



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 38

**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:**

An ordinance approving Chapter 380 Economic Development Incentive Fund award recommendations for the Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant and Phase 0 SBIR/STTR Grant Program in the amount of \$581,000; and authorizing the execution of contracts.

**SUMMARY:**

An ordinance approving Chapter 380 Economic Development Incentive Fund (EDIF) award recommendations for the Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant Program and Phase 0 SBIR/Grant Program; and authorizing the execution of contracts. Funding in the amount of \$581,000 is available from Economic Development Incentive Fund FY 2024 Adopted Budget.

**BACKGROUND INFORMATION:**

In February 2023, the Economic Development Department (EDD) briefed and gathered feedback from both the Small Business Advisory Commission (SBAC) and the Economic and Workforce Development Committee (EWDC) on grant programs developed to incentivize growth stage companies headquartered in San Antonio. These programs include The Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant Program

and the Phase 0 SBIR/STTR Grant Program. Both were developed in accordance with the Chapter 380 Economic Development Incentive Fund (EDIF) Guidelines approved by City Council in December 2022.

The federal SBIR and STTR programs provide key, non-dilutive capital funding in the form of federal grants and contracts for domestic small businesses, while allowing innovators to maintain intellectual property in the early stages of their company. The City of San Antonio's SBIR/STTR Matching Grant Program was created to further bolster the efforts of businesses headquartered in San Antonio who have received a federal SBIR/STTR award. The program was also designed to support San Antonio small businesses that have a high potential for growth due to their ability to create innovative solutions that demonstrate commercial applicability.

As designed by EDD staff and approved by EWDC, the City's SBIR/STTR Matching Grant will support federal awardees with matching funds up to \$50,000 for Phase I grantees, and up to \$75,000 for Phase II grantees. Eligible applicants must have 40 or fewer employees, agree to maintain their headquarters in San Antonio for the duration of the SBIR/STTR grant, and if a Phase I recipient, the company must agree to apply for a SBIR/STTR Phase II grant, if applicable. Once matching grant companies agree to the terms stipulated in the award agreement, the company will receive 75% of the Phase I award matching grant and may apply for the remaining 25% of the grant upon submitting an accepted final Phase I report and a Phase II proposal to the federal agency. Phase 0 and Phase II grantees will be able to receive full award funding upon execution of grant agreement and City Council approval.

Use of matching funds is restricted to costs that are directly related to the project being funded by the Phase I or II SBIR/STTR award. These costs include, but are not limited to: direct costs for additional technical work, product testing and validation, intellectual property protection, market research, patent search, business development plan, hiring of new high paying technical and business employees, and small equipment.

The Phase 0 SBIR/STTR Grant Program was designed to award up to five, \$2,000 grants to assist companies in costs related to preparing for a Phase I federal grant submittal. This early support was designed to increase the competitiveness and success rate of San Antonio applicants.

Marketing for the programs consisted of targeted, in-person and virtual outreach efforts and the distribution of marketing materials to approximately 100 industry partners, business development organizations, chambers of commerce, and economic development organizations. Furthermore, staff presented information on these grant programs upon request to the Hispanic Chamber of Commerce and Prosper West and met directly with local commercialization partners to promote the programs. The application portal for the growth stage grant programs opened on July 10, 2023.

A total of eleven (11) SBIR/STTR Matching Grant applications and seven (7) Phase 0 SBIR/STTR Grant applications were received, of which two (2) Phase 0 applications were withdrawn by applicants. After review, it was determined that nine (9) SBIR/STTR Matching Grant applications were eligible and three (3) Phase 0 applications were eligible.

On September 27, 2023, EWDC approved EDD's recommendation to award grants to the 12 qualifying applicants.

# ISSUE:

The following table lists recommended SBIR/STTR Matching Grant applicants along with additional company and federal SBIR/STTR award details:

<b>Company Name</b>	<b>Sponsoring Federal Agency</b>	<b>Federal Award</b>	<b>Federal SBIR/STTR Proposal</b>	<b>Industry</b>	<b>Award Amount</b>
<b>PHASE I</b>					
Irys Technologies, Inc.	Defense	\$74,852	Creation of software and applications to assist the Air Force in increasing communication and monitoring of personnel on their bases	Information Technology	\$50,000
StemBioSys, Inc.	Health and Human Services	\$300,000	Development of new treatments for patients with diabetes	Bioscience	\$50,000
SygnaMap	National Science Foundation	\$255,994	Development of analytical tool to assess biological molecules and increase the efficiency of pharmaceutical practices	Bioscience	\$50,000
Blocmount, Corp	National Science Foundation	\$255,973	Development of advanced cybersecurity software for industrial control systems	Information Technology	\$50,000
<b>PHASE II</b>					
GaitIQ, Inc.	Health and Human Services	\$2,493,238	Creation of technology to assess links between a patient's gait and propensity for	Bioscience	\$75,000

			developing Alzheimer's Disease		
MedCognition, Inc.	Health and Human Services	\$389,772	Design and development of realistic mannequin simulators that mimic bodily functions for use in training emergency medical responders	Bioscience	\$75,000
Leaptran, Inc.	Agriculture	\$650,000	Creation of software to better support solar forecasting and net load forecasting in the sustainability energy industry	Information Technology	\$75,000
EmergenceMed, LLC	Defense	\$1,249,735	Development of a portable airway support device for use by medical response personnel in active combat situations	Bioscience	\$75,000
Astroport Space Technologies, Inc.	Defense	\$1,250,000	Research and development of materials to support Air Force and space landings on any soil	Mobility (Aerospace)	\$75,000

The following table lists recommended Phase 0 SBIR/STTR applicants along with additional company details:

<b>Company Name</b>	<b>Proposal Description</b>	<b>Industry</b>	<b>Award Amount</b>
Developmate, Inc	Software developer producing technology to assess zoning practices as they relate to affordable housing	Information Technology	\$2,000
Maverick BioMetals	Chemical manufacturer producing biological enzymes	Bioscience	\$2,000

	to extract critical metals more efficiently		
Pirate Wind Turbines	Start-up focusing on creation of small wind turbines	Sustainability	\$2,000

These SBIR/STTR awards will exhaust the funding for the pilot programs. Staff will evaluate the program in 2024 for potential future recommendations.

Grant awardees will be required to submit a status report as to the disposition of the funds within ninety (90) days of the date granted to ensure eligible use of funds. Businesses receiving award funds must agree to participate and comply with survey feedback responses scheduled following date of award approval on a six (6)-month eighteen (18)-month and thirty-six (36)-month survey of performance for the SBIR/STTR Matching Grant Program and Phase 0 SBIR/STTR Grant Program.

#### **ALTERNATIVES:**

Should City Council choose not to approve this item, EDD staff would potentially need to reopen the program to accept new applications for review and consideration for the SBIR/STTR Matching Grant and Phase 0 SBIR/STTR Grant programs.

#### **FISCAL IMPACT:**

An ordinance authorizing Chapter 380 Economic Development Incentive Fund (EDIF) grant agreements with nine Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant Program applicants, and three Phase 0 SBIR/Grant Program applicants. Funding in the amount of \$581,000 is available from Economic Development Incentive Fund FY 2024 Adopted Budget.

#### **RECOMMENDATION:**

Staff and the Economic and Workforce Development Committee recommend approval of the award recommendations for the nine (9) SBIR/STTR Matching Grant Program applicants and three (3) Phase 0 SBIR/STTR Grant Program applicants in the amount of \$581,000 from the Economic Development Incentive Fund; and authorization to execute the contracts.