



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 13

Agenda Date: May 15, 2025

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Creation of a Public Finance Zone

SUMMARY:

This Ordinance terminates the City's prior creation of Project Financing Zone Number One, City of San Antonio, Texas and other related items.

BACKGROUND INFORMATION:

On December 12, 2023, the City created a Project Financing Zone to take advantage of a new funding option available to the City due to the passage of Senate Bill 2220 during the 88th legislative session. The bill added the City of San Antonio to the list of cities eligible to participate in a "Project Finance Zone", or "PFZ". A PFZ allows the City to create a 3-mile zone centered around a convention center facility or venue in which the increment – or growth – in the State's hotel associated revenues can be used by the City for a 30-year period. Hotel-associated revenues include the State's hotel occupancy tax and sales tax revenue from businesses located within the hotel, mixed beverage sales tax revenue, and mixed beverage gross receipts tax revenue from hotels located within the PFZ.

The creation of the PFZ allowed the City to utilize specific incremental revenues the State would

have received within the PFZ over 30 years which would be redirected to the City for investment in qualifying projects. The City originally designated the Henry B. Gonzalez Convention Center and Alamodome as qualifying projects to be funded by the PFZ.

As the City has been working with public and private stakeholders to create a Sports and Entertainment District in downtown San Antonio, it has become necessary to add flexibility to the use of the PFZ funding source given the timing, scale, and magnitude of the proposed projects. The PFZ has also been identified as a potential funding source for the proposed new NBA arena for the San Antonio Spurs. City Staff discussed alternatives to modifying the existing PFZ to add the proposed new arena and the flexibility needed to fund projects within the proposed district with the Texas Comptroller's Office. Their proposed solution was for the City to terminate the current PFZ (abandoning its boundaries and the year of designation), create a new PFZ, and designate the Convention Center Complex as the singular qualifying project for the new PFZ. The Complex under the new PFZ would be comprised of the Henry B. Gonzalez Convention Center, Alamodome, and the new sports arena.

ISSUE:

This Ordinance terminates the prior PFZ that was designated on December 12, 2023. A separate ordinance to create a new PFZ will be considered as a separate agenda item.

ALTERNATIVES:

The City could choose to keep the current PFZ in place, however, terminating the current PFZ and creating a new PFZ with a singular qualifying project adds flexibility to the funding source.

FISCAL IMPACT:

The termination of the current PFZ has no impact on the City's Operating Budget.

RECOMMENDATION:

Staff recommends approval of this Ordinance terminating the City's prior creation of Project Financing Zone Number One, City of San Antonio, Texas and other related items.