



City of San Antonio

Agenda Memorandum

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Agenda Item Number: {{item.number}}

Agenda Date: January 30, 2024

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 recommended applicants for approval of Second Stage Grant Program awards.

SUMMARY:

A briefing and possible action on recommended applicants for approval of Second Stage Grant Program awards. The program was established in FY2023 to incentivize local business expansion and support established, export-oriented small businesses in San Antonio.

BACKGROUND INFORMATION:

In February 2023, City staff briefed and gathered feedback from the Small Business Advisory Commission (SBAC) and the Economic and Workforce Development Committee (EWDC) on three proposed Growth Stage Pilot Programs:

- The Second Stage Grant Program

- The Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant Program
- The Phase 0 SBIR/STTR Grant Program

The Second Stage Grant 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 can receive up to \$50,000 in Second Stage Grant funding.

Eligible grant applicants must be a privately owned, export-oriented business with between 10 - 99 employees and generate between \$1M - \$50M in annual revenue. Furthermore, grantees 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 by the applying business. 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 were submitted. Of the nine (9) submitted, two (2) applications were eligible for funding, while four (4) applications are pending further information or additional review from the applicants, and three (3) were not eligible. Staff recommends funding the two (2) eligible grant applications, totaling \$100,000. The following table provides recommended Second Stage Grant Program award details:

Company Name	Company 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 to support the Director of Business Development	9	\$50,000.00
Optimized Technical	Federal contractor specializing in cybersecurity,	Funds will support product development for a federal contract	1	\$50,000.00

Services, Inc.	software development, and cloud services.	pertaining to talent and workforce training.		
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FISCAL IMPACT:

Funding for the Second Stage Grant Program in the amount of \$100,000 is available in the FY 2024 Economic Development Incentive Fund.

ALTERNATIVES:

The Committee 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.

RECOMMENDATION:

Staff recommends Committee approval of two (2) Second Stage Grant applications, with formal City Council consideration of the recommended awards in March 2024.