



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 3

Agenda Date: May 28, 2024

In Control: Economic and Workforce Development Committee Meeting

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

A briefing and possible action on additional recommended applicants for approval of Second Stage Grant Program awards.

SUMMARY:

A briefing and possible action on additional recommended applicants for approval of Second Stage Grant Program awards. The program was established in FY2023 to incentivize local business expansion and support established, export-oriented small businesses in San Antonio.

BACKGROUND INFORMATION:

In February 2023, staff briefed and gathered feedback from the Small Business Advisory Commission (SBAC) and the Economic and Workforce Development Committee (EWDC) on three proposed Growth Stage Pilot Programs consisting of:

- The Second Stage Grant Program
- The Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant Program.
- The Phase 0 SBIR/STTR Grant Program

The Second Stage Grant Program was created to help address a gap within the San Antonio business ecosystem by supporting highly scalable growth stage companies that do not typically qualify for traditional City incentive programs. The program was also designed to support small businesses that have a high potential for growth due to their ability to export goods and services regionally, nationally, and internationally. Eligible companies recommended for the Second Stage Grant would be awarded with up to \$50,000 in funding.

Eligible grant applicants must be a privately owned, export-oriented business with between 10 - 99 employees and generate between \$1M - \$50M in annual revenue. Furthermore, grantees must be headquartered within the San Antonio city limits and remain so for one year from award date. They must also demonstrate growth in employment and/or revenue during two of the last five years and pay all full-time positions at least \$17.50 per hour, while also offering worker’s compensation and healthcare benefits.

Use of grant funds is restricted to costs that are directly related to the business expansion project outlined in the grant proposal by the applying business. These costs include, but are not limited to, hiring employee(s), training and workforce programs, business development, marketing, product development, property acquisition, site development, and facility construction/improvements. Grantees must commit to a three (3) year monitoring period to ensure compliance and provide data that illustrates the impact of the grant funds.

In March 2024, City Council approved two (2) applicants for Second Stage Grant awards totaling \$100,000, with funding disbursed funds from the Economic Development Incentive Fund (EDIF).

ISSUE:

Applications for the Growth Stage Grant Program have been accepted since July 2023, and are still being accepted. In March 2024, City Council approved Second Stage Grants for two (2) eligible businesses. Since then, three (3) additional applications have been reviewed and determined to be eligible for funding, while three (3) applications are pending further information from the applicants. Four (4) additional applications were also reviewed and determined ineligible.

The following table provides recommended Second Stage Grant Program award details:

Company Name	Company Background	Project Summary	Council District	Award Amount
Atlas AC Repair, LLC	HVAC (heating, ventilation and	Training program costs to cover a portion of the	8	\$50,000

	air-conditioning) Contractor	instructor's salary, curriculum development, purchasing of HVAC and testing equipment and supplies for the program		
Integrated Business Technologies, Inc.	Office Equipment Supplier	Workforce and training enhancement, technological upgrades and marketing enhancements	10	\$50,000
Modern Day Concrete, Inc	Flooring Contractor	Workforce development, marketing expansion, and vehicle and equipment upgrades	10	\$50,000

Each recipient of the grant funds will be required to provide a 90-day status report detailing spending, as well as submit a compliance survey at six (6), eighteen (18), and 36 months. Staff will be tracking revenue and employment to gauge growth of these companies.

FISCAL IMPACT:

Funding for the recommended Second Stage Grants in the amount of \$150,000 is available in the FY 2024 Economic Development Incentive Fund.

ALTERNATIVES:

Should this item not be approved, staff will consider new applicant recommendations for the Second Stage Grant Program.

RECOMMENDATION:

Staff recommends Committee approval of three (3) Second Stage Grant applications, with formal City Council consideration of the recommended awards in June 2024.