



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 3

Agenda Date: February 25, 2025

In Control: Economic and Workforce Development Committee Meeting

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Proposed Construction Mitigation Grant Program.

SUMMARY:

The Economic Development Department will provide background information and an overview of the proposed Construction Mitigation Grant Program that seeks to address issues associated with major City-funded construction projects on small businesses in commercial corridors. City Council approved \$1,400,000 in the FY 2025 General Fund Budget for the Economic Development Department (EDD) to develop this program.

BACKGROUND INFORMATION:

Major City-initiated construction projects in commercial corridors have the potential to negatively impact San Antonio's small businesses. As a result, the City has dedicated significant resources to support small businesses impacted by construction.

In FY 2022, the American Rescue Plan Act (ARPA) funded COVID 19 Impact Grants provided awardees that were in a construction zone with an additional \$10,000. In FY 2023, City Council allocated \$2.45 million in ARPA funding to further help businesses navigate these challenges through the COVID/Construction Recovery Grant Program. In FY 2024, \$1.4 million in ARPA funds was allocated for construction mitigation grants. The three programs were administered by LiftFund.

The FY 2023 and FY 2024 programs saw full utilization of the \$3.85 million in allocated ARPA funds with a total of 154 small business receiving an average grant of \$26,856 (FY 2023) and \$22,106 (FY 2024). According to EDD analysis of the FY 2023 and FY2024 programs, grant recipients overall had a survivability rate that was 13% greater than non-recipients in construction corridors from 2022 to 2024. When looking specifically at Accommodation & Food Services businesses, grant recipients had a survivability rate that was 25.5% greater than Accommodation & Food Service non-recipients' businesses in construction corridors.

Along with direct financial assistance, the FY 2023 General Fund Budget included \$400,000 to implement a Construction Mitigation Pilot Program to provide additional support tools for small businesses. This program was continued in FY 2024, with an allocation of \$500,000, after small business feedback expanded its services to include digital consulting service, a one-year membership with Visit San Antonio, and a Marketing Agency contract to help increase foot traffic to businesses in construction areas.

To continue the support and assistance to small businesses, City Council allocated \$500,000 in FY 2025 General Funds to the existing Construction Mitigation Program that provides support through funding for signage, marketing, digital consulting, and direct outreach. In addition, \$1.4 million was allocated to continue the construction grant program for small businesses impacted by City-initiated construction projects.

ISSUE:

EDD, in collaboration with Public Works Department (PWD) and other City departments, will implement the proposed grant program for small businesses within commercial corridors related to City-initiated construction projects. Based on feedback from stakeholders, EDD is proposing three separate grants to support small business in the three stages: Pre-, Active, and Post-Construction. Each stage is designed to prepare, support, and activate to align with business needs. The program will target six (6) construction corridors, identified and categorized as those in active construction (Stabilization Construction Grant), as well as pre-construction (Mitigation Construction Grant) and post-construction (Accelerate Recovery Construction Grant) that will serve as pilot programs.

The **Stabilization Construction Grant** is a continuation of the previous FY2024 program and will be available to small business who are impacted by City-initiated construction projects twelve (12) months or longer and have more than ten (10) small businesses located in the commercial corridor. The eligible corridors are as follows:

Stabilization Construction Grant – Eligible Corridors Details

Project	Council District	Estimated Businesses	Started	End
Zona Cultural Streets	1	236	January 2022	Summer 2025
South Alamo	1	30	December 2022	Spring 2026

The budget allocated is \$1,000,000 and qualified businesses will be eligible for up to \$35,000 in grant funding to help offset demonstrated net revenue losses. Funds will not be disbursed on a first come, first served basis, but applicants that meet base criteria will be scored according to assessed need. The criteria is as follows:

- Must be located in identified eligible construction zone
- Established in current location as of January 1, 2023
- Minimum \$10,000 gross sales in 2023
- Must have experienced \$5,000 reduction in net revenues in 2024 when compared to 2023
- Retail or service business that requires customer foot traffic for operations
- Meet U.S. Small Business Administration's size standards for small businesses for 6-digit NAICS code
- Be in operation and not filed for bankruptcy at time of application
- Grant applicant must be majority owner of business

Scoring criteria will assess construction project duration, prior assistance received, net revenue loss (2024 vs. 2023), length of time business has been in operation, and the Equity Atlas Income score.

Grant funds can be used for business-related expenses, including payroll, healthcare benefits, contract labor, working capital, business rent or mortgage payments for business property, supplier payments, machinery and equipment, critical operating expenses, utility payments for business locations.

The **Mitigation Construction Grant** is an early-stage construction grant to help businesses prepare for upcoming construction with enhanced marketing and promotion of their business. It will be available to small business who will be impacted by City-initiated construction projects twelve (12) months or longer and have more than ten (10) small businesses located in the commercial corridor. The pilot corridor is as follows:

Mitigation Construction Grant – Eligible Corridors Details

Project	Council District	Estimated Businesses	Start	End
Marbach Road Area Streets & Drainage	4 & 6	164	Fall 2025	Winter 2029

The budget allocated for the Mitigation Construction Grant is \$80,000 and grant award amount is \$2,000 to assist up to 40 businesses. Applicants will be required to submit a quote/bid proposal for service and payment receipts to confirm how funds were spent. Funds will be disbursed on a first

come, first served basis.

The **Accelerate Recovery Construction Grant** will support local small businesses to improve the exterior or interior of their business establishment. It will be available to small businesses who were impacted by City-initiated construction projects twelve (12) months or longer and have more than ten (10) small businesses located in the commercial corridor. The identified corridors are as follows, with all being completed in late 2024.

Accelerate Recovery Construction Grant – Eligible Corridors Details

Project	Council District	Estimated Businesses	End
Bynum Ave Phase 2	4	13	Fall 2024
Bulverde Road Phase 1	10	23	Fall 2024
Broadway Street Corridor	1 & 2	208	Fall 2024

The budget allocated for the Accelerate Recovery Construction Grant is \$120,000 and grant award amount is \$5,000 to assist up to 24 businesses. Funds will be disbursed on a first come, first served basis.

The Mitigation and Accelerate Recovery Construction Grant base criteria:

- Must be located in the identified eligible construction corridor
- Business registered and in good standing with the Secretary of State of Texas
- Retail or service business that requires customer foot traffic for operations
- Meet U.S. Small Business Administration's size standards for small businesses for 6-digit NAICS code
- Be in operation in eligible corridor and not filed for bankruptcy at time of application
- Grant applicant must be majority owner of business

Given previous experience with Liftfund, EDD is proposing to execute a Professional Service Agreement to administer, disburse funds, program monitoring, and reporting for each grant program. An administration fee of \$185,000 (approx. 13%) would cover expenses related to program staff, program website/infrastructure and additional operation support. The remaining \$15,000 would be utilized for marketing of the programs.

The application period for the Stabilization (Active) and Accelerate Recovery (Post) Grants will open by May 1, 2025, and the Mitigation (Pre) Grant will open on June 1, 2025, ahead of the identified construction project planned to begin in Fall 2025. Marketing of the programs will occur prior and during each of the application periods. Stabilization (Active) and Accelerate Recovery (Post) Grants will be disbursed through August 2025 and Mitigation (Pre) Grants will be disbursed through September 2025.

Measurement and progress reports will be included in the program through 6-, 18-, and 36-month reports required to be submitted by grant recipients. These reports will track revenue, use of funds,

among other operational data points.

FISCAL IMPACT:

N/A

ALTERNATIVES:

N/A

RECOMMENDATION:

Staff recommends the Committee's approval of the FY 2025 Construction Mitigation Grant Programs and implementation agreement with LiftFund for full City Council consideration.