

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
CITY MANAGER'S OFFICE**

TO: Mayor and City Council

FROM: Melissa Byrne Vossmer, Assistant City Manager

THROUGH: Terry M. Brechtel, City Manager

COPIES: Christopher J. Brady, Assistant City Manager; Thomas G. Wendorf, P.E., Director of Public Works; Malcolm Matthews, Director of Parks and Recreation; Peter Zaroni, Interim Director, Office of Management and Budget; Milo Nitschke, Director of Finance; Andrew Martin, City Attorney

SUBJECT: Ordinance calling an election on February 5, 2005 or May 7, 2005 for the Edwards Aquifer Protection Venue Project Initiative

DATE: August 19, 2004

SUMMARY AND RECOMMENDATIONS

An ordinance calling a special election to be held on either February 5, 2005 or May 7, 2005 in the City of San Antonio, Texas, in accordance with Chapter 334, Texas Local Government Code as amended, and other applicable law, on the question of implementing and approving City Council Resolution #2004-27-23 which designates, and provides for the planning, acquisition, establishment, development, construction or renovation of, and the method of financing for the Edwards Aquifer Protection Venue Project Initiative; making provision for the holding of said election and providing for an effective date.

Staff recommends approval.

BACKGROUND

On August 5, 2004, acting in response to a Council Consideration Request relating to the purchase of land over the Edwards Aquifer, submitted by Councilmembers Hall and Flores, the City Council approved a resolution designating a venue project under Chapter 334 of the Texas Local Government Code and designating the method of financing to be used to finance the venue project. The venue project involves the acquisition of property for a conservation easement or open-space preservation program intended to protect water in the Edwards Aquifer, and is intended to be financed through the imposition of a sales and use tax at the rate of one-eighth of one percent (.00125). The resolution was submitted to the State Comptroller requesting a determination of whether implementation of the Resolution would have a negative impact on the state's revenue. The approval of this resolution by City Council was the first step in calling an election under the Texas Local Government Code, Chapter 334. The Resolution was submitted to the State Comptroller on August 5, 2004 for her consideration. This written determination

from the Comptroller was received which stated that the implementation of the Resolution would not have a significant negative impact on state revenues. As such, the Council may now call an election on the question of approving and implementing the resolution for the Edwards Aquifer Protection Venue Project Initiative. The Council must decide when adopting the Ordinance whether to designate the date of the election as February 5, 2005 or May 7, 2005.

Chapter 334 of the Texas Local Government Code, allows a municipality to call an election on a venue project which provides for the planning, acquisition, establishment, development, construction or renovation of, and the designated method of financing for the Edwards Aquifer Protection Venue Project Initiative. The Venue Project is generally described to include the acquisition of open space and conservation easements over the Edwards Aquifer. The ballot will permit voting for or against a proposition to authorize the City to impose a sales and use tax at the maximum rate not to exceed one-eighth of one percent for the purpose of financing, in an amount not to exceed \$90,000,000, including costs of issuance and interest on bonds, if any, for the Edwards Aquifer Protection Venue Project Initiative.

The ordinance, if approved by Council today, will call the election for one of the following uniform election dates:

	February 5, 2005 Election	May 7, 2005 Election
Election called	August 19, 2004	August 19, 2004
Early Voting Begins	January 19, 2005	April 20, 2005
Early Voting Ends	February 1, 2005	May, 3, 2005
Election Day	February 5, 2005	May 7, 2005
Effective Date of Sales Tax	July 1, 2005	October 1, 2005

It should be noted that the election could be called by the City Council anytime between now and November 18, 2004 for a February election and between now and February 17, 2005 for a May election.

The purpose of the Edwards Aquifer Protection Venue Project Initiative is to purchase land or conservation easements over the Edwards Aquifer to protect the Edwards water, the City of San Antonio's sole drinking water source. The Edwards Aquifer Protection Venue Project Initiative will be a continuation of a similar program approved by the voters at an election held in May 2000. At this time, in excess of \$39 million has been spent for this purpose.

Currently, the sales tax structure for the City of San Antonio is as follows:

State	6 ¼%	0.06250
City	1%	0.01000
VIA	½%	<u>0.00500</u>
<i>Current Total</i>		0.07750
Aquifer Protection	1/8%	<u>0.00125</u>
<i>If approved, Total</i>	7.875%	0.07875

If the voters approve the proposition, 3/8ths cent or 0.00375 capacity remains to reach the maximum sales tax allowed by law or 8.25%. It should be noted that these figures do not include the upcoming Advanced Transportation District (ATD) election, which has been set for the November 2, 2004 election at a proposed rate of ¼% or 0.00250.

It should also be noted that if the City Council decides to add any other venue projects under Local Government Code, Chapter 334 such as the acquisition of property for linear parks along creek ways and rivers, the 1/8% designated today would be shared by both propositions.

POLICY ANALYSIS

Approval of this ordinance continues the past practice to provide a mechanism for acquisition and protection of land over the Edwards Aquifer, the sole source of drinking water for the City of San Antonio.

FISCAL IMPACT

The cost of the proposed special election in February 2005 is estimated to be approximately \$375,000. It should be noted that until the number of entities calling an election and final identification of the polling sites is determined, an exact amount would not be finalized.

The proposed election in May 2005 coincides with a regularly scheduled City of San Antonio election. The May 2005 election is anticipated to cost \$390,000 and is included in the proposed FY2004-05 budget.

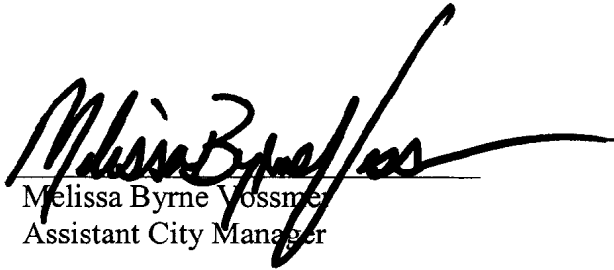
It is estimated that it would take approximately 6+ years to collect the proposed \$90 million, at which time the 1/8th cent for this purpose would be terminated. As noted above, collections would begin July 1, 2005 if a February election were called. If a May election were called for this purpose, collections would begin October 1, 2005.

If approved, the property acquired through this tax will need to be monitored and maintained in the future. The original Proposition 3 program recognized the need to provide operation and maintenance funds for care of the acquired property at a level of 10%. While nothing has been

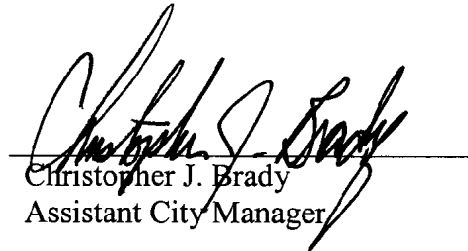
determined, it is anticipated that a similar percentage will be made available for this purpose from the proceeds.

COORDINATION

This item has been coordinated with the City Clerk's Office, City Attorney's Office, Finance Department, Public Works Department, Office of Management and Budget and Parks and Recreation.




Melissa Byrne Vossme
Assistant City Manager



Christopher J. Brady
Assistant City Manager

Approved:



Terry M. Brechtel
City Manager