



Gov. Perry remains bullish on Alamo City

He forecasts more forward momentum for S.A.

BY W. SCOTT BAILEY

Last October, Texas Gov. Rick Perry said San Antonio was well-positioned to ride out a national economic storm.

Nearly a year later, and with that national recession having cut the fiscal legs out from under certain areas of the country, Perry says San Antonio has managed to maintain some important economic momentum.

The Alamo City has felt some of the effects of an economic downturn. City of San Antonio staff, for example, have projected decreases in revenues from sales taxes, property taxes and CPS Energy operations, while proposing a trimmed-down fis-

cal year 2010 budget.

Perry says Texas, too, has taken some hits. But he still believes that Texas and San Antonio have so far escaped the worst of the economic fallout and are well-positioned for a post-recession surge.

"The impact on individual Texans and their families, in terms of unemployment and everything associated with it, is always the worst part of any economic slowdown," Perry explains. "In my business, you hope for the best and prepare for the worst, so I can't say anything has unfolded that wasn't, in some form or fashion, on our radar. I can say I was pleased to see major companies

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Greater San Antonio Chamber of Commerce President and CEO Richard Perez says the Alamo City can't be fearful of the recession.

Greater Chamber CEO says now is the time for city to act

BY W. SCOTT BAILEY

Richard Perez has worked both sides of the fence, in the public-sector as a politician and now in the private sector as a business leader. In both capacities, he has played a role in helping to lure new companies to the Alamo City.

And now, although intimately aware of the uncertainties and challenges associated with a national recession, Perez is urging government and business to keep the foot on the gas. He says this is precisely the time that the nation's seventh largest city should more aggressively pursue new economic opportunities.

San Antonio has felt some of the effects of the recession. San Antonio City Manager Sheryl Sculley recently presented a proposed fiscal year 2010 budget to City Council that includes suggested spending cuts and the elimination of some 300-plus municipal positions through natural attrition, such

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Hotel-room glut in the city hits at bad time, experts say



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Crockett Hotel General Manager Bill Brendel is also president of the San Antonio Hotel & Lodging Association.

BY W. SCOTT BAILEY

San Antonio's hotel industry is suffering some significant growing pains.

A national recession has slowed the pace of group and leisure travel to the Alamo City, yet hotel firms continue to open new properties in this market, further driving down occupancy and revenues.

Bill Brendel is general manager of the Crockett Hotel and president of the San Antonio Hotel & Lodging Association. He is very much aware of the situation. He suggests that San Antonio is the victim,

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BRAC work providing city multi-billion dollar shot in the arm

BY MIKE W. THOMAS

Construction now underway at local military bases as part of the Base Realignment and Closure (BRAC) action is at a peak level, and the timing couldn't be better.

During the next few weeks, as many as 2,200 construction workers will be employed on various projects at Fort Sam Houston and Camp Bullis as well as at Lackland and Randolph Air Force bases, according to Randy Holman, program manager for the Army Corps of Engineers.

Work is either beginning, wrapping up or continuing on 78 major projects and dozens of minor support operations as part of the BRAC activities that began in 2005. The construction activity is affecting more than 6 million square feet of space, or the equivalent of 30 Wal-Mart Supercenters.

Up to 65 percent of the total acreage occupied by military bases in San Antonio will be under construction, Holman says, which means that about 2,000 acres will be behind a construction fence.

"We are in full-swing right now," Holman says. "People driving on Interstate 35 will be able to see two or three tower cranes working at any given time."

All of this construction activity, backed up by \$1.2 billion in construction contracts let in 2008 and \$700 million let in 2009, is helping to prop up the local



McMurry

construction industry during one of the worst downturns to hit the nation in several generations.

"Without all of this military work, the local construction picture would look very different right now," says Doug McMurry, executive vice president of the Association of General Contractors (AGC) in San Antonio. "We would look a lot more like Detroit, Mich., rather than San Antonio, Texas."

McMurry estimates that the unemployment- See BRAC, Page 39



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BRAC: Construction work at local military bases providing major boost for contractors

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ment rate in the local construction industry would be at 15-17 percent today absent all of the military and public-works projects underway.

"We are very appreciative of all of the military work right now," McMurry says.

Employment boost

The military construction work currently represents nearly two-thirds of all the commercial construction in San Antonio, based on estimates from the AGC.

The local construction industry employs about 49,000 people in San Antonio, McMurry says, or about 6 percent of the total workforce. The total construction market in the Alamo City for 2009 is estimated to be about \$3 billion, so it is clear that the BRAC construction projects are making up a sizable portion of that right now, he says.

"You can't underestimate how significant

that work is," McMurry says of the BRAC program. "It is keeping a lot of people busy right now who otherwise would be struggling to find work."

McMurry says there are a few other big works on the horizon helping to boost prospects for the local construction industry. They include a \$900 million infrastructure-improvement project by University Health System in the South Texas Medical Center that is ready to get under way this fall and the ongoing San Antonio River improvements work being funded, in part, with federal stimulus money. However, McMurry says the industry has been most reliant on the military work for the past two years.

Because of the scarcity of construction work in the private sector, McMurry says many firms that normally work only on private-sector projects have been competing for work on the BRAC-related projects.

"The extra competition has helped to keep (construction) prices down," McMurry notes. "It has been a good situation

for public owners."

McMurry says he expects that as the economy picks back up over the next year, there will be pressure to force prices back up. But for now, the timing of the BRAC projects has been beneficial to both the hard-hit construction industry and the military looking to get the best bids for the work.

"More competition has led to good bids on most of our projects and that has been most beneficial to the taxpayers," says Holman, who also serves as spokesman for the Joint Program Management Office, which is overseeing construction work at the local military bases. "It has been a very good situation for us."

Economic benefits

The Military Transformation Task Force, an initiative of the city of San Antonio, Bexar County, and the Greater San Antonio Chamber of Commerce, updated its economic impact study for the BRAC construction work earlier this year. It concluded that the city registered a \$2.4 billion economic boost during 2008 from the Fort Sam Houston work alone. Sales tax revenues were boosted by \$4.7 million in 2008 from all the BRAC activity at Fort Sam.

"The potential economic impact from Fort Sam Houston due to the BRAC expansion (between 2005 and 2011) is tremendous and projected at nearly \$8.3 billion," the report says. The bulk of this economic impact — about 80 percent — comes from the construction work that is under way.

Even after the construction work ends in 2011, the economic impact of the expanded military base operations is expected to increase by about \$1.6 billion annually, with additional annual sales tax revenue of \$4.9 million, says James Henderson, deputy director of the Office of Military Affairs for the City of San Antonio.

From a historical standpoint, the military bases in San Antonio average about \$65 million to \$100 million in construction spending every year, according to Holman. That means the "BRAC surge" that began last year represents a 10-fold increase in 2008 and a seven-fold increase in 2009.

About 26 percent of the BRAC-related construction projects have been completed so far and everything is scheduled to wrap up by September 2011. However, there are still an estimated \$700 million worth of



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Randy Holman, program manager for the Army Corps of Engineers, is overseeing construction work at Fort Sam Houston and other San Antonio military installations.

construction contracts scheduled to be let in 2010, although most of the major work will be wrapping up by then.

"The bulk of the new (military and civilian) personnel are scheduled for arrival in late spring 2010," Holman says, "so the projects were timed so that facilities would be ready in time for their arrival."

The major BRAC construction work entails relocating the inpatient medical function of the 59th Medical Wing from Wilford Hall Medical Center at Lackland Air Force Base to Brooke Army Medical Center at Fort Sam Houston. This will result in the creation at Fort Sam of the San Antonio Military Medical Center — which will bring some 12,500 new jobs to Fort Sam (along with 10,000 new family members).

The logistics of having 2,200 laborers on average come to the military bases every day has been an added challenge for the security-conscious base officials, Holman notes.

That is enough people to fill up 50 school buses and it has resulted in more than 4,000 vehicle trips in and out of the military bases everyday.

Holman notes that since the construction work began in 2005, enough concrete trucks have come onto the local military bases to stretch from San Antonio to Baton Rouge.

But he notes that there have been no issues with security during the course of the construction work.

"We work within the parameters of their (the military bases') security measures and there have never been any problems," he says.

Major BRAC construction projects

Fort Sam Houston

- Medical Education and Training Campus at Fort Sam Houston, which includes 2 million square feet of dorms, classrooms, labs, training areas and dining facilities to accommodate an average daily student enrollment of more than 9,000.

Cost: \$463 million

- Renovation of Brooke Army Medical Center to handle in-patient hospital care and civilian trauma care.

Cost: \$556 million

- New 133,000-square-foot facility for biomedical research and education to enhance combat casualty care.

Cost: \$92 million

Lackland Air Force Base

- Conversion of Wilford Hall Medical Center into an ambulatory care clinic focused on outpatient care.

Cost: Contract not yet awarded

- Construction of a 40,000-square-foot Intelligence Operations Center to support various telecommunications and computer security programs.

Cost: \$10.2 million.

Randolph Air Force Base

- A 36,000-square-foot administrative center at Randolph Air Force Base to integrate the Civilian Personnel Offices from five other bases across the country.

Cost: \$9.6 million

Camp Bullis

- New 201,000-square-foot Armed Forces Reserve Center to support the realignment of 23 Army Reserve Units and four Texas Army National Guard units.

Cost: \$36.9 million

College ramps up education offerings for working adults

BY TAMARIND PHINISEE

Northwest Vista College has unveiled an enhanced continuing education program that includes a slate of 84 classes in computer technology, leadership training and real estate instruction.

Jenifer Roberts, continuing education specialist and coordinator for the workforce education and training department at the college, says the expanded program represents the first time the campus has set up dedicated space to offer multiple classes that can be taken for college credit. The classes are designed to address the time and scheduling constraints of working adults who are seeking to advance their education.

"We have had some classes that fall under continuing education. But this is the first time we've (been able) to offer the

classes at this magnitude," Roberts says.

Prior to this new program, says Northwest Vista College spokeswoman Melissa Monroe-Young, the college offered a limited number of continuing education classes as space was available. "This is the first time the program has opened up to the general public with more classes added that people will find interesting, such as in real estate, notary public and social networking," Monroe-Young explains.

The new continuing education courses will be housed in the two-story, 65,900-square-foot Mountain Laurel Hall building on the Northwest Vista campus.

Space in the building became available as a result of the recent construction of new campus buildings — at an estimated cost of \$106 million.

In the spring of 2007, Northwest Vista

broke ground on six new buildings. The building construction — funded by a 2005 bond package — included a performing arts center, a library and learning resources building, and a campus student center.

Altogether the buildings add about 380,000 square feet to the 137-acre campus.

The continuing education classes will be held on the second floor of the Mountain Laurel building. Eight of the 18 classrooms on that floor will be used for computer tech, multimedia and gaming coursework.

Roberts says continuing education classes were greatly needed at the campus, which is located on the city's Northwest



Roberts

Side.

"The Northwest Side is one of the fastest growing areas for residential development and businesses. So we feel that we have a very good client base and are ready to expand," Roberts says. "The college is very established in the community and (the expansion of continuing education) is only going to open up more avenues for us."

Roberts says her department has already seen a flurry of enrollment activity with the launching of the expanded continuing education program. In fact, she says, the first class to be offered began on Aug. 4 and was filled to capacity.

Northwest Vista is part of the Alamo Colleges cluster of schools.

It opened in 1998. Since that time, enrollment has grown from 1,721 students to more than 12,000.