



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 3

Agenda Date: September 26, 2023

In Control: Economic and Workforce Development Committee Meeting

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

A briefing and possible action on recommended applicants for approval of Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant and Phase 0 SBIR/STTR Grant Program awards.

SUMMARY:

A briefing and possible action on the Small Business Innovation Research and Small Business Technology Transfer (SBIR / STTR) Matching Grant and Phase 0 SBIR/Grant Programs, which were established in FY2023 and funded by the Economic Development Incentive Fund (EDIF) to incentivize local research and development-intensive start-ups headquartered in San Antonio.

BACKGROUND INFORMATION:

In February 2023, EDD briefed and gathered feedback from the Small Business Advisory Commission (SBAC) and the Economic and Workforce Development Committee (EWDC) on three pilot grant programs developed to incentivize growth stage companies headquartered in San

Antonio. These growth stage pilot programs consisted of the Second Stage Grant, the Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant and the Phase 0 SBIR/STTR Grant programs. These programs were developed in accordance with the Chapter 380 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 initiatives 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.

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, agree to apply for a SBIR/STTR Phase II grant, if applicable. Once matching grant companies agree to the terms stipulated in the award letter, 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 that is 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 a Phase I federal grant submittal. This early support was designed to increase the competitiveness and success rate of San Antonio applicants. The total for the SBIR/STTR programs was capped at \$500,000 in EDIF funding for FY 2023.

ISSUE:

The application portal for the grant programs opened on July 10, 2023. As of September 15, 2023, eleven (11) SBIR/STTR Matching Grant applications, and five (5) Phase 0 SBIR/STTR Grant applications were submitted, following the withdrawal of two Phase 0 application by the applicants. Of those, nine (9) SBIR/STTR Matching applications were eligible, and three (3) Phase 0 applications were eligible.

Marketing for this program 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. Finally, staff also attended industry and networking events to spread awareness of the grants.

As of September 15, 2023, three (3) Second Stage grant applications have been submitted and are currently under review. With the recent launch of the Maestro Entrepreneur Center Second Stage Cohort Program, in partnership with the Edward Lowe Foundation, staff recommends aligning the Second Stage grant program as a potential award for graduates of the Maestro cohort program. This shift would allow dedicated second stage business owners to develop a business growth plan during their cohort, and possible execution of their business growth plan aided by the award of a Second Stage grant of up to \$50,000. Staff is continuing the marketing and program outreach for the Second Stage grant program and anticipates presenting updates to EWDC in November with applicant recommendations.

Given the significant demand experienced by the SBIR/STTR grant programs, staff recommends the additional allocation of \$81,000 of EDIF dollars to support all the eligible SBIR/STTR applications received, which totals \$581,000. The following table lists recommended SBIR/STTR Matching Grant applicants along with additional company and federal SBIR/STTR award details:

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

Company Name	Sponsoring Federal Agency	Federal Award	Federal SBIR/STTR Proposal	Matching Award Amount
			gait and propensity for developing Alzheimer's Disease	
MedCognition, Inc.	Department of Health and Human Services	\$389,772	Realistic mannequin simulators that mimic bodily functions for use in training emergency medical responders	\$75,000
Leaptran, Inc.	Agriculture	\$650,000	Software to better support solar forecasting and net load forecasting in the sustainability energy industry	\$75,000
EmergenceMed, LLC	Defense	\$1,249,735	Portable airway support device for use by medical response personnel in active combat situations	\$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	\$75,000

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

Company Name	Proposal Description	Industry	Award Amount
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 to extract critical metals more efficiently	Bioscience	\$2,000

Company Name	Proposal Description	Industry	Award Amount
Pirate Wind Turbines	Start-up focusing on creation of small wind turbines	Sustainability	\$2,000

Given that the cap for the pilot program had been exceeded, EDD closed the application September 18, 2023. Staff will evaluate the program in 2024 for potential future recommendations.

FISCAL IMPACT:

Funding for the SBIR/STTR matching and Phase 0 grant programs in the amount of \$581,000 is available in the FY 2023 Economic Development Incentive Fund.

ALTERNATIVES:

Should EWDC choose not to approve this item, the Economic Development Department will consider new applicant recommendations for the SBIR/STTR Matching and Phase 0 SBIR/STTR grant programs.

RECOMMENDATION:

Staff recommends Committee approval of nine (9) SBIR/STTR Matching Grant applications and three (3) Phase 0 SBIR/STTR Grant applicants. If approved, City Council will be asked to consider the awards in October 2023.