



City of San Antonio

Agenda Memorandum

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Agenda Date: February 27, 2024

In Control: Economic and Workforce Development Committee Meeting

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing by Port San Antonio on the organization's history, its economic development vision and strategy, and overview of recent milestones, accomplishments, and major projects.

SUMMARY:

Jim Perschbach, President and CEO of Port San Antonio (Port), will provide a briefing on the organization's history, its economic development vision and strategy, and overview of recent milestones, accomplishments, and major projects.

BACKGROUND INFORMATION:

Port San Antonio (Port) is a Defense Base Development Authority state/local government entity created under Texas law following the closure of Kelly Air Force Base. For nearly 30 years, the Port has undertaken real estate design, development, and management as its core function. The Port has a board appointed by the City Council that utilizes real estate development and infrastructure services as the main tool to drive innovative facilities and environments for its

tenants and partners, with the goal of fostering economic development and job growth in the San Antonio region. The Port's 1,900-acre platform just southwest of downtown San Antonio, is home to leading global industries, including aerospace, defense, global logistics, advanced manufacturing, cybersecurity, applied technologies, and education. The entire campus is covered by a General Purpose Foreign Trade Zone (FTZ) designation.

The City of San Antonio (City) has invested significantly in the Port over the years. The City led the Alamo Regional Security Operations Center (ARSOC) initiative, along with partners at San Antonio Water Systems (SAWS) and CPS Energy. The initiative created a centralized security operations facility for real-time, collaborative cybersecurity information sharing among municipally owned entities in the San Antonio Area. In 2020, City Council approved \$2.5M in funding towards the effort to build a new state-of-the-art integrated facility at Port San Antonio, which officially launched in December 2021 with the goal of becoming the model Urban Cyber Security Center of Excellence. By consolidating members from both the City and CPS security teams, San Antonio will be better positioned to coordinate against cyber threats.

In April 2017, the San Antonio City Council approved a grant of \$1.5M to support infrastructure improvements at Port San Antonio associated with Project Tech, a new facility specifically designed to meet the growing needs of San Antonio's cybersecurity ecosystem. Project Tech I opened in May 2018, and since then, Port San Antonio directors approved an expansion – Project Tech II – which included a new 173,000 square foot office building that opened in March 2022.

The City has allocated \$45M in total bond funding for projects at the Port, including \$6M from the 2012 - 2017 Bond for the 36th Street project connecting Highway 90 to IH 35, \$24M from the 2017 - 2022 to expand drainage infrastructure and reduce on-going flooding risks, and \$15M from the 2022 - 2027 Bond for a multi-phased area streets project at the Port.

The Port has created over 8,000 jobs since the adoption of the Port's Tech Port Vision and Strategy in 2017, which is focused on creating significant career, educational and entrepreneurial opportunities for people across the region. This includes 2,100 jobs in 2023 alone. The Port has built and fully occupied over 750,000 square feet of new facilities and conducted over 7,000,000 square feet of real estate transactions in this period. Today, Port San Antonio is home to over 80 enterprises in the private, government, educational and nonprofit sectors employing an estimated 18,000 workers in high-value, in-demand careers.

ISSUE:

The Port's business strategy focuses on economic development efforts that also render value in terms of broad-based community development. To this end, the Boeing Center at Tech Port, a multi-purpose special events, innovation center and community amenity, serves as a catalyst for fundraising directed to educational programming. The Port channels these efforts through the Kelly Heritage Foundation, a Port-affiliated 501(c)(3) nonprofit organization that funds programming at the Area 21 showroom of the San Antonio Museum of Science and Technology (SAMSAT) within the Boeing Center, and through other programming at the Port and throughout the community. Over 200,000 students have benefited from programming through SAMSAT since

pursuit of this strategy, with a goal to grow this programming to a substantially larger level.

A partnership started in 2023 between Boeing and the Kelly Heritage Foundation will support these efforts and help expand science, technology, engineering, and math (STEM) learning and workforce development across South Texas. The seven-year partnership and \$2.3 million investment by Boeing is strengthening the region's STEM talent and enhancing programming supported by the foundation, including those developed by SAMSAT.

This sharp focus on education is providing connectivity to workforce development efforts that support current and future jobs at the Port and throughout the community. Examples of success in the workforce realm include StandardAero's Aviation Mechanic Training Program, a customized, in-house training program and Academy providing a comprehensive 12-week program ranging from classroom training to hands-on training with tooling, equipment, and engines. StandardAero's program, launched in 2023, is expected to attract and prepare 300 people a year and will help meet the need for additional aircraft engine sustainment and modernization talent at its facility in San Antonio, as well as for other company locations in the future. In just a few months, the program has recruited and trained nearly 100 employees—all from the region and spanning in ages from 18 to their sixties.

Looking toward the future, the recently announced reorganization of the U.S. Air Force (USAF) related to the Great Power Competition presents significant and transformational opportunities for San Antonio's future. The realignment of the 16th Air Force into AFCYBER, and its elevation to a standalone Service Component Command, underscores the tremendous opportunity to grow cyber and intelligence missions, along with the associated ecosystems in San Antonio.

The Port is in discussions with the USAF to build a new, consolidated campus for AFCYBER, its associated missions and partner agencies across Joint Cyber Force. As proposed, this campus would be located directly adjacent to the academic, commercial and research capabilities hosted at Port San Antonio, which today supports a significant and rapidly growing presence of key USAF and other Department of Defense (DoD) missions, along with an array of defense industrial enterprises, startups, academic partners, research organizations and other strategic stakeholders.

Anchoring and growing AFCYBER and related agencies at Port San Antonio is a critical complement to the broader aerospace and defense modernization work being done at the Port by companies such as Boeing and their modernization of the FA-18 and B-52 fleets, as well as to the work being done in the academic and research realm by the University of Texas at San Antonio (UTSA) through the National Security Collaboration Center and the Cybersecurity Manufacturing Innovation Institute (CyManii.)

Pre-development work also continues on the Port's Innovation Tower, a related project in support of the industrial base at Port San Antonio. The planned tower will be a marquee centerpiece for the region's growing profile in advanced technologies and innovation. As one of the region's largest and fastest-growing economic engines, representative participation across the community in development projects is a key priority for the organization's Board of Directors and leadership.

FISCAL IMPACT:

This briefing is for information purposes only.

ALTERNATIVES:

This briefing is for information purposes only.

RECOMMENDATION:

This briefing is for information purposes only.