

City of San Antonio



AGENDA Economic and Community Development Committee

Tuesday, March 4, 2014

10:00 AM

Media Briefing Room

A MEETING OF THE CITY COUNCIL ECONOMIC AND COMMUNITY DEVELOPMENT COMMITTEE WILL BE HELD AT THE MEDIA BRIEFING ROOM, CITY HALL, 100 MILITARY PLAZA, SAN ANTONIO, TEXAS 78205 ON TUESDAY, MARCH 4, 2014 AT 10:00 A.M., TO CONSIDER THE FOLLOWING MATTERS:

1. Approval of Minutes of the February 11, 2014 Economic and Community Development Council Committee Meeting

Briefing and Possible Action on

2. Economic Development Agreement for One Alamo Center. [Lori Houston, Director, Center City Development]
3. A Request by Bexar County for River North/Midtown and Inner City Tax Increment Reinvestment Zone Board Action and Council Action to Enable Bexar County to Grant Tax Abatements to Eight (8) Economic Development Projects Within These Reinvestment Zones. [Lori Houston, Director, Center City Development]
4. An Update on the Development of a Vacant and Underutilized Property Strategy. [Lori Houston, Director, Center City Development]

Adjourn

At any time during the Economic and Community Development Committee Meeting, the committee may meet in executive session regarding any of the matters posted above in compliance with the Texas Open Meetings Act.

DISABILITY ACCESS STATEMENT

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Economic and Community Development Council Committee Members

Ray Lopez, District 6, Chair

Diego Bernal, Dist. 1 | Ivy Taylor, Dist. 2 | Rey Saldaña, Dist. 4

Joe Krier, Dist. 9

*** Other members of City Council may attend to observe, but not vote, on matters before the Committee.**

**ECONOMIC AND COMMUNITY DEVELOPMENT
COUNCIL COMMITTEE MEETING MINUTES**

FEBRUARY 11, 2014

3:30 PM

MEDIA BRIEFING ROOM, CITY HALL

Members Present: Councilmember Ray Lopez, *Chair, District 6*
Councilmember Diego Bernal, *District 1*
Councilmember Ivy R. Taylor, *District 2*
Councilmember Rey A. Saldaña, *District 4*
Councilmember Joe Krier, *District 9*

Members Absent: None.

Staff Present: Carlos Contreras, *Assistant City Manager*; Leslie Haby, *Assistant City Attorney*; Jed Maebius, *Mayor's Office*; Lori Houston, *Director, Center City Development Office*; Rene Dominguez, *Director, Economic Development Department*; Edward Gonzales, *Assistant Director, Department of Human Services*; Leticia Vacek, *City Clerk*; Ryan Cook, *Office of the City Clerk*

Also Present: Linda Rivas, *President, Service Employment Redevelopment (SER)-Jobs for Progress*; Patrick N. Newman, *Executive Director, Workforce Solutions Alamo*; Rick Garcia, *Programs Manager, Workforce Solutions Alamo*

Call to Order

Chairman Lopez called the meeting to order.

1. Citizens to be Heard

There were no items addressed by Citizens.

2. Approval of Minutes of the January 7, 2014 Economic and Community Development Council Committee Meeting

Councilmember Saldaña moved to approve the minutes of the January 7, 2014 Economic and Community Development Council Committee Meeting. Councilmember Krier seconded the motion. Motion carried unanimously by those present.

3. Consideration of One Appointment to the Goal Setting Committee [Leticia Vacek, City Clerk]

Leticia Vacek stated that Christopher Ross had applied for one open slot on the Goal Setting Committee.

Christopher Ross stated that he was the Vice President for Business Development at J.M. Waller, Associates, Inc. which was a local Architectural, Engineering and Construction Firm. He reported that said firm was a Service Disabled Veteran Owned Small Business (SDVOSB) that worked with the Federal Government.

Councilmember Krier moved to forward the appointment of Christopher Ross to the Goal Setting Committee to the full City Council for approval. Councilmember Saldaña seconded the motion. Motion carried unanimously by those present.

Mrs. Vacek mentioned that said item would be brought before the full City Council for approval on February 13, 2014.

Mr. Dominguez noted that San Antonio was the only city in the country whose Goal Setting Committee membership included citizens.

4. Workforce Solutions Alamo (WSA) Update and Overview [Rene Dominguez, Director, Economic Development]

Rene Dominguez stated that Workforce Solutions Alamo (WSA) was the lead agency in regard to Workforce in the City of San Antonio. He indicated that State and Federal Funds were passed through the WSA to the WSA Service Providers.

Patrick Newman stated that WSA was initially funded in 1990 for \$20 to \$22 million under the Job Training Partnership Act (Act) Program and was administered by the Alamo Private Industry Council (APIC). He reported that the then Department of Employment and Economic Development provided monitoring and oversight of the WSA. He mentioned that in November 1990, the Express-News reported a number of conflicts of interest involving Board Members and poor performance by contractors. He noted that a Blue Ribbon Committee was established and a firm was hired to review said issues. He reported that based on their findings; the Committee recommended that a Private Non-Profit be established to oversee and administer the Act Program. He stated that in July 1991, the City took control for what was to be one year, requesting further study by the Blue Ribbon Committee in recommending that a Private Non-Profit or another entity be established to administer the Act Program. He reported that two years later, the Blue Ribbon Committee recommended that an independent entity be formed to oversee the Act Program. He stated that in June 1993, the San Antonio Works Board, formerly the APIC, agreed with the City Council that Non-Profit Status should be sought. He mentioned that at the same time, the United States Department of Labor Office of Investigations performed an audit and identified \$7.1 million in questionable expenditures made over a four-year period. He stated that in July 1994, the San Antonio Works Board received Non-Profit Status and was renamed Alamo Workforce Development, Inc. He indicated that in 2008 following one previous name change, it was renamed to its current name of Workforce Solutions Alamo. He reviewed the current Governance Structure and noted that the membership was comprised of those representing: 1) Business (including the Chair); 2) Education; 3) Labor; 4) Community-Based Organizations; 5) Economic Development; and 6) Veterans. He stated that the WSA was charged with:

1. Development of a five-year local Strategic Plan
2. Processing Request for Proposals for Program Contracts
3. Policy Development
4. Initiatives Development
5. Negotiating and managing Contracts for Program providers
6. Providing Program and Fiscal Monitoring
7. Managing Leases for the 16 Career Centers
8. Providing Legal and Audit Services
9. Maintaining Janitorial and Maintenance Contracts

10. Maintaining a complex Information Technology (IT) Network and Databases
11. Providing Technical Assistance and Training to Contractors
12. Ensuring that expenditures and performance requirements were met

He stated that the 2013-2018 Alamo Workforce Solutions Board Strategic Plan (Strategic Plan) was approved by the WSA Board on October 29, 2012. He reported that the number one goal of the Strategic Plan was to ensure that Workforce Services were business-driven and met the needs of Employers and Jobseekers. He stressed the importance of: 1) Maintaining a balanced budget; 2) Fiscal accountability; 3) Proper execution of Contracts; and 4) Providing services to businesses and jobseekers. He indicated that the current budget for the WSA was \$74 million. He reviewed the Programs managed by the WSA, Performance Measures, and the demand occupations for the San Antonio Area. He mentioned that Community Meetings attended by representatives of the Economic Development Department, Chamber of Commerce, and Locally Elected Officials generated a list of upcoming demand occupations in the upcoming years. He referred to the December Unemployment Report and noted that said report included: 1) Industry composition; 2) Wage by industry; 3) Employment by industry; 4) Industry size; 5) Growth rate of non-Agricultural employment; and 6) Historical employment. He indicated that the current unemployment rate was 5.3%. He stated that an updated report would be provided in March 2014.

Mr. Newman mentioned that the WSA provided everything from Training to Child Care, with Child Care being provided by the City of San Antonio (COSA). He noted that the COSA Contract made up 58% of the WSA Budget. He reported that the providers contracted with the WSA to provide services to 14,850 jobseekers in the area. He stated that in response to the number one strategic goal; On the Job Training (OJT) increased by 244% and 433% in 2012 and 2013, respectively. He referred to the list of partnerships and noted that they contributed to the economy, helped minimize resources, and contributed to Workforce Systems in the area. He reported that WSA Staff, in partnership with the Texas Workforce Commission, applied and were awarded \$4.9 million in Skills Development Funds which generated 1,853 new jobs and retrained 384 jobs. He noted that since Adult Basic Education Program was shifted to the Texas Workforce Commission (TWC), WSA had partnered with Region 20 in the implementation and integration of said Program. He indicated that the WSA had partnered with the Alamo Colleges (AC), Seguin Independent School District (ISD), Northeast ISD, P16Plus of Greater Bexar County, and Youth Career Connect Grant. He reported that said Grant would be funded at \$7.1 million over a four-year period and designated the WSA as the Fiscal Agent and Lead Agency. .

Mr. Newman reviewed the Board/Staff Initiatives including Youth Career Connect, Virtual Career and Placement Center, Career Planning Before Education, and participation in a State-wide Veteran's Job Fair. He referenced the performance benchmarks for Manufacturing and Information Technology Training that were provided to the Committee. He reviewed the various awards received by the WSA. He indicated that many changes would occur this year including: 1) A review of the WSA Strategic Plan with Elected Officials; 2) Publishing a monthly newsletter with input from Elected Officials; 3) Expansion of the Virtual Career Center Website; 4) Generation of additional cost measures at all levels; and 5) Expansion of the WSA's footprint in rural areas through the use of technology.

Chairman Lopez mentioned that WSA was cited for lacking a match of jobseeker skills with business needs and asked how it would be addressed. Mr. Dominguez indicated that this issue went beyond the WSA's control and was an issue across the country. Mr. Newman stated that the WSA would address this issue identifying ways to increase the skill level of the Job Pool.

Chairman Lopez expressed concern that businesses have requested that the incentive requirements be lessened to offset the Limited Job Pool and noted that this issue should be discussed by the Committee. Mr. Dominguez stated that said issue would be addressed by the annual review of the Strategic Plan.

Councilmember Taylor spoke of a letter she received announcing the imminent closure of the WSA Career Centers. Mr. Newman explained that the TWC would never allow a Center to close. Mr. Dominguez stated that she had received a Warning Letter stating that a conflict of interest had taken place and that the issue had been resolved. He explained that the agreement which included said conflict of interest had been amended. Mr. Newman indicated that the WSA Board voted to extend the term of current contracts from March 31, 2014 to June 30, 2014. He noted that this would allow for approval of a new Conflict of Interest Document.

Councilmember Taylor requested a consultation with Mr. Newman and asked if the Summer Youth Employment Programs were still in existence. Mr. Dominguez stated that they were not. Councilmember Taylor asked if the WSA had partnered with Project Quest. Mr. Newman replied that they have worked on several projects together. Mr. Dominguez reported that Project Quest aligned the demand occupations with data generated by the WSA. Councilmember Taylor asked of initiatives that assisted individuals that were formerly incarcerated. Mr. Newman stated that a small Ex-Offender Program existed. Councilmember Taylor noted that unemployment for African Americans was particularly high and asked if there were any specific initiatives created to address same. Mr. Newman replied that there were not. Councilmember Taylor stated that she was interested in establishing said initiatives because the high unemployment rate of African Americans affected everyone.

Councilmember Krier noted that it appeared that 56% of the WSA Budget was allocated for Child Care. He requested a break-down of allocations by program and information on the number of people who were employed as the result of the Job Fair. Mr. Newman referred to the information provided for those who were employed on-site at the Job Fair. He indicated that staff would propose that companies be contacted subsequent to the Job Fair for employment data as a result of the Job Fair.

Chairman Lopez requested that the WSA further improve their demonstration of the results of their programs.

Councilmember Saldaña asked of assistance provided by the WSA for those with a criminal record. Mr. Newman disclosed that those with a criminal record were often declined a job based on that. He stated that he has held discussions with the Deputy Chiefs in hopes of diverting a portion of the San Antonio Police Department Resources to provide services for Ex-Offenders. Mr. Dominguez noted the Economic Development Department funds two agencies that provided services to the underserved which would include Ex-Offenders.

Councilmember Bernal stated that the WSA should be responsible for providing more direction to Ex-Offenders seeking employment. He suggested that strategies be developed to improve those services.

5. Executive Session

The Executive Session was not held.

6. Adjourn

There being no further discussion, the meeting was adjourned at 4:55 p.m.

Ray Lopez, Chairman

Respectfully Submitted,

Denice F. Trevino
Office of the City Clerk



City of San Antonio

Agenda Memorandum

File Number:14-516

Agenda Item Number: 2.

Agenda Date: 3/4/2014

In Control: Economic and Community Development Committee

TO: Sheryl Sculley, City Manager

FROM: Lori Houston, Director, Center City Development Office

COPY: Mayor and City Council; Carlos Contreras, Assistant City Manager; Colleen Swain, Assistant Director, Center City Development Office

SUBJECT: One Alamo Center

DATE: February 28, 2014

SUMMARY:

City staff will present to the Economic & Community Development Council Committee terms for an economic development agreement with Klabzuba Realty, LLC. This agreement will facilitate the creation of up to 50 new jobs, increase the occupancy of a major building in the downtown and facilitate the redevelopment of the Commerce Street Corridor in City Council District 1.

BACKGROUND:

One Alamo Center is an office building located at 106 S. St. Mary's St. It was constructed in 1981 and consists of eight stories of office space (165,500 SF) and two levels of parking (144 spaces). Klabzuba Realty, LLC purchased the property in 2005 and the building is currently 39% occupied. This building is in the center of our Central Business District adjacent to an area of Commerce St. that the City is working to revitalize. In an effort to create new jobs, assist Klabzuba increase the occupancy in their building and to promote the redevelopment of the East Commerce Corridor, City staff is proposing a \$750,000 economic development loan in two components: a \$250,000 forgivable loan to facilitate the creation of up to 50 new jobs and a \$500,000 forgivable loan for a parking license agreement for 100 parking spaces in One Alamo Center.

Subject to funding appropriation in the FY15 Annual Budget, the job creation component is a \$250,000 no interest forgivable loan that would be disbursed after October 1, 2014 to facilitate the creation of up to 50 jobs with a minimum salary of \$36,000 annually. A job audit will be conducted in the second year of the Agreement to confirm the number of new, full-time jobs which meet or exceed the average annual salary requirement of \$36,000. For every new job created that meets the salary requirements, the loan will be forgiven by \$5,000. The jobs must be retained for the ten-year term of this agreement. Any remaining balance is payable within 30 days following the results of the job audit.

The forgivable loan for the parking license will provide the City access to 100 parking spaces for a period of 10

years, with 10 spaces available seven days a week at all times and the remaining 90 spaces available in the evenings Monday through Friday and all day on Saturday and Sunday. The City will have the ability to sublease the spaces to third-parties to facilitate retail and housing development along the Commerce Street Corridor. In exchange for the parking, the City will provide a \$500,000 forgivable loan to Klabzuba Realty of which \$250,000 will be disbursed this fiscal year and the remaining \$250,000 after October 1, 2014, subject to budget appropriation in the fiscal year 2015 budget. The loan for the parking license will be forgiven by \$50,000 at the end of each of year for a period of ten years, provided that 100 parking spaces are made available throughout that period.

This offer represents \$750,000 in economic incentives to assist Klazuba Realty, LLC with job creation in downtown San Antonio and to assist the City in its continuing efforts to encourage residential development and revitalize retail development along Commerce Street.

Issue:

Approval of this item is consistent with City policy to provide funding to support job creation, the development of a healthy office market and downtown parking solutions to encourage retail and residential development.

Alternatives:

The City may elect not to provide funding for this Economic Development Loan/Parking License Agreement and seek an alternative that would encourage job creation and assist with the parking needs in the East Commerce Corridor.

Fiscal Impact:

This Economic Development Loan/Parking License Agreement will authorize payment of \$750,000 to Klabzuba Realty LLC from the Inner City Incentive Fund (ICIF) for job creation and access to parking in One Alamo Center. The City will pay \$250,000 from the Fiscal Year 2014 Inner City Incentive Fund (ICIF) upon City Council approval and execution of the agreement and would pay the remaining \$500,000 after October 1, 2014, subject to the appropriation of funds by City Council in the Fiscal Year 2015 budget.

Recommendation:

Staff recommends approval of an Economic Development Loan/Parking License Agreement with Klabzuba Realty LLC in the amount of \$750,000 from the Inner City Incentive Fund (ICIF) to incent job creation and facilitate revitalization of the East Commerce Corridor by providing parking access in One Alamo Center.