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

TO: Mayor and City Council

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

SUBJECT: Renewal of ACCD Interlocal Agreement

DATE: March 10, 2005

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 one-year period beginning April 1, 2005. The Interlocal Agreement, established by an 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*.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION:

To end unresolved litigation, the City of San Antonio entered into a Settlement Agreement with ACCD, authorizing ACCD to withdraw 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 ACCD funds within each of these Accounts can be spent include: 1.) Building Account, which previously 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.) Education & Training Account, that uses ongoing allocations 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 Building Account was essentially expended upon the completion of the Advanced Technology Center.

The accounts are 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. 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 2005 represents the fifth year of this 15-year Agreement. The ACCD Board of Trustees voted to renew the ACCD Interlocal Agreement on Tuesday, February 22, 2005.

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 fifth year funding priorities between the City and ACCD represents a continuing collaborative effort to promote effective workforce development programs in San Antonio.

This agreement allocates \$315,413 for the operation of the **Alamo Area Academies**: the Information Technology & Security Academy (ITSA), the Alamo Area Aerospace Academy (AAAA), and the Manufacturing Technologies Academy to fund the administrative salaries, and other costs not covered by the other partners. This amount represents approximately only 29% of the total budget for the Academies.

The combined Academies have provided training to approximately 720 students. The Academies have graduated a total of 134 students. Of those graduates, 72 were hired into jobs within the aerospace industry at a salary range of \$8.50 to 12.00 an hour and 58 have gone on to higher education. The projected enrollment for the combined Academies in 2005-06 is 263 students: 89 in Aerospace, and 120 in ITSA and 54 in the Manufacturing Technologies Academy.

Additional funding priorities include the **City's Human Resources Department**, which will utilize \$268,095 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 3,640 City employees in curriculum such as customized technology training (SAP), cash handling and GIS analysis.

The **Department of Community Initiatives (DCI)** has utilized funding to provide workforce training to clients, offering industry specific training in financial services, insurance industry, veterinary assistant as well as computer literacy and job skills development to approximately 800 adults to enable them to acquire and retain employment. The DCI Year Five budget for targeted workforce training is \$107,488.

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. An amount of \$150,000 has been reserved for this purpose. A portion of these funds, \$25,000, will go to Texas Machining Enterprises in support of continued customized training for their employees.

FISCAL IMPACT:


Through renewal of the ACCD Interlocal Agreement, the Education and Training Account will retain an available balance of approximately \$840,996 generated from the 14% CPS retainage transfers dating from April 1, 2004 to March 31, 2005, including interest and investment earnings on the Education & Training Account for that time period. The table below demonstrates the economic and workforce development projects that have received funding during the first four years of the Interlocal Agreement, as well as funding requests for Year Five:

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

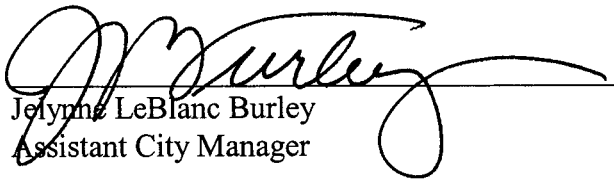
<u>Category</u>	<u>Year One</u> 4/01 –3/02	<u>Year Two</u> 4/02 - 3/03	<u>Year Three</u> 4/03 –3/04	<u>Year Four</u> 4/04 – 3/05	<u>Year Five</u> 4/05 –3/06 (Proposed)
Academies	\$200,000	\$294,124	\$294,124	\$294,125	\$315,413
ATC Admin	\$ 80,000 (Yr 1 of 3)	\$ 80,000 (Yr 2 of 3)	\$ 80,000 (Yr 3 of 3)	-0-	-0-
HR Citywide Training	\$ 58,966	\$ 62,276	\$104,000	\$146,515	\$268,095
Reserve for Customized Training	\$ 76,887	\$ 76,000	\$ 25,102	\$ 92,735	\$ 150,000
DCI Workforce Training	-0-	-0-	\$ 60,000	\$ 60,000	\$ 107,488
TOTAL	\$415,853	\$512,400	\$563,226	\$593,375	\$840,996

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 representatives of the ACCD Chancellor's Office and ACCD Fiscal Affairs staff.



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