

CITY OF SAN ANTONIO AGENDA ITEM NO.  
INTERDEPARTMENTAL MEMORANDUM  
ECONOMIC DEVELOPMENT DEPARTMENT

**TO:** Mayor & City Council

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

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

**COPIES:** J. Rolando Bono; Trey Jacobson; Veronica Zertuche; Ed Davis; File

**SUBJECT:** University of Incarnate Word Request for Funding

**DATE:** June 24, 2004

**SUMMARY:**

The purpose of this ordinance is to authorize the City Manager to enter into an Agreement with the University of Incarnate Word (UIW) and the Brooks Development Authority to provide \$1 million in grant funding from the City's Economic Development Incentive Fund (EDIF) to assist in financing the construction of a School of Pharmacy ("the School"). The grant is contingent upon construction of the School at Brooks City-Base and upon UIW securing the additional funding required for the project.

**BACKGROUND INFORMATION:**

UIW recently announced plans to construct a School of Pharmacy in San Antonio that would open in the Fall 2006. The approximate cost of the facility is \$6 million, with an additional \$2 million in parking costs for a campus site. To fund the project, UIW is preparing to initiate a capital campaign seeking contributions primarily from their alumni base. On May 6, 2004, UIW requested the City provide \$1 million from the Economic Development Incentive Fund as an incentive to offset property expenses in constructing the School at Brooks City-Base (attached).

UIW is considering locating the School on either their existing campus or at Brooks City-Base. A pharmaceutical manufacturing company is also considering constructing a distribution/manufacturing facility at Brooks. Given the potential synergies between the pharmaceutical company's operations and the pharmacy school, the location of the company is a key element in the school's decision to locate at Brooks. These two facilities, combined with the Emergency Operations Center and the homeland security activities being coordinated through SATAI, some of which will also be located at Brooks, will continue to enhance our targeted industries of biotechnology/healthcare and facilitate the development of Brooks as a world class technology park. Please see attached map for the possible locations of these facilities.

UIW will begin taking pre-pharmacy students (about 100) at the main campus in the fall 2004, and then about 75 applicants selected under a competitive program will enter the new School in the fall 2006 to begin a 4-year professional degree program. Out of 75 students, 73 are expected to obtain their doctoral degree, and many are expected to begin their pharmacy career in San Antonio. The faculty will consist of 35-40 licensed pharmacists at an average annual salary of \$70,000 and annual payroll of approximately \$2,800,000. The School will also have a Dean, Associate Dean and two clerical staff.

The pharmacy faculty will also be required to engage in professional scholarships as part of their job responsibilities, and most will likely do research for drug companies, foundations, personal projects, etc. This type of research could be conducted at the School in collaboration with the Air Force or other potential research activities at Brooks City-Base.

#### **POLICY ANALYSIS:**

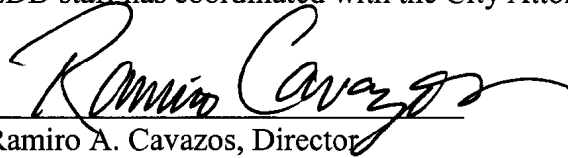
UIW submitted this request for EDIF assistance prior to City Council adoption of the EDIF Guidelines on June 3, 2004. As such, staff is forwarding this request for City Council consideration in spite of the project not meeting the recently approved Guidelines. Approval of this grant request would be an exception to the Guidelines on several points. While the project meets the eligibility requirements for a targeted industry and wages, it does not meet the minimum thresholds for investment (\$50 million) and jobs (500). Furthermore, the amount (\$1 million) of EDIF funds requested exceeds the maximum incentive of \$750,000 for a project meeting the minimum thresholds.

#### **FISCAL IMPACT:**

If approved, the funds for this project would be appropriated from the EDIF. In the FY2004 budget, \$12 million was allocated for this purpose. Pending negotiation of an anticipated agreement with Maxim Semiconductor, which plans to retool and commence operations at the former Philips Semiconductor plant, \$10.5 million would remain available for allocation.

**COORDINATION:**

EDD staff has coordinated with the City Attorney's Office.

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Ramiro A. Cavazos, Director  
Economic Development Department

A handwritten signature in cursive script, appearing to read "J. Rolando Bono", written over a horizontal line.

J. Rolando Bono  
Deputy City Manager

A handwritten signature in cursive script, appearing to read "Terry M. Brechtel", written over a horizontal line.

Terry M. Brechtel  
City Manager

Attachments