



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 3

Agenda Date: June 10, 2022

In Control: Economic and Workforce Development Committee Meeting

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Small Business Ecosystem Enhancements and grant eligibility criteria for COVID Impact Grants Program as components of the implementation plan for the American Rescue Plan Act (ARPA) Funds for Small Business.

SUMMARY:

The Economic Development Department will provide a briefing on the proposed allocation for implementation of the findings from the San Antonio Small Business Ecosystem Assessment and seek approval of the criteria for the recommended COVID Impact grant program included within the implementation plan for the American Rescue Plan Act (ARPA) for Small Business for possible action by the Economic and Workforce Development Committee (EWDC).

BACKGROUND INFORMATION:

With the onset of the COVID-19 pandemic, many of the City's small businesses were negatively impacted. In June 2020, as part of the Recovery & Resiliency Plan, City Council approved funding

to provide direct cash grants to support small businesses impacted by COVID-19. Funding could be used to support ongoing operations including personnel expenses, rent, and utilities. Administered in partnership with LiftFund, a total of \$45.5 million in grants was provided to 1,870 business. Most of this funding was allocated from the City's \$270 million of Coronavirus Relief Funds provided in the CARES Act as well as General Fund resources.

Following the completion of the micro business grants, LiftFund surveyed recipients to gauge outcomes of the investment. As expected, recipient businesses reported substantial challenges but remained optimistic. Of the nearly 400 respondents, 81% indicated that 2020 annual gross revenues would be at least half of 2019 annual gross revenues and 64% indicated they planned to hire or rehire employees. In addition, recipients of the hospitality grants were surveyed, and it was found that the funding was instrumental to the health of the businesses and contributed to San Antonio's economy: 77.5% are planning to or have already hired or re-hired a total of 658 employees and close to 61% saw their revenue increase in 2021 despite the pandemic. In both surveys, business owners cited ongoing difficulties with cost and availability of both supplies and labor as major challenges.

On February 3, 2022, City Council approved the spending framework for Local Fiscal Recovery Funds received by the city of San Antonio under ARPA. This framework included \$30.9 million for small businesses. Based on direction received at the April 26, 2022 Economic and Workforce Development (EWDC) meeting and incorporating the extensive input received from the community and the Small Business Advisory Commission, the Economic Development Department presented the proposed implementation plan for utilization of ARPA funds to mitigate the impact of the COVID-19 pandemic on San Antonio small businesses to EWDC on May 24, 2022. This proposal was previously presented to the Small Business Advisory Commission on May 10, 2022 and received SBAC's endorsement along with the recommendation that City Council expedite allocation of Small Business funding. At the May 24, 2022 meeting, EWDC provided conceptual approval of the plan.

ISSUE:

The presentation will include and seek approval of the grant criteria for the \$12.5 Million COVID Impact Grants Program. As previously stated, EDD worked in partnership with LiftFund to administer the grant programs included as part of the Recovery and Resiliency Plan. EDD recommends partnering again with LiftFund for the administration of this grant program.

This briefing will also include additional information on Small Business Ecosystem Enhancements, specifically the \$6 Million allocation to address the findings in the San Antonio Small Business Ecosystem Report, in particular the areas outlined below:

- Access to Flexible Capital
 - Address "Capital Deserts"
 - Remove Obstacles to Accessing Capital
- Sustainability and Resiliency
 - Strengthen Business Development Organization Partners
 - Standardize Education and Data Collection
- Access and Networks
 - Accelerate Small Business Development

- Connected Small Business Community
- Ecosystem Coordination
 - “No Wrong Front Door” – partners collaborate to streamline the experience of businesses seeking assistance

The full American Rescue Plan Act (ARPA) Funds for Small Business implementation plan approved by the EWDC on May 24, 2022 recommended the allocation of the \$30.9 million in the following manner based on the SBAC identified priorities.

Strategy/ Program	Recommended Funding
Access to Capital	\$16,425,000
<i>COVID Impact Grants</i>	\$12,500,000
<i>Growth Fund Loan/Grants*</i>	\$3,000,000
<i>Emergency Fund Loan/Grants*</i>	\$925,000
Capacity Building	\$1,450,000
<i>Launch SA Improvements</i>	300,000
<i>Back Office Support Program*</i>	750,000
<i>Web Presence Program*</i>	400,000
Ecosystem Enhancements	6,200,000
<i>Implementation of Pillars Identified in the SA Ecosystem Report*</i>	6,000,000
<i>Ecosystem Mapping*</i>	200,000
Localism	625,000
<i>Buy Local Program Implementation and Operations Support*</i>	625,000
Geographic Placemaking	6,250,000
<i>Operation Facelift 2.0*</i>	3,000,000
<i>Outdoor Spaces Program*</i>	1,250,000
<i>Corridor Program Pilot*</i>	2,000,000

* Full program or elements of program will undergo a competitive bidding process

FISCAL IMPACT:

The ARPA – Local Fiscal Recovery Funds Spending Framework approved by City Council on February 3, 2022 allocated \$30.9 million to Small Business.

ALTERNATIVES:

Should EWDC choose not to approve this item, the Economic Development Department will collect feedback from the committee and make updates to the proposed program details for future City Council consideration.

RECOMMENDATION:

The Economic Development Department recommends approval of the ARPA for Small Business COVID Impact Grants Program criteria and maintaining the \$6.0 Million allocation to address the findings in the San Antonio Small Business Ecosystem Report.