

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

TUESDAY, JUNE 5, 2018

1:30 PM

MEDIA BRIEFING ROOM

Members Present:	Councilmember Rebecca Viagran, <i>Chair, District 3</i> Councilmember Shirley Gonzales, <i>District 5</i> Councilmember Manny Pelaez, <i>District 8</i> Councilmember John Courage, <i>District 9</i>
Members Absent:	Councilmember Clayton Perry, <i>District 10</i>
Staff Present:	Carlos Contreras, <i>Assistant City Manager</i> ; Rod Sanchez, <i>Assistant City Manager</i> ; Stephanie Brosig, <i>Assistant City Attorney</i> ; Ray Rodriguez, <i>Assistant City Attorney</i> ; Lisa Beidiger, <i>Assistant City Attorney</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Rene Dominguez, <i>Director, Economic Development Department</i> ; Jessica Harris, <i>Assistant Director, Economic Development Department</i> ; Denice F. Trevino, <i>Office of the City Clerk</i>
Others Present:	Will Garrett, <i>San Antonio Chamber of Commerce</i> ; Cassandra Matej, <i>CEO, Visit San Antonio</i> ; Steve De La Haya, <i>Chief Administrative Officer, Visit San Antonio</i> ; Natalie Balderrama, <i>VP, Finance and Administration, Visit San Antonio</i> ; T.J. Mayes, <i>Port Authority of SA Board</i> ; Bill Mock, <i>Port Authority of SA Board</i> ; Shari Bridiger, <i>Rivard Report</i> ; Amanda Keammever, <i>Deputy Director, Cybersecurity SA, San Antonio Chamber of Commerce</i> ; Tyler Schroeder, <i>Boeing, Chair, San Antonio Chamber of Commerce Aerospace Committee</i> ; Chris Alderete, <i>Port SA Board</i> ; J.A. Flores, <i>EVP Government Affairs, Port Authority of SA</i> ; Sophia Erian, <i>Government Affairs, Port Authority of SA</i> ; Rogelio Garcia, <i>VP Business Development, SAEDF</i> ; Jim Perschbach, <i>Interim President and CEO, Port Authority of San Antonio</i> ; Lisa Barratachea, <i>CEO, San Antonio Hotel and Lodging Association</i> ; Justin Holley, <i>San Antonio Hotel and Lodging Association Board Chairman</i>

Call to Order

Chairperson Viagran called the meeting to order.

- 1. Approval of the Minutes from the May 1, 2018 Economic and Workforce Development Committee Meeting.**

Councilmember Courage moved to approve the Minutes of the May 1, 2018 Economic and Workforce Development Council Committee Meeting. Councilmember Gonzales seconded the motion. The motion carried unanimously by those present.

Briefing and Possible Action on:

2. Briefing by: (A) Port San Antonio on the Organization's History, Accomplishments, and Strategic Plans; and (B) San Antonio Chamber of Commerce Aerospace Committee on the Status of the San Antonio Aerospace Industry Assessment.

Jim Perschbach stated that Port SA encompassed 1,900 acres, was the source of 13,000 jobs, and had a \$5.2 billion annual economic impact. He noted that Kelly Air Force Base was the first home of the United States Air Force. He reviewed the milestones for Kelly Air Force Base and Port San Antonio and the companies present at Port San Antonio which represent the Cybersecurity and Aerospace Industries. He stated that Aerospace work at Kelly Field has historically focused on airframes, engine lines, and interior completion projects. He noted that the Port's strategy has been to help current and future customers expand these capabilities, including serving a larger array of engines and providing a diversity of new capabilities. He stated that since announcing this strategy almost three years ago, the Port Campus has seen significant growth in these areas. He spoke of Project Tech and its proximity to key partners. He noted that the goal of Port SA was to be the number one place for the application of Cybersecurity and Technology.

Tyler Schroeder stated that San Antonio's Aerospace Industry included a range of businesses which provided maintenance, repair, and overhaul (MRO) services, manufacture aircraft equipment and parts, install and refurbish luxury head-of-state aircraft interiors, design and manufacture customized modular and palletized systems for cargo transport aircraft, and produce and distribute transportation equipment and supplies. He noted that besides the many critical aerospace companies located at the Port, there were aerospace companies and opportunities at the San Antonio International Airport and other strategic areas of the city. He stated that the footprint of the local aerospace industry had grown significantly in the past 25 years. He noted that it was estimated that more than 13,000 San Antonio Residents work in the combined aerospace-related MRO, interiors, manufacturing, military, and air transportation services industries. He stated that the majority of the growth is seen in the services sector at this time. He noted that there would be an estimated \$2.7 trillion market in services for MRO through 2027 from the military and commercial sources. He stated that:

- Standard Aero's San Antonio Facility won a commercial contract to maintain Boeing 757 Engines.
- Fighter Jet work was coming to the Boeing Facility in San Antonio.
- StandardAero's San Antonio Facility was awarded a \$380 million Department of Defense Contract.
- Boeing expected to double its workforce in San Antonio.
- San Antonio aerospace site will get a slice of a \$15 billion contract.

Mr. Schroeder noted that the San Antonio Chamber of Commerce Aerospace Committee (Aerospace Committee) would determine how to identify, capture, capitalize, and foster growth of current aerospace assets by diversifying the services provided in MRO. He stated that the Aerospace Committee held a strategic planning session in early 2017, the purpose of which was threefold:

1. Identify how the City and Bexar County could connect industry to community resources in workforce development, training, public transportation, and career pipelines to ensure that the industry could capitalize on the investments made by the City and its community partners.
2. Provide a forum in which in the Aerospace Industry could collectively advocate legislative initiatives
3. Obtain a consensus on basic Aerospace Industry concerns

He stated that to address these issues, the Aerospace Committee commissioned an Aerospace Assessment focused on the level setting of assets and workforce needs. He noted that the assessment would also evaluate San Antonio's existing and potential workforce, identify deficiencies and strengths that exist within the workforce, and analyze comparisons with similar communities across the country.

Chairperson Viagran asked of the number of employees in the Aerospace Industry. Mr. Schroeder stated that said information would be provided to the Committee.

Councilmember Gonzales asked of outreach to the rest of the community by Port SA. Mr. Perschbach stated that the San Antonio Museum of Science and Technology was located at Port SA and provided a four-hour immersive program for students. He noted that an Internship Program had been developed for local schools.

Councilmember Courage spoke of the importance of Kindergarten through 12th Grade Education.

Councilmember Pelaez asked of the number of vehicles entering and exiting Port SA daily. Mr. Perschbach stated that he would provide that information to the Committee.

Rene Dominguez stated that there were 13,000 employees in the Aerospace Industry in San Antonio.

No action was required for Item 2.

3. Briefing on the Proposed San Antonio Tourism Public Improvement District [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Ben Gorzell stated that beginning in October 2016, City Council approved the transition of the Visit San Antonio (VSA) to a 501c(6) public/private entity. He noted that one of the key charges for that transition was to allow VSA to explore additional funding opportunities and the ability to

expand sales and marketing initiatives and partnerships. He stated that the proposal for creation of the San Antonio Tourism Public Improvement District (SATPID) was a part of the strategy for securing additional funding to support and expand sales and marketing initiatives and was supported by the San Antonio Hotel and Lodging Association. He noted that the SATPID was designed to positively influence demand to the various participating hotels as well as positively impacting economic opportunities for the San Antonio community as a whole.

Cassandra Matej stated that hospitality and tourism had a local impact of \$13.6 billion and was the source of 130,000 local jobs. She reviewed the division of funds resulting from the assessment of the Hotel Occupancy Tax (HOT). She noted that the mission of VSA was to promote and market San Antonio as a premier business and leisure destination for the purpose of positively impacting the San Antonio Economy. She reviewed the key objectives for the transition and VSA's steps to grow the budget. She stated that the SATPID's purpose was:

- To grow the VSA sales marketing budget to boost tourism and the number of overnight visitors
- Designed to drive additional business to participating hotels
- To put additional spending into the community, positively effecting job growth, quality of life opportunities, incremental taxes, and added opportunities for arts and historical preservation
- To aid in compensating for the State Tourism Budget reduction

Lisa Barratachea provided an overview and history of Tourism Public Improvement Districts (TPIDs). She stated that San Antonio Hoteliers were proposing a 1.25% assessment on a room night and that only hotels with 100+ rooms would participate. She noted that it was proposed that two zones for the SATPID be created. She stated that the tax exemptions would mirror the HOT exemptions and SATPID fees would be remitted to the City along with the HOT.

Justin Holley reviewed the benefits of the SATPID and the formation of same. He stated that the SATPID would be comprised solely of San Antonio Hoteliers from participating hotels. He noted that the City would collect and direct SATPID fees to VSA on behalf of the SATPID Board for investment into sales and marketing programs. He stated that the SATPID Board would direct VSA on investment strategies affecting the respective zones and that the SATPID Service Plan would be presented to the City Council annually. He reviewed the roles of the City, SATPID Corporation, and VSA. He stated that a petition requesting the City to establish the district would be circulated and signed by hotel owners and would outline the overall perimeters of the SATPID and identify the zones and participants. He noted that the Service Plan would reference the anticipated funding resulting from the SATPID, establish budget level categories for sales and marketing investments, and reference key management parameters of the SATPID. He stated that the process for securing signatures of approval for the petition and Service Plan from hotel owners would begin on June 25, 2018. He noted that City Council action would be required to ratify after the required signatures were obtained in mid-September 2018. He stated that upon approval, the SATPID would be launched and put into effect in October 2018.

Chairperson Viagran asked what would be approved by the City Council. Ms. Barratachea replied that the petition, Service Plan, and the master contract would be submitted for City Council consideration.

Councilmember Courage asked of the number of hotels in San Antonio with less than 100 rooms. Mr. Holley stated that there were 357 hotels with under 100 rooms.

No action was required for Item 3.

Adjourn

There being no further discussion, the meeting was adjourned at 3:20 p.m.

Rebecca Viagran, Chairperson

Respectfully Submitted,

Denice F. Trevino