

TO: BOARD OF DIRECTORS

FROM: EXECUTIVE COMMITTEE

SUBJECT: 2012 - 2017 CITY BOND PROJECT

STATUS: ADOPTED

DATE: 01/19/12

RECOMMENDATION: That the Board of Directors of The Greater San Antonio Chamber of Commerce adopt the following statement as policy:

STATEMENT: The Greater Chamber of San Antonio supports and endorses the 2012-2017 City Bond Program. We believe the Bond Program is vital to our community's future economic competitiveness by addressing priority infrastructure needs and improving our quality of life. We value the City's commitment to utilize local businesses for project design and construction. Our support is based on the 2012 Bond Program's incorporation of the following key core principles:

- Bond proceeds will be applied in accordance with a thorough citizens input process that incorporated careful and deliberate review of recommended projects that are strategically allocated throughout the City
- Transparency and accountability with the use of a comprehensive on-line tracking tool and the utilization of the existing Citizen Bond Oversight Commission
- Investments align with the aspirations of SA2020
- Sound fiscal long term planning that allows the city, with its top bond rating, to make major, strategic bond investments every 4 to 5 years without a tax increase

BACKGROUND: As San Antonio continues to grow, the need for additional financial resources and bonding capacity to initiate specific improvement projects for necessary infrastructure escalates. Bond issues produce the funds needed for infrastructure improvements by growing cities.

In 2007, San Antonio voters approved the largest municipal bond program in San Antonio's history, \$550 million. The 2007-2012 Bond Program focused on basic infrastructure improvements and enhancements, including streets, sidewalks, drainage, parks, athletic facilities and libraries, and consisted of 151 total projects. The 2007 program has been diligently managed and projects are being completed both on time and within budget. The City managed the program so well that the total costs of the scheduled projects were \$47 million under budget, allowing the City to take on an additional 22 projects not in the original program. Due to its maintenance of an AAA bond rating, the City is positioned to continue the ability to take on large bond programs every four or five years for the next 20 years.

For the 2012-2017 Bond Program, the City utilized an improved version of the process used in 2007. The process included the creation of four Community Bond Committees to obtain community input and analyze potential projects to be included in the program. The four committees include Streets, Bridges & Sidewalks; Drainage; Parks; and Facilities & Community Initiatives. Residents were invited to participate in the discussion of proposed projects. Three tri-chairs were appointed by Mayor Julian Castro: former Mayor, Lila Cockrell; Tessa Martinez; and former Chamber Chairman, Carri Baker Wells. Each of the four Community Bond Committees was made up of 32 members – two committee co-chairs and 30 committee members, three representing each Council district and appointed by their respective Councilpersons. Over 40 Chamber volunteers were appointed to the Community Bond Committees.

The public process consisted of a total of 20 public meetings; 16 Community Bond Committee meetings and four community tours. Over 800 citizens attended the meetings and 165 addressed the Committees.

Overall, the Community Bond Committee Members recommended 133 projects in all areas of the City for the proposed \$596 million. The cost allocations for the proposed projects are as follows:

Proposition	Projects	Cost
Streets, Bridges and Sidewalks Improvements	42	\$340,000,000
Drainage Improvements	17	\$130,000,000
Parks and Recreation	62	\$65,000,000
Facilities and Community Initiatives	14	\$61,000,000
Total Proposed Bond Program	1	\$596,000,000

To continue the work of the Mayor’s SA2020 visioning plan, the Streets Citizens Committee recommended \$40 million specifically for Downtown Street Reconstruction and an additional \$35 million for parks and the Central Library. The \$40 million and \$35 million amounts do not include projects or funding for the VIA Streetcar project.

City Council will vote on the proposed final list of bond projects on Thursday, January 12 and will vote again to set the General Election language on Thursday, February 16. The recommended schedule includes a special election set by Council for the proposed bond program. Election Day is scheduled for Saturday, May 12, 2012.

Pros:

1. The City’s 2012-2017 Bond Program addresses the City’s need for additional financial resources and bonding capacity to initiate specific improvement projects for necessary infrastructure through sound staff analysis and recommendations based on the City’s prioritized needs
2. The program achieves financial bonding capacity without requiring an increase to the City’s ad valorem tax rate.

3. The four Committees proposed, through careful review, a well-balanced Bond package and the few changes to the committee recommendations amount to only approximately 3%.

Cons:

1. With a robust and growing economy, the City of San Antonio is fortunate to have a budget surplus. With that in mind, is it necessary to incur more debt service just because the City has the capacity to do so, perhaps the City should evaluate a reduction in local taxes.
2. While there is a commitment to awarding local contracts, there are still considerable taxpayer dollars being awarded to national firms due to the low-bid process.
3. With limitations to implementing design build and alternative delivery method project management, the City would benefit from the protection of rising costs in more alternative delivery contracts.

IMPLEMENTATION: The Chamber will communicate this position to the Mayor and members of the City Council, the media, and The Chamber membership through publication in *The Advocate* and *The Chamber Today* and media releases.