

**CITY OF SAN ANTONIO  
INTERDEPARTMENTAL MEMORANDUM  
ECONOMIC DEVELOPMENT DEPARTMENT**

**TO:** Mayor and City Council

**FROM:** Ramiro A. Cavazos, Director, Economic Development Department

**THROUGH:** Terry M. Brechtel, City Manager

**COPIES:** J. Rolando Bono, Andrew Martin, Trey Jacobson, Manuel Longoria, Jr., Ed Davis, File

**SUBJECT:** Defense Economic Adjustment Assistance Grant (DEAAG) Applications

**DATE:** December 18, 2003

**SUMMARY AND RECOMMENDATIONS:**

The purpose of this item is to authorize the City Manager to submit two applications to the Texas Military Preparedness Commission (TMPC), Office of the Governor, for \$400,000 in state grant funds that are available through the State's Defense Economic Adjustment Assistance Grant (DEAAG) Program. The two proposed grant projects are for KellyUSA and Brooks City-Base each applying for up to \$200,000 for utility infrastructure needs and renovation of facilities. This ordinance will authorize the City Manager to: (1) accept any awarded DEAAG funds from the State up to \$400,000; (2) execute necessary grant contracts with the State; and (3) to enter into subgrant contracts with the Greater Kelly Development Authority (GKDA) and Brooks Development Authority (BDA) for the execution of any approved DEAAG projects.

Staff recommends approval of this item.

**BACKGROUND INFORMATION:**

The 75<sup>th</sup> State Legislature initially appropriated \$20 million for the DEAAG program in 1997 to assist defense dependent communities adversely impacted by base realignment or reductions and closure decisions. The program provides affected municipalities, counties or regional planning commissions access to state funding for the purpose of acquiring federal grant assistance or for sharing in the costs of property purchases, construction, rehabilitation, or renovation of facilities or infrastructure, purchase of capital equipment or insurance. The City of San Antonio has utilized the DEAAG Program several times.

In 1997, the City received four grants totaling \$8 million for the following KellyUSA redevelopment projects: (1) modification/renovation of an aircraft hangar for Boeing; (2) construction of an Administration Building; (3) construction of a new aircraft hangar for Boeing; and (4) construction of an alternate potable water distribution system by Bexar Metropolitan Water District. These projects have been completed and state grant dollars disbursed.

In 2001, the 77<sup>th</sup> State Legislature appropriated an additional \$1 million in DEAAG funds. In response, the City of San Antonio submitted two grant applications and received two grants totaling \$357,000--a grant of \$157,000 for a rail infrastructure project at KellyUSA and \$200,000 grant for a water-infrastructure project at Brooks City-Base. These two projects are underway and will be completed by July 2004.

On November 10, 2003, the TMPC notified all Texas defense communities of the availability of \$1,000,000 in FY 2004 DEAAG funds, and requested grant applications by December 22, 2003. Staff is working with the GKDA and the BDA to submit two applications totaling \$400,000 in support of redevelopment efforts at KellyUSA and Brooks City-Base.

**GKDA** is requesting \$200,000 in grant assistant to help fund a \$1,000,000 jet engine test cell project that will make necessary modifications and improvements to buildings in the KellyUSA Jet Engine Testing Complex. These facility improvements will not only benefit existing tenants, such as Lockheed Martin and General Electric, but will also allow GKDA to attract new jet engine business opportunities and increase aviation maintenance-repair-overhaul jobs at KellyUSA.

**BDA** is also submitting a grant application for \$200,000 to partially fund a \$1,200,000 utility infrastructure project that includes the replacement of the undersized primary water main through the center of Brooks City-Base. The project will replace multiple sections of deteriorated and undersized water lines that will bring the existing infrastructure up to commercial standards and increase water flow to levels necessary for adequate fire protection and for accommodating future economic development.

### **POLICY ANALYSIS:**

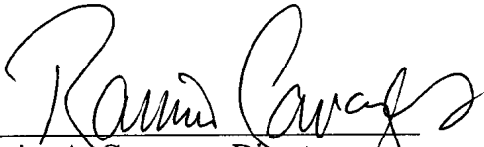
This project supports the City's Strategic Plan For Enhanced Economic Development by: (1) promoting development in targeted areas in the southern sector of the community; (2) promoting the development of KellyUSA as an international, multi-modal investment grade business and industrial park; (3) facilitating the creation and growth of technology businesses at Brooks City-Base; (4) leveraging resources for a more vibrant economy by identifying matching sources of public investment in infrastructure; and (5) supporting growth in the targeted aerospace industry.

**FISCAL IMPACT:**

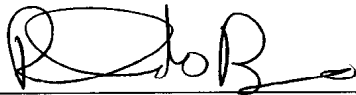
There is no direct financial impact on the City of San Antonio. If grant dollars are awarded, the City will enter into a grant contract with the State (TMPC) to receive and disburse grant funds and will ensure contract compliance. The City will also manage disbursement of any awarded grant dollars to the GKDA and the BDA through the execution of separate subgrant contracts. The GKDA and the BDA will provide the required local match for their respective grants.

**COORDINATION:**

This item was coordinated with the Finance Department, the City Attorney, GKDA, BDA and TMPC.

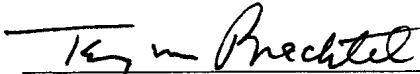


Ramiro A. Cavazos, Director  
Economic Development Department



J. Rolando Bono  
Deputy City Manager

Approved:



Terry M. Brechtel  
City Manager

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