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VIA, Mayor agree on plan to use 1/8 cent sales tax for economic recovery, then transportation

Plan would require voter approval in Nov. 3 election, details not finalized



SAN ANTONIO – Officials from VIA Metropolitan Transit and Mayor Ron Nirenberg have announced the broad strokes of a plan to use a fought-over 1/8 cent sales tax.

Voters would be asked to approve first using the sales tax for a workforce development/economic opportunity program before permanently shifting it to transportation funding. The details of the ballot initiatives are still being sorted out, but the two sides hope to get the plan onto the Nov. 3 ballot.

“By working together, we have crafted a plan for recovering from the economic ravages of the COVID-19 pandemic, which has dramatically changed our community’s employment landscape,” Nirenberg said. “This approach will prepare San Antonians for jobs with a future while ensuring the long-term health of our transit system.”

“This collaboration is a significant step toward making sure no San Antonian gets left behind. It allows us to move together toward recovery and is a testament to what is possible when we work for a common goal,” said VIA Board Chairwoman Hope Andrade. “By asking voters to prioritize long-term funding for public transportation, we can secure a viable resource that provides access to lifeline services our community needs and deserves.”

This compromise would seemingly settle the city and transit agency’s fight over the future use of a 1/8 cent sales tax that currently funds Linear Creek Parkways and the Edwards Aquifer Protection Program. The tax is expected to reach its \$180 million cap in June 2021, which will free it up for other uses.

The tax would bring in about \$36 to \$40 million each year.

Nirenberg said the city would use the money for “training opportunities for people who’ve been affected by COVID-related unemployment so that they can retrain and gain the job opportunities that are here.”

That would include education and training opportunities, childcare services and job placement activity, he said. The mayor said the city already has the framework with the **\$191 million “recovery and resiliency” plan** that City Council passed in June.

After the city’s turn to use the tax expires, which Nirenberg expected to take about three or four years, the tax revenues would go to the Advanced Transportation District, where VIA gets half of the money.

The sales tax was initially part of ConnectSA’s plans to fund transit initiatives at VIA, such as better bus service, a new “advanced rapid transit” system, and “smart” transit programs, like

VIA Link, which were part of the “VIA Reimagined” plan.

VIA President and CEO Jeff Arndt said the agency’s focus will be on using the tax dollars towards the same type of innovations and expansion, although the specifics on how they are implemented may differ.

“So we would definitely, as we expect to do moving forward, is, you know, focus on frequency in our core bus network, a focus on innovation outside of the core, particularly in areas outside (Loop 410) and up towards (Loop 1604). And then we’re looking at how far we could go toward rapid transit with that portion of the funding,” Arndt said.

TAX TUG-OF-WAR

The planned hand-off of the sales tax brings the past few weeks of arguing over the tax between city and VIA officials to a close.

The two sides had started off the year on the same side - hoping to convince voters in November to approve using the tax for transportation improvements. However, priorities shifted once the pandemic hit.

Nirenberg, who had been a champion of improving the city’s transit system, said during **his State of the City address in early June** city leaders would no longer be asking voters to direct the tax to the transportation plans outlined in ConnectSA. Instead, he appeared inclined to use it to help the city recover from the pandemic.

“This is a painful, but necessary decision for us. But direct action to ensure a healthful economic recovery means rebuilding now. We will take the time we need to fully understand the depth of the pandemic’s financial damage before making new investments,” the mayor said in his address.

Meanwhile, facing its own projected budget shortfalls because of the pandemic, **VIA switched its focus from expansion to simply keep current operations afloat, which Andrade indicated it needed the sales tax revenue to do.**

However, **the city and transit agency disagreed over how bad the agency’s budget shortfall would actually be.** VIA’s original estimate of a \$126.2 million shortfall over five years fell to \$111.3 million, while the City of San Antonio said that continued, \$10 million annual contributions from the city would mean VIA’s deficit by FY 2024 would be only \$59.4 million.

Arndt said Thursday that the \$10 million contributions, which would require council approval, would mean the agency would be able to keep its services running at current levels for the time being.

Still, in a **July 2 special, joint-meeting of the VIA and Advanced Transportation District (ATD) Board of Trustees**, which have the same members, trustees unanimously agreed to alert the city and the Bexar County Commissioner’s Court of their intent to order an election on the 1/8 cent sales tax at the November election.

“This is not about filling a budget hole created by COVID-19. It is about closing the opportunity gaps created by 40 years of chronic under funding,” Andrade said at the time.

Trustee Louis Cooper told KSAT on Thursday the July 2 vote was not meant to force the city to the table, but was simply to comply with state law and keep a November vote on track.

Cooper acknowledged there “were some bumps in the road” but said the board, Nirenberg and Bexar County Judge Nelson Wolff all continued to work towards a solution.

“No one ever quit. No one ever said, ‘we’re done. We’re not going to talk to you anymore,’” Cooper said.

Nirenberg also said, “We’ve been wanting to have the discussion around the table for - since this began. And I’m glad that we’re having it.”

“The truth of the matter is the economic recovery strategy is what we need to focus on now, and so we are,” Nirenberg said. “And as I said before, I have always believed in a long-term, funded transportation system that’s efficient for every San Antonian, and that’s what we will be able to achieve as well.”

NEXT STEPS

The City Council and the ATD Board of Trustees would have to act by Aug. 17 to get the new tax initiatives onto the Nov. 3 ballot.

Council members would likely consider the city’s measure on Aug. 13, according to a news release, while Arndt said a special ATD board meeting would likely be called in early August.

Prior to the pandemic, **city staff had suggested the city use a portion of the money SAWS sends the city each year** to continue funding the EAPP. Nirenberg said that is still the plan, although the program should have enough money to last until 2023.

“So there’s a long runway ahead of us for us to get this program finalized for sustainable path. But we want to do that well ahead of time, so there’s a certainty of it,” Nirenberg said.