

City of San Antonio



Minutes Economic and Workforce Development Committee

2021 – 2023 Council Members

Manny Pelaez, Dist. 8
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4
Teri Castillo, Dist. 5 | John Courage, Dist. 9

Tuesday, September 27, 2022

2:00 PM

City Hall Building

The Economic and Workforce Development Committee convened a regular meeting in the Norma S. Rodriguez Council Chamber in the Municipal Plaza Building beginning at 2:01 PM. Deputy City Clerk Aurora Perkins took the Roll Call noting a quorum with the following Committee Members present:

Members Present: Manny Pelaez, *Chair*
Dr. Adriana Rocha Garcia, *Member*
Teri Castillo, *Member*
John Courage, *Member*

Members Absent: Phyllis Viagran, *Member*

Approval of Minutes

1. Approval of the minutes from the Economic and Workforce Development Committee meeting on August 31, 2022.

Councilmember Rocha Garcia moved to Approve the minutes of the August 31, 2022 Economic and Workforce Development Committee meeting. Councilmember Courage seconded the motion. The motion carried by the following vote:

Aye: Pelaez, Rocha Garcia, Castillo, Courage
Absent: Viagran

Public Comments

None.

Briefing and Possible Action on the following items

2. Consideration of applicants to the Small Business Advisory Commission (1 seat).

[Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development]

The Economic and Workforce Development Committee (EWDC) considered applicants for one vacant seat on the Small Business Advisory Commission (SBAC). Applicants considered for the position were as follows:

- Mr. Matthew Gonzales
- Mr. Martin Gutierrez
- Mr. Inayat Momin
- Ms. Yan “Yen” Yan

Chair Pelaez stated that the Economic and Workforce Development Committee would enter into Executive Session at 2:34 PM to discuss applicants who interviewed for the one position for the SBAC.

Chair Pelaez reconvened the meeting at 2:45 PM and stated that no action was taken during Executive Session. Chair Pelaez stated that the EWDC would be tabling the Item until the November 2022 meeting and would not make a selection at this time.

3. Briefing on the findings of the Economic Development Department’s (EDD) Incentive Return on Investment (ROI) Study. [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development]

Economic Development Department Director Brenda Hicks-Sorenson introduced the Item and Dr. Steve Niven who provided a presentation on the Return on Investment (ROI) from the Use of San Antonio Tax Incentives. Niven stated that the purpose of the study was to calculate the impact of investments to the City of San Antonio and noted that 69 economic development projects were reviewed and dated back to 2005 and ending in 2040 and that analysis data was derived from various sources.

Niven reviewed the varying methodology used in the study in the categories of Cost, Revenue and Return. He spoke to the current conservative model used in the study and stated that the projects were providing revenue to the City. Niven provided examples for call center, manufacturing projects and reviewed break even and abatement levels for investments. He reviewed the break even of all active projects in regard to cumulative revenues, total incentives and total costs and stated that overall, all projects had an impactful ROI of City of San Antonio economic development incentives with total expenditures over \$71,397,359.

Niven provided a comparison of ROI for 72 projects in 2017 and 69 projects in 2022. He stated that 2017 had a \$2.67 ROI and 2022 had a \$2.37 ROI which did not reflect certain data from CPS Energy.

DISCUSSION

Chair Pelaez asked for clarification for obtainment of unavailable data from CPS Energy and how it could be obtained. Assistant City Manager Lopez stated that when businesses were co-located, it presented challenges in obtaining energy usage data.

Councilmember Rocha Garcia asked if the study was funded by EDD. Assistant City Manager Lopez confirmed that the studies were funded by EDD and usually performed every five years. Councilmember Rocha Garcia asked for clarification on when abatements were recorded for review. Assistant City Manager Lopez stated that abatements were recorded after construction was completed and when operations were commenced.

Councilmember Rocha Garcia asked if the projects were reviewed on an individual level to see if ROI projections were met. Niven stated that the study looked at projects on a portfolio level and not at individual project level. Councilmember Rocha Garcia asked if an individual project analysis would result in different outcomes. Niven stated that data could differ due to different investment levels and other varying factors. Assistant City Manager Lopez stated that many of the newer projects were at different states of abatement receipt and could also have larger investments which skewed data but stated that an individual analysis would be considered by staff.

Councilmember Castillo stated that she understood the portfolio approach but asked if individual project data could be provided on incentives performance. Hicks-Sorenson stated that individual reports would be provided to the Committee for review.

Councilmember Courage asked if Tax Increment Reinvestment Zone (TIRZ) funding was calculated in the Study. Assistant City Manager Lopez stated that the Study only included projects receiving EDD funding and not TIRZ since that was a different allocation of money and different requirements and that those investments were studied by NHSD. Councilmember Courage stated that he would have thought that both incentives would have been captured and reflected in the Study. Assistant City Manager Lopez stated that very few projects received both types of funding. Assistant City Manager Lopez stated that data would be provided on any projects that were located in a TIRZ and also received EDD incentives.

Councilmember Courage asked if there were any projects that met their incentives but then ultimately left the area. Niven stated that all projects reviewed were still currently in operation and reflected current ROI data.

Chair Pelaez stated that he asked staff to present the Study in order to provide a response to the general public on ROI of City of San Antonio awarded incentives. Chair Pelaez asked if staff would be able to provide project incentive ROI data on an annual basis. Assistant City Manager Lopez stated that the data could be provided but would need to be performed with the assistance of a consultant and would have certain estimated projections and data due to availability. Chair Pelaez asked if multiplier data per project could be provided on an annual basis. Niven stated that it could be provided and would research on how to present to the Committee.

Councilmember Rocha Garcia asked if the two new budget approved positions would be able to work on the data study. Hicks-Sorenson stated that the new staff could work on the requested

data. Assistant City Manager Lopez asked for continued discussion on data sought from Committee Members.

No action was required for Item 3.

4. **Briefing regarding a professional services agreement between the City of San Antonio Economic Development Department and Main Street America.** [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development]

Economic Development Director Brenda Hicks-Sorenson provided a briefing on a professional services agreement between the City of San Antonio and Main Street America for \$131,500. Hicks-Sorenson reviewed the background of the approval of the American Rescue Plan Act (ARPA) Small Business Plan and Small Business Request for Proposal (RFP) issued for Growth Fund, Capacity Building, and Ecosystem Enhancements and the second replacement of an RFP for Geographic Placemaking. Hicks-Sorenson provided an overview of Main Street America's mission and impact to urban economic redevelopment and revitalization to include work in the cities of Boston and Orlando. She noted that the Main Street America proposal allowed for technical assistance for community entities, business organizations and growth stage development.

DISCUSSION

Councilmember Rocha Garcia stated that she supported the initiative and asked if the council districts would be able to provide input on business districts to be included in the initiative. Hicks-Sorenson stated that input would be sought from the council districts and that there would probably be an application process to identify business districts. Councilmember Rocha Garcia asked if an equity atlas would be included in the evaluation. Hicks-Sorenson confirmed that an equity lens would be utilized and reviewed outreach to be conducted in gaining data for the pilot program and the projected timeline.

Councilmember Castillo noted how important it was for council districts to provide input of business districts and communities that could be considered for the initial pilot program. She requested that small business organizations be included in the discussion of identifying districts and applicants.

Councilmember Courage asked if the next round of ARPA funding for placemaking could be utilized for this type of partnership with Main Street America. Hicks-Sorenson stated that the application process would be leveraged with Operation FaceLift 2.0 but would be on a separate timeline. Councilmember Courage asked if the VIA Metropolitan Transit expansion of the North/South or West/East corridors could be considered. Hicks-Sorenson confirmed that all factors would be considered at this time and then staff would bring recommendations to the full City Council for consideration. Councilmember Courage reiterated the importance of education and communication in the application process to ensure that all neighborhoods and districts were considered.

Assistant City Manager Lopez introduced new Assistant Economic Development Director Mike Kamerlander to the Committee.

No action was required for Item 4.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at

Approved

Manny Pelaez, Chair

Debbie Racca-Sittre, City Clerk