



# City of San Antonio

## Agenda Memorandum

**File Number:**17-4833

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**Agenda Item Number:** 2.

**Agenda Date:** 8/28/2017

**In Control:** Transportation Committee

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**DEPARTMENT:** Transportation & Capital Improvements

**DEPARTMENT HEAD:** Mike Frisbie, P.E.

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

City Funding to VIA Metropolitan Transit

### **SUMMARY:**

The City of San Antonio has proposed funding for VIA Metropolitan Transit (VIA) to be phased-in over a two year period with \$4.3 million proposed in the FY 2018 Budget and \$10.0 million to be identified during the FY 2019 budget process. VIA will be providing a briefing on the bus frequency improvements along nine routes and travel times and capacity improvements on six major corridors should the City of San Antonio authorize funding.

### **BACKGROUND INFORMATION:**

In July 2015, Councilman Rey Saldaña first raised the issue that inadequate funding levels resulted in VIA providing bus service that results in a majority of routes operating at a frequency of 30 to 60 minutes, impacting the ability of the community to utilize transit to its fullest potential. Councilman Saldaña proposed that the City's portion of Advanced Transportation District (ATD) funding be re-allocated to VIA to improve bus service and requested the policy issue of how the City utilizes its portion of ATD funding be discussed. Staff first presented this policy issue to the Transportation, Technology and Utilities (TTU) Council Committee on November 4, 2015 followed by full City Council at the November 18, 2015 City Council "B" session.

In January 2016, the ATD Ad Hoc Committee was established by Mayor Taylor and charged to evaluate VIA's funding model, additional funding opportunities available for public transit, and determine if the City should allocate all or a portion of the City's portion of ATD funds to enhance VIA services. The committee was co-chaired by District 4 Councilman Rey Saldaña and District 6 Councilman Ray Lopez. Committee members

included Alex Briseno, Victor Boyer, Patti Radle, James Lifshutz, Darryl Byrd and Sid Martinez. The Committee held six meetings between February and June 2016 that included an overview of the ATD, the City's ATD Program, ATD program support for VIA services, VIA's current and optimal level of service, and potential funding options.

At the final meeting held on June 29, 2016, the Committee recommended that the City transfer \$10 million annually in ATD funds to VIA over a four year period with no funds in FY 2017, \$2.2 million in FY 2018, \$6.5 million in FY 2019, and \$10 million in FY 2020 and beyond. The Committee's recommendation also included that the City's portion of the ATD Fund maintain at least \$5 million annually toward sidewalk funding, that the City's annual budget strive to maintain funding levels consistent with the FY 2016 levels at \$15 million for sidewalks and that the proposed 2017 Bond Program have a substantial sidewalk program.

On August 10, 2016, the Transportation, Technology and Utilities Committee (TTU) was briefed on the ATD Ad Hoc Committee's recommendation and the impact to the City's ATD Program. The TTU Committee's recommendation was to have staff explore funding options, beyond the City's portion of ATD funding, in order to provide \$10 million in funding annually to VIA, phased-in over a four year period with no funds in FY 2017, \$2.2 million in FY 2018, \$6.5 million in FY 2019 and \$10 million in FY 2020 and beyond.

On September 28, 2016, TCI briefed the full City Council during a "B" Session on the recommendation by the TTU Committee.

On November 10, 2016, TCI followed up with a briefing and proposed ordinance during Council "A" Session authorizing the execution of an Interlocal Agreement (ILA) between the City of San Antonio and VIA Metropolitan Transit (VIA) authorizing funding to VIA to be phased-in over a four year period with no funds in FY 2017, \$2.2 million in FY 2018, \$6.5 million in FY 2019 and \$10 million in FY 2020 and beyond from future funding sources (other than the City's portion of ATD funds) to be identified during the annual budget process for bus frequency improvements. The Item was postponed until after 85<sup>th</sup> Legislative Session due to potential revenue caps and staff was directed to continue exploring other funding opportunities in concert with VIA and other public entities in the area.

VIA is primarily funded through a one-half cent sales tax (0.500%) approved by voters in 1977 as authorized by the Metropolitan Transit Authority (MTA) sales tax and through a one-half of one-quarter cent sales tax (0.250%) approved by voters in 2004 through the ATD. For FY 2016, the MTA will generate \$146.99 million and the ATD portion supporting transit services will generate \$33.22 million in revenue. The remaining \$56 million is collected through fares and grants.

Among the four large Metropolitan Transit Authorities (MTA) in Texas, VIA is the only entity to receive ½ a cent of sales tax under the MTA sales tax. VIA has the potential to seek the remaining ½ cent authorized under the MTA sales tax, but to do so would exceed the statewide sales tax cap of 8.25%.

City	Rate	Effective
Austin MTA Sales and Use Tax	1%	July 1985
Dallas MTA Sales and Use Tax	1%	January 1984
Houston MTA Sales and Use Tax	1%	October 1978
San Antonio MTA Sales and Use Tax	1/2%	January 1978

In November 2004, voters approved the creation of the Advanced Transportation District (ATD), at a rate of ¼ of a cent for sales tax. The ATD sales tax revenue is required, by state statute, to be split with 50% of the

revenue collected supporting advanced transportation projects for the district, 25% of the proceeds to the City of San Antonio as a participating unit in the district, and 25% of the proceeds being used as a local match with the Texas Department of Transportation and Bexar County to access state and federal funds.

Currently, within the City of San Antonio, the sales tax cap of 8.25% has been met as shown in the table below. Of these amounts, the 0.125% for Pre-K 4 SA sales tax can be considered for renewal on March 31, 2021 and the 0.125% for Edwards Aquifer/Park Protection sales tax can be re-evaluated once \$100 million is generated for Edwards Aquifer and \$80 million is generated for Parks Protection which is estimated to be by the spring of 2021.

City of San Antonio	1%
Edwards Aquifer/Park Protection	0.125%
Pre-K 4 SA	0.125%
ATD	0.250%
VIA MTA	0.500%
State of Texas	6.250%
Total Sales Tax	8.250%

## ISSUE:

During the August 15, 2017 FY 2018 Budget work session, the full City Council was briefed on \$10 million in funding being provided annually to VIA, phased-in over a two year period with \$4.3 million proposed in the FY 2018 Budget and \$10.0 million to be identified during the FY 2019 budget process for bus frequency improvements along nine routes and travel times and capacity improvements on nine major corridors. VIA also provided a detailed briefing on the bus frequency and capacity improvements, including phasing of the services

With the additional funding supporting increased operational ability, VIA will be able to implement frequency improvements on nine routes currently operating at 60-minute frequency and corridor wide improvements on six major corridors within the system. The route frequency improvements will see bus service operating every 30-minutes from 6 AM until 6 PM on weekdays, as opposed to the current schedule as shown below. The corridor frequency improvement will provide combined service of 12 minute frequency within the corridors specified below.

### Phase I (January 2018) Frequency Improvements - 30 Minute Service

- #502 Thousand Oaks
- #602 North Star/Med Center
- #607 Med Center/Ingram
- #611 Valley Hi/Kel-Lac
- #613 Heritage NW/Kel-Lac
- #615 Kel-Lac/Heritage Park
- #616 Sky Harbour/Kel-Lac
- #617 Kel-Lac/Rainbow Hills
- #618 Ingram/Westlakes

### Phase I (January 2018) Travel Time & Capacity Improvements - 12 Minute Service

- Martin Luther King Corridor
- New Braunfels Corridor

**Phase II (May 2018) Travel Time & Capacity Improvements - 12 Minute Service**

- San Pedro/W. Commerce Corridor
- E. Houston Corridor

**Phase III (January 2019) Travel Time & Capacity Improvements - 12 Minute Service**

- S. Flores/Pleasanton Corridor
- Culebra/Bandera Corridor

**ALTERNATIVES:**

This is a briefing and there are no alternatives associated with this item.

**FISCAL IMPACT:**

As part of the FY 2018 budget process, the City of San Antonio has proposed funding to VIA Metropolitan Transit (VIA) to be phased-in over a two year period with \$4.3 million proposed in the FY 2018 Budget and \$10.0 million to be identified during the FY 2019 budget process for bus frequency improvements along nine routes and travel times and capacity improvements on six major corridors. The \$4.3 million allocation to VIA is proposed in the FY 2018 Budget under the General Fund.

**RECOMMENDATION:**

The City of San Antonio has proposed funding for VIA Metropolitan Transit (VIA) to be phased-in over a two year period with \$4.3 million proposed in the FY 2018 Budget and \$10.0 million to be identified during the FY 2019 budget process. VIA will be providing a briefing on the bus frequency improvements along nine routes and travel times and capacity improvements on six major corridors should the City of San Antonio authorize funding.