of financing will have a negative impact on State revenue. The Resolution would need to be submitted to the State Comptroller by January 30, 2015 to meet the requirements for a May 2015 Special Election.

After receiving approval from the State Comptroller for the use of the local sales tax for the specified venue projects, the City Council would subsequently approve an ordinance calling for a Special Election.

A January 5, 2015 Council Consideration Request (CCR) issued by District 8 Councilman Ron Nirenberg and District 6 Councilman Ray Lopez requests that the Edwards Protection and the Linear Creekway Parks venues be reauthorized at their existing funding levels of \$90 million and \$45 million, respectively, and at their current program scopes. Additionally, the Council Consideration Request called for the venues to be considered in a Special Election on May 9, 2015.

Since the issuance of Councilman Nirenberg and Lopez's January 5, 2015 CCR, Mayor Taylor and Councilman Nirenberg have developed an alternative to the proposal in the CCR. The Mayor and Councilman Nirenberg's proposal is outlined in the following paragraphs.

Currently, the Edwards Aquifer Protection and Linear Creeks Park venue projects total \$135 million. The Mayor/Councilman Nirenberg alternative is to enhance the two venue projects by increasing the program totals to \$180 million.

Based on current annual sales tax collection amounts and current sales tax collection forecasted growth rates, City staff is projecting that over a five year period (or 60 months), from 2016 to 2021, \$180 million in sales tax would be collected. The 2005 venue sales tax collection lasted for just under six years, or specifically 70 months. It is forecasted that the 2010 venue sales tax collection will last for approximately five years, or specifically 56 months.

The May 2015 reauthorization of the Edwards Aquifer Protection Program and Linear Creekway Parks Development Program totaling \$180 million would consist of the following elements:

The Edwards Aquifer Protection Program would total \$100 million. The current conservation easement and land purchase portion of the venue would be funded at \$90 million. The remaining \$10 million would be dedicated for Edwards Aquifer protection projects exclusively within Bexar County's recharge and contributing zones that would improve Edwards Aquifer water quality.

The Linear Creekway Parks Development Program would total \$80 million with the entire allocation being dedicated toward the existing program objectives and would include, to the extent possible and practical, watershed and water quality protection efforts when developing parks improvements within the re-authorized project venue.

City staff is supportive of this alternative proposal by the Mayor and Councilman Nirenberg.

## **ALTERNATIVES:**

An alternative to the \$180 million Edwards Aquifer Protection and Linear Creekway Parks Development program would be to have the Edwards Protection and the Linear Creekway Parks venues reauthorized at their existing funding levels of \$90 million and \$45 million, respectively, and at their current program scopes.

**FISCAL IMPACT:**

There is no fiscal impact associated with this Resolution at this time.

Based on current annual sales tax collection amounts and current forecasted sales tax collection growth rates, City staff is projecting that over a five year period, from 2016 to 2021, 1/8th cent in local sales tax would levy \$180 million.

It is estimated that the \$135 million sales tax cap for the 2010 voter approved Proposition 1 and Proposition 2 Sales Tax Venues will be reached in February 2016.

**RECOMMENDATION:**

The City Council Governance Committee will consider this policy issue during its Wednesday, January 28, 2015 meeting and will forward a recommendation to the full City Council for consideration. Staff recommends approval of a Resolution to the full City Council designating the Edwards Aquifer Protection Venue Project at \$100 million and the Parks Development and Expansion Venue Project at \$80 million with specified program enhancements utilizing the current dedicated 1/8th cent in local sales tax.