



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 19

**Agenda Date:** April 3, 2025

**In Control:** City Council A Session

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**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Brenda Hicks-Sorensen

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

This ordinance authorizes the greater:SATX Regional Economic Partnership (gSATX) 2025 Operations Plan and Foreign Direct Investment Attraction Plan.

**SUMMARY:**

This ordinance approves the greater:SATX Regional Economic Partnership (gSATX) and the City of San Antonio Economic Development Department (EDD) on the gSATX 2025 Operations Plan and Foreign Direct Investment (FDI) Attraction Plan for calendar year 2025. The Agreement associated with this Operations Plan and FDI Attraction Plan was previously approved by City Council in 2024. Funding in the amount of \$829,250 is available in the FY 2025 General Fund Budget.

**BACKGROUND INFORMATION:**

The partnership between EDD and gSATX is based on the recommendations of the 2009 Mayor's Corporate Retention and Recruitment Committee, which consisted of business and community members. In 2015, a private sector sub-committee evaluated the partnership between the City and gSATX and re-affirmed the partnership as an effective model and recommended the development of an economic development strategic plan. Following the original strategic plan executed through 2020, the economic development consulting firm, Market Street Services, conducted a strategic

planning process with gSATX and produced a regional economic development strategy that structured recommendations around three pillars: Jobs, People, and Place.

The 2021 Service Agreement between the City and gSATX shifted the partnership to a performance-based payment structure, with a maximum of \$635,000. In March 2024, City Council approved gSATX's 2024 Service Agreement which included two calendar-year renewal options. Based on performance in 2024, gSATX has earned approximately \$483,483 of the potential \$635,000.

The following table provides the 2024 goals along with the reported results:

2024 Metrics	2024 Goals	2024 Results
Target Industries Jobs	6,000	3,370
Percentage High Wage Jobs	80%	47%
Percent of Jobs Above Median Zip Income	100%	68%
Domestic Investment	\$340,000,000	\$118,550,000
Global Capex	\$510,000,000	\$567,720,000
Unique BRE Visits	200	178
Lead Pursuits Generated (New)	400	420
Leads Converted to Active Projects (New)	50	58
SWMBE Membership in gSATX	\$50,000	\$50,000

Additionally, the 2025 contract included up to \$194,250 to support Foreign Direct Investment efforts on a reimbursement basis. Of the \$194,250, gSATX was reimbursed \$165,572. On March 25, both the 2025 Operations Plan and Foreign Direct Investment Attraction plan were approved by EWDC for full Council consideration.

#### **ISSUE:**

Staff is seeking Council's approval of the 2025 Operations Plan and Foreign Direct Investment Attraction Plan for a total value of up to \$829,250. This includes up to \$635,000 for recruitment, retention, and marketing services, and up to \$194,250 for the Foreign Direct Investment Attraction Plan.

Approval 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. The Foreign Direct Investment Attraction Plan will allow the City and gSATX to continue to build new connections and strengthen existing relationships that further expand the community's international business engagements, as well as build on new opportunities that advance the City's Metro Priority Plan.

As part of its 2025 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. The total 2025 budget

is \$8.35 million.

**Jobs:** gSATX intends to secure deals that create quality jobs in target industries, meeting wage thresholds and promoting economic mobility. Efforts will include expanded collaboration with local chambers, partners and trade associations to advance outcomes of the Business Retention and Growth (BRG) program. The BRG program provides support services to targeted local employers including workforce, infrastructure, advocacy, and operational support critical to the business' growth. gSATX has placed an emphasis on targeted business attraction, regional collaboration, and comprehensive lead generation that has resulted in a more robust project pipeline. gSATX's 2025 budget for this pillar is \$3.20 million.

**People:** gSATX's activities will include a continuation of the Talent Pipeline Management (TPM) framework engaging employers in targeted industries and convening leaders of universities to job creation and placement. Although gSATX's specific work associated with SA Ready to Work and TPM is covered by a separate agreement, the outcomes of this pillar serve to bolster ongoing economic development efforts. gSATX's 2025 budget for this pillar is \$1.28 million.

**Place:** gSATX intends to continue in its promotional efforts to elevate San Antonio's regional assets through thought leadership and industry storytelling in order to attract industries and talent to the region. This includes 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. gSATX's 2025 budget for this pillar is \$2.03 million.

**Vitals:** Additionally, 2025 is the fifth and final year of the gSATX All In strategy and gSATX is budgeting for the development of the organization's 2030 Strategic Plan and further strengthen internal operations gSATX's 2025 budget for this pillar is \$1.84 million.

**Key Performance Indicators:**

As part of the annual operations plan, key performance indicators and goals have been developed for these pillars to measure the impact of gSATX's activities on San Antonio and the region. For 2025, the City of San Antonio and gSATX have adjusted goals to measure the impact of San Antonio-specific activities based on the results of investment into gSATX' strategy. The proposed 2025 goals for the City of San Antonio are as follows:

<b>2025 Performance Goals</b>	
New Target Industry Jobs	6,000
% High Wage Jobs	80%
% of Wages above Zip Code Median Wage	100%
Capital Investment (Domestic & Global)	\$850,000,000
Lead Pursuits Generated	400
Leads Converted to Active Projects	50
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%
BRE Trend Report	Quarterly
SWMBE Capacity Building	\$35,000

### **Foreign Direct Investment (FDI):**

In 2023, EDD evolved the Casa San Antonio program from a Mexico focus to solely supporting FDI attraction in alignment with the EDD Strategic Framework. In line with these moves and the increased foreign direct investment activity, EDD staff developed an FDI Attraction Plan to support the partial funding of in-country consultant contracts that coordinates FDI attraction efforts through gSATX, and support funding for FDI-related activities. Funds will be required to focus on target markets and industries outlined in the City's Metro Priority Plan and Economic Development Strategic Framework. For the proposed 2025 FDI Attraction Plan, funds will be allocated as follows:

<b>Calendar Year (CY) 2025</b>	
<b>Country Consulting Agreement or Event</b>	<b>Budget</b>
South Korea	\$80,000
Europe	\$60,000
Canada	\$15,000
Japan	Included in General Services Agreement
SelectUSA Event(s)	\$25,000
FDI Activity-Based Reserve Funding (Ex. India & Taiwan)	\$14,250
<b>TOTAL BUDGET</b>	<b>\$194,250</b>

gSATX intends to move to a per capita membership model beginning in calendar year 2026. At the \$0.35 per capita rate approved by the gSATX Executive Committee in 2024, the COSA investment would be approximately \$505,000 versus the up to \$635,000 performance-based payment.

### **ALTERNATIVES:**

City Council could choose not to approve the 2025 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 implementation of numerous economic development strategies implemented through this partnership.

### **FISCAL IMPACT:**

Consideration of the greater: SATX Regional Economic Partnership (gSATX) 2025 Operations Plan and Foreign Direct Investment Attraction Plan.

Funding in the amount of \$829,250 for the Services Agreement is available in the FY2025 General Fund Budget. Funding for subsequent renewal years of this agreement is subject to City Council approval of the annual budget and funds.

**RECOMMENDATION:**

Staff recommends City Council approval of the gSATX 2025 Operations Plan and Foreign Direct Investment (FDI) Attraction Plan.