



# City of San Antonio

## Legislation Details (With Text)

**File #:** 20-2634

**Type:** Misc - Interlocal Agreement

**In control:** City Council A Session

**On agenda:** 4/2/2020

**Title:** Ordinance amending the Walzem Road Redevelopment Project Master Economic Incentive Agreement among the City of Windcrest, the Windcrest Economic Development Corporation, Bexar County, and Rackspace. [Carlos J. Contreras III, Assistant City Manager; Alejandra Lopez, Director, Economic Development]

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Draft Ordinance, 2. Agreement, 3. Ordinance 2020-04-02-0226

Date	Ver.	Action By	Action	Result
4/2/2020	1	City Council A Session	adopted	Pass

**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Alejandra Lopez

**COUNCIL DISTRICTS IMPACTED:** District 2

**SUBJECT:**

Amendment to the Master Economic Incentive Agreement among the City of San Antonio, Bexar County, City of Windcrest, Windcrest Economic Development Corporation and Rackspace.

**SUMMARY:**

This Ordinance amends the Walzem Road Redevelopment Project Master Economic Incentive Agreement among the City of Windcrest, the Windcrest Economic Development Corporation, Bexar County and Rackspace to remove certain obligations from the City of Windcrest and to provide Rackspace with the ability to develop or cause to be developed tracts in proximity to the Rackspace campus.

This amendment does not change any of the terms of the Boundary Change Agreement between the City of Windcrest and the City of San Antonio.

**BACKGROUND:**

On August 2, 2007, City Council approved the Walzem Road Redevelopment Project Master Economic

Incentive Agreement ("MEIA") among the City of Windcrest, the Windcrest Economic Development Corporation (EDC), Bexar County, Rackspace US, Inc. and the Windcrest Economic Development Company, LLC. On this same date, City Council also approved a Boundary Exchange Agreement with the City of Windcrest whereby the City of San Antonio relinquished 229 acres ("the Annexed Area) in District 2 bounded by IH-35, Eisenhower Road and Walzem Road, including the site of the former Windsor Park Mall, to the City of Windcrest. These agreements were in support of the community's effort to retain Rackspace and to help promote their continued growth.

Following annexation of the 229 acres, the Windcrest EDC purchased the former Windsor Park mall properties and leased the properties to Rackspace providing substantial tax and other development incentives. As a result, Rackspace retained its operations in the San Antonio region, relocated to Windcrest and expanded from 1,200 full-time jobs to approximately 2,900 full-time jobs.

As part of the MEIA and BCA, the City of San Antonio shares equally with the City of Windcrest the sales and property taxes for 30 years collected from properties within the Annexed Area. These revenue sharing terms are not affected by the proposed Amendment.

#### **ISSUE:**

The MEIA contemplated development of portions of the property in proximity to the Rackspace campus. Due to unforeseen circumstances, development has not occurred. Rackspace is proposing undertaking the development, which could include contracting for the development or soliciting for the development. Such activity could result in an increase in sales tax, of which the City would share a portion in accordance with the BCA.

#### **ALTERNATIVES:**

City Council may elect not to approve the proposed Second Amendment. Without this amendment, there is a likelihood that development of the available, developable tracts will not occur.

#### **FISCAL IMPACT:**

This ordinance authorizes the proposed Second Amendment that will allow Rackspace the ability to develop or cause to be developed tracts in proximity to the Rackspace campus. Such activity could result in an increase in sales tax, of which the City would share a portion in accordance with the Boundary Change Agreement. This amendment does not change any of the terms of the Boundary Change Agreement between the City of Windcrest and the City of San Antonio.

#### **RECOMMENDATION:**

Staff recommends approval of the Second Amendment to the Master Economic Incentive Agreement to promote the development of property adjacent to the Rackspace campus in the City of Windcrest.