

**ECONOMIC AND WORKFORCE DEVELOPMENT
COUNCIL COMMITTEE MEETING MINUTES
TUESDAY, DECEMBER 8, 2020 10:30 AM
VIDEOCONFERENCE**

Members Present:	Councilmember Rebecca Viagran, <i>Chair, District 3</i> Councilmember Adriana Rocha Garcia, <i>District 4</i> Councilmember Shirley Gonzales, <i>District 5</i> Councilmember Melissa Cabello Havrda, <i>District 6</i> Councilmember Manny Pelaez, <i>District 8</i>
Staff Present:	Carlos J. Contreras, III, <i>Assistant City Manager</i> ; Ray Rodriguez, <i>Deputy City Attorney</i> ; Christina Ramirez, <i>Assistant City Attorney</i> ; Alejandra Lopez, <i>Director, Economic Development Department</i> ; Heber Lefgren, <i>Director, Animal Care Services</i> ; Christina Reck-Guerra, <i>Director, PreK4SA</i> ; Michael Sindon, <i>Assistant Director, Economic Development Department</i> ; Justina Tate, <i>Budget Director, Economic Development Department</i> ; Ann Eaton, <i>Economic Development Manager, Economic Development Department</i> ; Thomas Davis, <i>Economic Development Department</i> ; Nancy Cano, <i>Office of the City Clerk</i>
Others Present:	None

Call to Order

Chairwoman Viagran called the meeting to order.

1. Approval of the minutes from the Economic & Workforce Development Council Committee meeting on October 22, 2020.

Councilmember Gonzales moved to approve the minutes from the October 22, 2020 meeting of the Economic & Workforce Development Council Committee. Councilmember Cabello Havrda seconded the motion. The motion carried unanimously by those present.

2. Approval of the minutes from the Economic & Workforce Development Council Committee meeting on November 3, 2020.

Councilmember Gonzales moved to approve the minutes from the November 3, 2020 meeting of the Economic & Workforce Development Council Committee. Councilmember Cabello Havrda seconded the motion. The motion carried unanimously by those present.

Public Comment

None.

3. Update on the Small Business Support and Workforce Development Pillars within the COVID-19 Community Recovery and Resiliency Plan [Carlos J. Contreras, III, Assistant City Manager; Alex Lopez, Director, Economic Development]

Ann Eaton reported that 1,222 grants, including 1,099 micro business grants and 67 non-profit grants that totaled \$25,490,869, were awarded as of December 4, 2020. She noted that 175 of

the 1,099 microbusiness grants were for food and beverage businesses that accounted for \$8 million, and 56 of the 67 non-profit grants were for loan buydown forgiveness grants which would provide up to 10 months of loan payment forgiveness through 2020. She stated that City Council approved additional actions to increase funding for micro business grants for restaurants and bars in the amount of \$3.5 million on November 4, 2020, and in the amount of \$1.5 million on December 2, 2020.

Ms. Eaton presented an itemized breakdown of the microbusiness grants awarded, as follows:

- Gender: 56% women-owned; 43.4% men-owned, .6% unknown
- Race/Ethnicity: 60.8% Hispanic, 15.8% White, 8.2% African American, 12.1% Asian, Other Minority: 2.1%, American Indian: 0.4%; No Answer: 0.6%
- Industry: Service: 35.3%, Food Service: 13.2%, Retail: 14.5%

Ms. Eaton provided an update on pending applications, as follows:

- Food and beverage businesses: 49 applicants under consideration for award with the \$1.5 million added on December 2, 2020
- Micro businesses: 695 applicants with scores of 22 or less; 96.5% with Equity Scores of 5 or less
- Non-Profit businesses: 72 applicants with scores of 12 or less; did not provide prioritized services

Ms. Eaton reported that next steps were to finalize award amounts for 67 food and beverage businesses to be funded through \$3.5 million award grants with the added \$1.5 million, and all funds would be disbursed by December 18, 2020.

Ms. Eaton reported that the City’s largest Personal Protection Equipment (PPE) Event was held in May 2020 with 6,000 local small business participants. She stated that 791 PPE kits were distributed through Council District offices and 444 PPE kits were distributed through outreach organizations. She added that 2,750 small business grant applicants took the Greater. SAfer. Together. Pledge to protect the health and safety of employees and customers, and instill community confidence through COVID-19 best practices for safety and hygiene. She noted that concessionaires at the San Antonio Airport were also posting their pledges online.

Thomas Davis provided an update on small business outreach and reported that partner organizations engaged with approximately 2,270 small businesses as of November 30, 2020. He reviewed the outreach distribution for each partner organization:

Outreach Organization	Businesses Contacted
Centro	646
SAGE	432
Southside First	370
WDC	822
TOTAL	2,270

Mr. Davis provided an itemized breakdown of outreach tracking conducted by phone calls, surveys, and door-to-door contact. He provided survey results of the top business challenges faced

by local small businesses: Financial hardship 64.5%; Reduction in customers: 62.1%; Health & Safety: 47%; General business challenges: 34.3%; Other: 23.4%; Lack of professional assistance: 6%; and Public services: 5.7%. He provided an itemized breakdown of 5,805 resource referrals made to small businesses by the Outreach Teams. He added that Outreach Program Services would end on December 30, 2020, a final Outreach Summary Report would be presented to the Committee in January 2021, and follow up engagements with small businesses would be conducted in April 2021 and April 2022.

Michael Sindon provided a workforce development update and reported that 3,636 residents completed the Phase 1 preliminary intake; 2,444 residents were referred to an agency to enroll in Phase 2 training; 1,178 residents were enrolled in Phase 3 training, with 1,266 pending enrollment. He added that 66 residents completed the program, of which 25 received a job; 94 residents enrolled but did not complete training; and 1,018 residents were actively enrolled in training. He noted that 164 participants were referred to the Department of Human Services for childcare; 24% (39 participants) enrolled; and the remaining referrals opted out due to COVID-19 concerns.

Mr. Sindon provided Equity Matrix Atlas Scores by Council District and an itemized demographic of enrolled workforce participants:

- Gender: 72% women; 27% men
- Race/Ethnicity: 64% Hispanic, 17% African American, 13% White, 4% Other Race/Ethnicity, and 2% Asian

Mr. Sindon provided additional participant demographics: 66% below poverty rate; 37% hardest hit industries; 6% disabled; 4% formerly incarcerated; 2% Veterans; 17% no high school degree; 34% high school degree; 42% vocational, Associates Degree or some college; College degree or above: 8%.

Mr. Sindon reported that 45 local small businesses signed agreements with Workforce Solutions Alamo (WSA) to provide on-the-job training (OJT) for 275 available slots. He reported that two residents were placed into OJT.

Mr. Sindon reported that a Three-Focus Group Session of 16 participants (11 women, 5 men) provided feedback on the Workforce Development Program with the majority reporting that the program had the potential to increase their income and free training was the biggest incentive. He stated that the Focus Group noted areas of improvement: A faster, easier process was needed; detailed program information online was hard to find; better trained case managers were needed; and improved communication from workforce agencies was needed. He provided preliminary feedback from the City Auditor's Office which identified more specificity was needed in case management terms and training and stipend terms and more formalized processes were needed in the areas of compliance, disbursement and fiscal monitoring.

Mr. Sindon reported on Workforce Partner contract renewals and stated that contracts would expire on December 31, 2020 and had renewal options through September 30, 2021. He stated that short-term renewals would be extended to all partners from January 1, 2021 through February 28, 2021 and would include minimal amendments: Update Participant Service plans; update Budgetary Plans to match Participant Service plans; and update OJT Programs. He added that a briefing on proposed long term renewal contracts would be presented to the Committee in February 2021.

Councilmember Gonzales asked of the total amount of funds that would be disbursed by December 31, 2020. Assistant City Manager Carlos Contreras reported that all COVID-19 funding assigned to the Small Business Pillar must be expended by the end of 2020. He noted that there seemed to be momentum for additional stimulus funding and the current discussion was approximately \$900 billion.

Councilmember Cabello Havrda asked if improved best practices for metrics and outreach to small businesses had been developed for future use. Alejandra Lopez reported that phone calls received the highest conversion rates versus door-to-door contact and postcard mailouts were not as successful as anticipated. She noted that a layered geographic approach was best for outreach to certain populations.

Councilmember Rocha Garcia requested a further itemized breakdown on outreach phone calls and mailing distributions by Council District. She offered to assist in marketing efforts for the eight-day duration of the timeline. She asked of proposed strategies to increase the number of OJT participants. She requested an offline discussion on detailed marketing messaging and a streamlined, strategic marketing plan. Mr. Davis stated that he would provide itemized outreach data. Mr. Sindon reported that stackable training was not currently allowed under the Workforce Program and an amendment was proposed that would close the gap on barriers to OJT enrollment.

4. Small Business Economic Development Advocacy (SBEDA) Disparity Study: Request for Proposal Pre-Solicitation Briefing. [Carlos J. Contreras, III; Assistant City Manager; Alejandra Lopez, Director, Economic Development]

Mr. Sindon reported that the purpose of SBEDA was to promote the use of local small, minority, and women-owned businesses on City contracts to cure documented racial and gender disparities. He noted that past studies showed the under-utilization and under-representation of local minority women on a variety of business issues, such as contracting and lending practices. He reported that the City's SBEDA Program had a demonstrated history of success over the last decade, and as a result of identified disparities, the City implemented significant amendments adopted in 2015 that contributed to continued success over the 18-year span.

Mr. Sindon reported that the purpose of a Disparity Study was to compile and evaluate evidence every five to seven years to re-evaluate the strict constitutional security that Minority/Women-Owned Business Enterprises (M/WBE) contracting programs must meet. He noted that the City's most recent Disparity Review was conducted in 2015 and the Economic Development Department recommended the release of a Request for Proposal (RFP) to select a consultant to conduct a new Disparity Study based on a review of the City's contracting data from 2014-2020. He stated that the report would determine if there was any causation between disparities and discrimination, would determine if barriers existed in the private sector, would evaluate the effectiveness of race and gender-neutral remedies alone to ensure if those interventions could solve potential disparities found, and would ultimately recommended if the SBEDA program should be continued, amended or suspended.

Mr. Sindon reported that the estimated value of the contract was \$80,000 with a proposed term of two years and the study was required to be completed within that timeframe as the SBEDA Program would sunset by 2023. He reviewed evaluation criteria, Goal Setting Committee membership, and the Evaluation Committee membership. He provided a solicitation timeline with

a solicitation release date of January 15, 2021, an evaluation completion date of April 16, 2021, and a City Council consideration date of June 17, 2021.

Councilmember Rocha Garcia asked if there were opportunities to include Veterans and disabled persons within the business ownership category. Christina Ramirez explained that the SBEDA Program awarded preference points to certain groups or individuals based on certain characteristics under a legally protected classification and Veterans were not protected in the same way that gender and race were. Ms. Lopez clarified that the Veteran's Preference Program was part of the City's procurement policy and was completely separate from the SBEDA Program and was not part of the SBEDA Ordinance.

Councilmember Cabello Havrda asked how much original research was required to be incorporated into the Disparity Study. Mr. Sindon reported that the primary focus in the data set would be the City's contracting data.

Chairwoman Viagran asked if the relevant market place for the Disparity Study would only include the San Antonio area or if the Metropolitan Statistical Area (MSA) would be considered. Mr. Sindon stated that the historical reporting threshold was where 80% of the City's fiscal spending occurred and for the City, 80% of its spending occurred within the MSA, which was made up of approximately seven surrounding counties.

Councilmember Gonzales exited the meeting at this time.

5. Consideration of Adoption of Tax Abatement Guidelines (Tax Abatement Guidelines) effective from January 1, 2021 through December 31, 2022. [Carlos J. Contreras, III; Assistant City Manager; Alejandra Lopez, Director, Economic Development]

Justina Tate reported that Chapter 312 of the Texas Tax Code granted local governments the authority to abate up to 100% of ad valorem property tax on new property for up to ten years; thereafter, local governments must adopt guidelines and criteria to govern those tax abatement agreements every two years. She stated that under the Tax Abatement Guidelines approved by City Council in December 2018, three projects that totaled \$756.3 million in capital investment and created 4,326 jobs would expire on December 31, 2020 if not renewed. She noted that during the two-year timeline, guidelines and criteria may be amended or repealed by a $\frac{3}{4}$ vote of approval by City Council.

Ms. Tate reported that a consultant would be engaged to assist in updating and gathering best practices to analyze, revise and update in the first part of 2021 while negotiations for contract renewals were in process with the intent to include an expectation that the three companies would consider participants from the City's Workforce Development Program in their hiring practices.

Ms. Tate presented the current Tax Abatement Guidelines for Traditional Projects:

- 100% of all jobs must meet the living wage; 70% of all jobs must meet the industry wage
- Must invest \$10 million in capital investment or create 50 new jobs
- Must be established within an Inclusive Growth Area (IGA): Inside IGA – 10 year abatement granted; outside IGA – 6 year abatement granted

- Must meet 5 qualifying priorities: Targeted industry; high wages, internship, continued education; and continued support
- Abatement Percent: 2 criteria implemented: 50%; 3 criteria implemented: 100%

Ms. Tate presented the current Tax Abatement Guidelines for Upskill Projects:

- Must upskill/create 300 new jobs
- Must interview/hire from targeted populations
- Must invest \$20 million of capital investment
- Must develop two projects per year
- Must be established within an Inclusive Growth Area (IGA): Inside IGA – 10 year abatement granted; outside IGA – 6 year abatement granted
- Abatement Percent: Hire and maintain 35% of workforce from targeted population: 100%; Invest 50% of prior year tax abatement into Workforce Development Fund: 50%

Ms. Tate presented a timeline with community and strategic partner engagement and outreach to be conducted from February 2021 through May 2021 and a City Council consideration date of August 2021.

Chairwoman Viagran asked of any proposed guideline updates. She requested that the timeline be expedited and that consultant engagement occur concurrently with community engagement in February 2021 with a Committee briefing to take place in April 2020 or early May 2020. She noted that the City did not have any dollar incentives and requested that more basic guidelines be created and implemented to incentivize more businesses to locate in San Antonio. Ms. Tate reported that IGA would be updated to include annexations and some tier levels would be updated to reflect boundary changes and poverty status.

Councilmember Pelaez moved to approve Item 5. Councilmember Cabello Havrda seconded the motion. The motion carried unanimously by those present.

Adjournment

There being no further discussion, the meeting was adjourned at 12:30 pm.

Rebecca Viagran, Chairwoman

Respectfully Submitted,

Nancy Cano, Office of the City Clerk