



# City of San Antonio

## Agenda Memorandum

**File Number:**  
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**Agenda Item Number:** 3

**Agenda Date:** January 22, 2024

**In Control:** Governance Committee Meeting

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**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Brenda Hicks-Sorensen

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Council Consideration Request by Councilmembers Jalen McKee-Rodriguez (District 2) and Marc K. Whyte (District 10) regarding the creation of a grant fund to aid small businesses affected by construction delays.

**SUMMARY:**

Feedback is being collected from impacted small businesses and other stakeholders to understand their needs and priorities. A recommendation for an assistance program will be presented to City Council on February 28, 2024, and a program will be in place by May 1, 2024, subject to Council approval.

**BACKGROUND INFORMATION:**

As many small businesses were recovering from the COVID-19 pandemic, some were faced with additional challenges as a result of construction projects undertaken by the City in commercial corridors. Past efforts by the City have assisted small businesses impacted by long-term

construction projects.

In FY 2022, City Council allocated \$17 million in American Rescue Plan Act (ARPA) funding towards the COVID Impact Grants Program. Grant applicants in 19 designated construction zones that met eligibility requirements were eligible to receive a \$10,000 construction impact grant supplement. The COVID Impact Grants Program was open for applications August 1 to August 22, 2022. A total of \$15.64 million was awarded to 524 small businesses. Of the 524 businesses, 135 received the additional \$10,000 construction impact supplement. The average grant award was \$29,942.

In FY 2023, City Council allocated \$2.45 million in ARPA funding to further help businesses navigate these challenges through the COVID/Construction Recovery Grants Program. The program was open for application February 13 to February 28, 2023. A total of \$2.45 million was awarded to 91 small businesses. The average grant award was \$26,856.

Most recently, the Council Consideration Request was filed and \$1.4 million in ARPA funding was identified to fund an additional financial assistance program. It was requested that staff identify options to provide financial assistance to pre-existing small businesses impacted by City-initiated construction projects to support their survival, growth, and continued contribution to local economies.

#### **ISSUE:**

Staff progress towards the development of this financial assistance program began with completing a robust stakeholder engagement process, including the following:

1. City survey of small businesses in construction corridors, asking them to provide input regarding construction project eligibility criteria and business eligibility criteria, as well as administrative considerations – such as timing of assistance and application complexity. It also asks small business to prioritize different types of assistance, including utility assistance and cash grants.
  - Distributed via mail; 819 postcards sent to businesses in construction corridors.
  - Distributed via email; 120 emails sent to businesses in construction corridors.
  - Distributed via Business Development Organizations and local chambers of commerce; emails sent to 20 business-serving organizations for distribution.
  - Distributed via in-person outreach; additional postcards distributed by Capital Project Officers and Business Outreach Specialists.
2. LiftFund survey of small businesses who received COVID/Construction Recovery Grant, asking them how they used the grant funds.
  - Distributed via email by LiftFund to 91 grant recipients.
3. In-person discussion with the Small Business Advisory Commission (SBAC) on December 12, 2023.

The results of both surveys will be analyzed once they close later this month and, in conjunction with SBAC feedback and lessons learned from the previous grant programs described above, will be used to develop the new proposed program. This proposed program will be presented at City

Council “B” Session on February 28, 2024. To fund this potential assistance program, \$1.4 million of ARPA funds have been identified.

Additionally, the City Auditor’s Office is conducting an audit of the 2023 COVID/Construction Recovery Grants Program. While the audit report is estimated to be released in March 2024, after the proposed program has been presented to Council, EDD staff will connect with the audit team as they conduct their field work and, to the extent possible, incorporate any lessons learned from the 2023 program in the design of the 2024 program.

**FISCAL IMPACT:**

There is no fiscal impact at this time.

**ALTERNATIVES:**

This item is for briefing purposes only.

**RECOMMENDATION:**

This item is for briefing purposes only. The recommendation will be presented to the full City Council at the February 28, 2024 City Council “B” Session.