

**CITY OF SAN ANTONIO
ECONOMIC DEVELOPMENT DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council

FROM: Ramiro A. Cavazos, Director

SUBJECT: Ordinance allocating \$100,000 from the Economic Development Incentive Fund (EDIF) to support promotion of San Antonio's Healthcare and Bioscience Industry

DATE: May 26, 2005

SUMMARY AND RECOMMENDATIONS

This Ordinance is in response to a Council Consideration Request from Mayor Garza dated April 21, 2005. The ordinance appropriates and authorizes payment of \$100,000 from the Economic Development Incentive Fund (EDIF) to the fiscal agent for the establishment and operations of a healthcare and bioscience marketing entity to be created by the Greater San Antonio Chamber of Commerce. The ultimate goal of this organization is to foster the growth of this targeted industry by coordinating community marketing efforts and to heighten awareness of the impressive array of world-class healthcare and biotechnology assets and services in San Antonio. This ordinance would also authorize the negotiation and execution of a grant agreement in connection with this project.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

With an economic impact of \$12.9 billion and employment exceeding 103,000 in 2003, the healthcare and bioscience industry is the largest in San Antonio. This industry includes many world-class research organizations, biotechnology companies, universities, and healthcare providers located within the city such as: University of Texas Health Science Center at San Antonio, University of Texas at San Antonio, Cancer Therapy and Research Center, Southwest Foundation for Biomedical Research, Southwest Research Institute, Texas Research Park, Genzyme, DPT Laboratories, KCI, and many more. However, even with all of these assets, San Antonio still does not rank well in national studies of this industry that have been completed by the Milken Institute and the Brookings Institute, for example.

This sector continues to grow in San Antonio and is projected to continue growing strongly nationwide. It is expected that healthcare will comprise 17% of GDP in 2011, compared to 7% of GDP in 1970. Furthermore, many industry analysts forecast substantial economic returns from medical and biotechnology innovations. The community has an opportunity to build upon the strong assets present within the region to develop this industry into a nationally recognized biotechnology and healthcare center.

To achieve this, the Economic Development Council of the Greater San Antonio Chamber of Commerce is establishing an organization to facilitate the growth of this industry and heighten awareness of the unique assets present within San Antonio. The objectives of the organization are to: (1) help San Antonio's medical services providers succeed to their maximum potential, (2) utilize the impressive complex of medical assets in San Antonio to create, sustain, and attract biosciences related companies, research funds, and investments, and (3) attract the best professionals in the world to San Antonio's healthcare and biosciences institutions.

The estimated annual expenses to operate this organization are estimated to be \$484,600. These expenses include the salaries for a project director and executive assistant, benefits, office supplies and equipment, printing/marketing materials, travel expenses, and retaining advertising and public relations firms. The request to the City for assistance is \$100,000. They are also requesting support from Bexar County, CPS Energy, and various healthcare companies.

POLICY ANALYSIS

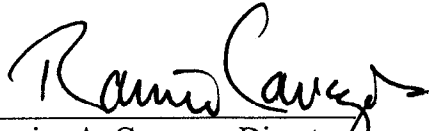
There are several organizations focused on the development of the healthcare and biotechnology industry in San Antonio – the City's Economic Development Department, Bexar County Economic Development Department, Economic Development Foundation, and the various chambers. However, these organizations are also focused on facilitating the development of many other industries also. There is not an organization devoted solely on the development of San Antonio's largest industry, and given the opportunity for significant growth in this industry, such an organization could coordinate the efforts these many organizations and provide focus to the marketing of this industry.

FISCAL IMPACT

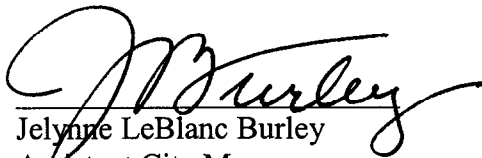
This action would appropriate and authorize payment of \$100,000 from the Economic Development Incentive Fund. A grant agreement between the City and the fiscal agent for the organization will be negotiated regarding this financial arrangement.

COORDINATION

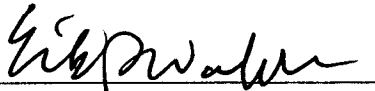
This item was reviewed and recommended for City Council consideration by the Governance Committee at their meeting on May 4, 2005.



Ramiro A. Cavazos, Director
Economic Development Department



Jelynn LeBlanc Burley
Assistant City Manager



for

J. Rolando Bono
Interim City Manager

Attachment

CITY OF SAN ANTONIO
MAYOR'S OFFICE
INTERDEPARTMENTAL MEMORANDUM

RECEIVED
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CITY CLERK

05 APR 25 AM 11:25

TO: City Council Members

FROM: Edward D. Garza, Mayor

COPIES: J. Rolando Bono, Interim City Manager; Jelynn L. Burley, Assistant City Manager; Ramiro Cavazos, Director, Economic Development Department; Erik W. Walsh, Assistant to the City Manager; Martha Sepeda, Acting City Attorney; Leticia Vacek, City Clerk; Peter Zanoni, Director, Management and Budget; Gayle McDaniel, Assistant to Council

SUBJECT: Funding for Economic Development Initiatives

DATE: April 21, 2005

I respectfully request your support in directing staff to place an action item on an upcoming City Council agenda to utilize funding reserved from the Economic Development Incentive Fund (EDIF) for a Neighborhood Improvement District challenge program, to support two economic development initiatives:

1. **Central City Residential Project:** The Zachry Company proposes to develop two mid-rise condominium towers and town homes on the near Eastside, just north of E. Commerce Street. This type and scale of development is specifically recommended in the ULI report, approved by City Council, today. A variety of incentives have been proposed to make the project viable. However, the development will not occur unless a majority of the residential units are successfully marketed and sold in advance. I am requesting that \$300,000 be allocated from the EDIF to support marketing and/or pre-development efforts to assist in making this priority project a reality.
2. **Healthcare and Bioscience Marketing Entity:** The Economic Development Council of the Greater San Antonio Chamber of Commerce has proposed the creation of a healthcare and bioscience marketing entity, which could foster growth of this targeted industry by coordinating community-marketing efforts and heighten awareness of San Antonio's world-class healthcare and biotechnology assets and services. It supports recommendations in the City's *Strategic Plan for Enhanced Economic Development*. I am requesting that \$100,000 be allocated from EDIF to support the establishment and first-year operations of this entity.

Thank you for your support of these efforts.

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05 APR 25 AM 11:25



EDWARD D. GARZA

Mayor



ROGER FLORES

District 1



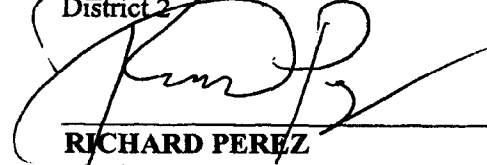
RON H. SEGOVIA

District 3



JOEL WILLIAMS

District 2



RICHARD PEREZ

District 4

PATTI RADLE

District 5

ENRIQUE M. BARRERA

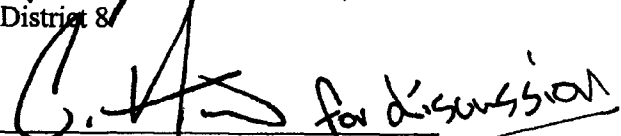
District 6

JULIAN CASTRO

District 7


ART A. HALL

District 8



CHIP HAASS

District 10

CARROLL SCHUBERT

District 9