



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 20

**Agenda Date:** March 21, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Brenda Hicks-Sorensen

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

An ordinance approving Chapter 380 Economic Development Incentive Fund award recommendations for the Second Stage Grant Program in the total amount of 100,000; and authorizing the execution of contracts.

**SUMMARY:**

An ordinance approving Chapter 380 Economic Development Incentive Fund (EDIF) award recommendations for the Second Stage Grant Program; and authorizing the execution of contracts. Funding in the amount of \$100,000 is available from the FY 2024 Economic Development Incentive Fund Adopted Budget.

**BACKGROUND INFORMATION:**

In February 2023, staff briefed and gathered feedback from both the Small Business Advisory Commission (SBAC) and the Economic and Workforce Development Committee (EWDC) on the Second Stage Grant Program.

This program was created to help address a gap within the San Antonio business ecosystem by supporting highly scalable, growth stage companies that do not typically qualify for traditional City incentive programs. The program was also designed to support small businesses that have a

high potential for growth due to their ability to export goods and services regionally, nationally, and internationally. Eligible companies recommended for award of the Second Stage Grant would receive up to \$50,000 in funding.

Eligible grant applicants must be a privately owned, export-oriented business with between 10 and 99 employees and generate between \$1M - \$50M in annual revenue. They must be headquartered within the San Antonio city limits and remain so for one year from award date. They must also demonstrate growth in employment and/or revenue during two of the last five years and pay all full-time positions at least \$17.50 per hour, while also offering worker's compensation and healthcare benefits.

Use of grant funds is restricted to costs that are directly related to the business expansion project outlined in the grant proposal. These costs include, but are not limited to, hiring employee(s), training and workforce programs, business development, marketing, product development, property acquisition, site development, and facility construction/improvements. Grantees must commit to a three (3) year monitoring period to ensure compliance and provide data that illustrates the impact of the grant funds.

#### **ISSUE:**

The application portal for the Growth Stage Grant Programs opened on July 10, 2023. As of January 10, 2024, nine (9) Second Stage Grant applications had been submitted. Of the nine (9) submitted, two (2) applications were eligible for funding, while five (5) applications are pending further information from the applicants and two (2) of the applications did not meet eligibility requirements. Staff recommends funding the two (2) eligible grant applications, totaling \$100,000.

On January 30, 2024, EWDC approved staff's recommendations for the two (2) eligible Second Stage Grant Program applicants, with award details outlined in the following table:

Company Name	Background	Project Summary	Company Headquarter Location by Council District	Award Amount
Laredo Technical Services, Inc.	Talent acquisition firm specializing in healthcare and office administration	Funds will support the creation of a Business Manager position.	9	\$50,000
Optimized Technical Solutions, Inc.	Federal contractor specializing in cybersecurity, software development, and cloud services.	Funds will support product development for a federal contract pertaining to talent and workforce training.	1	\$50,000

**ALTERNATIVES:**

City Council could choose not to support the recommended businesses for Second Stage Grants. However, this will prevent implementation of a specific tool designed to support small business in growth stages.

**FISCAL IMPACT:**

An ordinance authorizing Chapter 380 Economic Development Incentive Fund (EDIF) grant agreements with two Second Stage Grant Program applicants. Funding in the amount of \$100,000 is available from the FY 2024 Economic Development Incentive Fund Adopted Budget.

**RECOMMENDATION:**

Staff recommends approval of the award recommendations for the two (2) Second Stage Grant Program applicants in the amount of \$100,000 from the FY 2024 Economic Development Incentive Fund Adopted Budget; and authorization to execute contracts.