



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 15

**Agenda Date:** February 16, 2023

**In Control:** City Council A Session

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**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Brenda Hicks-Sorensen

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Consideration of the 2023 Operations Plan with gSATX.

**SUMMARY:**

This ordinance approves the greater:SATX (gSATX) 2023 Operations Plan outlining goals, strategies, and performance measures for the year. The Agreement associated with this Operations Plan was previously approved by City Council. Funding in the amount of \$500,000.00 is available in the FY 2023 Economic Development Incentive Fund Budget and funding in the amount of \$135,000.00 is available in the FY 2023 General Fund Budget for a total of \$635,000.00.

**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. 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.

The following table provides the 2022 goals along with the reported results:

| <b>2022 Metrics</b>                                | <b>2022 Goals</b> | <b>2022 Results</b> |
|--|-------------------|---------------------|
| Target Industries Jobs                             | 5,200             | 3,001               |
| Percent are High Wage Jobs                         | 75%               | 80%                 |
| Percent of Jobs assisted with / Total New MSA Jobs | 60%               | 20%                 |
| Percent of Jobs Above Median Zip Income            | 100%              | 89%                 |
| Domestic Capital Investment                        | \$500,000,000     | \$2,127,785,000     |
| Global Capital Investment                          | \$100,000,000     | \$16,000,000        |
| Proactive / Unsolicited Proposals                  | 12                | 18                  |
| BRE Assists  | 200               | 222                 |
| SWMBE Memberships                                  | \$50,000          | 0                   |

**ISSUE:**

Following the conclusion of the second year of the Services Agreement, staff is seeking Council’s approval for the 2023 Operations 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 \$9.24 million.

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 and will measure the impact of San Antonio specific activities. The 2023 goals for the City of San Antonio are as follows:

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

|                             |
|-----------------------------|
| BRE Assists: 250            |
| SWMBE Memberships: \$50,000 |

**ALTERNATIVES:**

City Council can choose not to approve the 2023 Operations Plan with gSATX and consider other partnerships or a revised economic development structure to achieve the desired performance targets. However, this could negatively impact our community’s coordinated execution of economic development strategies to best serve local businesses and prospects.

**FISCAL IMPACT:**

This ordinance approves the 2023 greater:SATX (gSATX) Operations Plan. The Agreement associated with this Operations Plan was previously approved by City Council. Funding in the amount of \$500,000.00 is available in the FY 2023 Economic Development Incentive Fund Budget and funding in the amount of \$135,000.00 is available in the FY 2023 General Fund Budget for a total of \$635,000.00.

**RECOMMENDATION:**

Staff recommends approval of the 2023 Operations Plan with greater:SATX.