



# City of San Antonio

## Agenda Memorandum

**File Number:** 15-2459

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**Agenda Item Number:** 25.

**Agenda Date:** 5/7/2015

**In Control:** City Council A Session

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**DEPARTMENT:** Economic Development

**DEPARTMENT HEAD:** Rene Dominguez

**COUNCIL DISTRICTS IMPACTED:** Council District 4

### **SUBJECT:**

City Council is considering: (a) application of previously approved \$1,825,248 in matching EDIF funds (Matching Funds 1) in connection with a U.S. Economic Development Administration EDA Infrastructure Grant (EDA Grant 1) to Port San Antonio to support a North Airfield greenfield conversion project; (b) approval of designation of Port San Antonio as the successor EDA Grant 1 recipient; and (c) approval of a funding agreement between the City and Port San Antonio to govern the use of the Matching Funds 1.

City Council is also considering: (a) application of previously approved \$962,002.90 (\$500,000 from 2006 Tax Notes and \$462,002.90 from Certificates of Obligation) (Matching Funds 2) in connection with a U.S. Economic Development Administration EDA Infrastructure Grant (EDA Grant 2) to Port San Antonio to address flooding issues at the Jet Engine Test Cell Facility area located at 652 Citrus Road at Port San Antonio; and (b) approval of a funding agreement between the City and Port San Antonio to govern the use of the Matching Funds 2.

### **SUMMARY:**

Staff is requesting City Council action on the application of two previously approved Matching Funds in connection with EDA Grants to support a North Airfield greenfield conversion project and address flooding issues at the Jet Engine Test Cell Facility area at Port San Antonio.

### **BACKGROUND INFORMATION:**

San Antonio has long played, and continues to play, an important role in the global aerospace industry. From the nation's first military flight at Fort Sam Houston in 1910, through the founding of Kelly Air Force Base in 1917 and its nearly 80 years of operation, to the establishment of Port San Antonio, San Antonio has served as an important asset in the U.S. defense aerospace industry.

On July 13, 2001, Kelly Air Force Base officially closed as a result of the Base Realignment and Closure (BRAC) 1995, and the land and facilities were transferred to the Greater Kelly Development Authority, a City-created Local Redevelopment Authority responsible for overseeing the redevelopment of the base into a business and industrial park. The business park, now known as the Port San Antonio, has over 11 million square feet of industrial/commercial space.

In the summer of 2014, Port San Antonio issued an implementation plan in response to recommendations made by the Port San Antonio Aerospace Working Group. The plan provides a community-wide blueprint, led by Port San Antonio, to help retain Port San Antonio's key aerospace customers and support their expansion plans, particularly as many seek to grow their commercial aerospace workload as they continue seeking military aircraft projects.

However, currently there are no remaining airfield development-ready sites at Port San Antonio to accommodate future aerospace growth. Port San Antonio has identified 251 acres in the North Airfield area adjacent to the Kelly runway which provide the best potential for aerospace growth. This area, however, needs significant infrastructure improvements and investment to accommodate future aerospace customers seeking developable sites.

In 2012, in the effort to make the North Airfield area competitive for future aerospace projects, the City, in partnership with Port San Antonio and SAWS, applied for an EDA infrastructure grant to install waterlines to support future development at the site. This original grant request was based upon the specific needs of a prospective tenant that did not end up locating at Port San Antonio. Now, Port San Antonio is proposing the construction of a greenfield conversion project to support the development of Port San Antonio's North Airfield site, which, among other things, includes significant demolition and will prepare the area to receive needed fill material from other projects and improve drainage conditions to minimize impact of future flood events (Greenfield Conversion Project).

The EDA Grant 1 previously awarded to the City will now be accepted by Port San Antonio as the new recipient, which, together with the Matching Funds 1 previously approved by the City, will pay for the Greenfield Conversion Project.

In 2006, the City approved Matching Funds 2. These funds were designated to help fund a \$1,500,000 drainage improvement project to address overall flooding issues. The Port is proposing the application of the Matching Funds 2 from the drainage improvement project to address flooding issues at the Jet Engine Test Cell Facility area.

#### **ISSUE:**

In order to designate both Matching Funds to different infrastructure projects, City Council must approve an ordinance authorizing a funding agreement between the City and Port San Antonio to govern and monitor the use of the funds.

#### **ALTERNATIVES:**

City Council could choose not to re-designate the approved Matching Funds, which would delay the redevelopment of the North Airfield and flood prevention measures at the Jet Engine Test Cell Facility area, which may impact the recruitment and retention of tenants and investment at Port San Antonio.

#### **FISCAL IMPACT:**

This Ordinance approves the designation of previously approved Matching Funds in the amounts of \$1,825,248 from the Economic Development Incentive Fund for a Greenfield Conversion Project and the designation of \$962,002.90 from previously approved 2006 Tax Notes (\$500,000) and Certificates of Obligation (\$462,002.90) for a flood prevention project at the Jet Engine Test Cell Facility.

**RECOMMENDATION:**

Staff recommends approval of an Ordinance authorizing re-designation of Matching Funds previously approved for Port San Antonio redevelopment projects and authorizing a funding agreement between the City and Port San Antonio for the use of the Matching Funds.