

City of San Antonio



Minutes

Economic and Workforce Development Committee

2021 – 2023 Council Members

Manny Pelaez, Dist. 8

Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4

Teri Castillo, Dist. 5 | John Courage, Dist. 9

Friday, June 10, 2022

10:00 AM

Municipal Plaza Building

Members Present: Manny Pelaez, *Chair*
Phyllis Viagran, *Member*
Dr. Adriana Rocha Garcia, *Member*
Teri Castillo, *Member*
John Courage, *Member*

Members Absent: None

Approval of Minutes

1. Approval of the minutes from the Economic and Workforce Development Committee meeting on May 24, 2022.

Councilmember Rocha Garcia moved to Approve. Councilmember Viagran seconded the motion. The motion carried by the following vote:

Aye: Pelaez, Viagran, Rocha Garcia, Castillo, Courage

Public Comments

Representatives of the Business Development Organizations spoke in support of staff recommendations noting that San Antonio Small Businesses were the largest employer in the City and were critical to the success of our economy. The group said that funding was needed to help small businesses survive and thrive after COVID-19 Pandemic.

Jeremy Roberts, Chair of the Small Business Advisory Committee, spoke regarding the work of the Committee.

Sara Aranda, small business owner and general contractor, spoke on behalf of small businesses regarding the need for funding to help them survive the pandemic.

Janie Barrera, CEO of LiftFund, spoke in support of funding for Small Businesses and suggested funding should be moved up in the timeline.

Marina Gonzales recommended utilizing CDFI's to distribute the funding for small businesses.

Councilmember moved to Refer to Committee. Councilmember seconded the motion. The motion carried by the following vote:

Aye: Pelaez, Viagran, Rocha Garcia, Castillo, Courage

Briefing and Possible Action on the following items

2. Briefing on the status of the City's Economic Development Department Strategic Plan/Incentives Update [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development]

Brenda Hicks-Sorensen, Director of Economic Development provided an overview of the planning process and introduced John Karras with the consulting firm TIP Strategies who presented a project overview, discovery findings, the plan framework and next steps. Karras listed guiding principles of economic healing, resilience, investment and growth, tax base and equity. Karras introduced his colleague Katrina Parkey who outline the stakeholder engagement process and key takeaways. Karras showed graphs of comparison cities and local employment. Karras outlined the types of data to be explored within the plan and a SWOT (Strengths, Weakness, Opportunities and Threats) analysis.

Chair Pelaez said the work was projecting was important but difficult as we could be missing something. Chair Pelaez noted that Greater SATX has a plan to try to keep college students in San Antonio but was concerned that the focus was on STEM which ignored financial and creative industries.

Councilmember Courage requested clarification on how much of the government employment was the military. Karras said if military was reduced, San Antonio would be more similar to the other cities. Councilmember Courage requested notable data that might be opportunities. Karras listed educational attainment and median income. Councilmember Courage mentioned health and bioscience industries needed to be better marketed for our City and suggested that the large corporations could help with that outreach.

Councilmember Castillo had questions about data collection and whether the Small Business Advisory Committee (SBAC) or labor unions were consulted. Sorensen said the consultant hosted several roundtables with businesses, the SBAC chair was included as well as businesses that they recommended but she would look at union representation. Councilmember Castillo expressed concern that focusing on one industry could have a negative impact and suggested a look at other cities.

Councilmember Viagran supported the priorities of increasing median income and educational attainment. Councilmember Viagran requested a breakdown of the job wages by industry. Councilmember Viagran recommended a more in depth review of the threats such as electric grid reliability and history of low wage. Councilmember Viagran noted that arts and culture industry was important to our City and was pleased it was included in the study.

Councilmember Rocha Garcia supported the idea of innovation hubs such as Port San Antonio and recommended expanding them in every District. Councilmember Rocha Garcia suggested that educational attainment and economic disparity should be a focus. Councilmember Rocha Garcia noted the I-35 corridor was identified as a large growth area and recommended collaborating on regional growth. Karras said this was identified as a growth opportunity. Councilmember Rocha Garcia thought increasing support for the Aerospace Industry was another opportunity.

Chair Pelaez recommended more involvement by the SBAC in strategic planning. Chair Pelaez suggested that there should be a study of whether today's strategies would have brought Toyota manufacturing to San Antonio by bringing some of those stakeholders to the table. Hicks-Sorensen said there was more research to be done so she would ensure they were including. Chair Pelaez said that marketing was important for Economic Development and not just Visitors through Visit San Antonio.

No action was taken on this Item.

3. Briefing on 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. [Alejandra Lopez, Assistant City Manager; Brenda Hicks- Sorensen, Director, Economic Development]

Ana Bradshaw, Assistant Director of Economic Development provided an overview of the Plan, Priorities, Programs, Strategies and Metrics for the Grants. Bradshaw said that \$30.9 million was allocated from the American Rescue Plan Act (ARPA) for small businesses and \$12.5 million would be for the grants to small businesses for 43 impacted industries. Bradshaw outlined grant eligibility criteria, scoring criteria, and award scales based upon reduction in gross revenues with additional awards for companies located near City initiated construction zones. Staff recommended partnering with LiftFund for outreach, technical assistance, application review, funds distribution and outcome surveys at an 8% administrative fee. Bradshaw provided timeline for

the implementation of the grant program.

Bradshaw indicated that \$6.2 million was available to help build the small business ecosystem which included coordination and networking opportunities for small businesses, access to flexible capital as well as sustainability and resiliency investments.

Councilmember Rocha Garcia expressed concern that the \$6.2 million for the ecosystem should be funded out of the General Fund and the ARPA Funding could be added to the Grants to help small businesses right now. Councilmember Rocha Garcia suggested that the report was planned to be conducted before the pandemic its implementation would have been funded without COVID and listed leveraged funding opportunities. Councilmember Rocha Garcia recommended coordination with Bexar County as well as philanthropic organizational support. Councilmember Rocha Garcia requested information on how the ecosystem program budget was developed. Bradshaw said the strategy reflected an accelerated plan using ARPA that would have taken much longer without the funds. Councilmember Rocha Garcia recommended moving the Ecosystem funding to Grants.

Councilmember Viagran acknowledged that there was not enough money but supported the holistic approach to small businesses. Councilmember Viagran asked how many small businesses could be serviced if some of the money was redirected from the ecosystem to the grants. Councilmember Viagran did not support completely cutting the ecosystem program. Councilmember Viagran expressed concerns about exclusions of convenience stores that might serve as healthy food stores in underserved food desert communities. Requested data on franchisors which Bradshaw clarified franchisees were included but not franchisors. Councilmember Viagran suggested more outreach to hair salons and fitness centers that might have long business hours and limited access suggesting that Chambers of Commerce could also help. Councilmember Viagran recommended construction impact funding to be included in the General Fund but supported including the ARPA funding for this purpose as a starting place.

Councilmember Castillo supported the scoring criteria for grants as well as additional funding for businesses impacted by City construction. Councilmember Castillo recommended a storefront grant and continued investment in Operation Facelift. Councilmember Castillo expressed concern with geographic groupings and the ecosystem program. Councilmember Castillo said she would support a reduction in the ecosystem program with those funds going to more grants.

Councilmember Courage preferred that more money went directly to small business than to a structure or system. Councilmember Courage acknowledged the work of the Small Business Advisory Committee but recommended moving approximately \$6 million from Localism and the Small Business Ecosystem into the grant program to add capital access. Councilmember Courage requested SBAC and the Department to meet again and make changes. Councilmember Courage recommended the ecosystem program to be funded in FY23 with the General Fund.

Chair Pelaez opened the discussion

Councilmember Viagran did not recommend completely removing funding from any one of the pillars including the ecosystem because small businesses needed the technical assistance that would help them develop long term sustainability.

Councilmember Rocha Garcia said that the City should fund the ecosystem with General Fund over time and supported moving \$6 million to access to capital with the rest of the program funding to come over time.

Councilmember Courage suggested that reallocating the funding would not impact the organizations provided City Council supported the provision of General Fund. Councilmember Courage asked Lift Fund CEO Janie Barrera if safeguards were in place to ensure the businesses did not get taken advantage of. Barrera said that because this was a grant, LiftFund would follow all requirements and make sure to coordinate with the supporting organizations.

Chair Pelaez said that the SBAC was empaneled to provide expert advice for the program and recommended the committee reconvene and take the City Council's comments into consideration.

Councilmember Viagran expressed concern about timing and did not support a delay in implementation. Chair of the SBAC said there was a meeting next week.

Councilmember Courage recommended SBAC meeting quickly and calling a special EWDC meeting back with the recommendations. Councilmember Castillo supported the recommendation.

Councilmember Rocha Garcia recommended specific consideration of moving \$6 million from the ecosystem pillar over to access to capital.

Councilmember Rocha Garcia moved to Approve. Councilmember Courage seconded the motion. The motion carried by the following vote:

Aye: Pelaez, Rocha Garcia, Castillo, Courage

No: Viagran

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 12:26 PM.

Manny Pelaez, Chair

Respectfully Submitted

Debbie Racca-Sittre, City Clerk