

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



**Meeting Minutes
City Council B Session**

City Hall Complex
San Antonio, Texas 78205

2021 – 2023 Council Members

Mayor Ron Nirenberg

Mario Bravo, 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
Ana Sandoval, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Clayton Perry, Dist. 10

Wednesday, November 9, 2022

2:00 PM

Municipal Plaza Building

The City Council convened a regular meeting in the Norma S. Rodriguez Council Chamber in the Municipal Plaza Building beginning at 2:07 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 10 – Nirenberg, Bravo, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Sandoval, Pelaez, Courage

ABSENT: 1 - Perry

ITEMS

1. Briefing regarding the City's Economic Development Department Revised Incentives Policy. [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development]

City Manager Erik Walsh introduced the Item and Brenda Hicks-Sorensen, Director of the Economic Development Department (EDD), who provided an overview of the of the Economic Development Draft Incentive Guidelines. Hicks-Sorensen stated that the strategic framework was

accepted two weeks ago and the perception survey as well as direct feedback, peer and competitor city analysis and demographics all helped to inform the framework. Hicks-Sorensen listed the tools available in the Economic Development Toolbox including Chapter 312 Tax Abatements and Chapter 380 Tax Rebates that were the specific programs that were the topic of the presentation.

Hicks-Sorensen listed changes to the guidelines which included: 1) Requiring 50 new jobs and a \$10 million capital investment, 2) Requiring 100% of the new jobs to meet the minimum \$17.50 wage and 90% meeting the \$20.54 wage which would be adjusted as 80% of the Median Household Income, 3) Requiring 10% of the abatement/rebate to go to three wraparound services and the abatement would be reduced by 10% if the requirement was not met, and 4) Negotiating participation in SA Ready to Work (RtW) within each incentive agreement.

Hicks-Sorensen provided a matrix of abatement periods based on the level which a developer met or exceeded the new guidelines. She described what was called a catalytic project that created more than 1,000 jobs and invested significantly. Hicks-Sorensen also provided a chart that indicated the amount of rebate per new job which increased from \$1,000 to \$2,500 as jobs paid more annual wage starting at \$80,100 per year. Hicks-Sorensen compared the current policy with the new policy on a sample project.

Hicks-Sorensen presented a process flow chart for the Incentive Program which began with a prospect inquiry, an Incentive Application Analysis, Term Sheet Execution, City Council review and approval, and ended with compliance monitoring after the contract had been executed. She provided a timeline for City Council consideration of the new policy and implementation.

DISCUSSION

Mayor Nirenberg opened the discussion by commenting that the new framework was more integrated with workforce and economic mobility, included more accountability, streamlined the process to be competitive and provided more community benefit. He stated that any incentive provided to a company on behalf of the public was made by City Council not simply through an administrative process.

Councilmember Cabello Havrda requested more information on the time frame that would be required for participating businesses to sign-up for RtW. Hicks-Sorensen stated that the RtW pledge or participation was not required but was negotiated on a case-by-case basis because some jobs simply did not fit within the RtW Program. Councilmember Cabello Havrda recommended making RtW participation a requirement if the jobs aligned with the Program and that they hired San Antonio residents. Councilmember Cabello Havrda recommended collaboration with the Chambers of Commerce and supported the timing for the abatements to help make everyone more accountable.

Councilmember McKee-Rodriguez recommended that all organizations that received incentives would benefit the community with jobs and good wages and requested that minimum wages be adjusted regularly to keep pace with inflation. Councilmember McKee-Rodriguez requested a report on the results of prior incentives provided by City Council. Hicks-Sorensen stated that there

was a semi-annual review of all contracts and an overall return-on-investment review of all incentives every five years. Councilmember McKee-Rodriguez suggested collaboration with the Planning and Development Services Departments to ensure targeted properties could be re-zoned to meet the needs of economic development. He requested a map of all childcare options within the City to help provide wrap-around services.

Councilmember Castillo recommended ensuring that the incentive projects met the requirements of other City plans such as the Strategic Housing Implementation Plan (SHIP), required prevailing wages for its construction projects, and included community benefit agreements through those wraparound support agreements. Councilmember Castillo thanked Hicks-Sorensen for the comparison example but expressed concern that some incentive projects within areas with a high score on the Equity Matrix might adversely impact neighboring properties. Councilmember Castillo suggested an opportunity for companies receiving incentives to hire formerly incarcerated persons. Hicks-Sorensen stated that mandates on who to hire might keep businesses from coming to San Antonio but this could be included as a practice that was encouraged.

Councilmember Courage noted that the San Antonio area median income was listed and suggested that the program could evolve and be updated every two years. Councilmember Courage recommended net return on incentives to be a metric included for every project and a pledge to RtW or a commitment for internships. Hicks Sorensen stated that paid internships were included in the jobs numbers but the pledge was to support the RtW program through insight and technical advice to the program but specific commitments to RtW were negotiated per contract.

Councilmember Bravo supported having a pre-approved framework to ensure that standards were followed and recommended a comparison of other cities. He suggested that there were other tools besides tax incentives that could be utilized. Councilmember Bravo commented that the City had invested \$230 million in RtW, so it should be competitive on its own and employers should not be forced to hire from the RtW pool as this was not the best tradeoff for an incentive. He requested a schedule for the update of the program. Hicks-Sorensen stated that continuous process improvement was a part of the model, including review of other cities' programs and the program would be updated at least every two years. Councilmember Bravo recommended employee incentives for riding a bicycle to work in addition to using public transport.

Councilmember Sandoval supported moving forward a more predictable and standardized incentive package and appreciated the department's approach to clarity with the new incentive. She also supported including green building standards or other sustainability goals but cautioned that VIA Bus passes were not useful if the business was not near a bus stop. Councilmember Sandoval asked how "best efforts" in hiring were measured. Hicks-Sorensen stated that this could be a subjective measure and was made on a case-by-case basis, which was why the department recommended removing "best efforts" from the new policy.

Councilmember Sandoval expressed concern that the minimum wage requirement was only for direct-hires and recommended including contract workers such as custodians and maintenance workers who often earned lower wages.

Councilmember Viagran stated that the creation of jobs was a key role for the City and supported

the new process that streamlined the initial letter to help begin discussions with new companies. Councilmember Viagran noted that transportation, childcare, training, and wages were barriers to bringing new jobs and recommended targeting workers over the age of 60 who might want to work part-time.

Councilmember Pelaez mentioned that incentives did not target certain industries such as medical providers. Hicks-Sorensen stated that healthcare was considered retail and anticipated to relocate to San Antonio without an incentive because they would come to places where there were customers, but she added that there might be an opportunity to incentivize these businesses in food deserts and medical desert areas using the new tools. Councilmember Pelaez cautioned against excluding those businesses from the basic incentive program as well as automatically including manufacturing businesses that would not be a good fit for our community such as an ammunition plant or a tobacco company.

Councilmember Pelaez noted that the national trend was that economic development incentives were shrinking but the revision of the program was more about core values and not simply fear of a recession because the plan was to make San Antonio more competitive and improve our economic position. Councilmember Pelaez recommended that the City Council have flexibility with the claw back component as there could be extenuating circumstances that caused them not to meet the requirements of the incentive.

City Manager Walsh explained that the agreements were being restructured to be performance based with the incentives being disbursed as the company met the requirements so there would not be a need for a claw back.

Councilmember Rocha Garcia expressed support that sustainable energy and the Electric Vehicle market was a targeted industry. She suggested more collaboration with high schools for job training. Hicks-Sorensen stated she would discuss the opportunity for training by high schools with the Workforce Development Department. Councilmember Rocha Garcia commented that the State of Texas was considering sunsetting the Workforce Development and Tourism Office and bringing it under the purview of the Governor's Office and recommended following the issue.

Councilmember Sandoval supported including retail grocery or medical businesses in locations of food deserts or medical deserts. Assistant City Manager Alex Lopez explained that the new incentive guidelines clarified that the focus was to create jobs and that they paid the minimum wages. City Manager Walsh stated that staff would monitor the needs as the program was implemented and the policy was intended to be flexible, nimble, and quick. Councilmember Sandoval recommended a review of the corridor incentives.

Mayor Nirenberg clarified that the new policy would include more engagement and allow more flexibility to the staff to begin the process.

Councilmember Pelaez recommended a review of the locations that needed more medical services and then recruiting businesses to those areas noting that those were high paying jobs. He suggested

collaboration with the Bexar County Medical Society.

2. Briefing on the Alamo Area Metropolitan Planning Organization (AAMPO) Metropolitan Transportation Plan (MTP) update on the process, list of unfunded MTP (long range plan) projects and potential evaluation criteria for project prioritization for future funding opportunities. [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

City Manager Erik Walsh introduced the Item and Director of Public Works, Razi Hosseini who provided an overview of the Alamo Area Metropolitan Planning Organization (AAMPO) Long Range Plan. Hosseini stated that the AAMPO region included Bexar, Comal, Guadalupe, and Kendall Counties and the Plan was for the next 25 years based on future goals, strategies and transportation needs and was updated every four years. Hosseini provided a timeline of the plan development including a list of projects funded from 2022 through 2025, recently awarded projects scheduled to be constructed in the next 4 years, and 31 unfunded projects.

Hosseini stated that the project selection criteria included: improving the transportation system connectivity, public health and safety, resiliency, project continuation and feasibility. He closed his presentation by requesting feedback on the selection criteria.

Mayor Nirenberg thanked staff for the presentation and recognized Councilmember Cabello Havrda, Chair of the Transportation & Mobility Committee. Councilmember Cabello Havrda reported on the work of the Committee to review the criteria and the projects and supported the staff recommendation.

Councilmember McKee-Rodriguez supported using an equitable approach to City decision making and recommended those principles, specifically high equity scores be included in the criteria.

Councilmember Castillo recommended including the number of pedestrian and cyclist injuries or fatalities within the criteria and prioritization of those projects versus simply looking at high traffic areas.

Councilmember Viagran noted that there was always a need for more funding for infrastructure and supported the work of Transportation & Mobility Committee.

Councilmember Courage asked whether the unfunded projects had been prioritized and suggested that the City prioritize areas in need of safety upgrades and communicate our priorities to the AAMPO. Hosseini stated that the projects had not been scored as he was awaiting City Council input on the criteria.

Councilmember Rocha Garcia recommended more consideration on areas with traffic safety concerns but asked how anticipated future growth impacted the scores. Hosseini stated that traffic impacted air quality, therefore, it was considered under the proposed criteria. Councilmember Rocha Garcia suggested tracking development and growth such as new schools planned to be built and considering those within the criteria and

scoring. Councilmember Rocha Garcia requested a list of projects, update on the Broadway project and other projects so that the council districts could help notify residents. She recommended coordination between Public Works and the Transportation Department.

Councilmember Bravo commented that the unfunded projects from Council District 1 were expensive and were being impacted by new development, noting that Jones Maltsberger Road was listed by TXDOT as unsafe.

Councilmember Sandoval cautioned that the scores and priorities of the City might not align with the priorities of the AAMPO but recommended providing our priority projects and the rationale for those priorities to help inform the AAMPO. Councilmember Sandoval requested that staff score the already-funded projects using the City's criteria to see how they compared to what AAMPO had supported to evaluate our criteria.

Councilmember Sandoval recommended seeking funding for bicycle paths, carpools or rideshare programs from the special grants designated for air quality as these projects might be more competitive for those funds, however, she cautioned that simply adding more auto lanes did not necessarily improve air quality as there might be more cars on the road and so she did not recommend additional traffic lane projects for air quality grants.

EXECUTIVE SESSION

Mayor Nirenberg recessed the meeting into Executive Session at 4:07 PM to discuss or deliberate any of 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 COVID-19 preparedness pursuant to Texas Government Code Section 551.071 (consultation with attorney).

Mayor Nirenberg reconvened the meeting in Open Session at 5:18 PM and stated that no official action had been taken in Executive Session.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 5:18 PM.

Approved

**Ron Nirenberg
Mayor**

**Debbie Racca-Sittre
City Clerk**

DRAFT