



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 37

**Agenda Date:** March 7, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Brenda Hicks-Sorensen

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Consideration of a Services Agreement, Operations Plan, and Foreign Direct Investment Action Plan with greater:SATX.

**SUMMARY:**

This ordinance approves the services agreement and the 2024 Operations Plan and Foreign Direct Investment Attraction Plan with greater:SATX (gSATX) for a one-year term, with two one-year renewal options for an annual amount of up to \$829,250. Funding in the amount of \$829,250. for the first year is available from the FY 2024 General Fund Adopted Budget. Funding for extension periods are subject to appropriation of funds through the annual budget process and City Council approval of subsequent Operation Plans.

**BACKGROUND INFORMATION:**

Greater:SATX is a private, nonprofit organization that assists business and industry relocating or expanding into the San Antonio area, and a long-time strategic partner of the City. In 2020, gSATX developed a regional economic development strategy in coordination with an economic development consulting firm that structured recommendations around three pillars: Jobs, People, and Place. Most recently, the 2021 Service Agreement between the City and gSATX shifted the partnership to a performance-based payment structure. Based on performance in 2023, gSATX

will have earned approximately \$506,000 of the maximum payment of \$635,000.

The following table provides the 2023 goals along with the reported results:

2023 Metrics	2023 Goals	2023 Results
Target Industries Jobs	4,800	2,466
% High Wage Jobs	80%	68%
% of Jobs Above Median Zip Income	100%	91%
Domestic Capital Investment	\$650,000,000	\$377,570,000
Global Capital Investment	\$100,000,000	\$364,900,000
Local Business (BRE) Assists	250	131
Lead Pursuits Generated	1,200	1,256
Leads Converted to Active Projects	24	65
SWMBE Membership in gSATX	\$50,000	\$45,000

#### ISSUE:

With the conclusion of the 2021 Services Agreement that included two renewal options approved by City Council, staff is seeking approval to enter into a new Services Agreement with gSATX with a total value of up to \$829,250. The Services Agreement includes up to \$635,000 for recruitment, retention, and marketing services and \$194,250 for the Foreign Direct Investment Attraction Plan.

Approval of a new Services Agreement will allow for continued support of the City's Strategic Framework accepted by Council in 2022, and execution of the gSATX strategy's three pillars to grow jobs, build people, and improve place.

- **Jobs:** Efforts will include targeted business attraction, regional collaboration, comprehensive lead generation, and Business Retention & Expansion (BRE) program support providing a full spectrum of services to target employers. These include workforce, infrastructure, advocacy, and operational support critical to the business' growth.
- **People:** Activities include a continuation of the Talent Pipeline Management (TPM) framework implementation and engaging over 100 employers in the Manufacturing, Skilled Trades, Healthcare/Bioscience, Financial Services, IT/Cyber, Education and Logistics fields. Specific work associated with SA Ready to Work and TPM is covered by a separate agreement but is important to economic development efforts.
- **Place:** gSATX intends to continue elevating the positive perception of the San Antonio region nationally and internationally. This will not only include highlighting the San Antonio brand to attract industries and talent to the region, but also increased advocacy efforts at the state and federal level. gSATX will also focus on site readiness efforts, supporting the airport and flight fund, and regional talent engagement.

As part of the annual operations plan, gSATX will continue to focus on industry-led initiatives in Cybersecurity, Biomedical/Healthcare, Advanced Manufacturing, Financial Services, and

Aerospace, and execute these activities in accordance with the agreement. Key performance indicators and goals have been developed for the above three pillars to measure the impact of gSATX's activities on San Antonio and the region. The proposed 2024 goals are as follows:

<b>2024 Metrics</b>	<b>2024 Goals</b>
Target Industry Jobs	6,000
% High Wage Jobs	80%
% of Wages above Median Zip Code Wage	100%
Domestic Capital Investment	\$340,000,000
Global Capital Investment	\$510,000,000
Unique Business Retention & Expansion (BRE) Visits	200
% of BRE Case Referrals & Assistance Requests Closed	100%
% of BRE Case Referrals & Assistance Requests w/ Follow Up	95%
Lead Pursuits Generated	400
Leads Converted to Active Projects	50
SMWBE Membership in gSATX	\$50,000

In alignment with the Economic Development Strategic Framework approved by City Council, staff began shifting the focus of the foreign trade office program known as Casa San Antonio in 2023 from a focus on Mexico to broader FDI attraction. In addition, the South Korea FDI prospecting consultant contract transitioned from EDD to gSATX. In line with these transitions, staff developed an FDI Attraction Plan involving coordinated efforts through gSATX for target markets, including South Korea, Europe (United Kingdom and Germany), Canada, India and Japan. EDD will remain the lead entity in FDI attraction efforts associated with Mexico and Latin America.

#### **ALTERNATIVES:**

City Council could choose not to approve the Services Agreement and the 2024 Operations Plan and Foreign Direct Investment Attraction Plan with gSATX and consider other partnerships or a revised economic development structure to achieve the desired performance targets in recruitment, retention, expansion, marketing, and foreign direct investment. However, this could negatively impact the coordinated execution of numerous economic development strategies implemented through this partnership.

#### **FISCAL IMPACT:**

This Ordinance approves a services agreement and the 2024 Operations Plan and Foreign Direct Investment Attraction Plan with gSATX for a one-year term, with two one-year renewal options for an annual amount of up to \$829,250. Funding in the amount of \$829,250. for the initial year of the Services Agreement is available in the FY 2024 General Fund Adopted Budget. Funding for

subsequent years of this agreement is subject to City Council approval of the annual budget and City Council approval of subsequent Operations Plans.

**RECOMMENDATION:**

Staff recommends approval of the agreement between the City and gSATX for a one-year term, with two, one-year renewal options, for annual amount of up to \$829,250.