

**State of Texas
County of Bexar
City of San Antonio**



**Meeting Minutes
City Council B Session**

Council Briefing Room
City Hall
100 Military Plaza
San Antonio, Texas 78205

2023 – 2025 Council Members

Mayor Ron Nirenberg

Dr. Sukh Kaur, Dist. 1 | Jalen McKee-Rodriguez, Dist. 2

Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4

Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6

Marina Alderete Gavito, Dist. 7 | Manny Pelaez, Dist. 8

John Courage, Dist. 9 | Marc Whyte, Dist. 10

Wednesday, November 6, 2024

2:00 PM

Council Briefing Room

The City Council convened a B Session meeting in the Council Briefing Room beginning at 2:08 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 11 – Nirenberg, Kaur, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Alderete Gavito, Pelaez, Courage, Whyte

ABSENT: None

ITEMS

1. Briefing on proposed revisions to the City's Economic Development Department Incentives Policy Guidelines. [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development]

City Manager Erik Walsh explained that the Guidelines were required to be updated every two years and introduced Director of Economic Development Brenda Hicks-Sorensen who presented the proposed revisions to the City's Economic Development Department Incentives Policy Guidelines.

Hicks-Sorensen noted that the focus was on Chapter 312 and 380 tax abatements/rebates and the Economic Development Incentive Fund (EDIF) which focused on the creation of jobs.

Hicks-Sorensen described incentives as an investment strategy that should balance competitiveness, retention, and reinvestment; net positive economic and fiscal transactions; and serve a broader community need. She added that the incentive policy continued to prioritize high-wage jobs.

Updates were classified as administrative, programmatic, and other requirements, according to Hicks-Sorensen. She proposed updating the hourly minimum wage for all jobs to \$18 per hour and 80% of the San Antonio Median Wage which was \$22.92 per hour, the wages would be indexed annually and apply to all jobs, not just the new jobs created. Hicks-Sorensen provided an eligibility matrix with a tangible example.

Hicks-Sorensen recommended clarifications on the Chapter 312 Tax Abatements to allow no more than 5% of the full-time jobs to be hybrid and those hybrid workers were required to be physically present at the project site at least twice a week. She noted that for Chapter 380 Tax Rebates and Grants, companies with remote workers would need employees to spend at least 60% of their annual hours at the project site, or reside in Bexar County or in the San Antonio Extraterritorial Jurisdiction (ETJ). Hicks-Sorensen stated that Power-Intensive Users requiring or projected to require 40 megawatts of electricity or more would need to create at least 200 new jobs under the proposed recommendations.

Hicks-Sorensen did not recommend requests submitted by Laborer's International Unit of North America (LiUNA!) which included enhanced safety standards and payment of the prevailing wage for construction workers and a requirement that 50% of all construction workers reside in San Antonio.

DISCUSSION:

Councilmember Cabello Havrda noted that the goal was to attract new businesses and sustain growth. However, she questioned why the LiUNA! recommended updates were not the right tool. Hicks-Sorensen stated that the 312 or 380 agreement was with the company creating the jobs and not the construction companies, so it was an indirect measure. Councilmember Cabello Havrda suggested that worker safety and fair wages were a low bar and these were San Antonians so she recommended including them in the requirements. Councilmember Cabello Havrda was sensitive to the Power-Intensive Users noting the large number of data centers being built in her council district.

Councilmember Alderete Gavito supported the increased base and entry wages and the indexing of wages. She asked what sort of jobs received the strategic job grants from the EIDF. Hicks-Sorensen stated that these grants were for higher-paying jobs for existing companies going into a larger office facility. Councilmember Alderete Gavito noted that a company could theoretically receive a 100% tax abatement, but this was never given. She clarified that the Power-Intensive Users needed to create 200 new jobs which was the Tier 2 level for tax abatement. Councilmember Alderete Gavito asked what the stakeholders felt were concerns about the LiUNA! request. Hicks-Sorensen explained that the wages and safety were not under direct control of the applicant, so it made them difficult to require, manage, or enforce.

Councilmember Courage asked about stakeholder input and the process timeline. Hicks-Sorensen

reported that there were multiple roundtable meetings, and all were offered additional follow-up. She explained that the construction considerations brought up by the LiUNA! Union were rejected by the stakeholders. She stated that however, base wages and indexes as well as Power-Intensive User tools received some support and the 80% median income, hybrid/remote work, and capped tax abatement were supported overall. Councilmember Courage expressed concern that not all stakeholders were given adequate time to provide feedback and suggested that more time was needed. He noted that Power-Intensive Users like data centers and crypto mining facilities did not employ very many people so they would not qualify now unless they invested enough money and employed at least 50 people, but the proposal was to increase to 200 employees.

Councilmember Whyte noted that this change made it more difficult for Power-Intensive Users to receive the incentive. Hicks-Sorensen noted that both JCB and Toyota were considered Power-Intensive Users and would have qualified under the new policy. Councilmember Whyte expressed concern about discouraging those Power-Intensive Users from coming to San Antonio.

Councilmember Castillo recommended that the City focus its economic development incentives on worker wages and safety and asked why EDD's compliance team could not monitor compliance with the LiUNA! requests. Hicks-Sorensen stated that they had a three-member compliance team, but they monitored the incentivized firm and not their construction contractors or subcontractors. City Manager Walsh clarified that depending on the new recommendations, more compliance staff might be needed. Councilmember Castillo recommended that the Power-Intensive Users be required to create 200 jobs regardless of their amount of investment.

Councilmember Kaur requested comparisons of other cities across the country and suggested tracking feedback from companies that had previously received the incentives. Councilmember Kaur supported allowing more remote jobs so long as the employees lived in San Antonio or the area or visited regularly. City Manager Walsh clarified that the proposed change to remote and hybrid employees was an allowance with limits to ensure that businesses were not incentivized to create jobs outside of San Antonio. Sarah Carabias Rush, Chief Economic Development Officer of GreaterSATX explained that the feedback was that the program needed to be simple with no surprises afterwards due to compliance. She stated that from a competitiveness standpoint, the last changes were paying off and we were receiving more proposals than previously.

Councilmember Pelaez asked how the LiUNA! proposals impacted the companies, not just the construction companies, and asked how the construction companies were impacted. Associated General Contractors (AGC) representative Lauren Mandel stated that they were committed to keeping workers safe and were already providing OSHA training and providing water breaks but they needed more time to take this to their members. Councilmember Pelaez requested clarification on the timeline. City Manager Walsh stated that the changes had to be made by the end of the calendar year.

Councilmember Rocha Garcia suggested giving points to the firms that complied with OSHA training, and other safety guidelines. She asked Matt Gonzalez representing local 1095 LiUNA! to explain the different OSHA trainings. Gonzalez stated that OSHA 10 was for workers and OSHA 30 was for supervisors and asked that if the companies were already providing it then why would they object. Gonzalez also recommended water breaks, paying the construction workers the prevailing wage or at

least the minimum living wage, and hiring local employees.

Councilmember Rocha Garcia asked how non-compliance would be tracked and managed and suggested a creative idea like self-reporting. City Manager Walsh stated that if there were requirements in an agreement, we would need to ensure compliance in exchange for the incentive. Hicks-Sorensen explained that the incentive agreements were performance-based and everything was monitored before a company received any money. Councilmember Rocha Garcia asked whether undocumented workers could take the OSHA classes. Gonzalez stated that undocumented workers were eligible, and the training was reasonably priced.

Councilmember Viagran requested that climate initiatives and heat illness safety be included but suggested other departments might assist with compliance and training. She lamented that the lack of infrastructure in the southern sector meant there was not a level playing field for firms due to such a significant capital investment and recommended flexibility for the requirements for those willing to invest and bring jobs to the South Side.

Councilmember Courage recommended setting a minimum of workers to be hired from the Ready to Work (RTW) Program or setting a certain number for internships and apprenticeships for a firm to qualify for incentives. Hicks-Sorensen stated that there was a 10% wrap-around program requirement that tied to RTW to assist new workers but not a direct hiring requirement.

Councilmember Whyte suggested that the construction industry was very diligent and cautioned against conflicting with State Law. He agreed with employing local workers on the construction projects but thought 50% might be too high.

Councilmember Castillo pointed out that most of the City Council supported worker safety and prevailing wages and asked if there were other cities providing the OSHA training, water breaks, and prevailing wages.

Councilmember Pelaez asked if the incentive program excluded retail and medical projects and noted that was a policy adopted by a previous City Council, as he did not support such an exclusion. Hicks-Sorensen stated that retail was excluded but not medical so long as it was not retail. Councilmember Pelaez recommended bringing back the Item on December 19, 2024, instead of November 21, 2024, to give the industries time to review the proposed changes.

Mayor Nirenberg supported taking more time to review the new proposals but noted that this framework was an important policy to ensure economic competitiveness and allowed the City Manager to respond to letters of interest quickly which has greatly expanded the pipeline since it was predictable. Mayor Nirenberg noted that City Council could deviate from its policy if it made sense. He stated that the City Council already had a construction worker heat/water break requirement by Ordinance for all City contracts and suggested that this could be considered a City-funded contract although he acknowledged that more information was needed. He also supported ensuring that workers were from San Antonio.

Councilmember Alderete Gavito clarified that the Item would be pushed to December 2024. City Manager Walsh agreed and stated that they would take a closer look at LiUNA! requested

changes as well as the requirements for RTW. Mayor Nirenberg requested a comparison of peer cities as well.

2. Briefing on the release of a solicitation for education and training providers in high-demand industries to train Ready to Work participants and provide intake and case management services. [Alejandra Lopez, Assistant City Manager; Michael Ramsey, Director, Workforce Development]

City Manager Erik Walsh introduced the Item which was a pre-solicitation briefing on the Ready-to-Work (RTW) Program and Mike Ramsey, Director of Workforce Development who provided an overview of the solicitation and background on the Program. Ramsey stated that voters approved funding for the RTW Program in 2020 which was focused to reduce poverty through high-quality training and education and employer collaborations. Ramsey reported that \$239.3 million had been collected since the 1/8 cent sales tax was approved.

According to Ramsey, the Request for Proposals (RFP) which would be released on November 25, 2024, was for a selected respondent to serve as an additional RTW Prime Partner to conduct the following services: Train RTW participants through in-house training programs, determine eligibility for future and current students, perform Intake Assessments and conduct referrals, provide wraparound services such as Tuition Reimbursement, Emergency Support Services, Training Completion Confirmation, and Job Placement and Verification.

Ramsey listed the evaluation panelists and scoring criteria for the three-year agreement with a one-year optional renewal through 2029 which was the sunset of the Program. He noted that contracts would begin on June 2, 2025 under the timeline proposed by Ramsey.

DISCUSSION:

Councilmember Cabello Havrda recommended increased enrollment which might mean updating the guidelines and eligibility requirements. She noted that last year, military spouses and their dependents who resided in Bexar County were added to the eligibility through a review process. Councilmember Cabello Havrda supported lowering the age to 14 years old to include high school students to help generations of San Antonians get good jobs right after graduating. Ramsey stated that there might be a pathway for partnerships with local high schools offering industry-recognized credentials. City Manager Walsh stated that the key was that there would need to be a pathway to a job.

Councilmember Cabello Havrda noted that Councilmember Castillo had suggested shifting RTW to help youth. Councilmember Cabello Havrda suggested the right partnership could be used as a pilot program. City Manager Walsh clarified that the Councilmember was speaking in general about the RTW Program and not this solicitation as he recommended putting out the current solicitation as presented rather than trying to update the RFP now.

Councilmember McKee-Rodriguez supported adjusting the age requirement to include anyone eligible to work in Texas. He noted that when he was a teacher many students were working when they were 14 or 15 years old to help support their families and if they were in some on-the-job training type program that could lead to a better job after high school, and that they might not need to go into a program like RTW in the future. Councilmember McKee-Rodriguez suggested loosening the guidelines in the RFP to

allow younger participants. City Manager Walsh suggested more discussion with the RTW Board and stated that the City Council would be needed because RTW was a job training program, not an educational program. City Manager Walsh stated that the RFP was to find training providers for the 9,000 adults who were currently enrolled in the RTW Program. Councilmember McKee-Rodriguez suggested that the training provider applicants might need to be a different pool but not really a separate program. Ramsey stated that he would need to brief stakeholders and the RTW Board and receive feedback to develop education and employment opportunities within industries that made sense. Ramsey offered to bring the discussion to the RTW Board next week.

Councilmember Alderete Gavito noted that the RTW Program experienced challenges meeting its goals and asked how adding another prime partner would help and how many partners were being sought. Ramsey stated that they were seeking one to three partners with a proven track record and the Program was now at a more mature level and ready for the next step.

Councilmember Castillo recommended adding more metrics such as the number of graduates successfully placed into the RFP. She also recommended the provision of certification with the Department of Labor within the solicitation evaluation and suggested that training could include OSHA.

Councilmember Pelaez supported taking any changes to age eligibility limits back to the RTW Board, stakeholders such as COPS Metro, and the current partners. Councilmember Pelaez stated that he had met with Coherent Cyber who wanted \$5 million for their job training and suggested that they requested lowering the age requirements to get money. He noted that the voters knew that the Program was for adults and we did not have problems recruiting participants, the issue was with placing them in jobs.

Councilmember Whyte asked what types of agencies the RFP targeted. Ramsey stated that they needed to have experience recruiting, training, and placing in jobs. Councilmember Whyte asked why audited financial statements were not required. Deputy Chief Financial Officer Troy Elliott stated that they looked at Dun & Bradstreet when performing due diligence to ensure a sound financial condition but audited financial statements could be burdensome for small businesses.

Councilmember Kaur asked if the current providers had enough capacity. Ramsey stated that adding another partner could help increase the capacity for serving new trainees that could not afford the job training, and this program required job placement and recommended including points for demonstrated performance on placement and making connections for support services. Councilmember Kaur noted that non-profits would not qualify for the local or Small Business Economic Development Advocacy (SBEDA) Program points. Elliott explained that the local preference Ordinance now included non-profits. Councilmember Kaur asked if there was a limit on the number of people on the Evaluation Panel such as an experienced individual doing this work.

Councilmember Kaur also had concerns about specific companies that might want money but thought it was important to provide training for high school youth not on the college pathway to get a certification and get an internship in the 12th grade so they could begin working soon after graduation.

Councilmember Courage focused on the discussion about youth and stated that the original plan for

the RTW Program was for adults to upgrade their skills and get better jobs to support their families. However, he felt that there was a real lack of opportunities for young people and suggested developing a commission to help youth be successful. Councilmember Courage was encouraged that there could be more than one respondent selected with this RFP in addition to the four currently contracted partners. Ramsey clarified that the current partners were not required to provide in-house training, but the new RFP did. Councilmember Courage requested metrics for the new contracts. Ramsey stated that the requirement for a prime partner was to recruit 4,000 participants with 3,000 completing training, and 80% placed in jobs.

Councilmember Rocha Garcia noted that the ballot language was specific and was concerned with lowering age requirements. City Attorney Andy Segovia stated that he could envision a program targeting youth that could meet the requirements of what was approved by voters for the RTW Program. Councilmember Rocha Garcia noted that SA Worx was an incredible non-industry-specific program that provided internships and might be an excellent partner for a program that expanded to youth. She pointed out that the RTW dashboard included ages 15 to 19 even though participants had to be 18 years old. Councilmember Rocha Garcia supported more funding for youth and recognized the work of Assistant City Manager Alex Lopez and Mayor's staff Victoria Shoemaker for their work on Good Jobs Great Cities. Councilmember Rocha Garcia also suggested asking Project Quest about the new program.

Councilmember Rocha Garcia stressed that the problem with RTW was not recruitment, but it was job placement which had improved but was still lagging. She recommended showing the City Council the talent pipeline estimated completion dates to indicate the progress that had been made.

Councilmember Viagran recommended helping people understand their living situations and how these trainings and opportunities could impact their Social Security or Medicare benefits and suggested that this could be an issue for the Legislative Agenda.

Councilmember McKee-Rodriguez clarified that he was not trying to get funding for a particular agency such as the cyber agency mentioned by Councilmember Pelaez.

Mayor Nirenberg restated the importance of the RTW Program to get the pipeline moving and the Program was often the last resort for these participants to find high-quality employment and lift them out of generational poverty. Mayor Nirenberg noted that many barriers took time to overcome. He noted that the sales tax funding for the RTW Program was set to sunset in 2029 but already had a significant impact noting the huge success of Project Quest which was a national model. Mayor Nirenberg noted that there was already a discussion on youth services with an assessment being led by Councilmember Castillo to identify gaps, however, this was not the revenue stream to focus on youth as the Program was established for in-demand job placement of adults. He suggested that the cyber firms could submit proposals to the solicitation but should not lobby the City Council.

EXECUTIVE SESSION

Mayor Nirenberg recessed the meeting into Executive Session at 4:31 p.m. to discuss the following:

- A. Economic development negotiations pursuant to Texas Government Code Section 551.087**

(economic development).

- B.** The purchase, exchange, lease or value of real property pursuant to Texas Government Code Section 551.072 (real property).
- C.** Legal issues related to litigation involving the City pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- D.** Legal issues relating to emergency preparedness pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- E.** Legal issues related to collective bargaining pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- F.** Discuss personnel matters related to the appointment of the City Auditor and discuss legal issues pursuant to Texas Government Code Section 551.074 (personnel matters) and Texas Government Code Section 551.071 (consultation with attorney).

Mayor Nirenberg reconvened the meeting in Open Session at 5:17 p.m. and announced that no official action had been taken in Executive Session.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 5:17 p.m.

Approved

**Ron Nirenberg
Mayor**

**Debbie Racca-Sittre
City Clerk**