

AN ORDINANCE 100684

MODIFYING THE CITY OF SAN ANTONIO'S ECONOMIC DEVELOPMENT PROGRAM, AS REVISED BY ORDINANCE 99308 ON JUNE 3, 2004, TO PERMIT GRANTS AND/OR LOANS FOR ECONOMIC DEVELOPMENT PURPOSES OR PROJECTS PURSUANT TO CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE, WITH THE AUTHORIZATION OF CITY COUNCIL.

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WHEREAS, Chapter 380 of the Texas Local Government Code (Economic Development Programs) provides that "the governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality"; and

WHEREAS, in order to meet it's obligations to Toyota for the current construction of an assembly facility in south San Antonio, the City Council, pursuant to Ordinance No. 97248 passed on February 27, 2003, adopted an Economic Development Program (the "Program", which authorizes grants and loans for projects achieving the economic development benefits of projects such as Toyota; and

WHEREAS, the Program was subsequently amended pursuant to Ordinance No. 99308 passed on June 3, 2004 to permit grants and loans in accordance with the Economic Development Incentive Fund (EDIF) guidelines established therein; and

WHEREAS, the proposed financing for the Convention Center Hotel Project involves contract pledges of certain revenues, as documented in a separate Economic Development Agreement and in order to fully provide for such contract revenue pledges, the previously adopted Economic Development Program must be amended to clearly provide for grants, without limitation, upon authorization of City Council; **NOW THEREFORE:**

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

SECTION 1. The City of San Antonio's Economic Development Program adopted pursuant to Ordinance No. 97248 and operated according to Guidelines adopted pursuant to Ordinance No. 99308, is hereby modified to permit grants without limitation and/or loans for economic development purposes or projects pursuant to Chapter 380 of the Texas Local Government Code, with the authorization of City Council. A copy of the revised Program description is attached hereto and incorporated herein for all purposes as Attachment I.

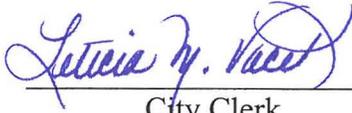
VMZ
04/14/05
Item No. 4C

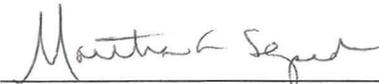
SECTION 2. This Ordinance becomes effective ten (10) days from the date of passage.

PASSED AND APPROVED, this 14th day of April, 2005.



M A Y O R
EDWARD D. GARZA

ATTEST: 
City Clerk

APPROVED AS TO FORM: 
City Attorney

Agenda Voting Results

Name: 4 C.

Date: 04/14/05

Time: 04:59:37 PM

Vote Type: Multiple selection

Description: An ordinance modifying the City of San Antonio's Economic Development Program, as revised by Ordinance 99308 on June 3, 2004, to permit grants and/or loans for economic development purposes or projects pursuant to Chapter 380 of the Texas Local Government Code, with the authorization of City Council.

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
JOEL WILLIAMS	DISTRICT 2		x		
RON H. SEGOVIA	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5		x		
ENRIQUE M. BARRERA	DISTRICT 6		x		
JULIAN CASTRO	DISTRICT 7	Not present			
ART A. HALL	DISTRICT 8		x		
CARROLL SCHUBERT	DISTRICT 9				x
CHIP HAASS	DISTRICT_10		x		
MAYOR ED GARZA	MAYOR		x		

City of San Antonio, Texas

Economic Development Program

(Pursuant to provisions of Chapter 380 of the Texas Local Government Code)

(Effective April 14, 2005)

Deleted: Effective June 3, 2004

Administration of Economic Development Programs

The Economic Development Department (EDD), under the direction of the City Manager, shall be responsible for coordinating the City of San Antonio's economic development activities through policy implementation, strategic planning, and partnerships with key organizations. By using available community resources and incentive programs, the Economic Development Department shall promote employment-generating investments by the private sector. The Economic Development Department shall utilize economic development incentives, grants, and programs in order to implement strategies to attract and retain a diverse mix of business, institutional, and government employers that manufacture, distribute, or otherwise provide products or services to ultimate users residing primarily *outside* of the local economy.

One goal of the City's economic incentives and business development programs is to minimize the cost of expanding or locating a business in San Antonio. The City is also focused on growing the regional economy, revitalizing targeted areas of the City, and promoting a balanced growth of economic opportunities throughout the community.

Authorization for City of San Antonio Economic Development Program

Pursuant to Chapter 380 of the Local Government Code, the City of San Antonio is hereby establishing and providing for the administration of the following programs, including a program for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality. In implementing these programs, the City may contract with the federal government, the state, a political subdivision of the state, a nonprofit organization, or any other entity for the administration of such programs.

Under this Program, the City of San Antonio shall also be permitted, on a case-by-case basis with authorization of the City Council, to enter into a contract with a development corporation created by the municipality under the Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), grant public money to the corporation. The development corporation shall use the grant money for legal purposes described in Chapter 380.

Revised (4-14-2005)

Deleted: Effective

Deleted: 6-3-2004

Grants or Loans for Economic Development Purposes

The use of public dollars for the purposes of making grants and/or loans pursuant to Chapter 380 of the Texas Local Government Code—in lieu of or in addition to other economic development incentive tools—shall be for projects that meet the requirements of the Economic Development Incentive Fund (EDIF) Guidelines or for other specified projects authorized by City Council.

Deleted: limited to projects

Matching Dollars for State Agency Grants

Further, in limited circumstances, the City of San Antonio may, as an agency of the state, provide matching funds for a federal program that requires local matching funds from a state agency to the extent state agencies that are eligible, decline to participate or do not fully participate in the program.

Other Economic Development Programs

The City is also authorized to implement the following existing economic development programs. Since these existing programs are governed by other statutes, federal regulations, contracts, grant requirements, ordinances and resolutions, this program statement and implementing ordinance shall not govern the administration of these existing programs.

Tax Phase-In Program:

Under the City's Tax Phase-In Program, an abatement of up to 100% of real and/or personal property taxes on improvement values may be granted for a maximum term of 10 years. Projects must meet certain minimum capital investment and/or job creation requirements, as described in the approved Guidelines for Tax Phase-in.

Freeport Exemption:

The City of San Antonio, Bexar County and some independent school districts allow personal property tax exemptions for companies that deal with goods-in-transit or inventories used in the manufacturing process. A Constitutional Amendment adopted in 1989 by the State of Texas authorized a type of property tax exemption for items classified as "Freeport Property." Freeport property includes various types of goods that are detained in Texas for a short period of time (175 days or less). The exemption provides a business incentive that can be used to promote the growth and expansion of businesses, particularly those engaged in logistics and distribution activities.

Enterprise Zone Project Designation:

An Enterprise Zone is an economic development tool that allows a community to partner with the State of Texas to offer a package of local and state tax and regulatory benefits to new and expanding businesses in economically distressed areas. The City of San Antonio currently administers four separate state-designated Enterprise Zones. Companies locating within any of those zones are eligible for designation by the State as an "Enterprise Project." The Federal Empowerment Zone (see below) also qualifies as a State Enterprise Zone.

San Antonio Empowerment Zone:

San Antonio was one of seven cities throughout the country named a Round III Empowerment Zone (EZ) by the U.S. Department of Housing and Urban Development. This designation will allow businesses to receive wage credits, tax incentives, and bond financing to help stimulate job growth, promote economic development and create affordable housing opportunities in targeted areas of the City. In addition, EZ designation provides the City priority in funding health, education, and human services that may give a tremendous boost to commercial and neighborhood revitalization efforts.

Foreign Trade Zone:

San Antonio is home to Foreign Trade Zone No. 80 with the designation of ten General Purpose Sites and four SubZones. Businesses can locate at existing sites or apply for designation as a new FTZ SubZone to take advantage of the incentives offered within an FTZ to include: (1) relief from inverted tariffs; (2) duty exemption on re-exports; (3) duty elimination on waste, scrap, and yield loss; and (4) duty deferral until merchandise is imported from the FTZ into the United States. FTZs, therefore, offer businesses a way to mitigate the costs of free trade and allow the United States economy to enjoy relatively greater benefits from its free trade initiatives. Furthermore, FTZs allow commercial merchandise to receive the same customs treatment it would if it were outside the commerce of the United States. Domestic and foreign goods can be placed in the FTZ without formal U.S. Customs entry and pay no customs duties or government excise taxes until your final product enters the U.S. market at which point duty is paid on either of the product itself or its component parts, whichever is lower.

Defense Economic Readjustment Zone:

The City of San Antonio currently administers state-designated Defense Economic Readjustment Zones. This program is a state initiative to assist communities that have been adversely impacted by Department of Defense downsizing. Companies locating within a Zone are eligible for designation by the State as a Defense Readjustment Project.

Historically Underutilized Business Zone (HUBZone):

The purpose of the HUBZone Program is to:

- provide federal contracting assistance for qualified small business concerns that are located in "historically underutilized business zones";
- to increase employment opportunities; and
- To stimulate capital investment in those geographic areas; and empower communities through economic leveraging and the "multiplier effect."

Industrial Development Bonds:

To promote industrial development, industrial revenue bonds are available through the City of San Antonio Industrial Development Authority, Inc. (IDA) or similar organizations. IDA bonds may be tax-exempt revenue bonds that can be issued for new construction, building improvements, and for the purchase of machinery and equipment.

San Antonio Local Development Company, Inc.:

The San Antonio Local Development Company, Inc. (SALDC) was established in 1978 to help small businesses in South Central Texas realize business growth and job creation by facilitating access to a diverse package of intermediate and long-term loans for:

- Real estate Acquisition, improvement, or new construction
- Machinery and equipment
- Related soft costs, such as appraisal, engineering and environmental fees
- Working capital
- Competitive fixed interest rates

Small Business Economic Development Advocacy Program (SBEDA):

The Small Business Economic Development Advocacy Program (SBEDA) mission is to help small, minority, African-American, and women-owned business enterprises (SBE/MBE/AABE/WBE) pursue and obtain City contracts.

Procurement Technical Assistance Center:

The Procurement Technical Assistance Center (PTAC) provides a variety of tools and services that help local businesses identify government contracting opportunities, develop a workable business plan, sharpen marketing skills and write winning bid proposals. Altogether, PTAC clients receive about \$30 million in government contracts each year.

First Point Business Information Center:

The First Point Business Information Office is the first place to go for entrepreneurs in the planning stages of starting or expanding a business. First Point can also guide you through the site development and regulatory processes.

Briefing Team:

The City of San Antonio, together with various public service utility companies, formed the San Antonio Site Development Briefing Team to provide an overview of the site development process. This team facilitates the process by serving as the direct, immediate line to key decision-makers that can troubleshoot and resolve problems encountered in the development and permitting process, such as issues related to local subdivision, uniform building, and the uniform fire codes.

Industry Workforce Assistance:

Through an Agreement established with the Alamo Community College District (ACCD) in March 2001, the Economic Development Department may offer customized training assistance through ACCD as an incentive to businesses seeking to relocate, retain, or expand their operations within San Antonio.