



# **ACTION PLAN FOR ECONOMIC DEVELOPMENT**

*October 2013 – September 2014*

*DRAFT*

Presented by the San Antonio Economic Development Foundation

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# EXHIBIT B: YEAR FOUR ACTION PLAN SAEDF / CITY OF SAN ANTONIO

## CONTRACT

### I. INTRODUCTION

The initial thirty three (33) months of the SAEDF Contract with the City of San Antonio have been very successful and have solidified the delivery system for effective economic development. The year four (4) Action Plan focuses not only on continued improvement in the results, but also on the implementation of the Strategic Plan, local business, and foreign direct investment (FDI). The initial thirty three (33) months have yielded 11,931 new jobs with over 38 percent being high wage jobs.

This Action Plan focuses on the continued recruitment of new job - producing investments (both domestic and international), the success of the local business retention and expansion (BRE) program, and the marketing/imaging of the community for economic development purposes. This year focuses on a number of topics/program areas including:

- Incorporating the Export Strategy into the BRE program.
- Develop, implement and monitor a community - wide strategic plan for economic development under the oversight of the San Antonio Strategic Plan Coordinating Council and led by the Mayor and County Judge as outlined in the initial contract/Action Plan.
- Continue emphasis on realistic sub-goals tied to SA2020 sectors.
- Continue expansion of the BRE Program in terms of services and technical assistance provided by the team.
- Work on a “Super Brand” for the community

Additionally, for this Action Plan to be successful and for the continued success in attracting and creating job - producing investments, the following items need to be put in place during year four (4) of the contract (Oct. 1, 2013 through Sept. 30, 2014).

- Improved competitive incentive packages for high-skill and high-wage projects.
- New priority incentives for target areas in the city.
- Continued funding from Bexar County for the expanded SAEDF.
- Confidential treatment of all prospects

- Local government policy maintaining a positive business climate.

Finally, the initial thirty three (33) months of the contract have been successful and the vast majority of SAEDF's goals were met or exceeded. The coordination between SAEDF and City staff and leadership continues at a high level, but the confidentiality of business prospects and information remains intact. Confidentiality must be a key consideration and upheld for this Action Plan and our future economic development activities.

## **II. PURPOSE / MISSION**

The Action Plan in year four (4) continues to be a results - orientated plan aligning the resources of SAEDF, the City of San Antonio and other allied partners. The focus continues to be on job producing investments from recruited companies and local businesses. The plan is directly linked to the targeted industries of the City and SA2020. The imaging/marketing of San Antonio as a progressive, well-educated city attractive to business investments is a priority for this contract year. Additionally, increased activity in foreign investment and the implementation of the community's Strategic Plan for Economic Development are a key emphasis for this year.

## **SERVICE AREA**

For purposes of SAEDF activities funded by the City, services will be delivered for the principal benefit of the area and residents within the boundaries of the City of San Antonio and its ETJ in effect during the contract period. For purposes of SAEDF activities funded by Bexar County, services will be delivered for the principal benefit of the area and residents within the boundaries of Bexar County. The City acknowledges that SAEDF also has obligations to Bexar County and CPS Energy.

## **SCOPE OF SERVICE KEY DELIVERABLE ELEMENTS**

- 1) Recruit / Retain / Expand business in current targeted industries and local business clusters with a specific focus on the SA2020 targeted sectors of Healthcare / Biosciences; Aerospace; Information Technology / Information Security; the New Energy Economy; as well as professional business services.
- 2) Develop, implement and monitor a community - wide strategic plan for economic development under the oversight of the San Antonio Strategic Plan Coordinating Council.
- 3) As needed, research global and national economic trends, growth sectors, and regional competitiveness issues.
- 4) Plan, design, and implement coordinated marketing and imaging campaigns.
- 5) When possible inform and advise the City of San Antonio and Bexar County on business recruitment, retention and expansion issues, and new opportunities.
- 6) Provide site selection assistance for prospective companies providing options and

information on all areas of the city and, when appropriate, an emphasis on targeted areas of the City and County.

- 7) Provide reports as specified in Section 2.3c of the City Contract.
- 8) Along with City Staff, focus resources and identify international/business opportunities.

### **III. AREAS OF EMPHASIS AND KEY METRICS**

#### **INTRODUCTION**

The scope of work will continue to focus on both the recruitment of new job - producing investments and the retention and expansion of local companies. During the first two (2) years, of the contract, forty five (45) companies announced new plans for investment and jobs that were recruited from outside the San Antonio area or were local companies that were expanding.

#### **A. RECRUITMENT**

SAEDF will continue to target core business sectors that have a proven track record in the San Antonio region and for which San Antonio's competitive advantages provide a good fit. The Healthcare / Biosciences, Aerospace, Financial and Professional Services Operations, Distribution ,and Manufacturing sectors have well-established infrastructure, supply lines, and labor force pipelines in place to be successful and continue to grow.

Diversification toward a more progressive and growth-oriented economy will add new layers to this already strong foundation through recruitment of knowledge - intensive and innovative firms. In particular, companies in the following sectors show great potential: clean technology, renewable energy operations, information technology/information security, as well as R&D facilities, international operations, and headquarter offices.

Competing effectively for these operations will be strengthened by favorably aligned local government policies, services, capital investments, education and workforce development, transportation, infrastructure, utilities, financial institutions and real estate offerings, etc. Coordination will be required to leverage resources, expertise, and assistance appropriately from our City and County leadership and economic development departments, local chambers, trade associations, Alamo Colleges, Workforce Solutions Alamo, Texas Research and Technology Foundation, Texas Workforce Commission, BioMed SA, Free-Trade Alliance, Governor's Office, higher-education, media, and many others.

Recruitment activities will place an emphasis on operations that offer a greater proportion of high-skill / high-wage jobs and industry diversification with a focus on SA2020 targeted industry sectors. Aggressive and tailored new incentive packages will be sought through the City and County for

prospects considering target locations such as downtown and southern Bexar County. The Strategic Plan for Economic Development that is scheduled to be adopted the first quarter of this contract year will help refine domestic and international industry targets during the year. In addition, SAEDF will develop and define sub-sectors within the professional business services industry for recruitment.

The current year quantifiable goals for recruitment include metrics addressing the following:

	<b>Target</b>	<b>Change from 2012 Goal</b>
New qualified prospects	<b>119</b>	+10%
Locations / expansions	<b>25</b>	+14%
New jobs created	<b>3700</b>	No Change
Payroll*	<b>\$120M</b>	+2%
High-wage jobs**	<b>1040</b>	No Change

\* Payroll as reported by employers less benefits. (Not all companies provide this information).

\*\* High-wage jobs can be reported as either: (1) the number of qualified professional jobs reported in high-wage industries (e.g. advanced business services, aerospace, life sciences, renewable energy, high-tech / IT); or (2) as the percentage of jobs whose earnings are above the county average weekly wage (average for the most recent four quarters) as reported quarterly by the Bureau of Labor Statistics (currently \$43,700). Should data from the company not be available, and with the agreement of the City, option two could be determined using an occupational matrix based on IMPLAN data or from TWC data.

<b>Target Goals for SA2020 Sectors</b>	<b>Target</b>	<b>Change from 2012 Goal</b>
New qualified prospects	<b>30</b>	<b>+36%</b>
Locations / expansions	<b>6</b>	<b>+50%</b>
New jobs created	<b>800</b>	<b>+21%</b>

Note: Target Goals for SA2020 Sector are included in the Goals for the Fiscal Year 2013 – 2014.

## **B. BUSINESS RETENTION**

SAEDF continues to allocate a VP position to the coordination and implementation of the Business Retention and Expansion (BRE) program. The primary purpose of the program continues to be to retain and expand local business in key industry clusters and encourage job growth in the local corporate base.

During the fourth (4th) year of the contract, SAEDF will continue to work with our area partners including the City of San Antonio, Bexar County, The Greater San Antonio Chamber of Commerce, The North Chamber of Commerce, the San Antonio Manufacturers Association, CPS Energy and other business organizations that will dedicate resources and staff to assist with BRE meetings.

During the initial thirty three (33) months of the contract, SAEDF had 205 contacts / visits in the BRE Program. In fiscal year 2014, SAEDF will continue to target key business and industry clusters along with the recommendations provided by area partners.

Also a continuing BRE effort will be calling on SAEDF - assisted companies that have located in San Antonio in the past ten (10) years as well as continuing visits to key high - profile local employers. When appropriate and based on availability, these high profile visits will include the participation of City and County leadership.

For fiscal year 2014, our target goal is to visit 75 companies including companies contacted / visited by our area partners. This coordinated schedule of annual visits will serve to express appreciation to key employers and to reassert the commitment of San Antonio and Bexar County to provide a favorable operating environment. Visits will also seek to identify at-risk local operations and any issues affecting the continuation of their business in San Antonio.

### **BRE Company Survey / Visit**

It is SAEDF's goal to gather key information during a personal visit to businesses. When a local company chooses not to participate in a survey, SAEDF or personnel from the BRE Team will provide a brief summary of the contact / visit. The summary will answer basic questions such as:

1. Does the company have plans for future expansion?
2. Is the company experiencing difficulty in the San Antonio marketplace?
3. Does the company have specific recommendations to improve the San Antonio business climate and their particular industry sector?

#### Outcomes:

The BRE Program has three (3) possible outcomes:

1. To help a local business expand.

2. To address problem areas specific to the company.
3. No action necessary.

Finally, additional positive outcomes from the BRE visitation process can benefit economic development efforts by:

- Assisting SAEDF with the solicitation of opportunities to visit their headquarters to discuss local issues, expansion and / or relocation with their executives.
- Ascertaining their key supply-chain partners for introductions as prospects to also expand or relocate to San Antonio.
- Providing, in partnership with the Free Trade Alliance and the San Antonio Export Assistance Team, export assistance to companies to help them diversify their goods and services markets and revenue.

The following metric will be used to measure BRE performance:

	<b>Target</b>	<b>Change from 2013 Goal</b>
Annual Visits*	<b>75</b>	+10%

\*Total number of visits made to the companies within the targeted clusters for that contract year. Goal includes visits / contacts by economic development partners.

Note: When appropriate, SAEDF will provide information related to located or expanded companies and jobs that assist the City and County to determine business / industry sectors that impact council districts and county precincts.

**TARGET GOALS FOR SA2020 SECTORS**

	<b>Target</b>	<b>Change from 2012 Goal</b>
Annual Visits*	<b>21</b>	<b>+16%</b>

Note: Target Goals for SA2020 Sectors are included in the Goals for the Fiscal Year 2013 – 2014.



## C. Development and Implementation of a Community Wide Strategic Plan for Economic Development

In FY2013, the community formed a community-wide steering community to develop a Strategic Plan for Economic Development. Deloitte Consulting was hired and completed a target industry analysis and a SWOT analysis verifying targeted sectors and including SA2020 industry sectors.

The Deloitte Team conducted community-wide interviews, including 80 face-to-face meetings with local organizations and individuals, and developed strategies to retain and cultivate jobs, and the investments and the ancillary benefits derived from the jobs. The strategies were broken down into functional and operational areas including business attraction, business retention and expansion, and entrepreneurial development. In addition, strategies were developed to address key location factors and needs, including workforce, research and information development, incentives, property (real estate needs), and challenged neighborhoods (place-based strategies to enhance local assets and products).

The San Antonio Strategic Plan Coordination Council was formed and reviewed the recommendations and prioritized 64 strategies based on the highest benefit to the community's economic development efforts. The San Antonio Economic Development Foundation Executive Committee approved the plan in November and agreed on an implementation process to be presented to the Mayor and County Judge.

To support the FY2014 Action Plan, the Coordinating Council will be responsible for making assignments to lead organizations for each strategy, developing a Memorandum of Understanding to be entered into by the designated lead organization and the Strategic Plan Coordinating Council. The Coordinating Council will report to the community (City and County government) about the progress that has been made in implementing the plan once a year.

## **MARKETING**

## **INTRODUCTION**

During the 2012-2013 contract year, SAEDF continued its collaborative partnership with the City of San Antonio and other partners in all aspects related to marketing San Antonio as a premier market for location and expansion. This includes participation in the SAEDF Marketing Committee where advertising and PR strategies are discussed and new opportunities are identified such as hosting a Site Selector event by pooling partnership resources.

A key undertaking was the Image Study conducted by Frost & Sullivan in 2012, which resulted in the development of a new messaging strategy for the 2012-2013 contract year. Based on the study's findings, Frost & Sullivan recommends that San Antonio move away from solely marketing itself based on industry sector appeal. Instead, Frost & Sullivan advises SAEDF to focus on San Antonio's unique competitive advantages, while also dispelling misperceptions. Frost & Sullivan identified San Antonio's core strengths to be its pro-business governance and growth. In addition, Frost & Sullivan was clear to point out that an opportunity exists to tell San Antonio's education story, as well as other location advantages (low cost to do business, financial incentives, low cost of living, etc.). Finally, the study revealed that The Culture of Business positioning line showed the strongest appeal and versatility when communicating San Antonio's assets.

Although the strategy has moved away from an industry focused message, SA2020 industry targets remain a priority. For example, media buys in The Business Journals network target newsletters that focus on SA2020 industry sector topics (technology, energy, etc.). As part of SAEDF's public relations strategy, there continues to be a concentrated effort to develop storylines in press releases, blogs and newsletters that also focus on SA2020 targeted industry sectors.

### **Strategy (2013-2014)**

Marketing efforts will continue to focus on San Antonio's unique competitive advantages, while dispelling misperceptions under "The Culture of Business" positioning line. This approach in communicating strong, believable, memorable messages will keep San Antonio top-of-mind with site consultants and C-suite level executives. San Antonio's strategic plan for economic development conducted by Deloitte Consulting in 2013 will enhance marketing methods. This expanded detail includes refined target sectors and the need to develop messaging that entices these targets to explore the offerings of San Antonio's Culture of Business.

Exploratory and developmental ground-work has been led by SAEDF to unify San Antonio's brand under the concept of a super brand. This strategic approach for an umbrella brand would provide a multitude of local stakeholders (SAEDF, CVB, Chamber of Commerce, private sector, etc.) guidance in marketing San Antonio in a consistent manner. Consistent messaging would allow for an improved and more memorable reach of each stakeholder's targets. Plans are to continue the process collaborating with stakeholders to secure participation, develop and finalize messaging guidelines, and then launch the initiative with the assistance of the Mayor's office.

### **Tactics (2013-2014)**

Prospecting events, industry marketing conferences, seminars and other activities that reach potential investors and established networks are vital. The importance of the international markets continues to grow, particularly with an expanded focus on FDI. Markets of interest include Mexico, China, Japan and others. The marketing approach will include two international trips during the fourth year of the contract. The approach will also include a site consultant's event that will feature attending the Formula 1 event in November. The event will target key location consultants throughout the U.S. that have domestic and international business relationships. The goal of the consultants' event is to educate these professionals on unique San Antonio attributes such as downtown, Port San Antonio, Brooks City Base and cluster industries in the market.

Marketing trips will include a focus on SA2020 sector's. Planned trips for the 2013-14 contract year to include the following industry trade shows:

- Aviation MRO Conference
- Green Manufacturing Expo
- ASES National Solar
- Bio International
- Aerospace – NBAA
- Solar Power International
- Marketing trip to Maryland/Washington, D.C. to contact Cyber Security/ IT Companies

(Note: other trade shows or events may be substituted)

SAEDF will also coordinate activities with the City’s CVB to leverage opportunities for meeting with corporate representatives attending conventions in San Antonio and in recruiting conventions.

Marketing aimed at industry sectors by way of distribution channels and PR themes to which we aspire such as the aerospace, healthcare/biosciences, etc. are included, as well as target marketing related to R&D and headquartered operations of these sectors. We will continue to deliver messaging that focuses on San Antonio’s unique competitive advantages, as recommended by the Image Study, utilizing advertising (online, print, etc.) and social media (e.g. SAEDF blog, Facebook, twitter). The SAEDF website will continue to evolve and be updated. Video testimonials now have a strong presence on the website. Links are sent to prospects, allowing them to hear about San Antonio from their peers. Opportunities to add to the library will be explored. Collateral materials will be updated and designed to coordinate with “The Culture of Business” message. Specialized publications and Web sites aimed at the Horizon Sectors, technology professionals and site consultants will broaden our ability to reach SAEDF targets.

**Marketing Goals**

	Target	Change from 2013 Goals (2012 goals)
Marketing trips	<b>32</b>	(30) +7%
International Marketing Trips	<b>2</b>	(2) No Change
Press releases	<b>18</b>	(15) +20%
National, Trade and local pitches ***	<b>180</b>	(160) +13%
Online activity **	<b>5.0M</b>	(2.75M) +81%
Total audience ***	<b>100M</b>	(64M) +56%

\*\*Online activity is the number of Web impressions by SAEDF.

\*\*\* Total audience is the total reported circulation / viewers of print, online, TV, and radio outlets

for which SAEDF generated media.

### Target Goals For SA2020 Sectors

	Target	Change from 2013 Goal
Marketing trips	8	(6) +20%

Note: Target Goals for SA2020 Sector are included in the Goals for the Fiscal Year 2013 – 2014.

## RESEARCH

During the third year of the contract, SAEDF coordinated the year-long research behind San Antonio’s Strategic Plan for Economic Development conducted by Deloitte Consulting. In the 2013-14 contract year, SAEDF and its stakeholders will focus on the process of putting the strategic plan into effect.

In addition, SAEDF will focus on research update and maintenance of critical data resources. These resources include the following:

- Quarterly Data Collection for the COL index
- Industry Fact Sheets
- Lists for Industry Sectors & Others (corporate headquarters, largest employers, etc.)
- Economic Impact Studies (as needed)

With the continued development of SA2020 and the community strategic plan for economic development, SAEDF will have the opportunity to focus on key sectors that present the best short-term opportunities for growth and impact on the local economy. The ongoing sector specific research will address the following:

1. International and national trends in the sectors
2. Sector growth occupations

3. Primary location factors
4. Degree of compatibility with San Antonio / Bexar County business location factors

#### **IV. CORE BUSINESS SECTORS**

- **HEALTHCARE/BIOSCIENCES**
- **AEROSPACE**
- **FINANCIAL / PROFESSIONAL SERVICES BACK OFFICES**
- **MANUFACTURING/DISTRIBUTION**

#### **V. HORIZON SECTORS/AREA AND REGIONAL APPROACH**

- **NEW ENERGY ECONOMY**
- **INFORMATION TECHNOLOGY / INFORMATION SECURITY**
- **INTERNATIONAL BUSINESS**
- **TARGET AREAS AND REGIONAL ECONOMIC DEVELOPMENT**

### **C. SAEDF / CITY CONTRACT BUDGET (FISCAL YEAR 2013-2014)**

#### **Income**

City Contract	\$500,000
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<b>Total Income</b>		<b>\$500,000</b>
<b>Operating Expenses</b>		
<b>Staff Expenses</b>		<b>\$238,000</b>
Salaries (2 FTEs)	\$195,000	
Taxes (FICA, Medicare, FUTA, SUI)	\$17,000	
Benefits (Insurance, 401K)	\$26,000	
<b>Prospect and Marketing Expenses</b>		<b>\$213,000</b>
Advertising	\$100,000	
Public Relations	\$50,000	
Electronic Tools (Web site)	\$4,000	
Brochures IPAK & Exec. Summary, etc.)	\$4,000	
Consulting(Annual wage study&other studies)	\$20,000	
Computer expense / Xceligent / GIS	\$10,000	
Prospect expenses	\$15,000	
Travel	\$10,000	
<b>Administrative/Other Expenses</b>		<b>\$49,000</b>
Trade Association Dues (TexasOne)	\$11,000	
Audit / Accounting	\$5,000	
Contract Accounting	\$2,000	
Rent & Services	\$13,000	
Telephone	\$3,000	
Postage / Delivery	\$1,000	
Supplies	\$2,000	
Copying / Printing	\$3,000	
PEO	\$3,000	
Insurance	\$5,000	
Miscellaneous Overhead	\$1,000	
<b>Total Operating Expenses</b>		<b>\$500,000</b>
<b>Net Cash</b>		<b>\$0</b>

## CONTRACT GOALS

### FISCAL YEAR 2013-2014

#### Goals

Targeted Opportunities	Annual Contract Goal	Change From 2012 Goals
New qualified prospects	119	+10%
Locations / expansions	25	+14%
New jobs created	3,700	No Change
Payroll	\$120M	+2%
High-wage jobs	1040	No Change
Annual visits	75	+10%
Marketing trips (2 International Trips)	32	+7%
Press releases	18	+20%
National, Trade and local pitches	180	+13%
Online activity	5.0M	+81%
Total audience	100M	+56%

#### TARGET GOALS FOR SA2020 SECTORS FISCAL YEAR 2013-2014

Targeted Opportunities	Annual Contract Goal	Change from 2012 Goal
New qualified prospects	30	+36%
Locations / expansions	6	+50%
New jobs created	800	+21%
Annual visits/BRE Program	21	+16%
Marketing trips	7	+16%

Note: Target Goals for SA2020 Sector are included in the Goals for the Fiscal Year 2013 – 2014.