

CITY OF SAN ANTONIO
ECONOMIC DEVELOPMENT DEPARTMENT
SMALL BUSINESS ADVISORY COMMISSION (SBAC)
Wednesday, November 29, 2021
2:00 p.m.

Call to Order:

The meeting was called to order at 2:07 p.m. by Ms. Brenda Hicks-Sorensen acting as the presiding officer. A quorum was established. Economic Development staff present included, Ms. Brenda Hicks-Sorensen, Director, Ms. Ana Bradshaw, EDD Assistant Director, Ms. Samantha Diaz, Economic Development Coordinator, Ms. Monica Flores, Small Business Liaison, Ms. Caitlin Cowart, Public Relations and Marketing Manager, Mr. Terrance Stokes, Marketing Specialist, Ms. Valarie Carmona, Exec. Secretary. Additional City Staff Present include, Ms. Christina Ramirez, Assistant City Attorney, Ms. Alex Lopez, Assistant City Manager, Ms. Veronica Carrillo, COVID-19 Executive Officer, Mr. Isaac Bernal, Interim Executive Management Assistant.

Roll Call:

DISTRICT 1 APPOINTEE VACANT		DISTRICT 6 APPOINTEE VACANT	
DISTRICT 2 APPOINTEE VACANT		DISTRICT 7 APPOINTEE Katie Sirakos	Present
DISTRICT 3 APPOINTEE Judy Canales	Present	DISTRICT 8 APPOINTEE Sarah Shakil	Present
DISTRICT 4 APPOINTEE Juanita Sepulveda	Present	DISTRICT 9 APPOINTEE Jeremy Roberts	Present
DISTRICT 5 APPOINTEE Vickie Willoughby	Present	DISTRICT 10 APPOINTEE Jim Hollerbach	Present
Mayoral Appointee Julissa Carielo	Present		

Briefing and Possible Action on the following items

- 1. Discussion and Possible Action on the COVID-19 Impact on Small Businesses and American Rescue Plan Act (ARPA) Fiscal Recovery Funds, to include identified priorities for potential ARPA investments.**

Ms. Ana Bradshaw, Assistant Director of Economic Development's Small Business division presented on the American Rescue Plan Act (ARPA) fiscal recovery funds. The presentation included feedback from the November 17, 2021, Small Business Advocacy Commission (SBAC) meeting and the results from a feedback form that was used to obtain small business owner input regarding business challenges faced because of COVID-19.

Feedback from the November 17, 2021, after public comment showed main areas of concern for small businesses are:

- Access to financial capital
- Reduced customers and/or revenue

- Labor/hiring
- Operations
- Childcare
- Simple implementation & ecosystem coordination
- Equity

The feedback form yielded 157 survey participants. The data showed that when small business owners were asked, 'As of October 1, 2021, do you anticipate 2021 gross revenue to be higher than 2019?', 30% of small businesses owners replied "yes" and 54% stated "no", which indicates some businesses continued to grow while some continued to experience challenges. Other data showed continued labor challenges. As part of the feedback form, small businesses were also asked to rank challenges across the following categories: access to financial capital, labor/hiring, reduced customers and/or revenue, rent/mortgage, supply chain, marketing, operations, and technology. Across the board the highest ranked challenge was access to financial capital followed by labor/hiring, and reduced customers and/or revenue. Mr. Jeremy Roberts asked if the category of access to financial capital was asked to be specified, i.e., SBA, PPE, etc. Ms. Bradshaw stated no, it was left broad, and businesses were not asked to specify.

Top challenges identified by the small business community include:

- Access to financial capital
- Labor/hiring
- Reduced customer/revenue
- Rent/mortgage
- Supply chain

Potential ARPA investments moving forward include:

- Access to capital
- Capacity Building
- Ecosystem enhancements

Next steps are to first advise council of community and business needs and priorities during a December 9 Council briefing, followed by City Council considering a plan for approval during the January 13, 2022, City Council A Session. Ms. Juanita Sepulveda inquired about the dollar amounts being allocated. Ms. Veronica Carrillo clarified to the commission that \$350 billion was at the national level and the City of San Antonio received \$326.9 million, of which \$97.5 million has been allocated through the fiscal year 2022 budget process. Since the November 17 Small Business Advisory Commission meeting, Ms. Carrillo stated that City Council approved \$30 million for utility assistance, leaving a remaining estimated balance of \$200 million. Ms. Julissa Carielo asked if the remaining balance is set aside for small businesses or if the remains would be split. Ms. Carrillo stated the amount remaining still needs to be allocated by council after further discussion of the different categories and there is not a certain amount set aside for small businesses at the present time. Ms. Carrillo further stated that the purpose for the community feedback process currently taking place is to take input to City Council in the upcoming weeks.

Ms. Sepulveda requested clarification if at this time no revenue loss has been allocated based on 2021 or 2020 for 2023 and no set amount has been identified for small businesses in that variance. Ms. Carrillo stated the City has allocated \$97.5 million and that was used through the revenue loss calculation, half being allocated to the

General Fund and other half towards the hot tax fund. Ms. Vickie Willoughby stated that in a prior meeting it was specified that out of \$229.4 million, \$30 million was set aside for small business, utility assistance, and arts, and she wanted to know if that was accurate. Ms. Carrillo replied that \$30 million was allocated for utility assistance and is still pending City Council full allocation in January. Ms. Carielo asked if there are any funds as of now allocated specifically for small business assistance other than the ARPA funds. Ms. Bradshaw stated no, there are no other funds available. Ms. Carrillo clarified that the ARPA funds will need to be allocated by December 2024 and funds will need to be spent by December 2026.

Public Comment: (2 ½ minutes per speaker)

- **Dr. Patricia Adams, Zeitgeist Wellness Group:** Stated San Antonio is struggling. Speaker is in the mental health industry and emphasized that industry is really struggling. Providers need to be paid; they are not contract workers. Consider mental health businesses for assistance with rent.
- **Rebecca Barrera, Executive Director, Somos Cultura y mas:** Requested ARPA funds include support for the establishment of a new fiber arts center and a cottage industry support system. Ms. Barrera believes cottage businesses need to be upscaled by adding cultural value and more marketing opportunities.
- **Steven Silver, Teleton USA Children's Rehabilitation Center:** Mr. Silver responded to the negative economic impact resulting from COVID-19 and the 2019 public health emergency. Cancellations and no-shows have taken a toll on the business.
- **Rick McGowen, CEO Medi-Pür:** Mr. McGowen commented that money needs to be invested in people. Mr. McGowen stated people he employed used to be homeless, he took them off the streets, taught them how to work, and showed them how to be successful.
- **Warren T. Knight, Medi-Pür:** Mr. Knight spoke of his experience being homeless and how he believes investing in people is also the way to help the community. Getting people back to work is the most important thing.
- **Ashley Montoya, NW Automotive Warehouse (D7):** As a small business owner in the westside she believes that while there are immediate needs of businesses everywhere, there are gaps in support of districts and areas. Their business will continue to lead by example and determination to promote prosperity and overcome certain stereotypes that challenge their district.
- **Lou Miller, Chairman of NAACP Economic Development Committee:** Met with the community about ARPA and is recommending the following: A science, technology, engineering, and arts, mathematics program to receive financial support to private public partnerships in East San Antonio. Intensive tree planting, and landscaping at Pittman Sullivan Park. Development of New Braunfels Ave. and East Commerce St. into a smart street. Copernicus Park improvements to include walking track, auditorium lighting and landscaping. Construction of new gymnasium and laboratory. Construction of a new city owned mega senior center in District 2 with comparable amenities. Refocus on economic development along N. New Braunfels Avenue by incentivizing new business startups or relocation into the area. Replacement of the New Braunfels St. Dr. Martin Luther King Jr. bridge. Open N. New Braunfels Ave. to through traffic through Ft. Sam Houston, enhancing access to Alamo Heights and Terrell Hills Community. Focus on building a public entity office building capable of hosting 1,500 employees within the site of the old G.J. Sutton building on N. Cherry St.

Add more lighting to Wheatley Heights Sports Complex, as well as improved bathrooms, complete locker room renovation, resurfacing the track and football field, and extending the parking lots. The estimate cost for the complex improvements is \$1.5 million. All these items discussed in the community; they believe will bring economic development to the eastern sector of San Antonio.

- **Ramiro Gonzalez, CEO Prosper West San Antonio:** Discussed his engagement with businesses over the past. Access to capital is not clear to many people (ex. grants vs. loans). When asking businesses about capital, we need to ask, “what do you need it for?”. Businesses being ‘capital ready’ is important. The digital divide in the community is also greater than ever, we need to help businesses become more competitive in the digital world. Prosper West is currently working on a program for the City’s consideration where they can equip 750 westside businesses in the next 3 years to compete digitally. Lastly, there should be a focus on how to reach the least reachable of small businesses. Programs and offerings tend to go to the same businesses leaving a segment of businesses that do not receive the same opportunities due to not knowing about the opportunities. Trust issues are in the community. How do we spend more time with businesses from an ecosystem standpoint, and not focus entirely on programs but the entire system that needs to exist to help small businesses long-term?
- **Ray Martinez, engraving company (D4):** Lost 85-90% of business in 2020, having to move business to his home. He worked on changing his business strategy and with the help of programs through Prosper West and Maestro Entrepreneur Center was able to survive. He has changed his business strategy focusing on how to handle future circumstances considering the pandemic. He has also struggled with SBA and EIDL.
- **Gilbert De Hoyos, Barrio Barista (D7):** Asking for small businesses to be considered as under 30 employees.
- **Teresa Garcia, Owner, Food Safety Direct:** Stated the food industry is struggling. Her immediate need is grant money for rent relief, improving programs to reach her clients that are not easy to reach. She is struggling hiring employees. She also sees there is a lack of drive for people wanting to return to work.
- **Bonnie Burkley, Social and Health Research Center (D1):** Advocating for non-profits as small businesses to be included in the ARPA funding opportunity. Non-profits also struggle with labor shortages, rent and paying employees. Believes everyone needs to work together to address health equity not just equality. Invest in strategies that address both immediate community needs and impact on community long term.
- **Tiffany Jones-Smith, Texas Kidney Foundation:** Non-profit that reported 40% of revenue came from events. Uptake in kidney disease due to COVID-19. Ms. Jones-Smith is requesting funding to help them reach the community and agreed with the statement to invest in the people.
- **La Juana Chambers Lawson, Founder of Tactic Growth Strategies:** Invest in people to get people certified as Project Management Professionals. Looking for more procurement opportunities with the city for management consulting firms, especially for smaller micro-businesses.
- **Robert Hernandez, Prosper West:** Challenges include lack of connection between downtown and the westside of San Antonio as well as homelessness. This is a challenge for developers. Would like more homeless programs and infrastructure.
- **Josh Fernandez-Triana, San Antonio Based LLC, DBA Evolution Solutions (D3):** Urged for a portion of the

ARPA funding to be used to develop a sustainable ecosystem through grid modernization and advancing the climate equity and bridging the digital divide. The pandemic showcased many flaws in the grid.

- **Jaime Macias, Jaime's Place owner (D4):** Acknowledged Prosper West for their commitment to the community. Business was strictly a bar but had to shift to a restaurant due to the pandemic. Asked to consider money being allocated west of downtown towards the community, i.e., jails, clinics, Haven for Hope, etc.
- **Derrick Rosson, Elevated Restaurant Group:** Recommendations included, using money for investments around the city. Access to capital is top issue for businesses, but believes programs need to be administered better, i.e., EIDL with SBA was difficult process. Recommended setting up an organization or leveraging existing organizations to help businesses navigate processes and take advantage of available funds. Invest more in Visit San Antonio and Hemisfair Park Advocacy.
- **Maria Alcala, Farmers Market Association:** Invest ARPA funds in the Farmers Market building. Suggested leases be extended like La Villita. Tourism is still down and would like to market building as connected more to Market Square by closing the street between them.
- **Steven Lenz, Texas A&M S.A:** Believes helping individuals comes in the form of childcare. Not having access to publicly available early childcare is harming the ecosystem. Making investments in early childcare creates an opportunity in mental health prevention. A one-time investment in Educare is recommended.
- **Diane Sanchez, Co-Founder - Micro:SA:** Digital equity and equitable investment need to be put in perspective. Micro-businesses need an ecosystem that will help them develop a digital platform. Allocate a portion of ARPA to core sectors to help access better tools.
- **Faith Garza, (D6):** Would like to see funds go to education to help teach STEM skills.

Commission Open Discussion:

Ms. Hicks-Sorensen addressed the commission stating a motion and action will be asked for after commission open discussion. The goal is to forward information to council with feedback in categories of top challenges. Ms. Willoughby did not have anything to highlight. Ms. Canales stated her organization visited small businesses and stated feedback she received from a woman-owned business was access to capital. Ms. Canales shared that she is a strong component of keeping that as top of line as well as having flexibility with businesses, both in recovery mode and next steps. Ms. Canales stated that last years' experience helping administer the Bexar County and City of San Antonio grant programs geared towards 20 and under employees. Ms. Canales supported having more targeted usage for funds for small and micro-businesses.

Ms. Sepulveda stated that after reviewing survey questions, she believes access to capital is a need but not in loan form, but rather in grants to help rebuild and reestablish businesses. In building capacity, funding needs to be allocated for training and keeping people incentivized. Incentives mean partnerships between small and micro-businesses and employees, helping them stay as they feel invested in. Develop one on one relationships with businesses.

Ms. Sirakos questioned the survey and the top five challenges identified. She recommends looking at access to capital with an equity lens and really seeing who needs additional support. Ms. Shakil agreed, targeting micro

and small business is a need. Ms. Shakil also emphasized the importance of helping these businesses obtain the funds, offer training once funds are obtained, and focus on retaining employees. Mr. Roberts agreed with funding to capital and education and differentiating between loans and grants. He wants to still see more data to determine how all the different tasks affect each other. One investment in one entity could take two years to come to fruition while another could take up to five. He would like to come together as a commission and get more visuals to see how the different entities irrespectively work with each other and see the investment infrastructure domino effect. The first investment needs to support the second investment and it be a continuation of support.

Mr. Hollerbach agreed with Mr. Roberts that more information is needed. Small businesses all need help by providing funding and teaching them how to access it. Need an educational process to teach small businesses how to navigate through the funding applications. Ms. Carielo shared mixed emotions and concerns that there is not a small business recovery plan and the advice needed is too short asked. The group has not met and shared their concerns prior to this she stated, and this is concerning in having to make a recommendation to City Council. Ms. Carielo asked for a presentation from staff to show what is being done currently and give feedback on that. She believes the Commission needs to provide a solution to learn how to pivot through the pandemic. She additionally asked for an emergency work session to continue the dialogue amongst the Commission. Ms. Carielo expressed concerns about the survey and the districts that participated. She addressed the workforce development program out in the community today and the lack of addressing what small businesses need.

Ms. Hicks-Sorensen reiterated the ask from the Commission is to provide feedback on the categories brought forward. There have been other sessions throughout the city that also will be presented to City Council to show the larger picture where additional specifics will be discussed. There are many different needs and there is not a one-size-fits-all. Continuing through the process is foreseen stated Ms. Hicks-Sorensen. Ms. Sepulveda detailed she also believes there is not information to make a confident recommendation. She does not believe that a strong enough relationship has been made with the constituents and smaller and micro-businesses to make this type of recommendation to their benefit and is not confident a proper decision will be made. Mr. Roberts asked to be able to meet with the Commission to take the directional progress of the survey, to then, categorize and sub-categorize what each category really mean. Assistant City Attorney, Ms. Ramirez articulated the Commission is not able to meet in a forum outside of an open meeting and all meetings must allow for public comment. Ms. Alex Lopez, Assistant City Manager queried the commission for a possible consensus on the major categories presented, knowing there are future conversations to be had. Once categories are presented to City Council, the Commission will regroup and discuss further allocation for small businesses within the categories to include major priorities, focus areas, etc.

Ms. Sirakos requested data for future meetings to include distribution of PPP funding, progressively by district, business size and revenue, and length of existence. Mr. Hollerbach asked if other groups would be approaching City Council for funding. Significant number of requests have been submitted to Council, stated Ms. Hicks-Sorensen, along with eight community public sessions held for feedback, and online feedback as part of the overall process.

Consensus was not agreed upon and the Commission requested a future meeting to continue discussion on priorities for small businesses. A motion was made by Mr. Roberts for a future meeting, seconded by Mr. Hollerbach, with commission in favor except for Ms. Canales voting nay.

Adjournment

The meeting was adjourned at 4:14 p.m.

DRAFT