

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

TO: Mayor and City Council

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

THROUGH: Terry M. Brechtel, City Manager

COPIES: J. Rolando Bono, Deputy City Manager; Andrew Martin, City Attorney; Trey Jacobson, Assistant Director, Economic Development Department; Manuel Longoria, Jr., Assistant Director, Economic Development Department; Susan Rios, CPA, Economic Development Manager; Ed Davis, Economic Development Manager; File

SUBJECT: Extension of Defense Economic Adjustment Assistance Grant (DEAAG) for Greater Kelly Development Authority (GKDA)

DATE: August 5, 2004

SUMMARY AND RECOMMENDATIONS:

This ordinance authorizes the City Manager or designee to amend the contract term for the DEAAG grant from the Texas Military Preparedness Commission (TMPC) to the City for the Greater Kelly Development Authority's rail line project per Ordinance no. 96125 approved by City Council August 1, 2002. The deadline for project completion was June 30, 2004 and has been extended until August 16, 2004.

Staff recommends approval.

BACKGROUND INFORMATION:

The 75th State Legislature initially appropriated \$20 million for the DEAAG program in 1997 to assist defense dependent communities adversely impacted by base realignment and closure decisions. The program was established to provide affected municipalities, counties or regional planning commissions access to state funding for the purpose of acquiring federal grant assistance or for sharing in the costs of property purchases, construction, rehabilitation, or renovation of facilities or infrastructure, purchase of capital equipment or insurance. The City of San Antonio obtained four grants totaling \$8 million of the initial \$20 million appropriation for projects supporting KellyUSA redevelopment. All of these projects have been completed.

In 2001, the 77th State Legislature appropriated an additional \$1 million in DEAAG funds. In response, the City of San Antonio submitted two grant applications and received two grants totaling

\$357,000; a grant of \$157,000 for a rail infrastructure project at KellyUSA and \$200,000 grant for a water-infrastructure project at Brooks City-Base. The Brooks project is now complete.

Although the basic rail line project is complete, there has been an unanticipated addition of a safety device which will prevent rail cars from backing into Union Pacific's track. This device must be installed before the project engineer will certify the project complete. All other activities are complete according to contract terms, and the TMPC staff has agreed to grant an extension to the contract.

POLICY ANALYSIS:

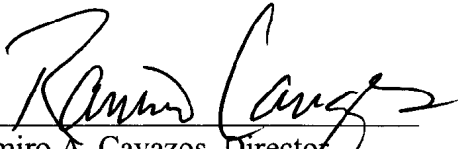
This grant supports the City's *Strategic Plan For Enhanced Economic Development* by: (1) promoting development in targeted areas in the southern sector of the community; (2) promoting the development of KellyUSA as an international, multi-modal investment grade business and industrial park; (3) facilitating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

FISCAL IMPACT:

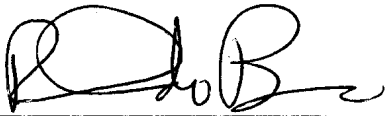
There is no fiscal impact to the City. The amendment only extends the contract term through August 16, 2004.

COORDINATION:

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



Ramiro A. Cavazos, Director
Economic Development Department



J. Rolando Bono
Deputy City Manager

Approved:



Terry M. Brechtel
City Manager

Attachment

**AMENDMENT NO. 1
TO
DEFENSE ECONOMIC ADJUSTMENT ASSISTANCE GRANT
CONTRACT #ODA-480-77-02-05
BETWEEN
OFFICE OF ECONOMIC DEVELOPMENT AND TOURISM, OFFICE OF THE GOVERNOR
AND
THE CITY OF SAN ANTONIO, TEXAS**

State of Texas

County of Travis

Section 1. The Office of Economic Development and Tourism, a division within the Office of the Governor, an agency of the State of Texas and successor to the Texas Department of Economic Development (Department), and the City of San Antonio (Contractor) agree to this Amendment No. 1 to amend the contract for a Defense Economic Adjustment Assistance Grant to upgrade the main track switch and replace 2,800 feet of rail line and rail ballast entering on the northwest at the East Kelly Cross-Dock Facility in San Antonio, Bexar County, Texas, to permit a building to be used as a cross docking facility. Such Contract, between the Department and Contractor, was effective August 30, 2002. The parties agree and acknowledge that the Contract has been continually in force and in effect since the original effective date. The Contract is hereby amended as set forth below.

Section 2. Section 4 of the Contract, as amended, is deleted in its entirety and replaced with the following language:

This Contract shall commence upon execution of this Contract and shall terminate upon completion of the project on or before August 16, 2004 and after Contractor's satisfactory completion of all Special Conditions set forth in Section 17 of this Contract. In no case shall this contract extend beyond August 16, 2008.

Section 3. The parties agree that all of the terms of the Contract, shall remain in full force and effect and shall continue to govern except to the extent that they conflict with the terms of this amendment. By the signing of this amendment, the parties expressly understand and agree that this amendment shall become a part of the Contract as though it were set forth word for word therein.

Executed in duplicate originals effective as of June 30, 2004:

J. Rolando Bono, Deputy City Manager
City of San Antonio

Mike Toomey, Chief of Staff
Office of the Governor, Economic Development and
Tourism Division