

**ECONOMIC AND WORKFORCE DEVELOPMENT
COUNCIL COMMITTEE MEETING MINUTES
TUESDAY, JANUARY 7, 2020
2:00 PM
MUNICIPAL PLAZA BUILDING**

Members Present:	Councilmember Rebecca Viagran, <i>Chair, District 3</i> Councilmember Shirley Gonzales, <i>District 5</i> Councilmember Melissa Cabello Havrda, <i>District 6</i> Councilmember Manny Peláez, <i>District 8</i> Councilmember John Courage, <i>District 9</i>
Staff Present:	Alejandra Lopez, <i>Director, Economic Development Department</i> ; Suchi Nagpal, <i>Interim Director, Small Business Office</i> ; Ryan Salts, <i>Director, LaunchSA</i> ; Nancy Cano, <i>Office of the City Clerk</i>
Others Present:	Janie Barrera, <i>CEO, LiftFund</i> ; Alma Valdez Brown, <i>Loan Officer, LiftFund</i> ; Judy Canales, <i>Executive Director, Southside Trust</i> ; Sophie Torres, <i>Vice President, San Antonio Hispanic Chamber of Commerce</i>

Call to Order

Chairwoman Viagran called the meeting to order.

1. Approval of the Minutes from the Economic and Workforce Development Committee Meeting on December 3, 2019.

Councilmember Courage moved to approve the Minutes of the December 3, 2019 Economic and Workforce Development Council Committee Meeting. Councilmember Cabello-Havrda seconded the motion. The motion carried unanimously.

2. Briefing and possible action on the FY 2019 utilization of Small, Minority, Women-Owned Businesses on City contracts. [Carlos J. Contreras III, *Assistant City Manager*; Alejandra Lopez, *Interim Director, Economic Development Department*]

Alejandra Lopez provided an update on the Small Business Economic Development Advocacy (SBEDA) Program which was established in 1992 and applied to solicitations for city contracts over \$50,000 and funding/developer agreements over \$50,000. She stated that the program had undergone two major updates following the completion of required disparity studies in 2010 and 2015. She noted that additional revisions were made in 2016 to further expand the applicability of its tools to allow for the ability of small business owners to self-perform subcontracting goals and for the expansion of preference points into the construction industry. She reviewed SBEDA eligibility requirements.

Ms. Lopez presented the following data which highlighted the distribution of dollars paid to Small, Minority, Women-Owned Businesses (S/M/WBEs):

- 57% of City contract dollars were paid to 553 unique S/M/WBEs, which amounted to \$253 million of \$448 million of City contracts in which the SBEDA program applied. This figure represented a 3% increase from FY 2018 and the largest percent utilization of S/M/WBEs since establishment of the SBEDA program.
- An aggregate increase of 8% in business aspirational goals was met for all minority and women-owned businesses in FY 2019.
- A 37% increase was attained in the use of M/WBE from FY 2011 through FY 2019.
- \$68 million was utilized by women-owned businesses in FY 2019.

Ms. Lopez stated that the SBEDA Program also called for a Mentor Protégé Program which was administered in partnership with the Alamo Colleges and divided into 2 phases: 1) Small Business Boot Camp: Focused on classroom learning; and 2) Business Mentoring: Mentors provided hands-on industry feedback over a two year mentorship. She noted that nine S/M/WBEs graduated in FY 2019 and that 86% reported revenue increases. She stated that 200 were jobs created and that 69 members had graduated from the Program since 2012. She added that 54 small business owners were engaged in the Program, with 63% identified as MBEs and 37% identified as WBEs in FY 2019.

Ms. Lopez presented information on the Small Business Development Fee Waiver Program. She stated the Program was established in FY 2019 to provide City and SAWS fee waivers to eligible S/M/WBEs. She cited the Program's eligibility requirements. She stated that ten S/M/WBEs were approved for the Program in FY 2019 and had received \$158,000 in fee waivers which helped to facilitate \$5 million in investments by these businesses and the creation of 100 jobs.

Chairwoman Viagran asked how many businesses met with SBEDA in FY 2019 and how outreach was performed. Shuchi Nagpal replied that approximately 55 business owners met with SBEDA. Ms. Nagpal replied that outreach was made through partnerships with Small Business Administration (SBA) and LyftNow; and through marketing and advertising literature distributed at vendor events, with even more events scheduled for the upcoming year. Ms. Lopez added that SBEDA Utilization Summary data would be presented at various upcoming stakeholder events to serve as another opportunity to promote SBEDA.

Chairwoman Viagran requested status on the Small Business Advisory Committee (SBAC). Ms. Nagpal stated that goal of the SBAC was to solicit small business owners through various events and membership drives for many businesses outside of the typical SBEDA Ordinance targeted organizations. Chairwoman Viagran requested feedback at the March meeting.

Chairwoman Cabello Havdra expressed concern regarding the category of "Other Services" being too broad in nature. Ms. Lopez stated that the category would be updated to provide further detailed information.

Chairwoman Shirley Gonzales requested outreach be made to Neighborhood Empowerment Zones to provide tax abatement relief to SBEDA Members and to spur further new business development within their local areas. She asked staff to include tax relief for SBEDA Members as a future recommendation. Ms. Lopez agreed.

No action was required for Item 3.

3. Briefing and possible action on Launch SA and the Loan Interest Buy Down Programs. [Carlos J. Contreras, *Assistant City Manager*; Alejandra Lopez, *Interim Director, Economic Development Department*]

Ryan Salts provided an update on the Launch SA Program which was established in 2014 as an entrepreneur and small business resource center. He stated that Launch SA had over 150 resources and partners, and over 200 mentors across all industries. He noted that since 2014, Launch SA had engaged with more than 14,000 unique walk-ins, hosted more than 3,600 events, and assisted 35,000 community residents. He added that Launch SA clients surveyed indicated their sales had increased by 64% and that clients had secured more than \$4.5 million of investments and generated more than 1,000 jobs with the help of Launch SA. He cited a 2018 Economic Impact Study conducted by Dr. Steven Nivin which indicated that for every \$1 invested in Launch SA, a return of \$63 could be found in the community. He cited equitable representations of race, ethnicity, gender and military-affiliated of Launch SA clients.

Mr. Salts highlighted two new Launch SA programs:

- Break, Fast and Launch: A culinary business accelerator which supported 100 start-up culinary businesses in San Antonio; he cited a 2018 survey of past participants reflected 80% of the clients currently in operation since the program's inception in 2015.
- ImpulSA: A Spanish business accelerator pilot program for established businesses in San Antonio developed out of the requested need of the Spanish speaking community to support acclimation in the American business community. Since the program's inception in 2018, the first two cohorts showed promising success and LaunchSA has seen a strong need to increase support for this ever-growing population.

Mr. Salt referenced the San Antonio Entrepreneurship Week (SAEW) which was established to recognize developments in the entrepreneur community over a five-day series of events. He stated that the annual event has hosted more than 1,600 attendees at 190 sessions with 370 engaged speakers since its inception in 2016.

Mr. Salt referenced the Venture Challenge SA Program which was established to equip entrepreneurs with the necessary education and tools to pursue funding. He stated that Launch SA has awarded 12 participants with \$139,000 of seed funding through its live audience pitch competition since its inception in 2016.

Janie Barrera provided an update on LiftFund which was established in 2016 to provide small businesses with access to capital through zero interest loans from \$500 to \$100,000 for qualifying local S/M/WBEs. She noted that the City provided LiftFund with \$250,000 annually from FY 2016 through FY 2019, for a total of 112 loans which generated \$2.5 million in interest-free small business loans. She stated the size of an average loan was \$20,800. She cited equitable representations of race, ethnicity, gender and military-affiliated of LiftFund clients. She referred

to a 2018 Economic Impact Study conducted by Dr. Steven Nivin which indicated that for every \$1 invested in LiftFund, a return of \$11 was generated in economic activity by their clients.

Ms. Barrera concluded by suggesting a future partnership with the City to develop a revolving loan fund for small businesses or entrepreneurs where 100% of the fund would be re-invested into the community in perpetuity. She stated that LiftFund would be the sole party liable to cover the loan in the event of a default.

Chairwoman Viagran asked how many businesses from the Interest Buy-Down Program were still in operation. Ms. Barrera replied that only 6 of the 112 businesses were no longer in operation.

Chairwoman Viagran asked of the budget for LaunchSA. Mr. Salts replied that LaunchSA received \$160,000 annually from the City which was matched dollar for dollar by LiftFund.

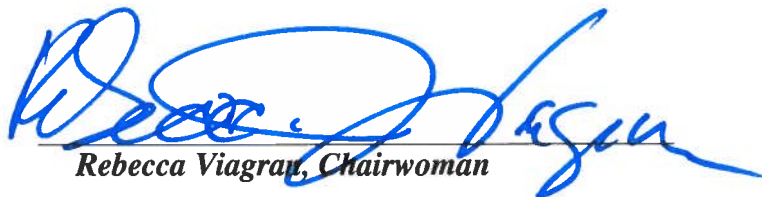
Councilmember John Courage expressed concern that the 10% interest charged by LiftFund was too high compared to current 3-5% interest rates. Ms. Barrera replied that LiftFund was a not-for-profit organization, did not have any depositors, and that its business model was to borrow money in order to lend money, with a cost of capital to LiftFund of 3-4%. Alma Valdez Brown added that all of their borrowers were satisfied with the 10% interest rate, as they were not otherwise eligible to secure bank loans or credit cards at standard 35% interest rates. She noted the average credit score of their borrowers to be 580, with bank cutoff at 680.

Councilmember Peláez requested that LaunchSA and LiftFund engage in outreach to other minority groups, such as Asian and Indian. Ms. Barrera agreed and asked for partnerships with each District to increase representation in each District by 10%.

Councilmember Peláez requested outreach to secure more opportunities for S/M/WBEs economists to conduct the City's economic studies. Ms. Lopez stated the City will be issuing a formal Request for Process (RFP) to initiate a more competitive process through a multi-year contract.

Adjourn

There being no further discussion, the meeting was adjourned at 3:15 pm.


Rebecca Viagran, Chairwoman

Respectfully Submitted,


Nancy Cano
Office of the City Clerk