

City of San Antonio



AGENDA

City Council B Session

Council Briefing Room

100 Military Plaza

San Antonio, Texas 78205

Wednesday, January 21, 2026

2:00 PM

City Hall Complex

The City Council will hold its meeting at the above referenced date and time for the following items. Once convened, the City Council will take up the following items in any order during the meeting but no sooner than the designated times.

Once a quorum is established, the City Council shall consider the following

1. Staff presentation updating information provided in the FY 2026 Debt Management Plan. [Ben Gorzell, Chief of Financial and Administrative Services; Troy Elliott, Chief Financial Officer, Finance]

5:00 P.M. – If the Council has not yet adjourned, the presiding officer shall entertain a motion to continue the council meeting, postpone the remaining items to the next council meeting date, or recess and reconvene the meeting at a specified time on the following day.

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Printed on: 01/21/2026 02:53 PM



City of San Antonio

Agenda Memorandum

File Number:

POSTING LANGUAGE: Staff presentation updating information provided in the FY 2026 Debt Management Plan. [Ben Gorzell, Chief of Financial and Administrative Services; Troy Elliott, Chief Financial Officer, Finance]

Agenda Item Number: 1

Agenda Date: January 21, 2026

In Control: City Council B Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUMMARY:

The Debt Management Plan was presented as part of the FY 2026 Budget work sessions. During the Debt Management Plan presentation, City staff provided an initial estimate of bonding capacity for the City's next Bond Program in the amount of \$500 Million. This presentation will provide an update to the Debt Management Plan with alternatives for additional capacity to be considered for City Council consideration and input.

Additionally, the presentation will provide capacity analysis for the issuance of Stormwater Revenue Bonds and an update to the timeline for the issuance of Airport Revenue Bonds for the Terminal Development Program.

The process and potential timeline for the next Bond Program including project selection and committee recommendations will also be discussed.

FISCAL IMPACT:

This item is an update to the FY 2026 Debt Management Plan and is for briefing purposes only.

Debt Management Plan Update and Bond Program

January 21, 2026

Presented by: Troy Elliott, Chief Financial Officer
Michael Shannon, Director, Capital Delivery Department

Debt Management

On August 27, 2025, the Debt Management Plan was presented to City Council as part of the FY 2026 Budget process

- Assumptions included in the Debt Management Plan produced an estimated capacity of \$500 Million for a potential 2026 Bond Program
 - Based on historical debt management practices
- Discussed the potential for issuance of Storm Water Revenue Bonds

Ad Valorem - Property Tax Debt Portfolio and Property Tax Rate

Ad Valorem Debt Outstanding
\$2.6 Billion*



City of San Antonio Property Tax Rate

**FY 2026
Property Tax Rate
\$0.54159**

\$0.33009
Pays Maintenance & Operations (General Fund)

\$0.21150
Pays Annual Debt Service (Debt Service Fund)

Bond Ratings: "Aaa" Moody's / "AAA" S&P / "AA+" Fitch

Effective Interest Rate: 2.79%

Average Life: 6.72 years

* Excludes Interim Financing for the Airport issued as Tax Notes in the amount of \$469.6 Million

Property Tax Rates

Maintenance and Operations Tax Rate (\$0.33009)

- SB 2 caps growth at 3.5%
- New Improvements are uncapped
- City Council has discretion to increase rate up to 3.5%
- Increase above 3.5% requires a vote

Debt Service Tax Rate (\$0.21150)

- Debt Service Tax Rate has not changed since FY 2004
- Debt Service Tax Rate is sufficient to cover annual debt service requirements
- City Council has authority to establish Debt Service Tax Rates, limitations include:
 - Should not exceed 10% of Total Assessed Valuation – Current ceiling is \$21.2 Billion
 - Current Outstanding Debt Service is \$3.1 Billion or 1.46% of Total Assessed Valuation
 - Property taxes levied for debt must not exceed \$1.50 per \$100 of Total Assessed Valuation
 - Current Debt Service Tax Rate is \$0.2115 for every \$100 of Total Assessed Valuation

Debt Management – Historical Approach

Bonding Capacity has historically been a function of:

Maintaining a stable
Debt Service Tax Rate
of \$0.2115

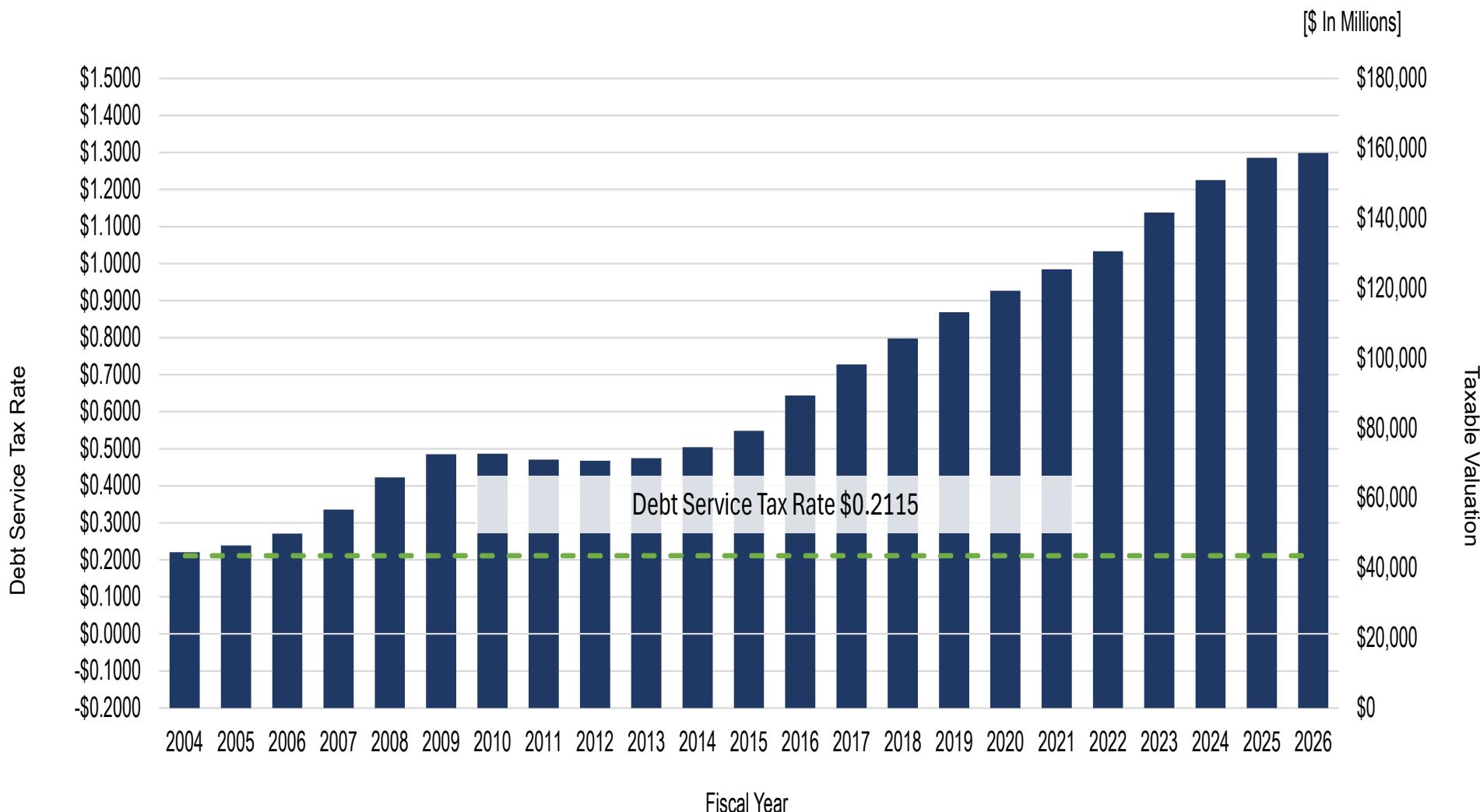
Property Values

Duration of Debt
Average Life

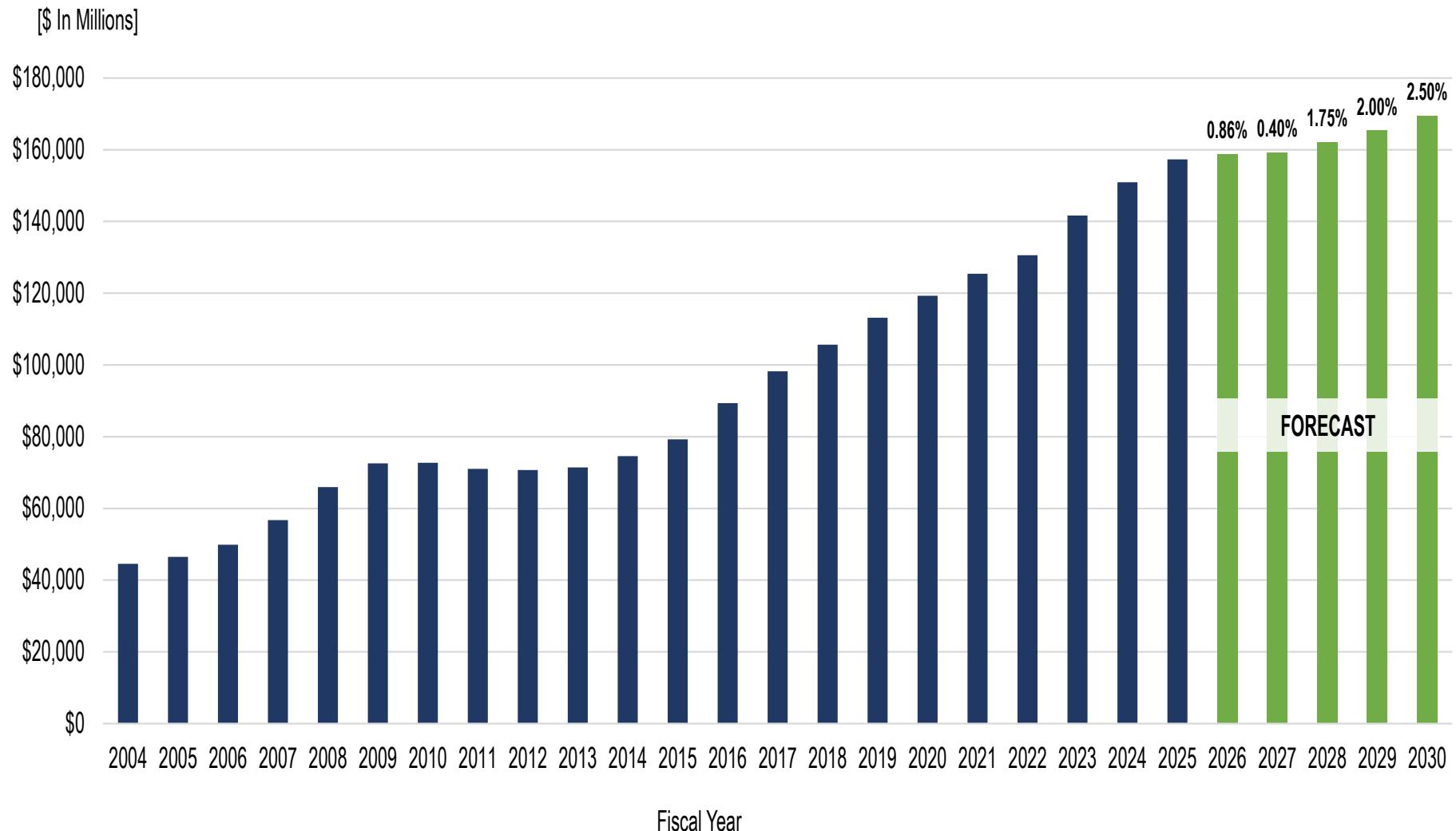
Interest Rates
Credit Ratings

Moderate Conservative Projections

Taxable Assessed Valuation Growth: No Change in Debt Service Tax Rate

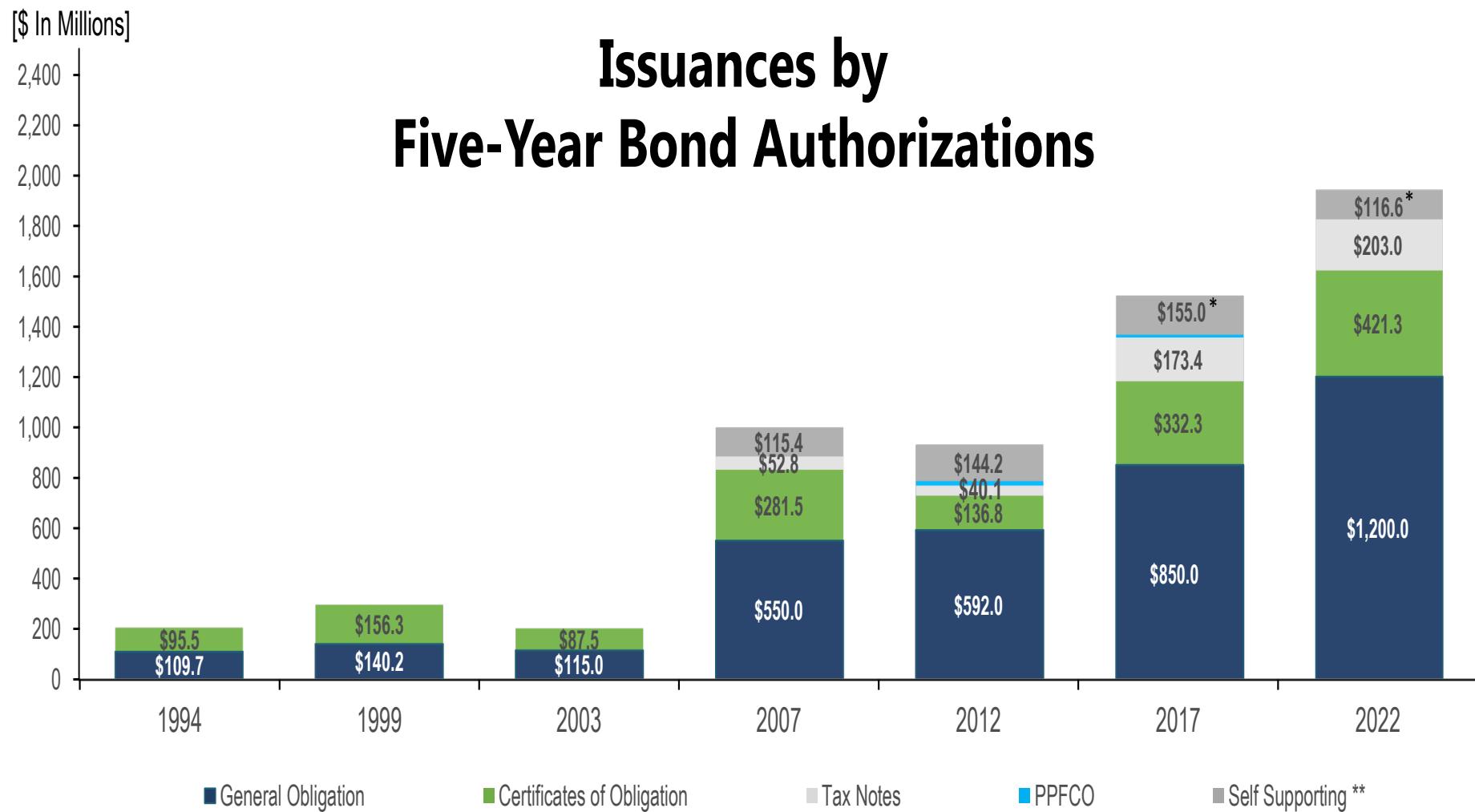


Taxable Assessed Valuation Growth - Assumptions for Forecast



Debt Management Plan

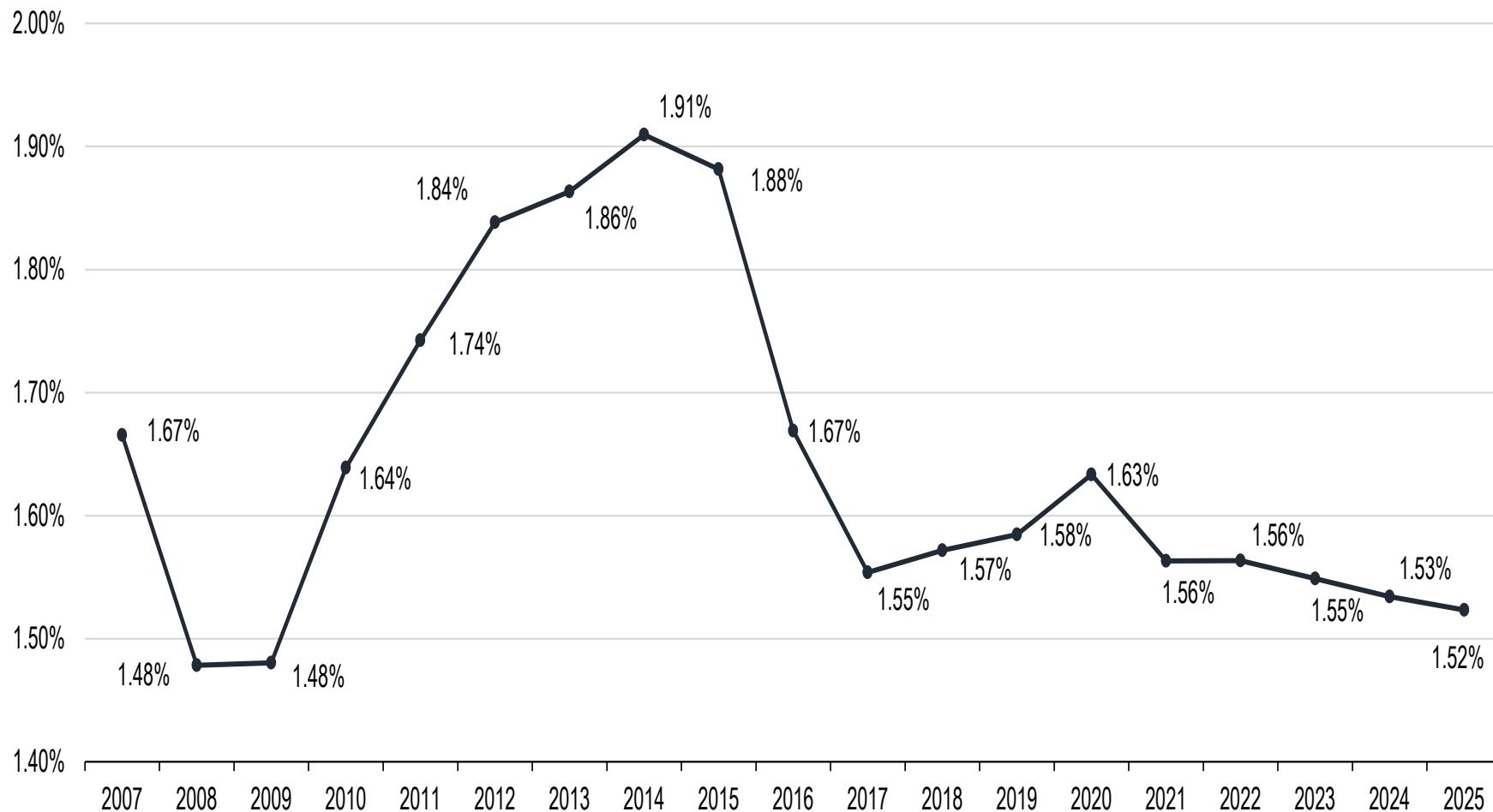
Ad Valorem Actual and Projected Issuances – Summer 2025 Plan



* Amount excludes Interim Financing for the Airport

**Self Supporting debt paid from non-property tax revenues

Debt Ratio: Property Tax Debt Outstanding / Taxable Assessed Valuation*



* Does not include Self Supporting Debt paid from non-property tax revenues

Debt Management – Alternative Approach

Establish a specific amount for future Bond Programs

- Requires the Debt Service Tax Rate to be evaluated annually with target of \$0.2115 with ability to flex up or down based on taxable value growth
- May need to be adjusted due to fluctuating property tax values
 - Tax Rate may be decreased in high growth years of taxable values
 - Tax Rate may be increased in low growth years of taxable values
 - Historically property values have increased over time
 - Average growth rate of taxable values for the past 22 years is 6.33%
- Develop Financial Policy to guide the development of the Debt management Plan and Debt Service Tax Rate

Debt Management Plan – Scenario Assumptions*

PRELIMINARY

Base Scenario:

Provides \$500 Million in Bonding Capacity

- Assumed November 2025 Election
- Average Growth of 2.00%
 - Included in Forecast

Scenario 1:

Provides \$625 Million in Bonding Capacity

- Assumes May 2027 Bond Election

Scenario 2:

Provides \$1 Billion in Bonding Capacity

- Constant Debt Service tax rate of \$0.2115
- 3.25% growth starting in FY 2028
 - If growth is below 3.25%, a tax rate increase could be required to make up for lower value growth
 - In higher growth periods, the tax rate could be lowered, and/or the amortization periods could be shortened

Scenario 3:

Provides \$1.2 Billion in Bonding Capacity

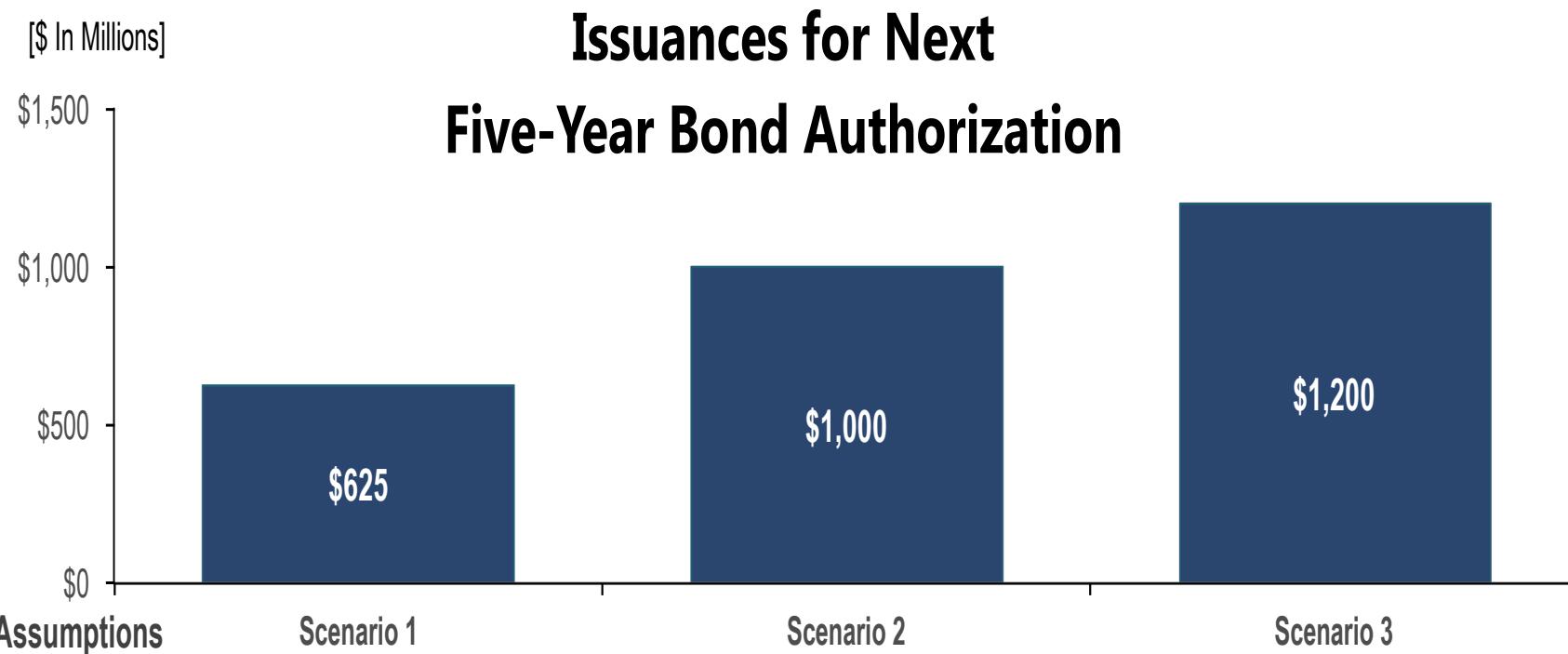
- Constant Debt Service tax rate of \$0.2115
- 3.50% growth starting in FY 2028
 - If growth is below 3.50%, a tax rate increase could be required to make up for lower value growth
 - In higher growth periods, the tax rate could be lowered, and/or the amortization periods could be shortened

* Projected Issuances – FY 2026 through FY 2031, 25-year amortizations, and \$150 million in taxable bonds for affordable housing

Debt Management Plan – Scenarios

PRELIMINARY

Projected Issuances – FY 2027 through FY 2031*



* Includes 25-year amortizations and \$150 million in taxable bonds for affordable housing

** If targeted growth rates are not met, the debt service tax rate would be adjusted to make up the difference

Taxable Assessed Valuation Growth

Total Number of Years from FY 2004 – FY 2025: 22 Years

- Total Number of Years Below 3.25%: 4 Years
- Total Number of Years Below 3.50%: 4 Years

Stormwater Revenue Fund

History and Background

- Monthly Stormwater Fees were established in May 1993 to protect the health, safety, and welfare and in response to the requirements of the Federal Water Quality Act of 1987
- In January 2016, the rate structure changed based on area of impervious cover and a five-year phased-in rate increase was— to fund additional mowing, storm drain inventory assessment, high water detection maintenance, and capital projects
- Latest Stormwater rate increase was in FY 2020 to provide service enhancements to storm drain tunnel maintenance and new capital projects



Stormwater Revenue Bonds* – Outstanding Debt

BONDS ISSUED

- \$44.15 Million issued in 2003 for 46 projects
- \$61.06 Million issued in 2005 for 41 projects
- Refunding bonds in the amount \$70.685 Million sold in 2013 which refunded all outstanding 2003 and 2005 bonds

OUTSTANDING DEBT

**\$24.5
Million**

Stormwater Revenue Bonds
backed by Stormwater Revenue
Bonds mature in FY 2030
Currently callable

Bond Ratings: “Aa2” Moody’s / “AA” S&P / “AA+” Fitch

Effective Interest Rate: 3.34%

* Does not require a bond election

Stormwater Rates

Current Rates

Residential		
Category	Impervious Area (SF)	Monthly Fee
Tier 1	≤ 2,750	\$3.75
Tier 2	> 2,750 - 4,220	\$4.94
Tier 3	> 4,220	\$10.45
Non-Residential		
Category	Percent Impervious Area (%)	Monthly Fee
Tier 1	≤ 20%	\$0.31
Tier 2	> 20% - 40%	\$0.45
Tier 3	> 40% - 65%	\$0.58
Tier 4	> 65%	\$0.73

Budget

Stormwater Revenue Fund	Adopted FY 2026 [\$ In Millions]
Beginning Balance	\$ 5.6
Stormwater Revenues	\$56.8
Expenses	\$59.8
Ending Balance	\$ 2.6

Stormwater Fee Increase – SCENARIOS*

PRELIMINARY

Scenario 1

No Rate Increase

FY 2027	0.00%
FY 2028	0.00%
FY 2029	0.00%
FY 2030	0.00%
FY 2031	0.00%

Total 0.00%

25 Year Term: \$9.8M

Scenario 2

2.00%

FY 2027	2.00%
FY 2028	2.00%
FY 2029	2.00%
FY 2030	2.00%
FY 2031	2.00%

Total 10.00%

25 Year Term: \$106.7M

Scenario 3

5.00% & 2.00%

FY 2027	5.00%
FY 2028	2.00%
FY 2029	2.00%
FY 2030	2.00%
FY 2031	2.00%

Total 13.00%

25 Year Term: \$140.0M

Scenario 4

5.00% (2 yrs) & 2.00%

FY 2027	5.00%
FY 2028	5.00%
FY 2029	2.00%
FY 2030	2.00%
FY 2031	2.00%

Total 16.20%

* Assumes issuance in FY 2026 and includes additional capacity resulting from the refinancing/restructuring of the current outstanding Stormwater Bonds

Stormwater Fees – Residential Ratepayer Estimated Impact

- Approximately 366,084 Residential Accounts
- 50% fall within Tier 2 Stormwater Rate
- Tier 2 Residential Accounts currently pay \$4.94 per month and \$59.28 per year

Estimated Impact of Rate Increase on Residents' Annual Payment				
Year	Scenario 1	Scenario 2	Scenario 3	Scenario 4
2027		\$1.20	\$3.00	\$3.00
2028		\$2.40	\$4.20	\$6.12
2029	No change in rate, no impact to Residential Customers	\$3.60	\$5.52	\$7.44
2030		\$4.80	\$6.84	\$8.76
2031		\$6.12	\$8.16	\$10.08

Airport Revenue Bonds

**\$740.3
Million***

OUTSTANDING DEBT

RATINGS

General Airport Revenue Bonds
\$105.9 Million

"A1" Moody's / "A+" S&P / "A+" Fitch

Passenger Facility Charge
Revenue Bonds
\$68.1 Million

"A2" Moody's / "A" S&P / "A" Fitch

Customer Facility Charge
Revenue Bonds
\$113.5 Million

"A3" Moody's / "A" S&P / "BBB+" Fitch

Airport System Revenue and Refunding Bonds (Interim Financing)
\$452.8 Million

* Outstanding debt excludes Interim Financing for the Airport issued as Tax Notes in the amount of \$200 Million of which debt service is paid by Airport revenues

Airport Revenue Bonds

TIMELINE

- GMP approved in the amount of \$1.3 Billion on December 18th
- City Council consideration of first issuance of Airport Bonds in an estimated amount of \$1.2 Billion – April 2nd
 - Does not require a bond election
- Airport Bond Sale – June 16th / 17th
- Airport Bond Closing – July 15th



Summary

Ad Valorem Debt Management Plan

- Presented an alternative to the Historical Management of the Debt Service Tax Rate and development of Bonding Capacity

Stormwater Revenue Bonds

- Provided revenue bond capacity based on refunding existing debt and varying levels of Stormwater Rate increases

Airport Revenue Bonds

- Provided timeline for upcoming revenue bond issuance

Bond Program Development Timeline

Phase/Milestones	May 2027	November 2027
<ul style="list-style-type: none"> • Program Initiation & Development • Identification of Potential Projects • Initial Community Engagement • Streets & Drainage Advisory Boards Engagement 	Winter 2026	Summer 2026
<ul style="list-style-type: none"> • Consultant Selection – Cost Estimating • B Session – Proposition Overview, Infrastructure Need, & Guiding Principles 	Spring 2026	Fall 2026
<ul style="list-style-type: none"> • Project Scoping & Cost Estimating • B Sessions – Staff Recommended Projects & Community Meetings Process 	Summer 2026	Winter 2027
<ul style="list-style-type: none"> • B Sessions – Council Discussion on Propositions and Projects • Staff Determination on Operational Impact From Projects • Committee Appointments & Community Engagement 	Fall 2026	Spring 2027
<ul style="list-style-type: none"> • A Session - Council Approval of Committee Recommendations & Proposed Projects • Call for Election - Mayor & City Council Action 	Jan/Feb 2027	June/Aug 2027
<ul style="list-style-type: none"> • Bond Election – Public Vote 	May 2027	Nov. 2027

Bond Program Propositions



**STREETS, BRIDGES
& SIDEWALKS**



**DRAINAGE &
FLOOD CONTROL**



**PARKS &
RECREATION**



**LIBRARY &
CULTURAL
FACILITIES**

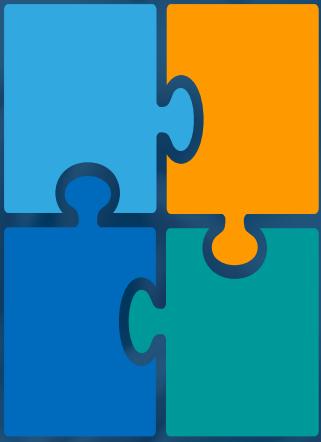


**PUBLIC SAFETY
FACILITIES**



**AFFORDABLE
HOUSING OR
NEIGHBORHOOD
IMPROVEMENTS**

Guiding Principles



Connectivity

Projects will enhance access to opportunities and align with city adopted plans

Public Health & Safety

Projects will enhance public health, wellness and safe connectivity to community destinations. Projects will also promote sustainable green infrastructure.

Resiliency

Projects will improve existing conditions to protect, adapt and respond to natural and human-made hazards

Funding Commitment

Leverage funding from outside agencies and project continuation

Feedback Requested

We would like your feedback on the general concepts that have been presented to include

- Sizing of Bond Program with the ability to adjust the Debt Service Tax Rate including the development of a Financial Policy for management of the Debt Service Tax Rate
- Consideration of the issuance of a Stormwater Revenue Bond with a proposed Rate Increase
- Potential coordinated funding effort between the Bond Program and a Stormwater Revenue Bond issuance to fund drainage projects
- Targeting the next Bond Election no sooner than May 2027

Debt Management Plan Update and Bond Program

January 21, 2026

Presented by: Troy Elliott, Chief Financial Officer
Michael Shannon, Director, Capital Delivery Department