

**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: Christopher Brady, Assistant City Manager; Veronica M. Zertuche, Deputy City Attorney; File

SUBJECT: 2004 Federal Initiatives Program – 108th Congress, 2nd Session

DATE: January 29, 2004

SUMMARY AND RECOMMENDATION

An ordinance approving the City's 2004 Federal Program for the 108th Congress – 2nd Session. The program includes fourteen (14) proposals, both legislative and regulatory, to be addressed by Congress and various agencies of the federal government.

Staff recommends approval of this resolution.

BACKGROUND

The 2nd Session of the 108th Congress convened on January 20, 2004. The City's preparation for the new Congress began in November 2003 with a solicitation for federal initiative recommendations by the External Relations Department. Recommendations were received from the Mayor and City Council, City departments, and local public agencies, such as Brooks City-Base, City Public Service, San Antonio Water System, KellyUSA, University of Texas at San Antonio and the University of Texas Health Science Center.

The recommendations were reviewed by the City's Federal Government Affairs Team, which is comprised of staff from the External Relations Department and the City's federal lobby team. The team proposed a list of priorities to the City Council Intergovernmental Relations Committee on January 22, 2004, which, in turn, finalized and recommended adoption of the legislative program to the full Council. The Council Intergovernmental Relations Committee is chaired by Councilman Julian Castro and includes Council members Enrique Barrera, Christopher "Chip" Haass, Carroll Schubert and Joel Williams.

The City's 2004 Federal Program consists of fourteen (14) proposals and is organized into two distinct issue categories. The first category is *Initiatives*. An initiative will be actively supported through the finding of a bill sponsor, providing testimony, and otherwise actively pursuing its

enactment. An initiative is required to meet one of the following three criteria: (1) the initiative must be San Antonio-specific, (2) the initiative must address an issue where San Antonio is disproportionately affected, or (3) the initiative must be universal in effect, but to ensure success, San Antonio must assume primary responsibility for its passage. The second category is *Endorsements*. With an endorsement, the City will not play a primary role, but will apply its resources in promotion and enactment of the issue.

POLICY ANALYSIS

The 2004 Federal Program for the 2nd Session of the 108th Congress continues to address legislative and regulatory issues related to the funding and development of a comprehensive homeland security plan for San Antonio, obtaining an \$81 million Letter of Intent (LOI) from the Federal Aviation Administration for the San Antonio International Airport; supporting a national energy policy that promotes the increased production, supply, transportation, and conservation of domestic energy resources as well as safeguarding the interests of City Public Service; advocating initiatives that will maximize the economic value of San Antonio's current and former military bases in preparation for the 2005 Base Closure and Realignment process; obtaining a multi-year "port of entry" designation for the San Antonio International Airport; and supporting legislation and regulatory outcomes to enhance logistics/distribution and trade promotion capabilities related to the Inland Port San Antonio initiative.

Appropriations and grant-based initiatives include securing \$58.5 million to carry out the objectives of the *Anti-Terrorism Plan for Bexar County and San Antonio*; securing \$10 million in continued federal funding for educational research and development efforts of the Center for Infrastructure Assurance and Security (CIAS); \$2.5 million in federal assistance to establish the KellyUSA Material Science and Engineering Lab & Center of Excellence; \$1.7 million in direct funding to the San Antonio Water System to upgrade security infrastructure and develop security and threat assessment training for its employees; supporting significant funding increases in federal surface transportation programs through the reauthorization of the Transportation Equity Act of the 21st Century; securing \$2.8 million in continued federal funding to support the preparation of a building at Brooks City-Base and the educational research that will help prepare the city, state, and country for a possible bio-terrorism attack; and securing continued federal appropriations to support the U.S. Army Corps of Engineers' (USACE) involvement in the ecosystem restoration and recreation components of the San Antonio River Improvements Project.

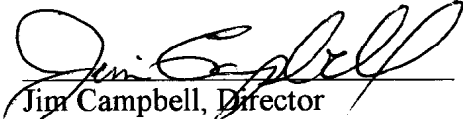
The government affairs team of *Loeffler, Jonas & Tuggey, L.L.P.* will play a lead role in representing, advising and consulting on behalf of the City. Additionally, the City will continue to work closely with the National League of Cities on a variety of municipal issues pending before Congress and the Administration.

FINANCIAL IMPACT

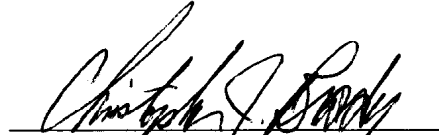
There is no financial impact with the approval of the 2004 Federal Program for the 108th Congress – 2nd Session.

COORDINATION

This item has been coordinated with the City Attorney's Office as well as each City department or agency that submitted an initiative for consideration.

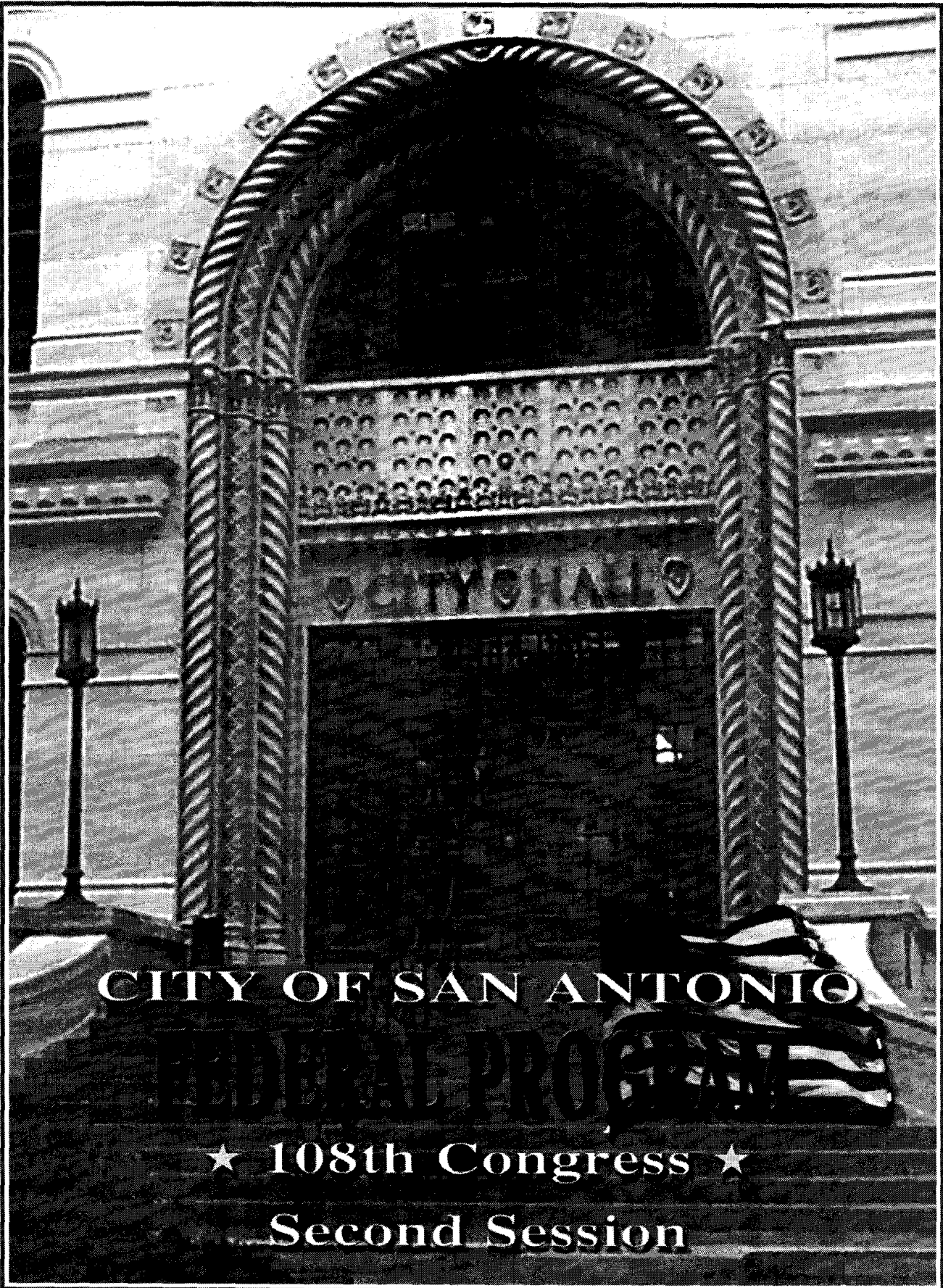

Jim Campbell, Director
External Relations

Approved by:


Christopher J. Brady
Assistant City Manager

Approved by:


Terry M. Brechtel
City Manager



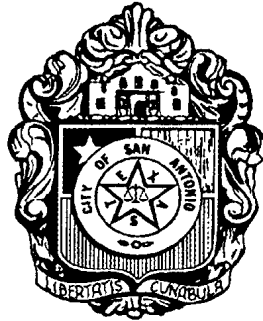
CITY OF SAN ANTONIO

FEDERAL PROGRAM

★ 108th Congress ★

Second Session

City of San Antonio



Mayor and City Council

Edward Garza

Mayor

Roger O. Flores

Joel Williams

Ron H. Segovia

Richard Perez

Patti Radle

Enrique Barrera

Julian Castro

Art A. Hall

Carroll W. Schubert

Chip Haass

Terry Brechtel
City Manager

City of San Antonio

Table of Contents

Executive Summary	IV - V
Section I – Initiatives	
Homeland Security	6 - 11
Inland Port San Antonio	12 - 13
International Airport Funding	14
Military Affairs	15 - 18
Port of Entry Designation	19 - 20
TEA-21 Reauthorization	21 - 24
Omnibus Policy	25
Section II – Endorsements	
Center for Infrastructure Assurance and Security (CIAS)	26 - 27
Head Start & Child Care Development Block Grant Reauthorization	28 - 30
KellyUSA Material Science and Engineering Laboratory and Center of Excellence	31
National Energy Policy	32 - 33
San Antonio River Improvement Project	34 - 35

Telecommunications Preemption and Electronic Commerce	36 - 37
U.S. Visit Program	38 - 39
UTSA/Brooks City Base - Center of Excellence in Biotechnology/Bioprocessing Education and Research (CEBBER)	40
Water Quality	41 - 43

Executive Summary

In preparation for the 2nd Session of the 108th Congress, the City of San Antonio has identified twelve legislative and regulatory issues to be included in its 2004 Federal Program. These issues were identified in cooperation with the City's federal consultants, coordinated through the External Relations Department, with assistance from the City Manager's Office, representatives from all City departments and local public and private partners. Issues were reviewed by the City Council Intergovernmental Relations Committee, chaired by Councilman Julian Castro and including Council members Enrique Barrera, Chip Haass, Carroll Schubert and Joel Williams and subsequently approved by the full Council.

This Federal Program consists of fifteen (15) initiatives and is organized in two distinct issue categories. The first category is *Initiatives*. An initiative will be actively supported through finding a sponsor, providing testimony, and otherwise actively pursuing enactment. An initiative must meet one of the following three criteria: (1) the initiative is San Antonio-specific, (2) the initiative addresses an issue where San Antonio is disproportionately affected, or (3) the initiative is universal in effect, but to ensure success, San Antonio must take primary responsibility. The second category is *Endorsements*. The City will not play a primary role, but will apply its resources in promotion and enactment of the issue.

The Federal Program continues to address legislative and regulatory issues related to the funding and development of a comprehensive homeland security plan for San Antonio, obtaining an \$81 million Letter of Intent (LOI) from the Federal Aviation Administration for the San Antonio International Airport; supporting a national energy policy that promotes the increased production, supply, transportation, and conservation of domestic energy resources as well as safeguarding the interests of City Public Service; advocating initiatives that will maximize the economic value of San Antonio's current and former military bases in preparation for the 2005 Base Closure and Realignment process; obtaining a multi-year "port of entry" designation for the San Antonio International Airport; and supporting legislation and regulatory outcomes to enhance logistics/distribution and trade promotion capabilities related to the Inland Port San Antonio initiative.

Appropriations and grant-based initiatives include securing \$58.5 million to carry out the objectives of the *Anti-Terrorism Plan for Bexar County and San Antonio*; securing \$10 million in continued federal funding for educational research and development efforts of the Center for Infrastructure Assurance and Security (CIAS); \$2.5 million in federal assistance to establish the KellyUSA Material Science and Engineering Lab & Center of Excellence; \$1.7 million in direct funding to the San Antonio Water System to upgrade security infrastructure and develop security and threat assessment training for its employees; supporting significant funding increases in federal surface transportation programs through the reauthorization of the Transportation Equity Act of the 21st Century; securing \$2.8 million in continued federal funding to support the preparation of a building at Brooks City Base and the education research that will help prepare the city, state, and country for a possible bio-terrorism attack; and securing continued federal appropriations to support the U.S. Army Corps of Engineers' (USACE) involvement in the ecosystem restoration and recreation components on the San Antonio River Improvements Project.

While Congress is in session, the City Council Intergovernmental Relations Committee will meet periodically to review the City's priorities and receive updates from its government affairs team on pending legislative and regulatory affairs. As additional issues of interest to San Antonio arise during the session, the Committee will review each one, and, if necessary, submit recommendations to the full Council for consideration.

The government affairs firm of Loeffler, Jonas & Tuggey, L.L.P., has been retained to represent, advise and consult with the executive and legislative branches of the federal government on behalf of the City. Additionally, the City of San Antonio will continue to work closely with the National League of Cities on a variety of municipal issues pending before Congress and the Administration.

SECTION I – INITIATIVES

Homeland Security

PROPOSAL

To support block grants or direct appropriations in the amount of \$58.5 million that will be utilized to implement a comprehensive homeland security “master plan” for San Antonio in the event of a natural or man-made emergency or disaster.

BACKGROUND

The conglomeration of scientific, technical, organizational, and military assets located in the San Antonio region make it uniquely suited to become a center for homeland security focusing on the identification, design, development, and deployment of solutions for enhanced community preparedness and emergency response.

In the wake of September 11, 2001, the City of San Antonio and Bexar County joined forces to create a framework for emergency response management. Their work resulted in the development of the *Anti-Terrorism Plan for San Antonio and Bexar County*, which addressed the critical need for improving homeland security and assessing the future needs of the region to ensure that residents of both governments will have access to the best emergency response services in the country.

Toward that effort, City and County voters approved a \$24 million bond issue to construct and equip a state-of-the-art Emergency Operations Center (EOC). The EOC will house and unify City, County, Regional, State and Federal departments and/or personnel for the purpose of gathering, evaluating and distributing critical information as well as implementing responsive actions in the event of a catastrophic emergency or disaster. The Center will be capable of operating around the clock for extended periods of time. The EOC will include a central command operations area, a media briefing room, an emergency planning room, a technical infrastructure and computer room, redundant communications systems, and electrical generator back-up systems. The Center will be staffed by City and other governmental agencies, such as Bexar County, local and regional utilities, the Federal Emergency Management Agency, and other agencies with emergency response functions.

Although the EOC will serve as the hub for homeland security response in the region, it is recognized that an overall “master plan” will be needed to take advantage of the synergies that exist from the presence of the soon-to-be-built EOC, as well as the economic, research, educational and military assets that are found in San Antonio. Coordinating these resources to make San Antonio a model destination for homeland security will be the responsibility of the Southwest Enterprise for Regional Preparedness, located at Brooks City-Base.

Southwest Enterprise for Regional Preparedness Initiative (SERP):

The Southwest Enterprise for Regional Preparedness (SERP) will focus on developing solutions that prevent acts of terrorism, reduce our vulnerability to natural and man-made disasters, and mitigate the effects of catastrophic events when they occur.

The SERP is a regional resource for assessing and implementing homeland security initiatives that demonstrate the potential to be market-driven, self-sustaining, public/private ventures. The role of the SERP is to identify and convene the critical project participants, facilitate the planning process, coordinate access to necessary resources, monitor the progress of initiatives, and communicate the progress of projects to community stakeholders.

It is the intent of the SERP to develop products and programs that have local applications and export potential to other communities and regions. Additionally, San Antonio's strategic location, destination amenities, and ability and experience in training thousands of individuals on an annual basis, makes it an attractive and logical venue for introducing these state-of-the-art solutions.

The San Antonio Technology Accelerator Initiative, a City of San Antonio-funded program supported by the University of Texas San Antonio, manages the Southwest Enterprise for Regional Preparedness.

ANTI-TERRORISM PLAN FOR SAN ANTONIO & BEXAR COUNTY

The *Anti-Terrorism Plan for San Antonio and Bexar County* is divided into 11 distinct categories that separately addresses a specific need, but collectively provides both the City and County a seamless, comprehensive, coordinated emergency operating system, capable of responding to all natural disasters or attacks by chemical, biological, or nuclear agents, or any other terrorist actions. These categories are as follows:

CATEGORY 1 - Emergency Operations:

City of San Antonio

Emergency Operations Center, remodeling, enhanced communication equipment;

Fire, command vehicle, rescue equipment;

Haz-mat, equipment and training;

Police, command vehicle and equipment; and

Emergency Medical Service, equipment and training.

Bexar County

EOC, Sheriffs, Medical Examiner, fire, equipment and training.

Total \$8,100,684

CATEGORY 2 - Terrorist Investigations:

Create a full-time anti-terrorism investigator assigned to the Bexar County District Attorney's Office anti-terrorism task force.

Total \$61,210

CATEGORY 3 - 911 System

Virtual Emergency\Event Management System (VEEMS)

Multiple jurisdiction access;
Multiple incident capability;
Call-back notification system;
Web-based incident management; and
Mapping and plumbing software.

Total \$793,798

CATEGORY 4 - Public Health:

Lab upgrades;
Technological/communications;
Pharmaceuticals;
Personal Protective Equipment; and
Training.

Total \$497,835

CATEGORY 5 - Public Education:

Child/Day Care education program; and
Shelter-in-place public education program.

Total \$204,743

CATEGORY 6 - Hospitals:

Communications;
Surveillance;
Personal Protective Equipment;
Facilities;
Decontamination; and
Training.

San Antonio has 14 major Hospitals (Baptist system 5, Methodist system 4, Christus Santa Rosa System 2, Nix, SWG, University).

Total \$49,055,486

CATEGORY 7 - Emergency Operations Center:

Combined City/County Emergency Operations Center Facility;
Medical Operations Center included in facility;
Military Liaison capability; and
Additional personnel.

Total \$7,221,500

CATEGORY 8 - School Districts:

Review and revise Crisis Response Plans; and
Disaster planning education.

Total \$208,600

CATEGORY 9 - Medical Preparedness:

Working Committees
National Pharmaceutical Stockpile;
Public Health;
Education; and
Hospital-EMS.

Total \$144,500

CATEGORY 10 - Research and Development:

Identification of threats;
Identification of more effective responses;
Partners; and
City of San Antonio, Bexar County Office of Applied Solutions, Texas Engineering Experiment Station (TEES), University of Texas San Antonio Center for Infrastructure and Assurance, Air Intelligence Agency at Lackland Air Force Base.

CATEGORY 11 - Private Sector Development:

(Funding from sources outside of this request)

Enhancement of biotech, technology support and education
This effort will be coordinated through:

San Antonio Institutional and Military Partners Accelerating the Commercialization of Technologies for Security (SA IMPACTS); and

As well as over 200 other participants.

Brooks City-Base Center of Excellence in Biotechnology/Bioprocessing Education & Research

To secure a one-year \$2.8 million federal appropriation for the facility renovation of a building at Brooks City-Base as well as to fund related educational research that will help prepare the city, state and country for a possible bio-terrorism attack.

The University of Texas at San Antonio (UTSA), in conjunction with Brooks City-Base, has been working to create a Center of Excellence in Biotechnology/Bioprocessing Education and Research (CEBBER) to be located at Brooks City-Base. A total of \$3.1 million has already been appropriated by Congress to renovate and equip an existing building, which will be used in the research of cell and tissue culture and bacterial growth. The state-of-the-art equipment will be used to purify materials used in vaccine development, biosensor production and biological pharmaceuticals, all of which address urgent national needs and, in particular, address possible terrorist biological attacks with biological and chemical weapons. Additional non-federal funding will be sought. In December 2002, a Texas foundation donated \$700,000 to purchase additional equipment.

The funding request of \$2.8 million will be utilized for start-up costs, such as staffing, research and development and operational support of the facility. The goal is to bring this facility to full operation in a minimal amount of time so that the development of biosensors, vaccines, related scientific discoveries and the training of personnel, is done in a timely manner for use in our national defense. (Please see Appendix A for further information.)

Center for Infrastructure Assurance and Security (CIAS)

To secure a one-year \$10 million federal appropriation from the Department of Defense Appropriations bill to support the research and development efforts of the Center for Infrastructure Assurance and Security (CIAS).

The CIAS would leverage San Antonio's assurance infrastructure and security strengths by helping to overcome the nation's shortage of IAS talent and resources. The CIAS would serve as the anchor for a collaborative, multi-tiered program, coordinating its efforts between the Air Intelligence Agency at Lackland AFB, private sector IAS companies, local colleges and universities, and other related training and research institutions. The hope is that CIAS would become the funding source to support undergraduate as well as graduate research to develop San Antonio's base of IAS talent, positioning the city to make significant contributions to homeland security. (Please see Appendix B for further information.)

Water Quality & Infrastructure Security

To secure \$3 million to plug abandoned water wells in Bexar County and \$1.7 million to meet the San Antonio Water System's (SAWS) infrastructure security needs.

Abandoned water wells pose a serious threat to groundwater resources, a liability risk to landowners, and a safety hazard to children and animals. Additionally, they allow water runoff to flow

directly into the Edwards Aquifer, often carrying fertilizers, pesticides, herbicides, urban pollutants and waste from both wildlife and livestock. Abandoned wells are also susceptible to intentional terrorists acts of contamination. Currently, no mechanism exists to fund the plugging of abandoned wells located on land for which the owner cannot be located or does not have sufficient funds.

As for SAWS' security needs, the City's municipal water utility has taken aggressive steps to safeguard the community's water supply in the wake of September 11th. It is currently looking to fund its proposed security improvements by targeting funding opportunities aimed at protecting municipal water systems. If SAWS is successful in gaining federal assistance, these funds will be used to implement a chemical-biological contaminant monitoring system, conduct security audits and threat assessments, enhance its "first responder" training, and strengthen employee screening. (Please see Appendix D and E for further information.)

FINANCIAL IMPACT

The financial impact of this initiative cannot be determined at this time. It is anticipated that the full appropriations request will be received over several years. There may be increased operational costs to the City for the successful completion of enhancements to the Emergency Operations Center, but these costs will only be known as funding is secured.

Inland Port San Antonio

PROPOSAL

To support federal legislation and/or regulatory action that will enhance the logistics, distribution and trade promotion capabilities related to the Inland Port San Antonio initiative, specifically those that involve the deployment of the International Trade Data System (ITDS) and the implementation of cross border trucking.

BACKGROUND

The Inland Port San Antonio concept promotes all of the transportation and logistics facilities and services related to international trade processing in San Antonio. More than 50 percent of all goods flowing between the United States and Mexico travel through San Antonio before reaching their final destinations. San Antonio's strategic logistics and transportation assets include its direct access to Interstates 10, 35, and 37 and an additional four U.S. highways; its coast-to-coast rail links; a Union Pacific intermodal rail facility adjacent to KellyUSA; and two airports with air cargo capability (KellyUSA and San Antonio International Airport).

Specific federal legislative/administrative items to address in 2004 include:

International Trade Data System (ITDS) Deployment/Demonstration Project for San Antonio

ITDS is a federal government information technology initiative (Initiative IT06) of the National Performance Review. The goal of ITDS is to implement an integrated government-wide system for the electronic collection, use, and dissemination of international trade data. ITDS facilitates information processing for businesses and over 100 federal agencies involved in international trade.

With ITDS, traders will submit standard electronic data for import or exports only once to ITDS. ITDS will then distribute this standard data to the pertinent federal agencies that have an interest in the transaction for their selectivity and risk assessment. Shippers using ITDS will be able to use special expedited lanes at border crossings dedicated to ITDS traffic. ITDS is designed to improve the efficiency and security of U.S. border ports of entry. Implementation of ITDS is critical to the long-term viability of San Antonio as an inland port and center for trade processing. An efficient and congestion-free border is necessary for San Antonio to become an economical option for distribution logistics activities vis-à-vis Mexico. ITDS was tested through a prototype program called the North American Trade Automation Prototype (NATAP), in several locations including San Antonio. The San Antonio test, conducted by Ryder Integrated Logistics at KellyUSA, demonstrated that the system could work effectively from off-border locations such as San Antonio.

According to officials with the U.S. Department of Transportation (US DOT), ITDS is scheduled to be deployed in late 2003 or early 2004. Because ITDS has built-in security enhancement features, the Office of Homeland Security, US DOT, and federal Customs officials have placed ITDS on a fast track for implementation. However, in order for the expedited schedule for ITDS deployment to be maintained, it must be fully funded by Congress. In addition, it is vital that Laredo be one of the first ports of entry to have ITDS deployment. Laredo is the busiest port along the U.S.-Mexico border. As such, it is important to ensure that it continues to operate as efficiently as possible. It is also the primary border crossing for trade with Mexico moving in and out of the San Antonio region. Officials in Laredo have expressed their support for the implementation of ITDS and its deployment in Laredo. It is an initiative strongly supported by the new Laredo-San Antonio Corridor Coalition.

Because ITDS is designed to allow shippers to use the system from near and remote locations, it is essential to demonstrate that the system can work efficiently for shippers located far away from the border. It is also important that San Antonio begin benefiting from the ITDS deployment in Laredo immediately. To this end, San Antonio is seeking to have a demonstration project established between itself and the city of Monterrey, Nuevo Leon as part of the Laredo deployment of the system, which will show the capability of ITDS for shippers located in both two cities.

To implement ITDS, the following objectives must be achieved: (1) obtain support from the San Antonio congressional delegation for the full funding of ITDS; (2) request that Congressman Henry Bonilla place language in the appropriations bill to fund ITDS as well as requiring that Laredo become one of the first two border ports of entry to where the system will be first deployed; and (3) insert additional language that requires Customs and the US DOT to establish a demonstration project between San Antonio and Monterrey as part of the Laredo deployment of ITDS, with a \$500,000 earmark in the appropriations bill to fund it.

Implementation of Cross Border Trucking

With President Bush's recent announcement that Mexican trucks will be allowed beyond the 20-mile commercial zones of the 27 border cities, San Antonio's Free Trade Alliance will be working to train and prepare Mexican carriers so they can begin operations as soon as the border opens. Cross border trucking will allow shippers in the U.S. and Mexico to transport their products from destinations in the interior of Mexico to destinations in the interior of the U.S. (or vice versa). Because the success of cross border trucking is an essential element of the Inland Port San Antonio concept, it is very important that local, state and federal officials closely monitor its implementation in order to address any regulatory or logistical impediments that may arise.

FINANCIAL IMPACT

The fiscal impact on the City of San Antonio's budget is contingent upon the success of this initiative. Although increased demand on the City's infrastructure is anticipated, the economic benefit is expected to create a net positive result.

International Airport Letter of Intent Funding

PROPOSAL

To obtain an \$81 million Letter of Intent (LOI) for airport grant funding from the Federal Aviation Administration (FAA) to supplement the San Antonio International Airport's capital improvement plan.

BACKGROUND

A LOI is a multi-year Airport Improvement Program discretionary grant commitment (typically over ten years) that is awarded by the FAA to fund airport capital improvement costs "for airside development projects with significant capacity benefits."¹ The City plans to use the proceeds from the LOI grant to fund a portion of the costs of needed airfield capital projects, including runway and taxiway improvements that are designed to increase the airport's operations capacity.

Airports requesting LOI grant funds must demonstrate the importance of their projects in terms of expected capacity enhancements. Grants are awarded on a competitive basis. Therefore, the City of San Antonio will be competing against other airports for limited LOI funds. This initiative is contingent on a successful environmental impact statement (EIS), the timing of when this will be completed is still unclear. However, a decision is expected on 2004 or 2005.

FINANCIAL IMPACT

The City plans to apply for approximately \$81 million in LOI funds, which hopes to receive during fiscal years Fiscal Year 2002 through FY 2011.² These funds would amount to approximately 20 percent of the airport's \$426 million projected capital improvement costs over the next ten years.

The proposed improvements will increase the airport's capacity by approximately 30 percent, helping to avoid unnecessary flight delays. Without the LOI grant funds, the City's Aviation Department would have to issue additional debt and likely postpone the completion of its capital improvement plan.

¹ U.S. DOT FAA, "Policy for Letter of Intent Approvals Under the Airport Improvement Program." *Federal Register*, Vol. 59, October 31, 1994.

Military Affairs

PROPOSAL

To promote legislative and regulatory initiatives that will enhance the economic value of our current and former military installations as well as to assist the community's efforts in preparing for the 2005 Base Closure and Realignment process.

BACKGROUND

Once the home of five active military installations, San Antonio is now home to three active installations, after the closure of Kelly Air Force Base and the transfer of Brooks Air Force Base to the Brooks Development Authority. In total, there are more than 73,000 defense jobs in the community generating a direct economic impact to the local economy of almost \$5 billion. In preparing for BRAC 2005, the San Antonio community has continued partnering with the armed services on initiatives that will help increase the military value of its bases and missions here, while also assisting them in achieving efficiencies to reduce infrastructure support costs. The focus will not be just on the retention of existing missions, but on making local installations more competitive sites for attracting new military missions and jobs.

The San Antonio Military Missions Task Force (SAMM), established by the City, in partnership with Bexar County and the Greater San Antonio Chamber of Commerce, is serving as a community-wide forum to prepare for BRAC 2005. In November 2003, the SAMM hired an Executive Director and staff to develop and implement a BRAC 2005 strategy that will require community-wide support for funding and implementation beginning in 2004. In addition, the City Council Military Affairs Committee continues to visit each of the local military installations to discuss potential partnership initiatives and common issues with local commanders. The Mayor also hosts a quarterly luncheon with local military commanders.

Since the last round of BRAC in 1995, the City has been proactive in working with its military installations and leveraging the assets of its military installations to promote economic development. Two major initiatives are the Brooks City-Base project and the Fort Sam Houston public-private leasing partnership. Both of these projects are unique, pace-setting Department of Defense (DOD) initiatives.

Under the Brooks City-Base project, the Air Force transferred its base property to the Brooks Development Authority (BDA) on July 22, 2002. The BDA then executed a long-term leaseback contract with the Air Force for almost all of the buildings. As a result, the City is now providing municipal services to Brooks City-Base, while the BDA is providing property management and development services for the park. Brooks City-Base has helped the Air Force significantly reduce infrastructure support costs. The City expects to benefit by retaining its Air Force missions and jobs and leveraging the unique physical and intellectual Air Force assets at Brooks to promote development in and around the base through establishment of the Brooks Technology and Business Park.

At Fort Sam Houston, the Army has signed a 50-year lease with Orion Partners, Inc., and Roy F. Weston, Inc. for more than 500,000 square feet of space in three historic buildings--the old Brooks Army Medical Center and two wings of the Beach Pavilion Complex. To finance approximately \$50 million in renovations, the Orion/Weston partnership has secured long-term leases with Army tenants, such as U.S. Army South, which moved its headquarters from Puerto Rico to Fort Sam Houston in September 2003. Army South brought over 500 new jobs to San Antonio and is expecting to move into the old BAMC facilities by March 2004. The success of this unique partnership is critical to assisting the Army in reducing infrastructure support costs and generating net cash flow for both the Army and Orion/Weston.

Furthermore, in response to the events of September 11th, Fort Sam Houston is currently conducting an Environmental Assessment regarding plans to construct new permanent gates around the installation and to permanently close off other entrances to the installation that were open prior to the events of September 11, 2001. One specific entrance along North New Braunfels previously served as a major thoroughfare used by the public and the City's public safety agencies. This thoroughfare has been closed since "9-11" and has created an adverse economic impact on some businesses in the Fort Sam Gateway area. As a result, the City is working with the Army to assess the impact on the community, particularly with regard to public safety, traffic and businesses around the base as part of the ongoing Environmental Assessment that should be completed by April 2004.

The City of San Antonio is also fortunate to have two major military medical centers (Brooke Army Medical Center and Wilford Hall Medical Center) that participate in a number of unique projects with local research, educational and health institutions. These medical centers also participate in the City's Level 1 trauma network, in partnership with the County's University Health System. While these military facilities provide valuable medical training, they are incurring annual losses exceeding \$30 million. This cost could become an issue during BRAC 2005, threatening the continued presence of these facilities in our community. As a minimum, legislation is needed to legitimize the military's participation in providing trauma care to non-DOD beneficiaries and to accept funds from state/local agencies for providing such care. This is a unique military-community relationship in which the DOD is partnering with the community to explore, develop and implement methods of cooperation on medical preparedness and disaster response.

At KellyUSA, a former U.S. Air Force Base, the Greater Kelly Development Authority is transforming the base into a multi-use airport and rail-served business park. As of January 2004, there were 74 tenants (commercial companies and federal agencies) employing over 12,600 people with an average salary of \$38,000 and a total economic impact of \$2.5 billion per year. Major commercial employers at KellyUSA include Boeing, Lockheed Martin, General Electric, Standard Aero, Pratt & Whitney, Chromalloy, and EG&G. With 90% of the marketable 9 million square feet leased, GKDA is now focused on development of new Class A facilities leveraging public and private investment to create more jobs for San Antonio. GKDA is planning to begin Phase II development of KellyUSA in 2004 to accommodate market driven facilities over the next one to three years. This growth is projected to increase the economic impact on San Antonio to over \$4.3 billion per year. GKDA is also planning in Phase II to generate some \$364 million in investment capital by leveraging City, state, federal and GKDA funding. Phase II includes key transportation infrastructure projects that will facilitate the development of several facility projects that allow KellyUSA to respond to market

demand opportunities. These projects are expected to create employment for an additional 6,400 employees at KellyUSA.

The future of its military assets or facilities is a high priority for San Antonio. The community must remain focused on preserving and enhancing its existing defense establishments and continuing the successful redevelopment of KellyUSA and Brooks City Base. Specifically, the following goals and initiatives should be pursued with both the Administration and Congress:

- Support language in the Defense Authorization and Appropriations Act that will authorize both the Brooke Army Medical Center and Wilford Hall Medical Center to participate in the City's Level 1 Trauma Network as well as providing care to non-DOD beneficiaries.
- Support the relocation of federal organizations and agencies to government facilities on the campuses of KellyUSA, Brooks City-Base and Fort Sam Houston. All three installations are excellent candidates for Customs, Drug Enforcement Agency and relocating DOD missions.
- Support continued Military Construction (MILCON) projects at each of the city's military installations.
- Support an increase in DOD depot maintenance work allocations to private companies at KellyUSA.
- Obtain Air Force and DOD approval for proposed "enhanced use" lease projects with the Air Force at Lackland AFB and Brooks City Base. Such approval will allow GKDA and Brooks City Base to construct new facilities for the Air Force then lease those facilities to the Air Force. This will allow for the relocation of DOD tenants currently occupying marketable facilities on GKDA's east side of the Kelly runway.
- In addition, support accelerated MILCON funding for the Air Force "Move West" program to relocate DOD tenants from the east side to the west side of the Kelly runway.
- Acquire additional federal funding support for the KellyUSA Material Science and Engineering Laboratory with UTSA (\$1 million was provided by DOD in FY 2004)
- Support DOD efforts to streamline and simplify regulatory initiatives aimed at reducing infrastructure support costs at military bases, including outsourcing and privatization.

FINANCIAL IMPACT

By expanding and enhancing the missions of San Antonio's military installations through the formation of community and military partnerships and the reduction of infrastructure support costs, San Antonio will be well positioned to retain and attract new missions and jobs during the BRAC 2005 process. The successful redevelopment and commercialization of KellyUSA and Brooks City-Base, as well as continued private-public partnerships at other installations such as the leasing initiative at Fort Sam Houston, will result in the creation of new jobs and promote the diversification and expansion of the local economy.

Port of Entry Designation for the San Antonio International Airport

PROPOSAL

To obtain at least a two-year extension of the Port of Entry designation for the San Antonio International Airport.

BACKGROUND

On November 9, 2000, President Clinton signed into law H.R. 4868, the Miscellaneous Trade and Technical Corrections Act of 2000. This legislation included a provision to designate San Antonio International Airport as a U.S. Port of Entry, where private aircraft may land for processing by the U.S. Customs Service. As a result of this designation, general aviation aircraft operators no longer have to stop in Laredo or Brownsville to clear Customs if San Antonio is their final destination. The designation was for a two-year term, which expired on November 9, 2002.

In an effort to continue this program, language was included in H.R. 5835, the Miscellaneous Trade and Technical Corrections Act of 2002, to extend the designation for two more years. The House passed this bill on October 7, 2002. The Senate, however, was working on its own version of this trade bill, which included the same language as the House version. However, the Senate version was not completed before the 107th Congress and the First Session of the 108th Congress adjourned, and as a result, the designation lapsed. During the First Session of the 108th Congress, the House of Representatives passed H.R. 3521, The Tax Relief Extension Act of 2003. H.R. 3521 contained language to extend the Port of Entry designation for the San Antonio International Airport. Late in 2003 the House appended a slightly revised version of H.R. 5835, a Corporate Tax Relief bill. These revisions included a provision, which extended the Port of Entry designation for the San Antonio International Airport for a period 5-year period. Both bills were received by the Senate, at this point, it is unclear which bill will be considered during Second Session of the 108th Congress.

The Port of Entry designation has been very successful and has received overwhelming support from many San Antonio-area businesses, such as HEB, H.B. Zachry, Valero and USAA. In fact, over 125 letters of support were sent to the San Antonio congressional delegation, urging the continuation of this program.

The San Antonio International Airport provides facilities, security and law enforcement support services to process general aviation aircraft at no charge to the federal Customs Service. During the two years the Port of Entry designation was in place, Customs reported no incidents that would indicate a problem in providing this service, and, therefore, continuation of this designation for the Airport.

FINANCIAL IMPACT

The airport designation is an important component of the City of San Antonio's economic development efforts, which includes the expansion of international trade as a result of the North American Free Trade Agreement. The Airport's Customs' clearance for general aviation aircraft has increased 67 percent since the program's inception in 2001.

TEA-21 Reauthorization

PROPOSAL

To support the reauthorization of the Transportation Equity Act for the 21st Century.

BACKGROUND

The Transportation Equity Act for the 21st Century ("TEA-21") provided for a significant increase in funding for federal surface transportation programs. This was, in large part, the result of a successful effort to link the revenue stream for highway trust funds to significant increases in spending for highway, highway safety, and transit programs. TEA-21 has allowed states greater flexibility in how they use their transportation funds, retention of the existing highway trust fund funding framework established through TEA-21, financial assistance for physical infrastructure security, streamlining of environmental evaluations required by the project approval process, a new categorical grant program for highway safety, and an increased focus on reducing drunk driving and increasing seat belt use.

The City of San Antonio supports the following "high priority" projects:

Medical Parkway Fredericksburg Road

The project will include the construction of a bridge over Fredericksburg Road carrying the traffic entering and exiting the South Texas Medical Center from IH 10 using Medical Parkway. The project will also include the reconstruction of Medical Parkway and Fredericksburg Road in the vicinity of the intersection.

Congressional Sponsor: The Honorable Charles Gonzalez and The Honorable Ciro Rodriguez submitted a request for \$10 million in TEA 3. Congressman Gonzalez also submitted a request for \$10 million in FY 2004 Transportation Appropriations.

Bus Rapid Transit

The proposed project consists of enhanced bus service along Fredericksburg Road extending from the San Antonio Central Business District to the South Texas Medical Center for a distance of approximately 8.7 miles.

Congressional Sponsor: The Honorable Charles Gonzalez and The Honorable Ciro Rodriguez submitted a request for \$24 million in TEA 3.

Mission Trail Project

The project will fund Phase IV and V of the Mission Trail Project. Phase IV provides for street and drainage improvements and enhancements on Mission Road from Mitchell to Roosevelt and Roosevelt from Mission Road to St. Mary's Street. Also included in Phase IV are enhancements to Alamo Street from Durango to Alamo Plaza and hike and bike trails along the San Antonio River from IH 10 to Eagleland. Phase V provided the signage and delineation features for the entire length of the project.

Congressional Sponsor: The Honorable Ciro Rodriguez and The Honorable Charles Gonzalez submitted a request for \$5 million in TEA 3. Congressman Rodriguez also submitted request for \$5 million in FY 2004 Transportation Appropriations.

New Luke Road

The project consists of a divided, four lane boulevard, with landscaped medians, and access management. The project limits start at the intersection of 36th Street at Growden Road and end at the intersection of Billy Mitchell Boulevard at Spur 371. The improvements will provide truck access to develop air cargo, aircraft maintenance, repair, and overhaul and logistics distribution for KellyUSA.

Congressional Sponsor: The Honorable Charles Gonzalez and Honorable Ciro Rodriguez submitted a request for \$8 million in TEA 3. Additionally, The Honorable Kay Bailey Hutchison agreed to submit this project as a high priority in TEA 3. Congressman Gonzalez submitted a request for \$2 million and Senator Hutchison submitted a \$5 million request in FY 2004 Transportation Appropriations.

Kelly Parkway

This request for federal demonstration funds is for the first phase in developing the Kelly Parkway. This project involves the acquisition of railroad right of way from the Union Pacific Railroad Company from north of US 90 To Leon Creek.

Congressional Sponsor: The Honorable Charles Gonzalez and The Honorable Ciro Rodriguez submitted a request for \$9.6 million in TEA 3. Congressman Gonzalez also requested \$9.6 million in FY 2004 Transportation Appropriations.

Loop 410 Ramp Project

The project includes the construction of two bridges over the Union Pacific Railroad that will provide entrance/exit ramps to Freeport Road (Freeport Business Center) from Loop 410 in southwest San Antonio.

Congressional Sponsor: The Honorable Charles Gonzalez and The Honorable Ciro Rodriguez submitted request for \$3.5 million in TEA 3. Congressman Gonzalez also submitted request for \$2 million in FY 2004 Transportation Appropriations.

South Connector

The project will construct a southern connector for Kelly USA to Southwest Military (Loop 13). KellyUSA currently has no entrance from the south and this project will provide a critical link to the south side of San Antonio for both employee access and the delivery of goods and services.

Congressional Support: The Honorable Ciro Rodriguez and The Honorable Charles Gonzalez submitted a request for \$8.2 million in TEA 3. Congressman Rodriguez also submitted request for \$8.2 million in FY 2004 Transportation Appropriations.

ITS Technologies

The project consists of four elements: Communication Systems, Traffic Plan Development, Control and Monitoring Systems, and System Modeling. The overall project objective is to provide significant and measurable improvements to the movement of traffic in San Antonio.

Congressional Support: The Honorable Charles Gonzalez submitted a request for \$4 million in FY 2004 Transportation Appropriations.

In addition to the 'high-priority' projects listed above, the City of San Antonio recommends the following items be considered by Congress in reauthorizing TEA 21:

Increase Transportation Funding

- Increase the TEA 21 \$ 27.7 billion funding minimum guarantee in order to meet current and future mobility needs of the nation.
- Ensure that the ALL interest earned are credited to the Highway Trust Fund. It is estimated that over the term of the next federal transportation legislation as much as \$ 2 billion in additional revenue could be available.
- Assess user fees on gasohol equal to the amount on gasoline. In addition, redirect to the Highway Trust Fund the 2.5 cents that is collected on gasohol that is sent to the General Revenue Fund.
- Draw down the Highway Trust Fund balance, estimated to be \$ 27 billion in FY 2003, at \$ 5 billion per year for the life of the reauthorization of TEA 21.

Funding Equity

- Continue efforts of TEA 21 to provide funding equity to donor states.
- Increasing the minimum funding guarantees to the states from 90.5% to 95% of Highway Trust Fund contributions.

Retain Structure of TEA 21

- Maintain the flexible program funding provisions, whereby the states and urban areas have the ability to fund multimodal transportation projects, including highway, transit, rail, bicycle and pedestrian projects.
- Redefine the eligibility requirements for the Border and Corridor program. This will ensure that funding is provided to the communities that are directly affected by the increase truck traffic resulting from international trade.

Environmental Consideration

- Continue the effort to streamline the environmental review process.
- Synchronize the Air Quality Planning and the Transportation Planning horizons.
- Redefine eligibility requirements for the Congestion Mitigation Air Quality (CMAQ) program to include near non-attainment Metropolitan areas that have entered into an Early Action Compact with EPA.

Finally, Congress should commit to pass the TEA 3 no later than September 2004. Quick action on this major piece of legislation will ensure that our nation's roadways will contribute to the economic vitality of the nation while ensuring safety and efficiency for the motoring public.

FINANCIAL IMPACT

An efficient, safe and reliable public transportation infrastructure is critical to a community's social and economic health, and stability. Texas communities are fundamentally dependent on an efficient, interconnected, and balanced transportation network. Increased capacity of the City's roadways, public transportation infrastructure, airports, railroads, and port facilities will be critical to San Antonio's ability to sustain strong economic growth in future years. The enhancements and construction of the City's public transportation system will have a positive and direct effect on the community's economic development and strength. The "high priority" projects listed above will do much to increase San Antonio's public transportation system and economic growth.

Omnibus Legislative Policy

PROPOSAL

To support federal regulations or legislation which would clearly benefit the City and oppose any regulations or legislation that would clearly be detrimental to the City's interests.

BACKGROUND

In 1995 Congress created a mechanism that would place obstacles in the path of imposing new, unfunded federal mandates on the taxpayers of the nation's cities and towns. The law created a mechanism to force Congress and the White House to acknowledge the impact of proposed unfunded mandates on state and local governments. However, it left untouched federal authority to preempt traditional municipal rights, responsibilities and revenue resources.

The City of San Antonio has historically endorsed legislation that would clearly benefit the City and opposed all bills that met one or more of the following criteria:

- Undermine the principles of self-government;
- Mandate increased cost to cities, including environmental mandates;
- Result in the loss of revenue to cities or change the authority of the City to generate revenues;
- Diminish the fundamental authority of cities to operate in a manner consistent with the best interest of the health, safety and welfare of the general public; and/or
- Preempt municipal authority, such as franchising, zoning, permits, licenses and municipal code development, and interfere with municipal control over the rate and nature of local taxation.

FINANCIAL IMPACT

This policy will assist the City staff and government affairs consultants in expediting measures to defeat detrimental legislation and play a pro-active role in passing beneficial legislation.

SECTION II – ENDORSEMENTS

Center for Infrastructure Assurance & Security (CIAS)

PROPOSAL:

To secure \$10 million, for 1 year, in continued federal funding from the Department of Defense Appropriations bill to support the education research and development efforts of the Center for Infrastructure Assurance and Security (CIAS).

BACKGROUND:

The Center for Infrastructure Assurance and Security (CIAS) is designed to leverage San Antonio's infrastructure and assurance security (IAS) strengths as part of the solution to the nation's deficit of IAS talent and resources. The CIAS will be the anchor of a collaborative multi-tiered program focused on San Antonio's IAS talent and supporting national IAS Research and Development as well as providing homeland security support.

Members from private industry, academia, and the government have created a blueprint for developing a multiple entry, multiple exit pipeline for IAS talent, anchored around CIAS at UTSA. CIAS is a coordinated effort between the Air Intelligence Agency at Lackland AFB, private IAS companies, 2 – year and 4 – year colleges, training institutions and research institutions. The CIAS will serve as a source for funds and talent support undergraduate and graduate research to further develop San Antonio's base of IAS talent, positioning the city to make significant contributions to homeland security.

Initial research areas include the development of a State/Regional Infrastructure Protection System, Infrastructure Assurance assessments of wireless and biometrics technology, intrusion detection and recovery, and voice over IP security. The center's initial research will focus on security assessments of biometrics devices as mandated by congress.

The CIAS works closely with the world renowned "Security Hill" and its agencies, the Air Intelligence Agency (AIA), the Joint Information Operations Center (JIOC), the Cryptologic Systems Group (CSG), and the Air Force Computer Emergency Response Team (AFCERT), to perform research and development on the critical and complex security-focused matters facing them. Additional cooperative efforts between Security Hill and CIAS include student internships, joint conferences, education, and training programs, and adjunct professors. The CIAS will work with local school districts and colleges to create the Information Technology and Security Academy (ITSA) at the high school level.

The ITSA is modeled after the successful Aviation Academy at Kelly USA, with courses offered at two campuses so every student in the city will be within 20 minutes of classes. The program is designed for both vocational training and college prep. These students will earn college credit as well as learn the skills to support high paying jobs. CIAS and ITSA will be linked with 4 – year universities, the Alamo Community College District campuses, Adult Education institution, and

various for-profit and non-profit training organizations. This linkage will complete a one-of-a-kind pipeline for IAS talent generation. The pipeline extends from high school through graduate school and offers multiple entry and exit points.

UTSA is also the lead agency in conducting a cyber-security exercise, "Dark Screen" that will identify and test cyber capabilities to detect, prevent and respond to a cyber terrorist attack. The exercise will test the ability of federal, state, county and local authorities to effectively communicate and respond during and after a cyber terrorist attack. UTSA is working closely with the Air Intelligence Agency, the City of San Antonio, Bexar County, the FBI, local public agencies, and computer security companies. Dark Screen was the first cyber-terrorist exercise in the country since September 11. Since the success of Dark Screen, this project will serve as a model for other major metropolitan areas around the country.

FINANCIAL IMPACT:

UTSA is requesting support from the City of San Antonio to secure continued federal funding for this Homeland Security Initiative. Military installations in San Antonio, combined with UTSA's efforts to become a top tier one research university creates an opportunity for San Antonio to become a major player in Homeland Security.

Head Start & Child Care Development Block Grant Reauthorization

PROPOSAL

To maintain the operation of the national Head Start program as currently administered by the U.S. Department of Health and Human Services to local entities, including municipalities, non-profit agencies and other community-based organizations.

To increase the Child Care Development Block Grant allocation to the State of Texas, thus ensuring additional childcare investment funds in the San Antonio community.

BACKGROUND

Head Start

A proposed reorganization of the national Head Start program will adversely affect the established network and initiatives that the City of San Antonio has strategically developed and invested. The first session of the 108th Congress addressed the reauthorization of Head Start. Both the House and Senate have passed their own version of a bill, however, it is anticipated that a compromised Head Start bill will make its way to the President for signature in the second session of Congress. The current Administration has proposed transferring Head Start to the U.S. Department of Education and devolving the program to the states. Through this reassignment, Head Start would be managed as block grants and coordination would be held at the state level. The Administration's plan would add further burdens to the state in an already struggling budget cycle. States would determine program funding for communities thus minimizing local control and program administration. Further, under this plan, the states may be forced to utilize funds to cover current pre-kindergarten initiatives. Reassigning the program to the oversight of the Department of Education holds no guarantee that key program components such as comprehensive services, career development of community residents, and meaningful parent involvement, including substantial governance responsibilities, will remain the approach.

The City has made extraordinary progress in coordinating a comprehensive early childhood care and education network incorporating Head Start, the Child Care Delivery System (CCDS), and public pre-kindergarten. Further complementing the network, the city has made considerable improvements in quality through strategic enhancements that support families participating in these programs. It is through these efforts that San Antonio children are ready for school and prepared for success. This has allowed for the opportunity to bridge quality care and education to workforce development and accessed other resources to improve outcomes for children and their families.

Through a City Council resolution (2003-12-13), the City of San Antonio has declared its support and affirmation of the Head Start program, a national comprehensive child development program as it is currently operated by the U.S. Department of Health and Human Services.

Child Care Development Block Grant

The Child Care and Development Block Grant Act (CCDBG) of 1990 (42 USC 9801 et seq.), as amended by the Personal Responsibility and Work Opportunity Act (PRWORA) of 1996 (Public Law 104-193) and the Balanced Budget Act of 1997 (Public Law PL 105-33), provides child care federal funds (CCDF) to states, territories, and tribes to assist low income families in accessing quality child care while parents work, enrolled in education or training programs. Currently, the state of Texas spends approximately 425 million on child care and child care quality initiatives. Of this, 84% is comprised of federal mandatory, discretionary and federal share matching funds. The remaining amount is state general revenue funds appropriated by the Texas Legislature. The majority of the child care funds are dedicated as direct child care services to families while 4% is invested in child care quality initiatives. In 1996, CCDBG appropriation was made part of the PRWORA legislation. In August 2002, PRWORA was set to expire. However, through congressional extensions, PRWORA will continue through March 2004. Federal funds conveyed to the states, territories and tribes through PRWORA have continued at existing levels as provided through the current law.

Proposed new welfare reform legislation, which has a direct impact on CCDBG, increases the number of work participation hours for individuals and families. As an affect of the increased participation rate, more families will seek childcare assistance to comply with the work requirement. Despite the increase participation rate, the accompanying CCDBG appropriation as currently proposed is not aligned to meet new work requirements. Further, the House budget plan passed on March 2003, calls for deep reduction in low-income entitlement programs, including childcare.

The City has made extraordinary progress in coordinating a comprehensive early childhood care and education network incorporating Head Start, the Child Care Delivery System (CCDS), and public pre-kindergarten. Further complementing the network, the city has made considerable improvements in quality through strategic enhancements that support families participating in these programs. It is through these efforts that San Antonio children are ready for school and prepared for success. This has allowed for the opportunity to bridge quality care and education to workforce development and accessed other resources to improve outcomes for children and their families.

FINANCIAL IMPACT

Head Start

The proposed restructuring places the \$44,229,262 Head Start annual investment in serving 6,789 San Antonio children in jeopardy. Of the \$44,229,262, the City retains \$362,832 for oversight and grant administration and Parent Child Inc., the current contractor, receives \$43,866,430. If block granted to the State of Texas, there is no guarantee this same level of funding will return to San Antonio, nor that the same number of children be served in an early care and education setting.

Child Care Development Block Grant

The state of Texas invests approximately 425 million on child care and child care quality initiatives, much of which is comprised of federal funds. Of this amount, the City of San Antonio receives nearly 50 million in federal funds for the provision of direct child care, quality improvement activities and other quality initiatives programming and services. In addition, should the House budget plan adhere within the Senate, over 86 million in federal child care funds could be lost to the citizens of Texas and impacting the local San Antonio community.

KellyUSA Material Science and Engineering Laboratory and Center of Excellence

PROPOSAL

To secure \$2.5 million in federal funding to establish the Material Science and Engineering Laboratory and Center of Excellence at KellyUSA.

BACKGROUND

The Greater Kelly Development Authority (GKDA) has been vigorously working to convert KellyUSA into a recognized center of excellence for transportation-related matters. The authority already has Boeing, Lockheed Martin, Standard Aero, General Electric, Pratt & Whitney, and several other companies doing aviation-related repair work on aircraft and engines. KellyUSA has joint use of an 11,500-foot runway and is ideally suited to become an international air cargo hub. With regard to rail service, the GKDA has a memorandum of understanding with Union Pacific Railway and the Port of Corpus Christi to jointly pursue rail-related projects that will jointly meet the business needs of each of the entities. In addition, KellyUSA is centrally located at the intersection of three interstate highway systems – IH-10, IH-35 and IH-37. KellyUSA is expected to play a major role in cross border trucking with its development into an international logistics and distribution center. The collective impact of these various modes of transportation places KellyUSA in a unique position to be a leader in transportation issues.

The Material Science and Engineering Laboratory and Center of Excellence will help KellyUSA establish and support deployment of internationally-recognized transportation industry standards for maintenance, repair and overhaul (MRO) of vehicles and systems, with an emphasis on assured safety. It will also be a focal point for the development of scientific and engineering solutions regarding national transportation issues. Additionally, this project is part of the GKDA's effort to take advantage of several million dollars of Air Force equipment, whose ownership was transferred to the authority.

FINANCIAL IMPACT

Federal funding would allow this nationally significant project to overcome initial funding shortfalls, take advantage of several million dollars of Air Force equipment that was transferred to the GKDA, and become a resource for the resolution of significant transportation-related material issues. If funded, the Material Science and Engineering Laboratory would establish a core program of education and research for advanced degrees in material sciences and engineering at the University of Texas at San Antonio as well as develop opportunities for individuals to participate in aviation industry jobs that will prepare them for rewarding and lucrative careers in the transportation industry.

National Energy Policy

PROPOSAL

To support energy policy legislation that promotes the increased production, supply, transportation, and conservation of domestic energy resources.

To support electricity legislation that does not preempt state law regarding the implementation of retail competition and that protects the interests of San Antonio electric and gas customers.

To support a multi-pollutant/integrated approach that emphasizes the need to develop energy and air quality policies that assures achievement of both environmental quality and energy security goals.

To support a greenhouse gas strategy that is based on sound science and takes into account that emissions that might affect climate change are distinct from emissions characterized as pollutants, which have a clearly defined and well understood effect on public health.

BACKGROUND

Energy Policy – The nation's energy supply has increasingly become a topic of consideration in the debate over national security. Scarcity of supply and transportation capability puts the United States at risk for significant disturbances in availability and affordability should a crisis occur.

The country must update and coordinate the nation's energy policy to provide for increased production of domestic energy sources. The 107th Congress took significant steps toward completing the development of a new national energy policy. These efforts fell short as the Congress adjourned without providing congressional leaders the opportunity to finish the job. The 108th Congress is expected to take an early look at existing federal policy and consider significant changes.

Electricity – In 1999, Texas passed legislation to transition the state to competition on January 1, 2002. It is expected that the 108th Congress will reform energy policy, which will bring about changes to existing electricity law. These changes have the potential of affecting the Texas electricity market.

Energy and Air Quality Policies - Air quality and other environmental issues will play a prominent role in the 108th Congress. In addressing air quality, there is considerable discussion about taking a comprehensive, incentives-based approach to tougher regulation of air emissions. Key elements include an integrated program for controlling multiple air pollutants (NO_x, SO₂, and mercury), using market-based mechanisms, and reforming existing regulations to achieve emission reductions at lower costs, while assuring electric reliability, reasonable electric costs, and energy security.

Greenhouse Gas Strategy - Some advocate the inclusion of greenhouse gas (carbon dioxide) emission controls as part of a multi-pollutant emissions reduction approach. In contrast, City Public Service believes that a greenhouse gas strategy should be developed as a separate program that considers both the discrete characteristics of greenhouse gases (as distinct from identifiable public health consequences of pollutants) as well as the need to address a reduction in greenhouse gases. Unlike health-based pollutants that have measurable cost/benefit ratios and emissions reduction technologies that take these into account, there are no similar benchmarks by which to measure the costs and benefits of carbon capture technologies available to assist industry and policy makers in establishing policies for the reduction of gases.

FINANCIAL IMPACT

The financial impact of this initiative on the City of San Antonio cannot be determined at this time.

San Antonio River Improvement Project

PROPOSAL

To secure continued federal appropriations to support the U.S. Army Corps of Engineers' (USACE) involvement in the ecosystem restoration and recreation components on the San Antonio River Improvements Project (*budgeted by the USACE under the project name San Antonio Channel Improvement Project*).

BACKGROUND

The City of San Antonio, Bexar County and the San Antonio River Authority have worked with the San Antonio River Oversight Committee (a 22 member citizens committee) to develop a vision to restore and enhance 13 miles of the San Antonio River, extending both north and south of the famed San Antonio River Walk. The project, known locally as the San Antonio River Improvements Project, responds to the community's vision for flood control solutions that are more sensitive to the environment while restoring the natural beauty and habitat to the San Antonio River. The concept design for the project, approved in 2001, combines flood control and amenity improvements, such as hike and bike trails, lighting, and signage, and ecosystem restoration to create a more natural habitat and river parkway connecting key community points of interest and cultural landmarks including the historic missions, museums, neighborhoods, retail development, government and commercial centers.

The estimated cost for the project is \$140 million over the next eight to ten years. The local funding partners are the City of San Antonio, committing more than \$36 million toward the amenity and recreation components; Bexar County, committing more that \$54 million toward the flood control and ecosystem restoration components; and the San Antonio River Foundation, working to raise \$15 million in private contributions to enhance the amenity components of the project. The San Antonio River Authority serves as the project manager and the local sponsor with the U.S. Army Corps of Engineers.

Currently, the Ft. Worth District of the USACE is conducting a General Reevaluation Report (GRR) to determine the federal government's funding interest in the environmental restoration, recreation and flood control elements of the project. The approved concept design estimated the federal investment in the project at \$34 million. The initial recommendations from the GRR will be presented in February 2004 with the final report slated for approval by the USACE headquarters in late summer 2004.

The COE study targets environmental restoration and recreation for reaches of the San Antonio River with particular focus in the Historic Mission Reach extending nine miles south of Downtown San Antonio and in the Park Reach of the Museum Reach north of downtown through Brackenridge Park. In order to determine the federal interest in the project, the COE will develop recommendations on the following elements:

Authorization for USACE Involvement in the Project:

Authorized by Section 203 of the Flood Control Act of 1954 (68 stat. 1259) the USACE initiated a comprehensive flood control project along 31 miles of the San Antonio River and its tributaries. Total additional federal and local funding requirements to provide environmental restoration of the San Antonio Channel Improvement Project (SACIP) is estimated in excess of \$200 million. As approved by Congress, Section 335 of the Water Resources Development Act of 2000 modified the SACIP to include environmental restoration and recreation as project purposes.

In the FY 2004 appropriations process, report language was included in the Energy and Water Appropriations bill that directs the Secretary of the Army to designate all components of the project for flood control, environmental restoration and recreation as one integral and combined project. The appropriations committee also provided \$1,000,000 in funding to complete the GRR and upon approval of the report, continue design and construction of the project.

FINANCIAL IMPACT:

The USACE fully expects the GRR to identify a federal interest in the project. It is anticipated that once the level of federal investment is identified in February 2004, the USACE budget for FY 2005 will require a Congressional add in the Energy and Water Development appropriations process. The Congressional add will enable the USACE to support the local project implementation schedule.

Securing the FY 2005 appropriations for the USACE to move the project into construction is critical to sustaining the momentum on this important, and highly supported, community project. Subsequent years' appropriations requirements will be greater as construction activity on the project increases

The City of San Antonio has initiated a 10-year financing program to support the \$36.5 million committed to the project. Securing the federal funding component is elemental to ensuring that the City of San Antonio and Bexar County funds are effectively leveraged to bring the project to fruition.

Telecommunications Preemption and Electronic Commerce

PROPOSAL

To monitor federal legislation and the Federal Communications Commission (FCC) activities that relate to the convergence of the telecommunications, cable, Internet and wireless industries; and support or oppose legislation or activity that may impact:

- Local taxation authority, including telecom/utility taxes, sales and use taxes, other gross receipt taxes, and property taxes;
- Local ROW management and compensation authority;
- Local land use, zoning, building and safety code authority;
- General police power -- that is, the ability to apply a locality's generally applicable police powers (including consumer safety and protection) to telecom, cable, Internet, wireless and broadcasting providers; and
- Public safety

To create a level playing field for Internet and Main Street retailers and oppose any system of taxation which restricts a local government's ability to collect sales tax on commerce over the Internet.

BACKGROUND

Broad Description - There are a few issues the Public Works Department and the Finance Department, Public Utilities Division, are interested in that could negatively impact revenues received by the City for the use of the right-of-way (ROW) or reduce the City's ability to manage the use of its ROW. Many of telecom/cable/Internet related issues that Congress and the FCC will be considering revolve around "convergence," which is the technological convergence of the formerly separate industries of cable, telecom, Internet and even wireless and broadcasting. Currently, the Communications Act does not really reflect this technological convergence, segregating telecom common carrier, cable, broadcasting and wireless services into separate categories for different kinds of regulatory treatment, and leaving the Internet sector almost completely unregulated. A worst case scenario is that Congress or the FCC enact laws or rules that converge the regulation of those technologies and decides to utilize the current "lowest common denominator" in determining what payments cities can receive for the use of the ROW and how cities regulate the use of their ROW. Currently, based on recent FCC decisions and court cases, cities receive no compensation (i.e. the lowest possible denominator) for the use of ROW to provide Internet service from a cable operator that provides cable modem service.

Specific/Recent/Current Issues - In the spring of 2002 the FCC ruled that a cable modem is not a cable service, and, therefore, cities may not receive compensation from the cable modem revenues. Currently, the FCC, in a Notice of Proposed Rulemaking (NPRM), is considering the

definition of cable modem service as telecom, cable or some other type of service. The City is involved in a coalition (ALOAP) to respond to that NPRM. On another, but related, path, the City, through ALOAP, is currently appealing the FCC's 2002 decision. That appeal (*Brand X v. FCC*) was recently decided by the 9th Circuit (three judge panel) this past September. To sum, the 9th Circuit ruled that cable modem is not a cable service, but at least in part, a telecommunications service. The City is appealing that decision to have a hearing *en banc*, i.e. before the entire 9th Circuit Court.

There has been recent FCC activity related to Voice Over Internet Protocol (VoIP), which is the ability to provide telephony-like services over the Internet. This is a fairly new issue, and in combination with the potential loss of cable modem revenue, could have huge impact on revenue received by the City from phone companies if it is determined that cities may not be compensated for VoIP services. For e.g.: 1) if it is determined that cities can't regulate their ROW, i.e. receive compensation for the use of public ROW by an Internet provider; 2) VoIP is rendered an Internet service; and 3) VoIP is technologically successful, resulting in a substantial number of phone customers canceling their traditional phone service, then the City stands to lose millions in dollars of annual revenue, potentially.

Internet Tax Moratorium - There have been several attempts by Congress over the last few years to preempt local governments and states from collecting existing taxes on telecommunications services, including gross receipts, rights-of-way and franchise fees. Currently, Congress is debating S. 150, the Internet Tax Non-discrimination Act, which would preempt local governments and states from collecting existing taxes on telecommunications services, including gross receipts, rights-of-way and franchise fees. As it is currently written, the Internet Tax Non-discrimination Act would expand the definition of "Internet access" to prevent states and localities from taxing any telecommunications service "used to provide Internet access," resulting in significant losses of revenue. Although difficult to assess, cities could see their local telecommunications and utility tax bases stall, and then eventually start shrinking, as local telecommunications traffic increasingly shifts to broadband platforms that the legislation would immunize from all state and local taxes. The actual losses to the City could reach several hundreds of thousands of dollars.

Conclusion - the recent trend towards convergence by Congress or the FCC must be monitored in order to ensure the City's ability to both manage its ROW and be appropriately compensated for that use. The reality is that the use of, and the benefit from, the ROW by a telecom/cable/Internet company is essentially the same. Cities have historically been compensated for the use of, and the benefit received from, that use of a public asset (the ROW). As a caveat, one strategy that is universally used by these types of providers is that cities should only be compensated for the cities' actual costs in managing the ROW, however, such a limitation has never been the historical standard, and, therefore, any such characterization should be opposed. It is the City's position that compensation should be value-based, not cost-based.

FINANCIAL IMPACT

The financial impact of this initiative on the City of San Antonio cannot be determined at this time although the potential for loss in revenue is significant.

U.S. Visit Program

PROPOSAL

To support funding of additional resources (technology and personnel) to implement the US visa policies implemented since 2001 and for the delay in the implementation of the US Visit program until necessary resources are in place to ensure a minimal impact on the U.S. economy.

BACKGROUND

In late 2001, the U.S. State Department began requiring personal interviews be conducted for all individuals requesting a visa to enter the United States unless they were coming from a country with a reciprocal visa policy (i.e. Canada, United Kingdom, etc.). Although this policy had already been in effect for many years for Mexico, the increase strain on the system has caused long waits for obtaining visas. Prior to September 11, 2001, visa requests would generally take a few weeks. Now they take months. The result has been a general decrease in travel to the United States.

In addition, beginning in January 2004, the U.S. State Department and Department of Homeland Security are planning to implement a new program called US Visit. Essentially a re-creation of the former Section 110 immigration proposal, US Visit will require all international visitors be screened upon leaving the U.S. The goal is to provide government officials with data on whether foreign visitors leave when their visas expire. The result will be additional congestion and strain on airports and border crossings.

The federal government has not allocated the additional resources (technology and personnel) to implement the new policies implemented since 2001. Additional programs like the US Visit will exacerbate the already choked system. In June of 2003, the General Accounting Office (GAO) issued a report which indicated that the Department of Homeland Security's plan for implementing many of the new entry/exit procedures was lacking "sufficiently detailed information on system plans and progress."

FINANCIAL IMPACT

The implementation of the new visa policies and procedures since 2001 has already impacted the U.S. economy and more specifically the San Antonio economy. Additionally, the US Visit program is anticipated to worsen this impact unless additional resources are put into place to maintain the efficiency of the visa process. This impact has been and will be felt in several sectors of the San Antonio economy:

Tourism – Approximately 10% of San Antonio's tourism or 800,000 visitors are international. With a tourism industry of \$4 billion, \$400 million may be impacted. There have been anecdotal

examples of events and groups that have not come to San Antonio (or the U.S.) because of these new visa rules and procedures.

Retail – The new rules are having an impact on the retail sector as well. According the State Comptroller's office, Mexican nationals purchased over \$680 million in retail goods in Texas last year. Estimates are that San Antonio accounts for about 25% of this total (or \$170 million). North Star Mall and Rivercenter Mall indicate that Mexican nationals make up between 32-34% of total sales. They too are starting to see a drop off in business because of the difficulty for many families to get the necessary visas to visit the U.S. According to the credit card company Visa, San Antonio has the second largest usage of their credit cards by Mexican nationals in the United States (second only to McAllen) with 8.29% of total U.S. purchases.

Trade – Importers and Exporters are also reporting that many of their customers and business partners are traveling less to the U.S. A major reason is the increased difficulty on obtaining business or tourist visas for entering the U.S. The result in some cases is lost business to competition in other countries.

Sports – San Antonio has a long tradition of promoting international sporting events. The U.S. Olympic Committee has been able to work with the U.S. State Department to ensure athletes and coaches obtain the necessary visas to participate in events held in the U.S. However, participation by international spectators and media is already being impacted by the new visa requirements. The result is that the United States is becoming a less attractive location for hosting international sporting events. In addition, host communities are no longer benefiting from the economic impact of international attendees and the public relations benefit of international media coverage.

Education – Several local academic institutions rely heavily on international students for the financial impact on their bottom lines as well as the international environment they bring to the classroom. Since 2001, student visas have declined dramatically, particularly from countries like Pakistan, India, Thailand, Indonesia, China, and South Korea. The University of the Incarnate Word reports that the percent of its student body made up of foreign students dropped from 9% to 7% in the past year. They cite difficulties with student visas as the primary reason for the drop off.

Housing – The Consulate General of Mexico reports that non-resident Mexican nationals own over 40,000 homes in San Antonio. These homes are, in general, "second homes" for wealthier Mexican nationals who like to visit San Antonio periodically. It is becoming increasingly difficult and time consuming for these families to obtain visas to visit San Antonio. Although there is no evidence of it occurring thus far, a potential impact of the new visa policies could negatively impact the local housing market.

UTSA/Brooks City Center of Excellence in Biotechnology/Bioprocessing Training Facility

Proposal:

This request is for UTSA and Brooks City Base to secure \$2.8 million in continued funding, for 1 year, to support the preparation of a building at Brooks City Base and the education research that will help prepare the city, state, and country for a possible bio-terrorism attack. The University of Texas at San Antonio (UTSA), in conjunction with Brooks City Base, has planned a Center of Excellence in Biotechnology/Bioprocessing Education and Research (CEBBER) to be located at Brooks CityBase. A total of \$3.1 million has been allocated by Congress to renovate and equip Building 175W with a state of the art equipment to be used for research in areas of cell and tissue culture and bacterial growth. These will be used to purify materials used in vaccine development, biosensor production and biological pharmaceuticals, all of which address urgent national needs and, in particular, address possible terrorist biological attacks with biological and chemical weapons. Additional non-federal funding will be sought. Recently (December 2002) another \$700,000 has been provided for additional equipment by a Texas foundation.

The present request is for \$2.8 million for starting this facility by providing staffing, research funds and support for the facility. The desired goal is to ramp this facility up to full operation in the minimum amount of time. This will result in the timely development of the biosensors, vaccines, and related scientific discoveries in addition to the trained personnel needed for our national defense.

Background:

Congress recently invested funds (\$2.1 million) to create the UTSA/Brooks City Base Biotechnology/Bio-processing Training Center. This project involves a building at Brooks AFB to be converted into a Biotechnology/Bioprocessing lab, which will enable the city, state, and country to prepare for a possible bio-terrorist attack. The Center would provide space to conduct basic training for skills needed to produce ant-toxins and vaccines to defeat any bio-terrorist attack. This facility will also enable the State of Texas to secure an even bigger anti-terrorism project, a Department of Defense vaccine production facility.

Financial Impact:

This project will provide a trained workforce for research on materials and concepts urgently needed for defense against biological and chemical agents that could be employed against the United States in bio- terrorist attacks. The same techniques and basic discoveries will also have civilian use in defending against natural outbreaks of infectious agents. The graduate students, Air Force personnel, and other personnel trained at the facility will learn how to produce and research with vaccines, biosensors and similar products.

Water Quality and Security

PROPOSAL

To secure \$3 million to plug abandoned water wells in Bexar County.

To secure \$1.7 million to meet SAWS infrastructure security needs.

BACKGROUND

Water Quality

Abandoned Water Wells or Deteriorated Wells pose a serious threat to groundwater resources, a liability risk to landowners, and a safety hazard to children and animals. Abandoned wells serve as a conduit, allowing water runoff to flow directly into an Aquifer, often carrying fertilizers, pesticides, herbicides, urban pollutants and waste from both wildlife and livestock. Abandoned Wells are also susceptible to intentional terrorist acts of contamination.

Abandoned wells top the list of potential groundwater contamination sources. They have been identified as significant sources of groundwater degradation by the Texas Rural Water Association, Groundwater Conservation Districts, the Bureau of Economic Geology, the Texas Water Development Board, the Texas Commission on Environmental Quality, and the Texas Groundwater Protection Committee. Most importantly, abandoned water wells are a source of contamination that can be eliminated.

The Texas Department of Licensing and Regulation's Water Well Drillers Certification Division estimates the existence of approximately 150,000 abandoned water wells in Texas. Additionally, abandoned and deteriorated water wells contribute to groundwater contamination. However, no mechanism exists to fund the plugging of abandoned water wells located on land for which the owner cannot be located or does not have sufficient funds. Therefore, the financial responsibility falls on SAWS and its ratepayers.

Water Infrastructure Security

Since the September 11 tragedy, the San Antonio Water System has taken aggressive steps to safeguard San Antonio's water supply. Congress is presently considering a bioterrorism bill and other legislation and appropriations aimed at securing municipal water systems. SAWS will continue to promote inclusion in the bill of sufficient funding for this purpose, as well as seek targeted funding opportunities in relevant appropriations bills:

- Vulnerability Assessment (VA)
 - Training for selected SAWS' staff \$50,000

→ Associated software and hardware	\$25,000
• Security needs for 40 SAWS locations	
→ Security cameras	\$500,000
→ Central Video Monitoring Room	
w/associated equipment	\$100,000
→ Automatic Gates	\$150,000
→ Electronic gate locking devices (badge swipe systems)	\$300,000
→ New and improved Lighting system	\$100,000
→ New and improved fencing systems	\$250,000
→ New intercom systems	\$25,000
• Hydraulic barricade systems for Central Office delivery tunnel	\$75,000.00
• Security Equipment to protect freshwater supplies from contamination threats through wireless monitoring, ladder alarms, hatch alarms, gates, and all access points to the Sadata Radio Transmission Units.	\$200,000.00

Strengthen SCADA Systems (High priority)

Technical Assistance with Security Audits and Threat Assessments

Enhance Employment Screening

assistance to enable us to strengthen screening of current and future employees, within the parameters of current labor law, would greatly help SAWS reduce this potential threat.

Develop and Deploy New Technologies

All water systems monitor for contaminants and water quality but they were not designed to monitor on a real time basis for the poisons a determined terrorist would use. Federal assistance is needed to develop, test, and deploy a new generation of chemical-biological contaminant monitoring systems that would also address the terrorist threat. Such technologies would public confidence in the safety and purity of America's water.

Improve Capabilities of First Responders to Confront a Water Attack

Federal assistance is needed to ensure that first responders are properly trained, equipped and ready to provide crisis response and additional security in the event of a terrorist attack on water infrastructure facilities. For example, local medical facilities should be trained and equipped to address a terrorist attack using Weapons of Mass Destruction. Recent studies show that federal, state and local response capabilities are not yet adequate to meet the potential threats.

FINANCIAL IMPACT

SAWS staff will need to conduct fiscal impact assessments of any specific legislation introduced. However, the cost to plug an abandoned well may be as little as \$2,500 and as expensive as \$150,000. Currently, SAWS must give priority to wells that pose the great risk to public health and safety.

The items identified are critical in order for SAWS to protect our water supply, wastewater, and water distribution system, and federal assistance will assist getting these measures online. Once installed, SAWS will assume all operational and maintenance costs.