

AN ORDINANCE 2009 - 12 - 03 - 0954

**AN ORDINANCE DESIGNATING THE SAN ANTONIO AEROSPACE REINVESTMENT ZONE LOCATED AT 9800 JOHN SAUNDERS ROAD, CONSISTING OF 4.170 ACRES OF LAND OUT OF LOT 5, BLOCK 1, N.C.B. 16435, SAN ANTONIO INTERNATIONAL AIRPORT UNIT 1-A, AS RECORDED IN VOLUME 9545, PAGES 122-125, PLAT RECORDS OF BEXAR COUNTY SAN ANTONIO, TEXAS.**

\* \* \* \* \*

**WHEREAS**, San Antonio Aerospace (hereinafter referred to as "SAA"), an independent subsidiary of ST Aerospace, currently leases 2,106,107 sq. ft. of ground space with 560,000 sq. ft. of hangar space at San Antonio International Airport where it provides aircraft maintenance support services for commercial and military aircraft; and

**WHEREAS**, SAA intends to expand its maintenance, repair and overhaul capacity in San Antonio by investing \$16 million to construct an 80,000 sq. ft. maintenance hangar, an adjacent 61,500 sq. ft. warehouse and a 21,000 sq. ft. office building at the Airport which would allow SAA to retain 570 existing jobs and hire 100 new employees; and

**WHEREAS**, the land is eligible to be a Reinvestment Zone, in part because it is in an area that is reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the area that would be a benefit to the property and that would contribute to the economic development of the City of San Antonio; and

**WHEREAS**, SAA's expansion project would support the City's efforts to encourage the retention and expansion of local businesses and to promote continued growth in a targeted industry; and

**WHEREAS**, in accordance with the public notice requirements set out in the Property Redevelopment and Tax Abatement Act of 1987, as amended, notice of the requisite public hearing regarding the proposed designation of the San Antonio Aerospace Reinvestment Zone was published on November 20, 2009; and

**WHEREAS**, on December 3, 2009, the City Council held a public hearing in the Council Chambers located at 114 W. Commerce on the proposed designation of the San Antonio Aerospace Reinvestment Zone, and considered evidence and testimony of interested persons for and against the designation; and

**WHEREAS**, the City Council finds that the proposed San Antonio Aerospace Reinvestment Zone is reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the Zone that would be a benefit to the property and that would contribute to the economic development of the City of San Antonio, and that the proposed improvements are feasible and practical; and

**WHEREAS**, the City Council hereby further finds that the designation of the San Antonio Aerospace Reinvestment Zone is a reasonable incentive to help induce San Antonio Aerospace to expand its operations in San Antonio; and

**WHEREAS**, to the best of the parties' knowledge, no property in the area referred to herein as the San Antonio Aerospace Reinvestment Zone is owned by or leased by a member of the City Council, Zoning Commission, Planning Commission, the City's Economic Development Department, or any other City officer or employee; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The land more particularly described in Exhibit A, attached hereto and incorporated herein, is hereby designated as the San Antonio Aerospace Reinvestment Zone pursuant to the Property Redevelopment and Tax Abatement Act of 1987, as amended.

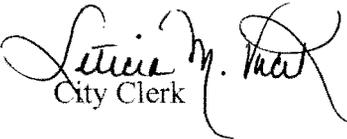
**SECTION 2.** The designation shall be for a period of ten (10) years in accordance with the Tax Phase-In Agreement executed by the City and San Antonio Aerospace.

**SECTION 3.** This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED this 3<sup>rd</sup> day of DECEMBER 2009.

  
M A Y O R  
for JULIÁN CASTRO

ATTEST:

  
City Clerk

APPROVED AS TO FORM:

  
for City Attorney

<b>Agenda Item:</b>	<b>6A ( in consent vote: 6A, 6B )</b>						
<b>Date:</b>	12/03/2009						
<b>Time:</b>	11:37:55 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance creating the San Antonio Aerospace (SAA) Reinvestment Zone at the San Antonio International Airport.						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Julián Castro	Mayor	x					
Mary Alice P. Cisneros	District 1		x				x
Ivy R. Taylor	District 2		x				
Jennifer V. Ramos	District 3		x				
Philip A. Cortez	District 4		x				
David Medina Jr.	District 5		x				
Ray Lopez	District 6	x					
Justin Rodriguez	District 7		x				
W. Reed Williams	District 8		x				
Elisa Chan	District 9		x			x	
John G. Clamp	District 10		x				

RR  
12/03/09  
#6A

## EXHIBIT A



CIVIL ENGINEERING CONSULTANTS  
DON DURDEN, INC.  
MUNICIPAL • DEVELOPMENT  
SURVEYING • TRANSPORTATION

### FIELD NOTE DESCRIPTION FOR A 4.170 ACRE TRACT

Being 4.170 acres of land out of Lot 5, Block 1, N.C.B. 16435, San Antonio International Airport Unit 1-A, as recorded in Volume 9545, Pages 122-123 Plat Records of Bexar County, Texas, said 4.170 acres of land being more particularly described by metes and bounds as follows:

**BEGINNING** at a ½" steel rod found for the northeast corner of the said 4.170 acre tract, same being the southeast corner of a 6.411 acre tract and being S, 33° 33' 38" W., 1074.86 feet from the N.E. corner of Lot 5, Blk 1, N.C.B. 16435, San Antonio International Airport Unit 1-A,

**Thence**, with and along the east boundary line of said 4.170 acre tract,

S. 03° 53' 38" E., 414.42 feet

to a concrete nail set for a southeast corner of the said 4.170 acre tract,

**Thence**, with and along the south boundary line of said 4.170 acre tract,

S 40° 39' 17" W., 35.08 feet

to a ½" steel rod found for a southeast corner of the said 4.170 acre tract;

**Thence**, continuing with and along said south boundary line of the said 4.170 acre tract,

S. 86° 24' 34" W., 365.40 feet

to a concrete nail set for a southwest corner of the said 4.170 acre tract;

**Thence**, continuing with and along said south boundary line of said 4.170 acre tract,

N.48° 44' 33" W., 35.45 feet

to a ½" steel rod set for a southwest corner of the said 4.170 acre tract;

E:\DATA\SURVEY\FLDNOTES\01e0\203506\4170.WPD

11550 I.H. 10 WEST SUITE 395 SAN ANTONIO, TEXAS 78230-1037  
TEL: 210.641.9999 FAX: 210.641.6440 EMAIL: CEC@CECTEXAS.COM  
WWW.CECTEXAS.COM



**Thence**, with and along the west boundary line of said 4.1710 acre tract,

N. 03° 53' 38" W., 413.82 feet

to a ½" steel rod set for the northwest corner of the said 4.170 are tract; same being the southwest corner of the said 6.411 acre tract,

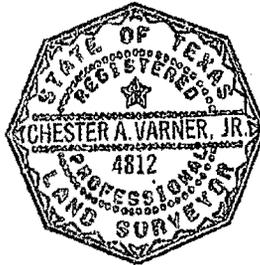
**Thence**, with and along the north line of said 4.170 acre tract and the south boundary line of said 6.411 acre tract,

N. 86° 18' 29" E., 415.00 feet

to the **POINT OF BEGINNING** of the described tract and containing 4.170 acres of land, more or less.

NOTE: The herein before described tract of land was prepared from a survey made on the ground under my supervision on this the 9th.day of March, 2001.

*Chester A. Varner, R.P.L.S. 3/12/01*  
Chester A. Varner, Registered Professional Land Surveyor, #4812



CITY COUNCIL ITEMS

#6A and #6B

San Antonio Aerospace LP (SAA)  
Reinvestment Zone and  
Tax Abatement Agreement

INTERNATIONAL AND ECONOMIC  
DEVELOPMENT DEPARTMENT

December 3, 2009

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**ITEMS FOR CONSIDERATION**

These items include two separate ordinances:

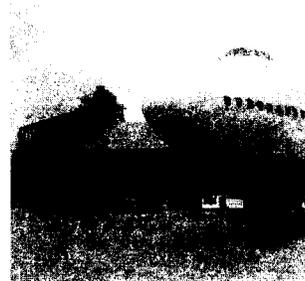
- A. A Public Hearing and an ordinance designating the San Antonio Aerospace Reinvestment Zone at the San Antonio International Airport in Council District 9
- B. Authorizing a Tax Abatement Agreement with San Antonio Aerospace, LP

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## **SAN ANTONIO AEROSPACE LP (SAA)**

### **SAA is a division of ST Aerospace**

- A global third-party aviation maintenance, repair and overhaul (MRO) company with more than 7,000 employees worldwide
- Headquartered in Singapore



### **SAA is located at SA International Airport**

- Leasing 2,666,107 sq. ft. of ground and hangar space
- Specialize in commercial MRO work on large aircraft
- Employ 570 aerospace workers; average annual wages \$37K
- Customers -- NW Airlines, Delta and United Parcel Service

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## **SAA EXPANSION PROJECT**

- Staff has been working with SAA on a potential expansion since 2006
- Staff offered potential tax incentives, subject to City Council approval
- San Antonio competed with Panama and Mobile, AL for this expansion
- SAA has decided to construct a new hangar at SA International Airport, invest \$16 million and create 100 new aerospace jobs



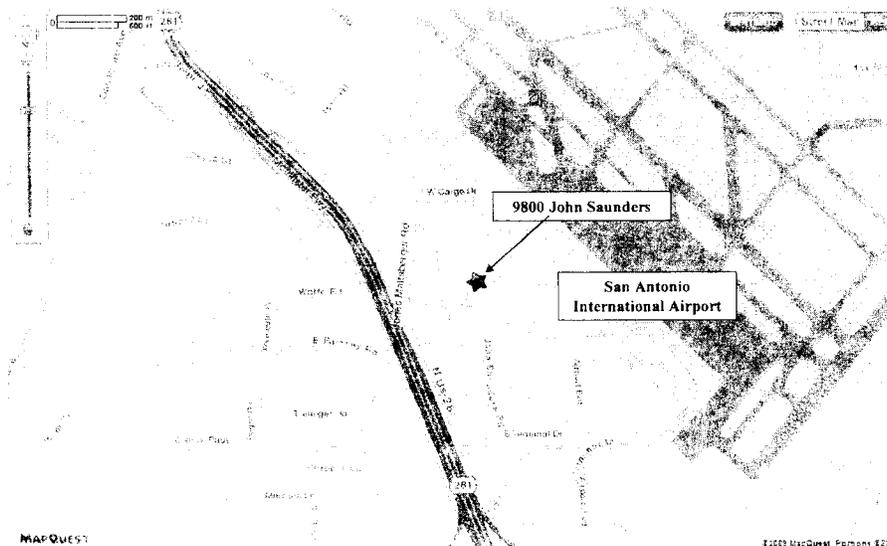
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## ITEM 6A – SAA REINVESTMENT ZONE PUBLIC HEARING

- Before the City can enter into a Tax Abatement Agreement with SAA, the City must hold a Public Hearing and designate a “Reinvestment Zone”
- City Council must find that the Zone is reasonably likely to contribute to the retention or expansion of primary employment or to attract major investment
- The proposed “SAA Reinvestment Zone” encompasses the site of the new SAA hangar

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## SAA REINVESTMENT ZONE



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## PLANNED SAA PROJECT SITE

Current Hangar Facilities

ST Aerospace

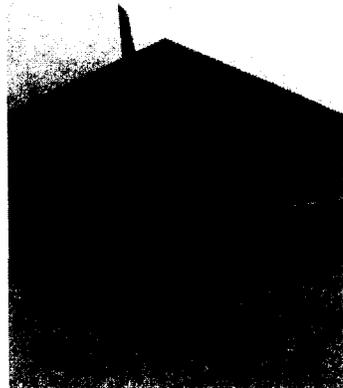


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## ITEM 6B – SAA TAX ABATEMENT

- Staff is also recommending Council approve a 10-year, 75% tax abatement Agreement with SAA for this proposed investment and job retention/expansion at the International Airport
- The estimated value of this tax abatement over 10 years is \$604,800 based on the proposed \$16 million investment



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## TERMS OF THE AGREEMENT

- Through this Agreement SAA agrees to:
  - Invest \$16 M in facilities and personal property
  - Retain 570 existing jobs and add 100 new aerospace jobs
  - Establish an internal program to train at least 25 local residents by December 2012
  - Meet the “living wage” requirement
- Agreement will contain standard recapture provisions if the company ceases operations, relocates or fails to meet job and wage requirements

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## PROJECT BENEFITS

- Increase in airport lease revenues
- Growth in the targeted aerospace industry
- A business environment to stimulate further expansion opportunities
- Training for local residents
- An annual economic impact of \$45 M
- A net fiscal benefit to the City over 20 years of \$1.34 million



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## **ISSUE**

- Project qualifies under the Tax Abatement Guidelines
  - Company is doing business in a targeted industry
  - Company meets the investment and job requirements
  - Company will meet the City’s “living wage” requirement of \$10.60/hour for all existing and new employees and after one year, 70% must earn \$12.76/hour
  - Project is located in a 10-year term area

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## **RECOMMENDATION**

- The Economic and Community Development Committee gave the project a favorable recommendation on November 24
- Staff recommends approval

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