

**ECONOMIC AND COMMUNITY DEVELOPMENT  
COUNCIL COMMITTEE MEETING MINUTES**

**TUESDAY, APRIL 3, 2012  
9:00 AM  
MEDIA BRIEFING ROOM, CITY HALL**

**Members Present:** Councilmember Elisa Chan, *Chair, District 9*  
Councilmember Diego Bernal, *District 1*  
Councilmember Ray Lopez, *District 6*  
Councilmember Cris Medina, *District 7*

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**Members Absent:** None

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**Staff Present:** Pat DiGiovanni, *Deputy City Manager*; Ed Belmares, *Assistant City Manager*; Rene Dominguez, *Economic Development Director*; Mark Brodeur, *Center City Development Office Director*; Ed Davis, *Economic Development Assistant Director*; Alejandra Lopez, *Economic Development Assistant Director*; Lori Houston, *Center City Development Office Assistant Director*; James Henderson, *Economic Development Manager*; Adrian Perez, *Economic Development Manager*; Leslie Haby, *Assistant City Attorney*; Katinka Howell, *Assistant City Attorney*; Carri Wiggins, *Office of the City Clerk*

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**Also Present:** Councilmember Leticia Ozuna, *District 3*; Mario Hernandez, *San Antonio Economic Development Foundation (EDF)*

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**Call to Order**

Chairperson Chan called the meeting to order.

**1. Citizens to be Heard**

There were no items addressed by Citizens.

**2. Approval of Minutes of the March 6, 2012 Economic and Community Development Council Committee Meeting**

Councilmember Lopez moved to approve the Minutes of the March 6, 2012 Economic and Community Development Council Committee Meeting. Councilmember Bernal seconded the motion. Motion carried unanimously by those present.

**3. Action Items:**

**a. Consideration of Reappointment of Applicants to the Airport Advisory Commission (9 slots) (Leticia M. Vacek, City Clerk, TRMC/MMC)**

Carri Wiggins presented the applicants for the Airport Advisory Commission. The applicants interviewed were: Hyman Norman Abramson, Mark R. Fessler, Keith Gunnell, Kyle M. Tate, Steven E. Koenig, Neil H. Stone, W. L. Walker, Jr., Leslie A. Hobgood, Sydney S. Smith, George D. Alva, Michael K. Wolfe, and Marco A. Barros. Written statements were submitted by applicants Jim H. Bodenstedt, Charles E. Crutchfield and Barbara L. Loomis.

Councilmember Cris Medina entered the meeting at this time.

Chairperson Chan thanked everyone that applied and especially those who came to be interviewed for the Airport Advisory Commission. She stated that she was extremely impressed with the quality of the applicants representing diverse views. She stated that the Committee would consider the candidates the next presentation and a vote would occur thereafter.

#### **4. Presentation Items:**

##### **a. Data Center Market and Trend Analysis (Rene Dominguez, Economic Development Director)**

Rene Dominguez introduced Tom Long and Jelynn Burley of CPS Energy, Mary Jane Villalobos of SAWS; and Tim Bartlett of Brooks Development. He stated that these partners will be critical to the process of creating a strategy to attract data centers. He indicated that this analysis is a small part of a larger IT and cyber security strategy that will be occurring later in the year. He added that the study was commissioned by the San Antonio Economic Development Foundation (EDF) in partnership with the City and CPS Energy.

Mario Hernandez, EDF President, stated that the Data Center Market and Trend Analysis had been commissioned due to the phenomenal explosion since 2007 that created a need for data centers. Mr. Hernandez noted these centers are a key component in the operations of corporate America. He stated that this study would convey the value of the data centers to the community and patterns of the markets. He introduced Mr. Angelos Angelou, Principal Executive Officer, with AngelouEconomics to present the findings of the study.

Mr. Angelou thanked the committee for the opportunity and reported that the project focused on four areas:

- 1) An industry overview and current trends
- 2) San Antonio's Competitiveness Assessment
- 3) Local implications analysis, policy, and incentives
- 4) Conclusions and recommendations

He stated that the benefits provided by Data Centers would include Economic and Fiscal Benefits, as well as Infrastructure and Marketing Benefits. He noted that the economic and fiscal benefits identified are expansion of local tax base, high paying jobs, increased spending from visitors, minimal cost to local governments for service provision (roads, police, fire, schools, parks, etc.), and Co-location data centers generate a higher amount of capital investment and jobs.

He reported that there are two primary types of data centers; the first type is the Enterprise Data Centers, which is owned and operated by a single organization and provides fewer jobs than Co-location Data Centers.

The second type is a Co-location Data Centers which is owned and operated by a data center provider that leases data center space to multiple tenants. Mr. Angelou stated that this type of data center provides for a stronger information technology structure in the City, higher level of jobs, and higher capital investment.

Mr. Angelou stated that as long as data requirements increased; the city would realize growth in the data centers. He mentioned that energy costs are important because they are the highest costs

of a data center. He added that Texas is the most popular destination for data centers, attracting 17% to 18% of the new growth annually.

Mr. Angelou outlined the estimated impact over a ten-year period for an Enterprise Data Center, of 50,000 square feet, that includes 1,071 jobs created and property tax revenue of \$12.4 million for a total impact of approximately \$251.5 million. With a Co-location Data Center, of 150,000 square feet, the impact increases to 5,457 jobs created and \$26.4 million in projected property tax revenue for a total of \$778.3 million.

Mr. John Karras, Associate with AngelouEconomics, presented on the Economic and Fiscal Benefits of Data Centers. Mr. Karras emphasized that San Antonio's assets made it attractive for new data center growth. He noted that San Antonio is a major hub for the US Government and military data and has close proximity to Mexico. He spoke of Microsoft and Rackspace being existing data centers with CPS Energy being a leader in renewable energy. He stated that San Antonio has some challenges to overcome to become more attractive for data center location including maintaining competitive electric rates.

Mr. Angelou spoke of the need to improve infrastructure to provide a second and third choice for location of any new data centers. He added that there is a perception of the inconsistent use of incentives to attract data center projects.

The priority recommendations from AngelouEconomics were stated as:

- The creation of new "data center districts," ensuring that adequate infrastructure is in place over the long-term
- Encourage the development of data centers at Brooks City-Base, leveraging its unique tax-exempt status
- Establish an incentive policy that is specifically tailored to data centers and is uniform throughout Bexar County
- Proactively market San Antonio as an ideal location for federal government data center consolidation and new data centers that serve Latin American Markets, particularly Mexico
- Recognize and promote the benefits of data centers and aggressively pursue new data center development

Mr. Angelou stated that the 200 page report delivered to the Members of the Committee included more detailed information.

Chairperson Chan recognized Councilmember Leticia Ozuna as joining the meeting.

### **3. Action Items:**

- a. Consideration of Reappointment of Applicants to the Airport Advisory Commission (9 slots) (Leticia M. Vacek, City Clerk, TRMC/MMC) - continued**

Chairperson Chan asked if the committee members were ready to make a recommendation for the Airport Advisory Commission.

Councilmember C. Medina moved to select the following slate of applicants to be placed on the City Council Agenda on April 12, 2012: Aviation Industry: H. Norman Abramson; Business Community: Mark R. Fessler and James D. Quinn; Community: Leslie A. Hobgood, Kyle M. Tate, and W.L. Walker, Jr.; Federal Aviation Administration: Earl Jackson, Jr.; Taxi Industry:

George D. Alva; and Travel and Tourism: Marco A. Barros. Councilmember Lopez seconded the motion. Motion carried unanimously.

**4. Presentation Items:**

**a. Data Center Market and Trend Analysis (Rene Dominguez, Economic Development Director) - continued**

Councilmember Lopez stated that the intent of the presentation on data centers was to get an idea of the San Antonio image in the field as well as the relative challenges and incentives needed to move forward. He stated that there is a need to crystallize the policy and take advantage of the great opportunities available.

Councilmember Ozuna asked for clear examples of lack of incentives and if the data centers are good for the City.

Mr. Dominguez replied that the City initiated the project with big incentives and intentionally scaled back on the incentives with time. The last data center to open did so with no incentive. Mr. Hernandez noted that there is a mix of opinions by public leaders as to what incentives should be utilized.

Councilmember Bernal stated that the data center and cloud technologies do not have a recognized home and they should take advantage of the opportunity to make San Antonio a competitor for that position.

Councilmember Ozuna spoke of the importance of answering questions for consumers regarding energy rates and taxes.

Ms. Burley addressed forecasting power use in an effort to contain rates. She stated that CPS Energy maintains a better balance between residential and commercial customers than Austin, a major competitor to the north. She added that CPS Energy was "Long" on generation of power.

Councilmember Ozuna asked of the lower cost of power in North Carolina and Columbus, Ohio. Ms. Burley responded that the power sources there are primarily coal and hydro which San Antonio does not utilize. She added that the cost difference is only fractions of cents.

Chairperson Chan asked if the policy recommendation for incentives is to be more flexible or certain.

Mr. Dominguez replied that any incentive goal chosen should be stated clearly in advance.

Councilmember Bernal asked of the type of jobs projected, the level of education required, the salary level and the ancillary effect on related industry.

Mr. Angelo replied that 50% – 60% of the employees would need only two years of college or a technical certificate and would make \$50,000 - \$60,000 annually. The higher end jobs would receive \$80,000 annually. He indicated that the ancillary jobs would be within maintenance of the infrastructure, web design, and small business to support the service side.

Councilmember Lopez stated that this study is limited and the Committee needs more information, but there is enough information to move forward with a policy decision. He asked of the City's capacity and the components needed to get people to come to San Antonio.

Mr. Angelou stated that the fiber supply is great and the electricity is ample.

Councilmember C. Medina expressed support for the presentation and stated that he looks forward to raising the profile of San Antonio.

Mr. DiGiovanni stated staff would bring forth the recommendations on the Data Center Study during the B Session on April 18, 2012.

**5. Discussion Items:**

Chairperson Chan asked in the interest of time, the following items be allowed in the future:

- a. **Texas South – International Alliance**
- b. **ECDC Policy Issues, Goals and Strategies Action Plan**
  1. **ECDC Program Summary and Status Report**
  2. **2012 Economic Development Policy Priorities**

**6. Consideration of items for future meetings**

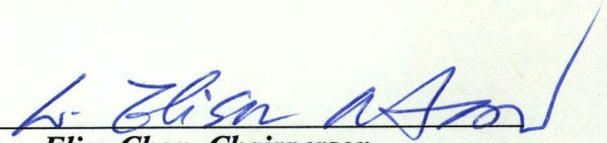
Mr. DiGiovanni stated that the items for discussion at the next meeting would include Economic Development Incentive Fund (EDIF) Guidelines including Inner City Reinvestment Infill Policy Fund (ICRIP), Small Business Month, Westside Development Corporation (WDC) and San Antonio Growth on the Eastside (SAGE).

**7. Executive Session**

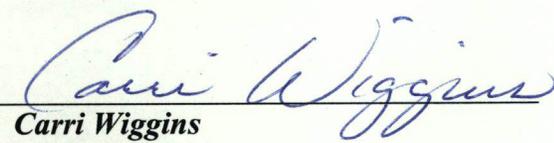
Chairperson Chan recessed into an Executive Session at 11:08 am. She reconvened the meeting at 11:15 am and announced that no action had been taken in Executive Session.

**8. Adjournment**

There being no further discussion, the meeting was adjourned at 11:15 am.

  
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*Elisa Chan, Chairperson*

*Respectfully Submitted,*

  
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*Carri Wiggins*  
*Office of the City Clerk*