



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 2

Agenda Date: February 3, 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 greater:SATX Services Agreement and 2023 Business Plan.

SUMMARY:

This is a briefing by greater:SATX (gSATX), and the City of San Antonio Economic Development Department (EDD) on the gSATX's Services Agreement and 2023 Business Plan.

BACKGROUND INFORMATION:

The partnership between EDD and gSATX is based on 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 confirmed the continuation of the partnership as an effective model and recommended the development of the Forefront SA economic development strategic plan (Forefront SA). This initiative led to the creation of over 17,000 jobs and a total capital investment of \$2.2 billion in

San Antonio by the end of 2020, despite the challenges of the COVID-19 pandemic.

From 2019 to 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 shifted to a performance-based payment structure for the second half of the year. As a result of the actual performance in 2022, gSATX will receive approximately \$455,000 of the maximum payment for \$635,000. There was strong activity in advance manufacturing, technology, and business services industries while foreign direct investment (FDI) declined.

2022 Metrics	2022 Goals	2022 Results
Target Industries Jobs	5,200	3,001
Percent are High Wage Jobs	75%	107%
Percent of Jobs assisted with / Total New MSA Jobs	60%	20%
Percent of Jobs Above Median Zip Income	100%	89%
Domestic Investment	\$500,000,000	\$2,127,785,000
Global Capex	\$100,000,000	\$16,000,000
Proactive / Unsolicited Proposals	12	18
BRE Assists	200	222
SWMBE Membership	\$50,000	0

ISSUE:

Following the conclusion of the second year of the Services Agreement, the staff is seeking Council's approval for the 2023 Business Plan, which will be the third and final year of the Services Agreement. The strategic framework states that gSATX exists to grow jobs, build people, and improve place. As part of these three pillars, that are ten initiatives with activities outlined to meet the goals and outcomes as indicated in the operations plan.

Jobs: growing, attracting, and retaining quality jobs. Efforts will include targeted business attraction, regional collaboration, comprehensive lead generation, enhanced trade and export development, and a revised BRE program that include comprehensive employer outreach, enhanced data, and minority-owned business membership. gSATX's budget for this pillar is \$2.97 million.

People: developing, recruiting, and retaining talent. Activities focused on people will include career pathways and job matching, youth digital skills badging, a manufacturing marketing campaign, SA WORK Alumni Network, and a talent recruitment strategy. Specific work associated with SA Ready to Work and talent pipeline management is covered by a separate agreement but is important to economic development efforts. gSATX's budget for this pillar is \$2.01 million.

Place: elevate the quality and perception of gSATX. Efforts will include a national media campaign with enhanced contact development. gSATX will also focus on activating bond investment, supporting the airport and flight fund, and regional talent engagement. gSATX's budget for this pillar is \$2.39 million.

An additional \$1.86 million is budgeted for employer and employee engagement, investor retention, and miscellaneous operational expenses. The total 2023 budget is \$9,245,000.

In the 2023 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. gSATX has quarterly objectives for talent attraction, global business development, business attraction, regional marketing, leads execution, and BRE. The workforce team has quarterly objectives concerning youth work-based learning opportunities, SA WORX alumni network, Alamo Promise scholar badging, Youth Pre-Apprenticeship Program, online career pathways and a job matching tool. The Marketing teams quarterly objectives focus on regional brand, national PR, and regional PR.

Additionally, as part of gSATX's mission towards improving equity amongst our business community, part of the City's funding will go towards sponsoring memberships for small, minority, and women-owned businesses that may not have had access otherwise. This initiative was made with the goal of increasing the diversity of gSATX's members and empowering the whole community to have a voice on city and region focused recruitment and retention efforts.

For 2023 the Intralink FDI prospecting contract has transitioned from EDD to gSATX as part of their Service Agreement with the City. Intralink is tasked with informing primarily South Korean companies about San Antonio, building relationships with South Korean companies in targeted industries, and facilitating business development meetings between South Korean companies, gSATX and the City.

Finally, 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. gSATX has developed goals, specifically for the City of San Antonio to measure the impact of San Antonio specific activities. The specific 2023 goals for the City of San Antonio are as follows:

2023 Goals
New Target Industry Jobs: 4,800
% High Wage Jobs: 80%
% of Wages above Zip Code Median Wage: 100%
Domestic Capital Investment: \$650,000,000
Global Capital Investment: \$100,000,000
Lead Pursuits Generated: 1,200
Leads Converted to Active Projects: 24

2023 Goals
BRE Assists: 250
SWMBE Membership: \$50,000

FISCAL IMPACT:

Should the committee approve this item for full City Council consideration, the fiscal impact of this agreement is \$635,000. The funds were approved with the FY 2023 Adopted Budget and are available in the Economic Development Incentive Fund (\$500,000) and the General Fund (\$135,000).

ALTERNATIVES:

Should the committee not approve this for full City Council consideration, City staff will need to negotiate an alternative business plan with gSATX or discontinue the partnership.

RECOMMENDATION:

Staff recommends approval of the gSATX 2023 Business Plan by the Economic and Workforce Development Committee and to advance this item for full City Council consideration.