

Agenda Item #19

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

**TO:** Sheryl Sculley, City Manager

**FROM:** Ramiro A. Cavazos, Director

**SUBJECT:** Request for Council Consideration of the Creation of the City of San Antonio Westside Development Corporation

**DATE:** June 8, 2006

**SUMMARY AND RECOMMENDATIONS**

The creation of a local government corporation is being proposed to focus on the economic revitalization in a designated area through the collaboration of participating organizations. Approval of an ordinance is requested to create the City of San Antonio Westside Development Corporation (WDC) to promote economic development and redevelopment opportunities in an area which has had less public investment and fewer economic development incentives than other areas of the City. In addition, approval of the structure of the board of directors is being requested as well as the appropriation of funding and the establishment of two staff positions.

The approval of the Articles of Incorporation, the By-Laws and the appointment of board members will be done at a later Council meeting in August.

**BACKGROUND INFORMATION**

The purpose of the Westside Development Corporation is to focus economic development efforts and to get the community more involved and organized in order to address major economic challenges in a targeted area on the Westside of San Antonio. The corporation will seek to generate new capital investment, create more and higher paying jobs, and improve the poverty level in the area. In addition, the WDC will function as a land development corporation which has the power to buy, sell and accept land as a non-profit without the restrictions placed on a municipality. This will facilitate the collaboration between public and private projects. The Economic Development Department will collaborate with the Planning and Neighborhood Action Departments to coordinate new and on-going corridor and community planning efforts, and to further enhance this large-scale redevelopment effort. A Council appointed board of directors representative of key stakeholders and Westside advocates will be the policy setting body for the WDC.

The City Attorney's Office has researched the most appropriate authorizing legislation under which to create this governmental corporation. The WDC is being proposed under Subchapter D of the Texas Transportation Code, which authorizes the creation and outlines the powers of a local government corporation to accomplish any governmental purpose of the City. Section 394 of the Local Government Code outlines the composition of the Corporation Board. Periodic reviews of the

corporation and quarterly performance reports will be presented to the City of San Antonio Economic Development and International Affairs City Council Committee.

The targeted area encompasses approximately 7,700 acres and has more than 100,000 residents. The area includes sections of four City Council Districts and is roughly defined as the area bounded by Highway 90 on the South; Acme Road on the West; Cincinnati St. to Woodlawn Avenue and extending up to Fredericksburg Road on the North; and Fredericksburg Road south to Flores St. and up to IH-35 on the East. In addition, commercial areas adjacent to the targeted area may also be included for potential economic development projects as well as non-contiguous parcels of land where appropriate.

The majority of the targeted area is within a federally designated Empowerment Zone. San Antonio was designated as a Round III Empowerment Zone community in January 2002. The designation remains in effect through 2009. The Zone is designed to encourage and promote economic development and improve employment opportunities in distressed communities by leveraging private investment through tax incentives. San Antonio's Empowerment Zone area includes 27 census tracts with high poverty and unemployment rates. All the census tracts in the area have at least a 20% poverty rate, and at least 90% of census tracts have at least a 25% poverty rate. The area is also primarily residential. In addition, receiving such a designation allows for increased tax incentives to area businesses and has given the City the opportunity to enhance the quality of life for families living in this distressed area.

Statistics show that only 24% of the area residents graduate from high-school, and only 2% go on to earn a bachelors degree. In addition, the unemployment rate is an average of 13%, while the median household income is \$22,000 and the per capita income is \$9,000. There is clearly a need to address the issues and focus economic development efforts in this area.

## **POLICY ANALYSIS**

The proposed corporation will implement initiatives presented in the 2005 Urban Land Institute (ULI) Study of the Avenida Guadalupe Corridor. The ULI Study was to identify ways to revitalize the Corridor located within the targeted area. It will also utilize data collected by the Making Connections San Antonio initiative (an initiative of the Annie E. Casey Foundation) and maximize development incentives offered through the Federal Empowerment Zone designation.

One of the recommendations of the ULI Advisory Report for the Avenida Guadalupe Corridor was to create a Community Action Committee (CAC) to be comprised of neighborhood, institutional and professional stakeholders and consultants to oversee redevelopment efforts within the targeted area and to assist with community and neighborhood planning efforts.

The function of a CAC could be to provide a model for corridor revitalization implementation efforts throughout the WDC target area. Created as an ad-hoc subcommittee structure of the WDC, a CAC will be able to provide a detailed level of guidance and oversight for targeted planning and investments in the area. The Economic Development Department has partnered with both the Planning and Neighborhood Action Departments to create the CAC as an "implementation arm" of the WDC for targeted corridors. In addition, the Neighborhood Action Department and Planning Department will provide technical assistance and leadership to this community development effort.

The at-large policy oversight authority will be provided by a City Council-appointed board of directors comprised of seventeen (17) members. The role of this board will be to provide policy oversight regarding any of the initiatives of the Westside Development Corporation. Board members will be nominated by a City Council Committee made up of the representatives of the respective districts in a manner similar to the Downtown Advisory Board. Proposed membership categories include:

|   |  |
|---|--|
| Major business owner (1)                    | University representation (3)            |
| Small business owners (4)                   | Non-profit organization (1)              |
| Financial institution (1)                   | Housing developer (1)                    |
| University Center for Community Health (1)  | Edgewood Independent School District (1) |
| Faith-based organization (1)                | Neighborhood residents (2)               |
| San Antonio Independent School District (1) |  |

Members from City Council District 1, District 5, District 6 and District 7 will serve as ex-officio, non-voting members of the board and the executive board. In addition, the aforementioned board will nominate and select officers that will make up the Executive Board of officers. These positions include the Chair, Vice-Chair, Secretary and Treasurer. The immediate past-chair will also be part of this Executive Board.

The WDC will collaborate with area organizations involved in community development and related activities. Partnering organizations include the San Antonio Independent School District, Edgewood Independent School District, Our Lady of the Lake University, St. Mary's University, University of Texas at San Antonio, Bexar County University Health Systems, Avenida Guadalupe Association, Mexican American Unity Council, Making Connections San Antonio (an initiative of the Annie E. Casey Foundation), and the Edgewood Community Development Corporation.

An initial task of the WDC is to develop a comprehensive economic development strategic plan for the targeted area. The plan will encompass long-term goals and objectives, and short-term activities necessary to spur development, new investment, and revitalization throughout the targeted area.

In addition to land use, zoning, housing, neighborhood and transportation information available from the City's Planning and Neighborhood Action Departments on specific areas, the WDC effort will entail contracting services to conduct a real estate study and market assessment for the targeted area. The WDC will create a web-based real estate directory to provide potential investors and real estate developers with information on potential and upcoming investment and development opportunities.

### **FISCAL IMPACT**

This ordinance will approve the creation of the WDC, establishment of the board structure, appropriation of funds, establishment of a budget and the approval of a personnel complement. The initial two-year allocation of \$600,000 will be transferred from the City's Revitalization Fund established in 2000 for inner-city revitalization from proceeds as a result of the CPS Energy leaseback transaction. This funding will support operating costs, market studies, and two staff positions for a two-year period. A Senior Special Projects Manager and a Senior Economic Development Specialist will provide staff support to the board and will be housed with the Economic Development Department and managed by the Director.

In addition, this initial funding will be utilized as leverage for additional funding requests from other sources for the purpose of targeted economic development. Initial discussions have taken place for the

purpose of securing matching funds from the Making Connections San Antonio initiative and other private corporate foundations. Other organizations will be approached with requests to provide matching funds to support this effort.

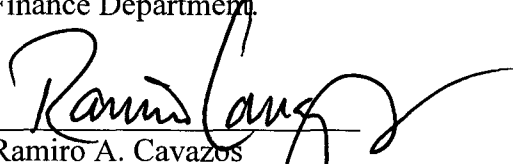
Upon completion of the first year of WDC operations, staff will evaluate funding options for support beyond fiscal year 2008. The WDC is envisioned to become a self-supporting non-profit entity modeled after the Port Authority of San Antonio or the Brooks Development Authority.

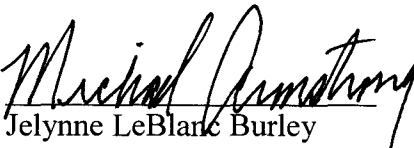
### **Westside Development Corporation Budget**

| Items                | Planning Year One |           | Planning Year Two |
|----------------------|-------------------|-----------|-------------------|
|                      | Aug-Sept          | Oct-Sept  | Oct-Sept          |
| Personnel            |                   | \$126,432 | \$129,757         |
| Contractual Services | \$14,000          | \$147,381 | \$165,126         |
| Commodities          | \$1,000           | \$3,046   | \$4,046           |
| Capital Outlay       |                   | \$8,141   | \$1,071           |
| Total                | \$15,000          | \$285,000 | \$300,000         |

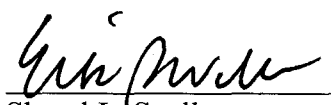
### **COORDINATION**

The Economic Development Department coordinated this item with the Planning Department, Neighborhood Action Department, City Attorney's Office, Office of Management and Budget, and the Finance Department.

  
 Ramiro A. Cavazos  
 Director, Economic Development Department

  
 Jelynn LeBlanc Burley  
 Deputy City Manager

Approved for Council Consideration:

  
 Sheryl L. Sculley  
 City Manager