

City of San Antonio



Minutes Economic and Workforce Development Committee

2023 – 2025 Council Members

Chair: Manny Pelaez, Dist. 8

Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4

Teri Castillo, Dist. 5 | Marc Whyte, Dist. 10

Tuesday, May 28, 2024

2:00 PM

City Hall Complex

The Economic and Workforce Development Committee convened a regular meeting in the City Hall Council Briefing Room beginning at 2:04 PM. Deputy City Clerk Aurora Perkins took the Roll Call noting a quorum with the following Committee Members present:

Members Present: Manny Pelaez, *Chair*
Phyllis Viagran, *Member*
Dr. Adriana Rocha Garcia, *Member*
Teri Castillo, *Member*
Marc Whyte, *Member*

Members Absent: None

Approval of Minutes

1. **Approval of the minutes from the Economic and Workforce Development Committee meeting on Tuesday, March 26, 2024.**

Councilmember Rocha Garcia moved to Approve the minutes of the March 26, 2024 Economic and Workforce Development Committee meeting. Councilmember Castillo seconded the motion. The motion carried by the following vote:

Aye: Pelaez, Viagran, Rocha Garcia, Castillo, Whyte

Public Comments

None.

Briefing and Possible Action on the following items

- 2. Briefing on the Zero Percent Interest Loan Program partnership with LiftFund.** [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorenson, Director, Economic Development Department]

Economic and Workforce Manager Caitlin Cowart, with the Economic Development Department (EDD), introduced the Item and LiftFund staffers Alma Valdez, Amy Herford, and Adam Hanson who would also be presenting with Cowart.

Cowart provided a brief history of the Zero Percent Loan Program with LiftFund and stated that the Program began in 2016. She added that the current contract with LiftFund was for two years with \$250,000 for years 2016-2022 which had been expanded to \$1 million per year for years 2024 and 2025. Cowart reported that these funds were comprised of City General Funds, LiftFund matching funds, and City ARPA funds. She stated that the Program assisted small businesses who were not eligible for traditional lending to either start or expand their businesses, purchase property, inventory, equipment or improve their current business location.

Cowart reviewed the Program and stated that the application process opened on February 1, 2024 with business loans available from \$500 to \$100,000 with a 0% fixed interest rate for businesses located in the San Antonio City limits. She added that businesses were not eligible if they had received a loan through the Program within the last two years.

Cowart provided an overview of outreach conducted for the Loan Program with efforts between EDD and LiftFund. She noted that EDD had contacted 906 businesses and had worked closely with City Council offices, LaunchSA, and other community partners. She added that communications were conducted over social media channels, press releases, LiftFund, and EDD newsletters.

Amy Herford, LiftFund Chief External Affairs Officer, reviewed the metrics for the Program since 2016 to include the number of loans and jobs created. She stated that benefits of a zero percent interest loan included larger loans available to lenders, lower monthly payments, lower delinquency rates, and lower loan modification rates. She added that small businesses that received loans increased their eligibility for traditional lending, increased credit scores, increased revenue, and were able to create or retain current workforce positions.

Alma Valdez, LiftFund Loan Officer, reviewed stories of small business customers who had taken advantage of the 0% interest loans and spoke about how they were able to grow their businesses and hire individuals to grow their businesses.

DISCUSSION

Councilmember Rocha Garcia expressed her support of the Loan Program and asked for clarification on the documentation needed for customers to obtain loans. Adam Hanson, LiftFund Vice President of Loan Operations, stated that several factors were looked at including credit scores, debt ratio, and other factors to where they would not be able to get traditional loans.

Councilmember Rocha Garcia asked if the Program included justice loans for previously incarcerated individuals. Hanson confirmed that loans to individuals previously incarcerated were part of the Program and staff worked with these individuals to expand their businesses.

Councilmember Rocha Garcia asked for clarification on the 70% payable rate of the provided loans. Herford stated that staff worked closely with borrowers to meet their fiscal needs to grow their businesses and provided them with financial training. Councilmember Rocha Garcia asked if Certificates of Occupancy (COO) were looked at for loans. Valdez stated that COOs were not required since many businesses were home based and did not require COOs to operate from home. Councilmember Rocha Garcia requested that tracking of COOs be performed to track the growth of businesses or challenges with obtaining COOs.

Councilmember Viagran requested data for Council District 3 disbursed loans. She also asked for data on the impact of construction challenges.

Councilmember Castillo stated that outreach was crucial for identifying individuals of loans. She requested data of Council District 5 loans disbursed and asked for data on reasons for denial.

Councilmember Whyte asked if the construction grant funding were separate from the funds identified by City Council. Cowart confirmed that the Program funds were separate from those used for construction mediation funds.

Councilmember Whyte asked if loans were disbursed on a first come, first serve basis. Valdez confirmed that loans were disbursed on a first come, first serve basis. Whyte asked what factors were for the denial of loans. Valdez stated that there were several factors to include low/no credit scores, lack of business plans, or lack of available collateral but noted that staff worked closely with these businesses to get them to where they needed to be to obtain a loan. Whyte expressed his support of the Program.

Chair Pelaez asked for data on default rates of loans and for information on the application/approval process. Valdez stated that there were many factors on the time of loan disbursement which mostly was impacted by how quickly applicants provided information but that loans could be disbursed as quickly as one week but could take up to 30 days.

This item was for briefing purposes only.

3. A briefing and possible action on recommended applicants for approval of Second Stage Grant Program awards. [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development]

Sarah Woepple, Senior Economic Development Specialist, provided an update on the Second Stage Grant Program which was a grant program for second stage businesses defined as a for-profit privately owned business that garnered between \$1 million and \$50 million in revenue annually. She added that these businesses had to have between 10-99 employees with the intent to grow their businesses either locally, nationally, or internationally.

Woepple stated that the purpose of the funding was to support San Antonio-based companies that

intended to make investments to expand their businesses as identified via a written growth strategy submitted with the company's application. She noted that grants were available up to \$50,000 per company based on company needs, commitments, and leverage resources. She mentioned that total Program awards were capped at \$500,000.

Woepple reviewed the eligibility of the Program which was that a company: 1) Must be a Second Stage Business headquartered in San Antonio and remained so for one year from the award date; 2) Must provide documentation demonstrating company growth in employment and/or revenue in two of the past years; 3) Full-time positions must pay a minimum of \$17.50 per hour; 4) Must offer workers' compensation and provide a healthcare benefits package for all full-time employees; and 5) Complete three-year compliance reporting, including required survey responses.

Woepple reviewed the requirements for written growth plan criteria which must be included in all grant applications. She stated that requirements included strategies for market development, product strategy, and diversification. Woepple stated that three-year growth plan requirements included a description of expansion opportunities, financial plans broken down by year, a marketing plan, and a financial plan.

Woepple provided an overview of the three second-stage grant applicants seeking approval for funding. The companies were Atlas aC Repair, LLC, Integrated Business Technologies, Inc., and Modern Day Concrete. She spoke to each loan request and noted that staff recommended \$50,000 loans for each company. She added that if awarded, there would still be \$250,000 remaining in the Loan Program.

Woepple reviewed the next steps for the recommended awards which included approval by the Committee and final City Council consideration in June 2024. She added that the Program review and assessment would begin in July 2024.

DISCUSSION

Councilmember Rocha Garcia asked for clarification on the three year monitoring activity that would be required from loan applicants. Woepple spoke to the requirements and stated that compliance staff would work with the awarded companies on reporting metrics.

Councilmember Rocha Garcia asked for data on the number of employees and wages for each company. Economic Development Director Brenda Hicks-Sorenson stated that staff would provide the data to include current and added staffing.

Councilmember Viagran requested data on businesses' employee metrics and rate of return metrics. She asked if there was data on how many second generation companies existed in San Antonio. Woepple stated that staff would provide the data and also spoke to outreach to second stage companies completed by staff and partners.

Councilmember Viagran noted that she did not recognize any of the recommended businesses and expressed concern about the benefit to the City. Assistant City Manager Alejandra Lopez stated

that the recommended businesses were not businesses that conducted business with the City but for profit businesses expanding their efforts to other areas including internationally. Assistant City Manager Lopez reiterated that these businesses covered all industries and were located throughout the City. Councilmember Viagran requested additional information on the companies.

Councilmember Castillo asked if employee retention was being tracked. Woepple stated that employee staffing rates would be tracked based on seasonal, full-time, and part-time. Councilmember Castillo asked if the Ready to Work (RtW) Program was being utilized with second stage companies. Woepple confirmed that the Ready to Work Program was promoted and that one of the awardees had utilized graduates from the Program.

Councilmember Castillo asked for the total number of completed applications. Woepple stated that there were 12 completed applications but there had been several other applicants who had begun the process but did not complete the full application. Councilmember Castillo asked for clarification on the outreach conducted. Woepple expanded on outreach efforts to include working with community partners such as local Chambers of Commerce and engagement through newsletters and social media. She added that staff provided presentations to the community.

Councilmember Whyte asked if businesses were able to obtain loans from both the RtW and Second Stage Grant Programs. Economic Development Department Director Brenda Hicks-Sorenson stated that there were not any prohibitors to obtaining loans from both services but they had to be for different purposes. Hicks-Sorenson clarified the purposes for each Loan Program.

Councilmember Whyte asked how long the Program had been in place. Hicks-Sorenson stated that this was a pilot program and more data would be needed to measure the success of the Program. She stated that there were fewer than anticipated applicants for the Loan Program but mentioned that staff would continue to publicize and work with community partners to educate businesses on the Program. Councilmember Whyte stated that he supported the Program.

Councilmember Rocha Garcia stated that she was pleased that the application process included the submission of a marketing plan.

Councilmember Whyte moved to Approve. Councilmember Castillo seconded the motion. The motion carried by the following vote:

Aye: Pelaez, Rocha Garcia, Castillo, Whyte
No: Viagran

4. Briefing on the City's Economic Development Department Strategic Framework and FY 2024 Workplan Updates. [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development]

Economic Development Department (EDD) Director Brenda Hicks-Sorenson provided an update to the Strategic Framework and FY 2024 Workplan. She reviewed the four goals of the Framework which addressed: 1) Innovation and Industry, 2) Placemaking and Real Estate, 3) Talent and Workforce, and 4) Capacity and Resources for Businesses. She noted that the guiding

principles for the framework included economic opportunity, resilience, investment and growth, assets, and equity.

Hicks-Sorenson stated that the Workplan was developed in 2023 and an implementation plan was developed in 2024. She reviewed the FY 2024 priority implementation areas which were Strategic Account Management, Real Estate, and Placemaking, Small Business support and ecosystem enhancements, and systems and processes for compliance and data collection. She provided examples for each category and community partners engaged in support of the Program.

Hicks-Sorenson reviewed the FY2024 Workplan efforts for strategic account management and noted that they were in progress, on-going, or completed. She spoke to the partnership with LiftFund for the delivery of zero-interest loans for small businesses, the development of outreach and educational programs to small businesses, and the development of metrics and measures to monitor the success of the Framework. She added that staff continuously implemented the San Antonio Small Business Ecosystem assessment.

Under the categories of Real Estate and Placemaking and Systems and Processes, Hicks-Sorenson reviewed completed, on-going, and in progress strategies. She noted that under Real Estate and Placemaking, there was continued progress in the implementation of placemaking strategies funded under ARPA including the RevitalizeSA: Corridor Leadership Program, an Outdoor Spaces Grant Program, and a Facade Improvement Grant Program. She added that under the Systems and Processes category, EDD had completed the reorganization of the Contract and Incentive Compliance Team and had enhanced related procedures. She stressed the ongoing research, procurement, and implementation of business intelligence, data analytics, and research tools to include the comprehensive Customer Relationship Management (CRM) system of Salesforce.

Hicks-Sorenson reviewed highlights of the Program to include the SBIR/STRE matching Grant Program which totaled \$581,000 in loan programs and stated that the loan Program would be evaluated in July 2024.

Hicks-Sorenson reviewed data able to be collected in research and business intelligence efforts to include implementation of services from applications from Size Up, Data Axle, and Lightcast. Hicks-Sorenson noted that Data Axle was able to provide data for second-stage small businesses success which was at 95% and was still in business after receiving loans and added that the national rate for small businesses was 77% at the national level.

Hicks-Sorenson provided an overview of the business retention and expansion which included outreach and follow-up of businesses which included relationship building with other departments and other community economic stakeholders including Greater SATX and the local Chamber of Commerce. She noted that these partnerships supported business expansion efforts, connected businesses to City services, connected businesses to partners and resources and enhanced a sense of place for area businesses.

Hicks-Sorenson spoke to the Digital Presence Program that had been developed since the COVID Pandemic with Herospace Digital Consulting. She stated that the pilot program was funded with

\$550,000 from ARPA funds and \$150,000 with General Funds from the Construction Zone Initiative. She stated that the Program goals were to increase digital presence and competitiveness by enhancing resiliency and adaptability and overall economic growth of small businesses. She added that 234 surveys were completed under the Program resulting in 38 consultations scheduled.

Hicks-Sorenson stated that all data of these programs could be reviewed on the developed dashboard to monitor economic development performance for FY 2024 goals. She noted that metrics were tracked for each of the goal categories and compared with past year performances.

DISCUSSION

Councilmember Rocha Garcia asked how entrepreneurship efforts were tracked and stated that several partnerships could be leveraged with the National League of Cities (NLC).

Hicks-Sorenson stated that small business support and ecosystem enhancement goals did not include entrepreneurship and innovation activities and that the Program worked with Geekdom to touch on these efforts.

Councilmember Rocha Garcia recommended providing programs to consider with the NLC.

Councilmember Rocha Garcia stated that efforts were made with Greater:SATX for Business Retention and Expansion (BRE). Hicks-Sorenson clarified that Greater:SATX had a goal of 200 BRE jobs per year but the City had a goal of 300 and staff worked closely with the Chamber of Commerce and other partners to expand BRE. Councilmember Rocha Garcia asked for information on BRE credit and who would be credited for BRE retainment. Assistant City Manager Alex Lopez provided clarification on BRE efforts with Greater:SATX and other community partners which focused on expertise and relationship-building partners.

Councilmember Rocha Garcia stressed that it was important to communicate efforts, challenges, and compliance of efforts for all partner organizations for optimal communications and meeting of metrics.

Councilmember Viagran noted that Greater:SATX had not met their previous year's goals and that it was important to monitor compliance and to challenge impacts to conducting business successfully in the City. She stressed that conversations were needed with the City and partners to address infrastructure challenges to BRE efforts.

Councilmember Castillo requested that collaborations be prioritized to make sure that Program goals were being met and to expand efforts for success. Councilmember Castillo expressed her support of the programs under the Framework.

Councilmember Castillo asked for data on support efforts for small businesses in the health industry/gyms so that they could gain resources. She stressed that these businesses were crucial not only for economic health but also personal health of the community they served.

Councilmember Whyte asked for clarification on the emphasis on Foreign Direct Investments (FDI) and not that of other states. Hicks-Sorenson stated that foreign investment leverage was crucial

due to the close relationship with international businesses located in Texas. Whyte asked how San Antonio compared with other Texas cities on FDI. Hicks-Sorenson stated that data would be provided and spoke to Greater: SATX efforts on the international market. Whyte stated that he supported both inter-state and international BRE efforts. Whyte stressed that San Antonio needed to do a better job of marketing itself to all businesses to grow or relocate to San Antonio.

Chair Pelaez asked if staff still used the Brookings Report to gather framework efforts. Hicks-Sorenson stated that staff still used the Brookings Report or business metrics and criteria. Hicks-Sorenson stated that data was still used as base-level data and staff was analyzing to determine if data could be updated by staff or if a solicitation should be released in FY 2025 to complete data updates.

Chair Pelaez asked how staff determined to use the Brookings Report data. Assistant City Manager Lopez stated that the City was part of a cohort that developed the metrics and criteria for any city to use for BRE purposes. She noted that the metrics were still important but the data just needed to be updated and it was to be determined if it could be performed by staff or if a consultant needed to be hired to complete the analysis. She added that the data was initially collected by Brookings and then Dr. Nivens with UTSA assisted in the expansion of the data. Chair Pelaez stated that he respected UTSA and Dr. Nivens but requested additional opinions to be considered from area economists.

No action was taken on this item.

EXECUTIVE SESSION

Chair Pelaez recessed the meeting into Executive Session at 3:22 p.m. to discuss the following:

A. CONSULTATION WITH THE CITY ATTORNEY'S OFFICE CONCERNING ATTORNEY CLIENT MATTERS UNDER CHAPTER 551 OF THE TEXAS GOVERNMENT CODE.

Chair Pelaez reconvened the meeting at 3:35 p.m. and stated that no official action was taken in Executive Session.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 3:35 p.m.

Approved

Manny Pelaez, Chair

Debbie Racca-Sittre, City Clerk