

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
EXTERNAL RELATIONS DEPARTMENT**

TO: Mayor and City Council

FROM: Jim Campbell, External Relations Director

THROUGH: Terry M. Brechtel, City Manager

COPIES: Melissa Byrne Vossmer, Assistant City Manager; Veronica M. Zertuche, Deputy City Attorney; File

SUBJECT: ADDENDUM TO LEGISLATIVE PROGRAM FOR 78th LEGISLATURE

DATE: December 19, 2002

SUMMARY AND RECOMMENDATIONS

An ordinance approving an addendum to the City's Legislative Program for the 78th Texas Legislature that was adopted on September 12, 2002, by Ordinance #96336.

Staff recommends approval.

BACKGROUND INFORMATION

Since July 2002, staff from the City's External Relations department has been working with the Council Committee on Intergovernmental Relations, City departments and agencies, Texas Municipal League and other interested parties to develop the City's State Legislative Program for the 78th Legislature. Since the adoption of the City's program on September 12, 2002, additional initiatives and endorsements have been submitted and reviewed by staff and the City's governmental affairs consultants.

The City's legislative program is organized into two distinct issue categories: *initiatives* and *endorsements*. The proposed addendum includes the following initiative:

Section I – Initiatives

- Southside Development Initiative

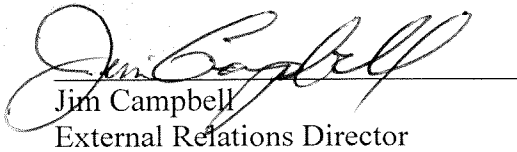
Attached is a description of the proposed issue. Additional issues may be added by subsequent action by the City Council.

FINANCIAL IMPACT

There is no financial impact with this action.


COORDINATION

This item has been coordinated with the City Attorney's Office and the Economic Development Department.



Jim Campbell
External Relations Director

Approved by:



Terry M. Brechtel
City Manager

Southside Development Initiative

Proposal:

To develop and secure passage of legislation that will promote economic development in South San Antonio by creating a special district with powers to enhance educational opportunities in the public schools and manage development in the area.

Background:

The Texas Legislature has adopted a large patchwork of economic development statutes that are designed to enable communities to support and encourage capital investment and job creation. The City of San Antonio has been able to utilize some of these statutes successfully. None of these statutes alone provide the tools that are needed to address the development challenges of large portions of South San Antonio.

NAFTA, biomedicine, tourism, and the overall economic vitality of south-central Texas combined with a strong and capable workforce have made San Antonio a national and international destination for new investment. The City has grown north at an exceedingly fast pace, placing pressure on transportation routes and other infrastructure in this part of the community. This rapid growth has also placed development pressures over the Edwards Aquifer recharge zone.

Areas south of San Antonio, however, have not shared fully in this economic expansion. Federal efforts to reduce and consolidate military expenditures have led to the closing of Kelly AFB and the reconfiguration of Brooks AFB, both of which are located in south San Antonio. Redevelopment of military facilities through unique and creative partnerships with the federal government and private entities have made significant progress but have been unable so far to help this area of San Antonio realize its full potential.

The area has many of the fundamentals that make it a prime location to attract major industry to this region: available land, excellent transportation facilities, a state-of-the-art logistics and distribution center and a skilled workforce. Toyota's interest in San Antonio is an example of the potential for industrial growth in the southern sector. But it also introduces challenges for policymakers. It will require investment in infrastructure that includes, innovative technology, quality education and job training. Without incentives for capital and human development, global industries cannot hire workers with the skills and cutting-edge tools needed to grow and sustain high-paying jobs or to build hi-tech facilities that will make them competitive in the New Economy.

The Southside Initiative is intended to address these issues by enabling the City to create a special district with a broad range of tools focusing on enhancing public education within the area and promoting economic development through planned growth. In

particular, this special district would be authorized to enter into regional development agreements with the area school districts to provide additional funding sources for new school facilities, supplement teacher pay, preschool programs, after-school programs and scholarships.

In addition, the Southside Initiative special district would consolidate most of the economic development powers found in numerous special districts and dozens of state statutes scattered throughout Texas laws. These powers include levy of assessments, the imposition of an impact fee, maintenance tax, including a sales and use tax within the district, the construction of infrastructure, the issuance of bonds, and tax increment powers, all subject to approval by the City Council.

By combining educational enhancements with a streamlining of economic development powers, the Southside Initiative legislation creates a new structure that can put in place a successful plan for the development of this part of our community. The plan incorporates a planning component by laying the foundation for future growth through the use of proven land use controls. It encourages innovative financing methods to attract public and private investment in state-of-the-art infrastructure and services. It promotes the highest quality public education by providing funding for joint partnerships with school districts and institutions of higher learning. And it fosters a better quality of life by creating sustainable communities by using progressive architectural and urban design standards.

A board of directors, appointed by the San Antonio City Council, would govern the Southside Improvement District. The district's boundaries would be located entirely within San Antonio's extraterritorial jurisdiction (ETJ), south of its city limits. Roughly, this would encompass an area just south of Loop 410 and extending almost to Loop 1604. It would be bordered by Interstate 37 on the east and by Interstate 35 on the west.

Provisions in the legislation would confer the same rights, powers and privileges that are granted under Texas law to:

- 1) *municipal management districts*, such as the financing of infrastructure, incentives and amenities, the issuance of bonds, borrowing of money and owning and operating facilities.
- 2) *municipal development corporations*, such as developing and funding job training and workforce development initiatives, literacy and after-school programs, academic and vocational scholarships, including levying a sales and use tax to pay for these programs.
- 3) *economic development corporations*, such as authorizing the dedication of a local sales tax to promote new and expanded industrial and manufacturing activities, and projects that contribute to the quality of life of the area, including affordable housing, and any other improvements or facilities to promote new or growing business enterprises.

- 4) *municipal governments*, such as the powers granted to neighborhood empowerment zones and defense base development authorities, including adopting or waiving fees related to construction, abating municipal property taxes, borrowing or loaning money, issuing bonds, and accepting contributions and making grants to other public entities

A key feature of the legislation is a provision that would allow the district to enter into regional development agreements (RDAs) with the City of San Antonio, other municipalities, counties, school districts and colleges or universities, to promote the economic development of the area. This provision would allow the district to spend revenues to further the economic goals set forth by the board of directors. More specifically, it would allow revenues to be used to construct and improve school facilities, supplement teacher pay, enhance preschool as well as after-school programs and provide money for academic and vocational scholarships. These partnership agreements would not change current public school boundaries. Nor would they alter the current tax base for school districts.

Financial Impact:

The district will be self-sustaining and, therefore, there will be no negative financial impact to the City of San Antonio.