

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

Wednesday, June 15, 2022

12:30 PM

City Hall 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

There were no minutes to approve.

Public Comments

Jeremy Roberts, Chair of the Small Business Advisory Committee (SBAC) spoke on behalf of the work of the committee and stated that they stood by their original recommended allocations.

Sarah Khalil, towing company owner and SBAC member spoke on behalf of small businesses and recommended compromise.

Marina Gonzales, President and CEO of the Hispanic Chamber of Commerce representing small business owners spoke on behalf of increasing grants to small businesses and for funding for the small business ecosystem to come from the General Fund.

Julissa Carielo, member of the SBAC spoke in support of the Committee's unanimous recommendation and outlined their deliberation process which included \$6 million to develop a small

business ecosystem in addition to the grants.

Jane Gonzalez, owner of Medwheels, Inc. and member of the Small Business Advisory Committee spoke in support of the recommendations made by the Committee.

Laura Cabanilla, USAA employee spoke in support of relief for small businesses.

Robert Melvin, representing San Antonio for Growth on the Eastside (SAGE) said that access to capital was a crucial need for small businesses but cautioned that the methods needed to be studied and systems established to ensure responsible use of funding.

Roger Lott, Veteran and small business owner spoke in support of funding for small businesses.

Briefing and Possible Action on the following items

1. Briefing and action on 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 Department provided background on the feedback and meetings related to the ARPA Funding for small business. Bradshaw recommended eliminating the \$925,000 Emergency Grant Funding Program and reallocating the \$6.2 million originally proposed to fund the small business ecosystem into COVID-19 Impact Grants instead. Bradshaw reviewed eligibility criteria which included industries that experienced 5% employment loss locally, reduction in gross revenues in 2020 and 2021 when compared to 2019 and a minimum 25% reduction in gross revenues from 2019 to 2021.

Grants for businesses meeting the SBA Standards, in business prior to January 1, 2020 and other criteria were outlined by Bradshaw as well as the scoring mechanism for the grants and funding award scale based on the businesses' reduction in gross revenue as well as additional funding for businesses located within the limits of a City construction zone. Bradshaw recommended LiftFund manage the program and provided a timeline for the funds to be distributed by December 2022.

Councilmember Courage spoke in support of the reallocation of funds to provide more grants to small business, particularly legacy businesses that struggled but continued to operate. Councilmember Courage requested clarification on the \$625,000 for Localism. Alex Lopez, Assistant City Manager described this as funding for outreach. Councilmember Courage suggested that a 20% loss of gross revenues should be the minimum for eligibility rather than 25%.

Councilmember Castillo stated that she attended the Small Business Advisory Committee (SBAC) meeting and understood their concerns that the ecosystem needed to be enhanced. Councilmember Castillo said that small businesses in her district were in dire need of immediate relief and supported the recommended reallocation which included \$3 million for Operation Facelift and the rest of the Geographic Placemaking programs. Councilmember Castillo thanked the SBAC.

Chair Pelaez recognized City Manager Erik Walsh who thanked the Economic Development Department, the SBAC for their work and the community for providing feedback. Walsh commented that while not everyone might agree, their input was valuable and City Council had authority to make the final decisions.

Councilmember Rocha Garcia thanked the SBAC for meeting quickly and spoke in support of the staff recommendation. Councilmember Rocha Garcia stated that she attended the SBAC meeting and expressed concern that the ARPA funding was one time funding specifically for recover and investments in the ecosystem should be a continuous process. Councilmember Rocha Garcia advocated for General Fund money for the small business ecosystem.

Councilmember Viagran recognized the SBAC members in attendance and thanked them for their service. Councilmember Viagran expressed concern that the new recommendation did not reflect the work of the SBAC or their feedback. Councilmember Viagran spoke in support of funding for the small business ecosystem and expressed concern that the support would not be there for businesses to help them survive the economic downturn without the ecosystem. Councilmember Viagran said that she did not support the recommendation.

Councilmember Courage asked the staff to provide a slide comparing the original SBAC recommendation to the new staff recommendation.

Chair Pelaez spoke about an event that was hosted yesterday by SAGE where eastside businesses provided their direct feedback and noted that the largest concern of the businesses was the need for access to capital. Chair Pelaez opened up a dialogue regarding bringing some funding back to the Small Business Ecosystem pillar rather than eliminating it completely.

Councilmember Courage asked if there was a staff proposal for funding for the ecosystem if it were not funded with ARPA. Lopez responded that the current discussion was limited to ARPA and noted there was \$1.45 million for Capacity Building which would provide technical assistance to small businesses.

Councilmember Viagran recommended some funding for the ecosystem rather than none and suggested that staff could have brought back a compromise recommendation of \$3 million for the ecosystem rather than zeroing it out. Councilmember Viagran said that trying to get General Fund for the ecosystem would be a struggle against other priorities for the City.

Councilmember Castillo asked about the contractual responsibilities of Prosper West. Bradshaw said Prosper West and all of the business development organizations (BDOs) were supposed to advise and connect small businesses with other service providers. Councilmember Castillo requested a phased in budget for ecosystem enhancements. Lopez said that staff had expected to issue a Request for Proposals and let the proposers provide feedback on the best way to phase in the program.

Chair Pelaez did not recommended decreasing funding for outreach in order to reinstate money into the ecosystem stating that outreach was a vital component of the program. Councilmember Pelaez commented that the largest participation in these programs came from Districts 8 and 9 and suggested that the BDOs should help with that process for businesses in the rest of the City. Councilmember Pelaez said that the BDOs helped educate the City Council.

Councilmember Rocha Garcia commented that the system did not work for businesses in District 4 because there were so few applicants for the programs. Councilmember Rocha Garcia said she was hesitant to support an ecosystem that did not really have a plan noting that non-profit organizations all competed for the same pot of money and recommended that the BDOs should all work together. Councilmember Rocha Garcia suggested the ecosystem funding should be a part of the regular budget of the Economic Development Department. Councilmember Rocha Garcia about the impact of only \$2 million for the ecosystem. Lopez said that the plan would simply be scaled down. Councilmember Rocha Garcia suggested moving \$4.2 million from the ecosystem pillar into grants.

City Manager Walsh suggested pulling \$1 million out of placemaking and moving it into grants in addition to the \$4.2 million. Councilmember Rocha Garcia suggested that there could be other departments that could help with geographic placemaking. Walsh agreed that there are other departments but cautioned that there was just one pot of money.

Councilmember Viagran supporting keeping funding in the ecosystem pillar.

Councilmember Castillo supported the recommendation but wanted to ensure funding for Operation Facelift was not removed.

The approved ARPA Small Business Funding amounts by pillar are as follows:

- Access to Capital in the total amount of \$ 20,625,000
- Capacity Building in the total amount of \$1,450,000
- Ecosystem Enhancements in the total amount of \$3,000,000
- Localism in the total amount of \$625,000
- Geographic Placemaking in the total amount of \$5,250,000

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

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

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

ADJOURNMENT

There being no further discussion, meeting was adjourned at 1:56 PM.

Approved

Manny Pelaez, Chair

Respectfully Submitted

Debbie Racca-Sittre, City Clerk