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Frozen out: Will companies, talent rethink San Antonio?



A winter storm left millions of Texans with little or no power for an extended period.



By W. Scott Bailey – Senior Reporter, San Antonio Business Journal – Feb. 23, 2021

A devastating winter storm — which left millions of Texans without electricity and heat, and scrambling for shelter, food and water — again exposed the vulnerability of Texas' isolated energy grid.

The near catastrophic collapse of power could create new challenges for San Antonio economic development officials seeking to retain and recruit companies and talent.

“It was exceedingly serious. Many people were put in extreme distress,” said former San Antonio Mayor Henry Cisneros, one of the city’s more tenured economic development leaders and now a partner in New York-based American Triple I Partners, which manages infrastructure assets. “As for the long run, it has the potential to damage our economic development reputation.”



Former San Antonio Mayor Henry Cisneros offers a warning in the wake of a near catastrophic collapse of Texas' power grid. File photo / San Antonio Business Journal

One of the key assets that Cisneros said San Antonio officials have pitched to prospective companies is reliable, uninterruptible power. It’s essential, he said, for entities like data centers, cybersecurity operations and medical facilities, for example, which are part of the lifeblood of the city’s economy.

What San Antonio can’t afford is for the negative reaction from Texas’ power failure and the trickle-down impact it had on residents and businesses to cause companies to recalibrate their expansion plans or relocation targets. But at least one national site selector believes San Antonio can weather the storm.

“Site-seeking companies are sophisticated enough to realize that there’s no perfect location,” said John Boyd, principal for The Boyd Co. Inc., a New Jersey-based consulting firm. “There are trade-offs with every business climate.”

What the Alamo City doesn’t want, Boyd said, is for the state’s power grid to become politicized to the point where companies view Texas as a less business-friendly environment.

Jenna Saucedo-Herrera, president and CEO of the San Antonio Economic Development Foundation, said one of region's assets became a vulnerability.

San Antonio Economic Development Foundation President and CEO Jenna Saucedo-Herrera said Texas' consistent, reliable and affordable energy is one of the factors that has made San Antonio an attractive target.

"With the extreme winter storm, our independent energy infrastructure that is typically an asset became a vulnerability," she said.

State Rep. Diego Bernal, D-San Antonio, said companies are going to want assurances that Texas has learned its lesson from this latest threat to its power grid and the impact that's had on access to energy and water in San Antonio. He said companies are concerned not only about their business operations, but also their employees' well-being.

Boyd said economic development has become the "second war between the states," and some of Texas' competitors have reveled in its misfortune of late. For example, he said his company has received multiple calls from development groups in Tennessee touting that state's energy reliability.

"I think a lot of companies are able to sort through all that noise," Boyd said. "But the optics are there. Texas is now ground zero."

From his vantage point, the damage is repairable with the right investment.

Bernal said the onus will be on lawmakers and energy providers to avoid more threats that could put lives in danger and drive business away.

"Unity can only come in the presence of accountability," he said.

To write off the rolling blackouts, complete outages and their ripple effect as simply the byproduct of a 100-year event could be a costly mistake, Cisneros said. In fact, Cisneros said he has information that some of San Antonio's most sensitive economic activities were impacted as the dominoes tumbled.

"These are entities who simply can't tolerate that. They could well pick up and leave," he said. "The risk is certainly real. We can't sit back and assume that this will all take care of itself."