



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 2

Agenda Date: August 30, 2024

In Control: Economic and Workforce Development Committee Meeting

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

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 award of the Second Stage Grant would be supported 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).

On August 29, 2024, City Council will consider recommendations for approval of three (3) applicants for Second Stage Grant awards totaling \$150,000.

ISSUE:

The application portal for the Growth Stage Grant Programs opened on July 10, 2023, and closed on July 24, 2024. At the end of the program, a total of 15 completed applications were submitted. Four applications were deemed ineligible, two applications were denied, two applications were approved for funding in March 2024, and three grant applications will be considered for approval on August 29, 2024. The remaining four applications, which staff recommends funding, total \$200,000.00.

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

Company Name	Company Background	Project Summary	Headquarter Location by Council District	Award Amount
Parallel, A Brand Agency	Advertising Agency	Expansion of event space and hiring Business Development Staff to support new projects	1	\$50,000

Company Name	Company Background	Project Summary	Headquarter Location by Council District	Award Amount
VIA Technology LLC	Electrical Contractor	Hiring a Senior Project Manager and a Quality Assurance Engineer to support new projects	1	\$50,000
Knight Aerospace Medical Systems	Aircraft Parts and Auxiliary Equipment Manufacturer	Hiring of additional new engineering interns, training expenses, and software development costs	5	\$50,000
Able City, LLC	Urban Planning Services	Hiring Architecture Studio Director for San Antonio Headquarters	1	\$50,000

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

FISCAL IMPACT:

Funding for the Second Stage Grant Program in the amount of \$200,000 is available in the FY 2024 Economic Development Incentive Fund.

ALTERNATIVES:

The Committee could choose not to support the recommended businesses for Second Stage Grants. However, this will prevent implementation of a specific tool designed to support small business in growth stages.

RECOMMENDATION:

Staff recommends Committee approval of four (4) Second Stage Grant applications, with formal City Council consideration of the recommended awards in September 2024.