

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

TO: Mayor and City Council

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

THROUGH: Terry M. Brechtel, City Manager

COPIES: Management Team; File

SUBJECT: Renewal of ACCD Interlocal Agreement

DATE: March 18, 2004

SUMMARY AND RECOMMENDATIONS:

This ordinance renews the existing 15-year Interlocal Agreement between the City of San Antonio and the Alamo Community College District (ACCD) for a period of twelve (12) months beginning April 1, 2004. The Interlocal Agreement, established by ordinance in March 2001, facilitates the annual administration and monitoring duties associated with CPS proceeds encumbered under the *City of San Antonio vs. Alamo Community College District Settlement Agreement*. The ordinance also establishes an education and training budget for the one-year period.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION:

In March 2001, the City of San Antonio entered into a Settlement Agreement with ACCD, authorizing the encumbrance of the portion of ACCD's monthly CPS electricity and natural gas charges that would otherwise accrue to the City (14%) into two accounts, to be maintained at ACCD for a period of up to fifteen (15) years. The purposes for which the encumbered funds within each of these Accounts can be spent include: 1.) A Building Account, which provided one-time funds in the amount of approximately \$2.9 million for the construction of the Advanced Technology Center (ATC) at KellyUSA, and 2.) An Education & Training Account, that was established through an ongoing allocation of the 14% of CPS proceeds to provide customized workforce training to further the City's economic development and workforce development goals and strategies.

The Education and Training Account is maintained by ACCD, with quarterly financial reporting provided to the Finance Department on the CPS revenues and interest accrued as well as debits for negotiated expenses incurred by the Academies operated in partnership through ACCD. Debits are also tracked for training expenses provided by the ACCD system for the benefit of the City. All training is provided by ACCD through negotiated contracts with each of the colleges for specific

training needs. Training consists of development of curriculum, classes, or customized training for city employees, and for clients of the Community Initiatives Department, as well as tuition reimbursement for City employees who take courses at ACCD and meet the reimbursement criteria. These funds are also available to provide customized training to businesses in the targeted industries who are interested in locating or expanding their business here, and who have customized training needs that could be met by ACCD. According to the Settlement Agreement, administrative costs not to exceed \$80,000 a year for the first three years of the Agreement (through March 31, 2004) were also authorized. The funds are restricted to the uses identified above as stipulated in the Settlement Agreement and cannot be used for any other purposes.

An Interlocal Agreement was executed at the time of the settlement to regulate the annual administrative and monitoring functions associated with the Settlement Agreement. In accordance with the provisions of the Texas Interlocal Agreement Act, the ACCD Interlocal Agreement must be renewed via mutual consent of both the ACCD Board of Trustees and City Council on an annual basis through March 31, 2016. Renewal by City Council and the ACCD Board in 2004 represents the fourth year of this 15-year Agreement. The ACCD Board of Trustees will vote to renew the ACCD Interlocal Agreement on Tuesday, March 16, 2004.

POLICY ANALYSIS:

The renewal of the ACCD Interlocal Agreement is consistent with the City's *Strategic Plan for Economic Development*, as well as the City's workforce development goals and objectives. The development of Year Four funding priorities between the City and ACCD represents a continuing collaborative effort to promote effective workforce development programs in San Antonio.

This agreement allocates \$294,125 for the operation of the combined academies: the Information Technology & Security Academy (ITSA), the Alamo Area Aerospace Academy (AAAA), and the start up of the Manufacturing Technologies Academy to fund the administrative salaries, and other costs not covered by the other partners. This amount represents approximately only 20% of the total budget for the Academies.

The combined Academies have provided training to 560 students, with an average retention rate of 96%. The AAAA held its first graduation in May 2003. Of the 49 graduates, 39 were hired into jobs within the aerospace industry at a salary range of \$8.50 to 12.00 an hour. The projected enrollment for the combined Academies in 2004-05 is 326 students: 168 in Aerospace, and 178 in ITSA. The Manufacturing Technologies Academy is projected to open in Fall 2004 with an enrollment of 50 students.

Additional funding priorities include the City's Human Resources Department, which will utilize \$146,515 to provide customized training and tuition assistance to City employees. The Human Resources Department assessed City training needs via interdepartmental surveys, and has worked with ACCD to design courses with the capacity to train approximately 2,145 City employees in curriculum such as automotive and GIS training.

The Department of Community Initiatives has utilized funding to provide workforce training to clients, offering training in property management, introduction to computers, job readiness and

entry-level health instruction to approximately 300 adults to enable them to acquire and retain employment. Their Year Four budget for targeted workforce training is \$60,000.

A reserve for customized training account is maintained by the Economic Development Department to ensure that the training needs of potential employers can be partially met through customized training provided by ACCD. Potential employers include those in targeted industries who are interested in relocating or expanding their business in San Antonio. Approximately \$92,735 has been reserved for this purpose and the department is currently negotiating a contract to encumber a portion of these funds.

FISCAL IMPACT:

The table below demonstrates the economic and workforce development projects that have received funding in Years One through Three of the Agreement. Through renewal of the ACCD Interlocal Agreement, the Education & Training Account will retain an available balance of approximately \$593,375. This amount is generated from the 14% CPS retainage transfers dating from April 1, 2003 to March 31, 2004, including interest and investment earnings on the Education & Training Account. The table below also outlines the funding requests for Year Four.

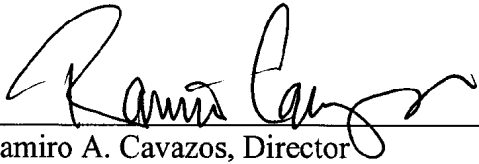
Funding History for ACCD Education & Training Account: Year One through Three
And Year Four Proposed

<u>Category</u>	<u>Year One</u> 4/1/01 –3/31/02	<u>Year Two</u> 4/1/02 - 3/31/03	<u>Year Three</u> 4/1/03 –3/31/04	<u>Year Four</u> 4/1/04 –3/31/05 (Proposed)
Academies	\$200,000	\$294,124	\$294,124	\$294,125
ATC Administration	\$ 80,000 (Yr 1 of 3)	\$ 80,000 (Yr 2 of 3)	\$ 80,000 (Yr 3 of 3)	-0-
HR Citywide Training	\$ 58,966	\$ 62,276	\$104,000	\$146,515
Reserve for Customized Training	\$ 76,887	\$ 76,000	\$ 25,102	\$ 92,735
DCI Workforce Training	-0-	-0-	\$ 60,000	\$ 60,000
TOTAL	\$415,853	\$512,400	\$563,226	\$593,375

COORDINATION:

The Economic Development Department coordinated this item internally with staff from the City Manager's Office, Finance Department, Human Resources Department, Department of Community

Initiatives, and City Attorney's Office, as well as external representatives of the ACCD Chancellor's Office, ACCD Fiscal Affairs staff, and St. Philip's College-Southwest Campus staff.

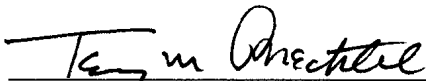


Ramiro A. Cavazos, Director
Economic Development Department

Approved:



J. Rolando Bono
Deputy City Manager



Terry M. Brechtel
City Manager