

**CITY OF SAN ANTONIO  
CITY MANAGER'S OFFICE  
CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Mayor and City Council

**FROM:** Christopher J. Brady, Assistant City Manager

**SUBJECT:** An Ordinance approving the imposition of a one-eighth ( $\frac{1}{8}$ ) cent sales and use tax for Propositions No.1, the Edwards Aquifer Protection Venue Project, and No. 2, the Parks Development and Expansion Venue Project; and A Resolution approving the establishment of venue project funds to be used in connection with the Edwards Aquifer Protection Venue Project and the Parks Development and Expansion Venue Project.

**DATE:** June 2, 2005

**SUMMARY AND RECOMMENDATIONS**

This Ordinance approves the imposition and levy of a one-eighth ( $\frac{1}{8}$ ) cent sales and use tax for Proposition No.1, the Edwards Aquifer Protection Venue Project, and Proposition No. 2, the Parks Development and Expansion Venue Project, the adoption of which was authorized and approved by the voters of the City of San Antonio at the May 7, 2005 Special Election, pursuant to the requirements of Chapter 334, Texas Local Government Code, as amended (the "Act") and Chapter 321 of the Tax Code.

This Resolution approves the establishment of an Edwards Aquifer Protection Venue Project Fund and a Parks Development and Expansion Venue Project Fund, for the deposit of all sales and use tax proceeds and any and all other funds to be used in connection with said Venue Projects, respectively, in accordance with the requirements of the "Act".

Staff recommends approval of this Ordinance and Resolution.

**BACKGROUND INFORMATION**

On May 7, 2005 the City held an election to impose a one-eighth ( $\frac{1}{8}$ ) cent sales and use tax to provide for the planning, acquisition, establishment, development construction or renovation of various venue projects as authorized by the Act. Proposition No.1, entitled "The Edwards Aquifer Protection Venue Project", and Proposition No. 2, entitled "The Parks Development and Expansion Venue Project", was approved by the voters. Proposition Nos. 1 and 2 provide for the collection of a one-eighth ( $\frac{1}{8}$ ) cent sales and use tax, receipts aggregating up to \$135 million to be used as follows: (i) \$90 million to be utilized for the acquisition of property for a conservation easement or open-space preservation program intended to protect water in the Edwards Aquifer; and (ii) \$45 million to be used for the acquisition of

for the acquisition of open space and linear parks along Leon Creek, Salado Creek, Medina River and the San Antonio River and for improvements and additions to the Municipal Parks and Recreation System. On May 17, 2005, City Council approved the canvassing of the election returns.

Approval of this Ordinance will effectuate the imposition of the one-eighth ( $1/8^{\text{th}}$ ) cent sales and use tax. The adoption of the sales and use tax or the change of the tax rate takes effect on the first day of the first full calendar quarter after the State Comptroller has received notice of the election results, which would make October 1, 2005 the earliest date that the one-eighth ( $1/8^{\text{th}}$ ) cent sales and use tax can be collected. Receipts derived from the collection of the one-eighth ( $1/8^{\text{th}}$ ) cent sales and use tax will be remitted to the City by the State until \$135 million has been collected. It is projected that the one-eighth ( $1/8^{\text{th}}$ ) cent sales and use tax will be terminated in the Fall of 2014.

The City is required to submit notice to the State Comptroller showing any change in the City's sales tax resulting from an election. By this Ordinance, the City Clerk is authorized to send to the Comptroller a certified copy of this Ordinance, along with a certified copy of the Canvassing Ordinance, and a map of the City clearly showing the boundaries of the City, as required by the Act and Section 321.405 of the Texas Tax Code.

In connection with the adoption of these Venue Projects, the Act requires the City to establish, by resolution, venue project funds for the deposit of tax proceeds and revenue in connection with the Edwards Aquifer Protection Venue Project and the Parks Development and Expansion Venue Project. The City is required to establish separate accounts within the fund for the various revenue sources. All proceeds from the one-eighth ( $1/8^{\text{th}}$ ) sales and use tax imposed by the City must be deposited in the venue project funds, respectively, along with any other revenue or money required by law to be deposited in this fund. The money in the venue project funds may be used to: (1) reimburse or pay the costs of planning, acquiring, establishing, developing, constructing, or renovating the respective venue project; (2) pay the principal of, interest on, and other costs relating to bonds or other obligations issued by the City or to refund bonds, notes, or other obligations, in connection with the venue projects, if applicable; or (3) pay the costs of operating or maintaining the respective venue projects.

### **POLICY ANALYSIS**

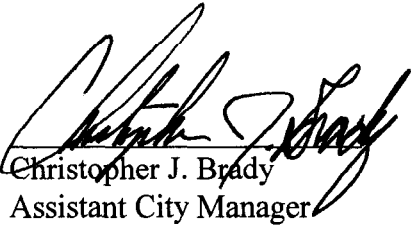
Approval of this Ordinance will effectuate the imposition of the one-eighth ( $1/8^{\text{th}}$ ) cent sales and use tax and allow the establishment of venue project funds in compliance with the applicable provisions of the Act and Chapter 321 of the Tax Code.

### **FISCAL IMPACT**


The imposition and levy of the one-eighth ( $1/8^{\text{th}}$ ) cent sales tax will increase the total sales tax from 8% to 8.125%. The City's portion of the sales tax will increase from one (1) cent to one and one-eighth ( $1/8^{\text{th}}$ ) cents. It is estimated that it would take approximately 9 years to collect \$135 million for these venue projects.

## COORDINATION

These items have been coordinated with the City Attorney's Office.



Christopher J. Brady  
Assistant City Manager



J. Rolando Bono  
Interim City Manager

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**AN ORDINANCE**

**IMPOSING AND LEVYING A ONE-EIGHTH CENT SALES AND USE TAX FOR PROPOSITION NO. 1—EDWARDS AQUIFER PROTECTION VENUE PROJECT PROPOSITION AND PROPOSITION NO. 2—PARKS DEVELOPMENT AND EXPANSION VENUE PROJECT PROPOSITION, THE ADOPTION OF WHICH WERE AUTHORIZED AND APPROVED BY THE VOTERS OF THE CITY AT THE MAY 7, 2005 SPECIAL ELECTION.**

\* \* \* \* \*

**WHEREAS**, the City Council of the City of San Antonio, Texas ("City Council") desired to provide for the planning, acquisition, establishment, development, construction or renovation of two venue projects ("the **EDWARDS AQUIFER PROTECTION VENUE PROJECT**" and "the **PARKS DEVELOPMENT AND EXPANSION VENUE PROJECT**") as authorized by, and defined in, Chapter 334, Texas Local Government Code, as amended (the "Act"); and

**WHEREAS**, the City Council was authorized by Section 334.024 of the Act, to order an election on the question of approving and implementing each Venue Project and the method of financing of each such Venue Project; and

**WHEREAS**, through Ordinance No. 99608, the City Council ordered the Special Election and said Special Election was held on Saturday, May 7, 2005; and

**WHEREAS**, by Ordinance passed and approved on May 17, 2005, the City Council canvassed the returns of said election, and did, thereby, officially find, determine, and declare the results of said election to be that **PROPOSITION NO. 1—EDWARDS AQUIFER PROTECTION VENUE PROJECT PROPOSITION AND PROPOSITION NO. 2—PARKS DEVELOPMENT AND EXPANSION VENUE PROJECT PROPOSITION**, as so submitted to the voters were each approved and each received a favorable majority vote in all respects and carried; and

**WHEREAS**, the City is thereby authorized to impose and levy the one-eighth sales and use tax, the adoption of which was authorized and approved by the voters of the City, as described above, in accordance with the requirements of the Act and Chapter 321 of the Texas Tax Code for the purposes and uses authorized by the voters and in the Act and to use money received from the sales and use tax approved by the voters in connection with such approved Venue Projects to reimburse or pay the costs of planning, acquiring, establishing, developing, constructing, or renovating such approved Venue Projects, pay the principal of, interest on, and other costs relating to bonds or other obligations issued by the City to finance the approved Venue Projects, and pay the costs of operating or maintaining the approved Venue Projects; and

**WHEREAS**, Section 334.086 of the Act provides that such tax shall be imposed in the City at the rate approved at the election, and Section 334.087 of the Act declares the effective date of the tax to be the first day of the first calendar quarter occurring after the expiration of the first

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complete quarter occurring after the date on which the comptroller receives a notice from the City of the official results of such election adopting the tax; and

**WHEREAS**, having met the requirements and in accordance with the provisions of the Act, the City desires to impose and levy the one-eighth cent sales and use tax for the purposes and uses authorized by the voters and in the Act; **NOW THEREFORE**:

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** A sales and use tax as provided in Chapter 334, Texas Local Government Code, is hereby imposed and levied at the rate of one-eighth of one percent (1/8 of 1%), the adoption of which was authorized and approved by the voters of the City at the May 7, 2005 Special Election held within the City, in accordance with the procedures and requirements of the Act, to be effective the first date on which such tax is authorized by the Act to be collected by the City for the purposes and uses authorized by the voters and in the Act.

**SECTION 2.** In accordance with Section 334.088 of the Act, revenue from the tax imposed under the Act shall be deposited in the respective venue project fund, which will hereafter be established by the City Council and evidenced by passage of a Resolution.

**SECTION 3.** The City Clerk is hereby authorized and directed to send to the State Comptroller of Public Accounts by United States certified or registered mail, a certified copy of this Ordinance, along with a certified copy of the Canvassing Ordinance, and a map of the City clearly showing the boundaries of the City, as required by the Act and Section 321.405 of the Texas Tax Code.

**SECTION 4.** This Ordinance shall take effect ten days from the date of passage hereof.

**PASSED AND APPROVED** on this the \_\_\_ day of May, 2005.

**M A Y O R**

**ATTEST:** \_\_\_\_\_  
*City Clerk*

**APPROVED AS TO FORM:** \_\_\_\_\_  
*City Attorney*

A RESOLUTION

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**APPROVING THE ESTABLISHMENT OF VENUE PROJECT FUNDS TO BE USED IN CONNECTION WITH THE EDWARDS AQUIFER PROTECTION VENUE PROJECT AND THE PARKS DEVELOPMENT AND EXPANSION VENUE PROJECTS.**

\* \* \* \* \*

**WHEREAS**, through Ordinance No. 99608, the City Council ordered a Special Election on May 7, 2005 on the issues of whether to provide for the Edwards Aquifer Protection Venue Project and the Parks Development and Expansion Venue Project and the imposition of a 1/8 cent sales and use tax; and

**WHEREAS**, by Ordinance passed and approved on May 17, 2005, the City Council canvassed the returns of said election, and did, thereby, officially find, determine, and declare the results of said election to be that Proposition No. 1, the Edwards Aquifer Protection Venue Project, and Proposition No. 2, the Parks Development and Expansion Venue Project, as so submitted to the voters were each approved and each received a favorable majority vote in all respects and carried; and

**WHEREAS**, the City is thereby authorized to impose and levy the one-eighth sales and use tax, the adoption of which was authorized and approved by the voters of the City; and

**WHEREAS**, in connection therewith, Chapter 334 of the Texas Local Government Code, as amended (the "Act") requires the City to establish Venue Project Funds for the deposit of tax proceeds and revenue in connection with the Venue Projects; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The Edwards Aquifer Protection Venue Project Fund is hereby established. The City shall deposit all proceeds from the one-eighth (1/8) cent sales and use tax imposed by the City in connection with Proposition No. 1, the Edwards Aquifer Protection Venue Project, approved by the voters at the May 7, 2005 election, along with all revenue from the sale of bonds or other obligations issued by the City under the Act, if applicable, and any other revenue or money required by law to be deposited in the Venue Project Fund. The money in the Venue Project Fund may be used to: (1) reimburse or pay the costs of planning, acquiring, establishing, developing, constructing, or renovating the respective venue project; (2) pay the principal of, interest on, and other costs relating to bonds or other obligations issued by the City or to refund bonds, notes, or other obligations, in connection with the Edwards Aquifer Protection Venue Project, if applicable; or (3) pay the costs of operating or maintaining the Edwards Aquifer Protection Venue Project.

**SECTION 2.** The Parks Development and Expansion Venue Project Fund is hereby established. The City shall deposit all proceeds from the one-eighth (1/8) cent sales and use tax imposed by the City in connection with Proposition No. 2, the Parks Development and

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Expansion Venue Project, approved by the voters at the May 7, 2005 election, along with all revenue from the sale of bonds or other obligations issued by the City under the Act, if applicable, and any other revenue or money required by law to be deposited in the Venue Project Fund. The money in the Venue Project Fund may be used to: (1) reimburse or pay the costs of planning, acquiring, establishing, developing, constructing, or renovating the respective venue project; (2) pay the principal of, interest on, and other costs relating to bonds or other obligations issued by the City or to refund bonds, notes, or other obligations, in connection with the Parks Development and Expansion Venue Project, if applicable; or (3) pay the costs of operating or maintaining the Parks Development and Expansion Venue Project.

**SECTION 3.** The City Clerk is hereby authorized and directed to send to the State Comptroller by United States certified or registered mail, a certified copy of this Ordinance, along with a certified copy of the Canvassing Ordinance and the Ordinance Imposing a Sales and Use Tax.

**SECTION 4.** This Ordinance shall take effect ten days from the date of passage hereof.

**PASSED AND APPROVED** on this the \_\_ day of May, 2005.

**M A Y O R**

**ATTEST:** \_\_\_\_\_  
*City Clerk*

**APPROVED AS TO FORM:** \_\_\_\_\_  
*City Attorney*