

TX: San Antonio mayor's deal with VIA would give city 3 years of disputed sales tax

After weeks of bitter conflict over the fate of a 1/8-cent sales tax, Mayor Ron Nirenberg and VIA Metropolitan Transit leaders have struck a compromise that would let them both put it to use -- if voters so choose.

By Joshua Fechter

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Jul. 16--After weeks of bitter conflict over the fate of a 1/8-cent sales tax, Mayor Ron Nirenberg and VIA Metropolitan Transit leaders have struck a compromise that would let them both put it to use -- if voters so choose.

Under a deal unveiled Thursday, San Antonio would hang on to the sales tax for three years to fund efforts aimed at economic recovery from the coronavirus pandemic. After that, the city would hand off the tax to VIA, which would use it to pay for expanded bus service and other transit initiatives.

Voters in November would have to approve the arrangement.

"There was a desire for an agreement that addresses all the needs that San Antonio has and the people of our community have near-term but also in a way that puts us on a path for a sustainable future," Nirenberg said.

The city has not settled on the specifics of how it would use the sales tax. Job training and placement along with tuition assistance for those who lost their jobs as a result of the pandemic are expected to be key parts.

Officials also haven't decided whether they would set a dollar amount, or a length of time, to govern when the proposed tax would expire. Nirenberg said the city is eyeing between \$100 million and \$125 million for recovery measures.

VIA leaders involved in the negotiations are assuming the VIA board will go along with the proposal, though the board voted unanimously July 2 to give notice of intent to place the sales tax on the November ballot solely for public transit. Board members had been adamant about chasing the sales tax without Nirenberg's backing before the compromise was announced.

The outlines of the deal were reached in a July 10 videoconference that included Nirenberg, VIA board chair Hope Andrade and board member Louis Cooper, City Manager Erik Walsh, Bexar County Judge Nelson Wolff and former mayor Henry Cisneros, according to Cooper.

Cooper said he has heard no disagreement with the compromise from other board members.

"We need to thank Henry Cisneros for bringing the parties together and continuously working with the mayor and the judge," he said. "Cisneros understood the problem."

The City Council and the VIA board have until Aug. 17 to vote to put the new arrangement on the November ballot in the form of separate initiatives to use the sales tax for economic recovery and public transit.

Council members, who Nirenberg briefed during the past week, will likely take up the measure at their Aug. 13 meeting.

District 5 Councilwoman Shirley Gonzales, who chairs the council's Transportation Committee, called the sales tax proposal a "fine compromise" and said she supports it. But she raised concerns about the prospect of asking voters to sign off on it while the city struggles to contain a surging pandemic.

"I feel like it's very hard to be enthusiastic about anything that we take to the voters without any real idea of what the future holds," Gonzales said.

Nirenberg and VIA might have a hard time convincing voters to sign up for a two-pronged, multi-year approach that could prove confusing at the ballot box, veteran political strategist Christian Archer said.

"I really can't understand the concept of, 'Let me explain why you're voting for this and in three years, we'll start to implement it,'" Archer said. "I think most voters aren't going to understand it either."

Nirenberg said the needs outweigh the awkwardness of the political timing.

"We have to begin getting people back on their feet," he said. "That doesn't happen when the virus is completely eradicated. We've got to start that process now."

The money that the sales tax would make available to the city would be on top of \$75 million the council approved in early June for training programs for residents who lost their jobs as a result of the pandemic, which was part of a \$191 million package intended to blunt its economic damage.

District 8 Councilman Manny Peláez embraced the sales tax compromise but said voters shouldn't view the city's efforts at bolstering economic recovery as a "panacea injection" that will solve the area's unemployment and pervasive poverty on its own.

"At this point, any dent is better than no dent," Peláez said.

VIA Metropolitan Transit CEO Jeff Arndt said the sales tax deal "provides for a long-term sustainable funding increase" that can allow for future expansion of bus service. "But at the same time, it allows the community to have resources available to recover from the pandemic," he added

The frustration of VIA board members in recent weeks came "when there was no other clear path forward, and possible future funding would be cut off," Arndt said. "That context is completely different now."

Currently, the 1/8-cent share of the sales tax pays to protect the city's primary source of drinking water, the Edwards Aquifer, and build linear parks and creekways. Voters in 2015 set it to expire when the city collects \$100 million for aquifer protection and \$80 million for the linear parks.

Officials had expected to hit those amounts by February 2021, but now say it likely won't happen until June 2021. After that, Nirenberg plans to keep the aquifer program going with other city money, albeit at about half the current funding.

Before the pandemic, Nirenberg and Bexar County Judge Nelson Wolff had pushed to reroute money from the sales tax to instead fund more bus service and other transportation initiatives, planning to seek voter approval in November. The mayor shelved that idea in June, after economic turmoil resulting from COVID-19 torpedoed retail and restaurant sales, reducing the city's own sales tax revenue.

Nirenberg left the door open for the aquifer sales tax to be used for economic recovery efforts for workers and businesses hit hard by the pandemic, but said the election should be postponed until May, 2021 at the earliest.

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That didn't sit well with VIA leaders, who forecast major budget shortfalls and cuts to bus service if the agency didn't get the estimated \$36 million a year generated by the tax. Arndt predicted VIA would lose \$126 million within five years -- a forecast city officials called into question and that Nirenberg modified by pledging \$10 million in city funds annually for five years to reduce the gap.

Defying Nirenberg, the VIA board voted to seek a November election to allocate the sales tax to bus service, which they said had been historically underfunded. They also questioned how the local economy would bounce back if unemployed residents had no way to get to job training programs or community college classes.

Andrade seemed hopeful that the dispute was over.

"This collaboration ... allows us to move together toward recovery and is a testament to what is possible when we work for a common goal," Andrade said in a prepared statement. "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."

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