



# City of San Antonio

## Agenda Memorandum

**File Number:**19-4360

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**Agenda Item Number:** 24.

**Agenda Date:** 6/20/2019

**In Control:** City Council A Session

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**DEPARTMENT:** Economic Development

**DEPARTMENT HEAD:** Rene Dominguez

**COUNCIL DISTRICTS IMPACTED:** City-wide

### **SUBJECT:**

This ordinance authorizes a funding agreement with the San Antonio Economic Development Corporation (SAEDC) (1) to establish the San Antonio Military Medical Innovation (SAMMI) Director position; (2) to hire someone as a contract employee to fill this position; and (3) an EDIF grant of \$300,000 to the SAEDC to help fund the SAMMI Director Position. Funding in the amount of \$300,000 is available in the Economic Development Incentive Fund FY 2019 Adopted Budget.

### **SUMMARY:**

In 2017, the City, through the Economic Development Department and the SAEDC, formed a Military Life Science Research Working Group to focus on how the community could better partner with the military to help meet their medical mission requirements and leverage military medical research to create community commercialization opportunities. With the Working Group's guidance, a consultant study was commissioned, resulting in the development of the SA Military Life Science Commercialization Action Plan ("Action Plan"), which was completed in 2018. The Action Plan recommends a phased implementation approach, with the first Phase involving the development of a Charter, Alliance, and the SAMMI Director position. Staff is requesting City Council consideration for a funding agreement with SAEDC to establish the SAMMI Director as a contract employee of the SAEDC to help facilitate the implementation of the Action Plan and Charter through an Economic Development Incentive Fund Grant (EDIF) from the City in the amount of \$300,000 over three years.

### **BACKGROUND INFORMATION:**

San Antonio is home to significant military medical research missions focused on developing new trauma/critical care technologies and products to treat wounded warriors. These military units include the U.S. Army Institute for Surgical Research, the Navy Medical Research Unit San Antonio (both at Fort Sam

Houston), and the Air Force's 59<sup>th</sup> Medical Wing (Lackland Air Force Base). It is estimated that these military medical missions contribute \$4.6 billion in annual economic impact for the community. To help them meet their medical mission requirements, the military wants to partner and collaborate with private industry and research institutions.

The Economic Development Department convened the Life Science Working Group in August 2017, which includes local military partners and representatives from the SAEDC, UTSA, UT Health SA, Velocity TX, Texas BioMed, Southwest Research Institute, BioBridge Global, BioMed SA, the Economic Development Foundation and private industry representatives (Acelity, InCube Labs, Trauma Insight and Prytime Medical). The Working Group has met eight times over the past two years and will continue to meet as needed to assist the SAEDC and the City in the implementation of the Action Plan.

The Working Group agreed the community should study the potential for leveraging military medical research to include the feasibility of establishing a full-time position to facilitate these efforts. As a result, the City funded a \$50,000 study through consultant Teresa Evans LLC, which began in January 2018 and concluded with the development of the Action Plan in August 2018. Key recommendations from the Action Plan include to: (1) ensure alignment with military medical missions; (2) establish a full-time SAMMI Director position aligned with a governmental entity such as the SAEDC; (3) develop a long term sustainability model through establishment of an Alliance; (4) investigate potential commercialization funding mechanisms; and (5) conduct a phased implementation approach beginning with an initial six-month phase.

The City then requested the SAEDC conduct the initial implementation phase of the Action Plan. On September 24, 2018, the SAEDC Board approved a \$50,000 Economic Development Services Agreement with Teresa Evans LLC to execute Phase I with the following objectives: (1) build bridges and create sustainable collaboration; (2) align key government and community stakeholders to support the Action Plan; and (3) develop a Charter that outlines a pathway for establishment of the SAMMI Director position and an Alliance.

On March 29, 2019, the Working Group was briefed on the Charter and supported the recommended strategies. The SAEDC Board approved the Charter on April 1, 2019, and directed the SAEDC Executive Director to seek grant funding in the amount of \$300,000 from the City to help establish the full-time SAMMI Director position within the SAEDC subject to approval by City Council. The SAEDC Board also authorized the Executive Director to initiate advertising of the position with a goal to secure funding and hire someone by the end of FY 2019. Advertising for the SAMMI Director began on April 15, 2019.

On June 4, 2019, EWDC was briefed on the Action Plan implementation status and the Charter. The Committee endorsed the staff recommendation for the establishment of the SAMMI Director as a contract employee of the SAEDC and the EDIF Grant from the City in the amount of \$300,000 over three years.

## **ISSUE:**

Staff proposes establishing the SAMMI Director position as a contract employee of the SAEDC reporting to the Executive Director, based on the Working Group recommendation to align the position with a governmental entity. The SAMMI Director will be responsible for identifying and facilitating collaborations that help meet military medical mission requirements and create commercialization opportunities for San Antonio. The SAMMI Director should have knowledge of military medical research activities and structure, community resources and assets, Department of Defense tech transfer processes, commercialization pathways, and funding opportunities. The SAMMI Director should also have experience in the life science industry, commercializing a medical device/technology and/or working for the military in a medical R&D capacity. As an employee of the SAEDC, the SAMMI Director will serve as a resource to the community at large as well as a neutral party.

Per the SAEDC Bylaws, the SAEDC requires City Council approval to establish the SAMMI Director position and hire a qualified candidate to fill the position.

This initiative aligns with several of the key long-term economic goals laid out in the City's SA Tomorrow Comprehensive Plan, as well as those presented in Forefront SA, the community's economic development strategic plan led by the SAEDF. Such goals include the promotion of entrepreneurship made possible through commercialization within the City's targeted industries of bioscience and healthcare and support for our local military missions.

#### **ALTERNATIVES:**

Based on the city's unique assets and local support for military medical commercialization, the Action Plan determined that the SAEDC is the optimal organization to house the SAMMI Director position. City Council could choose not to approve the ordinance, however this may adversely impact medical commercialization and entrepreneurship in our community.

#### **FISCAL IMPACT:**

This ordinance authorizes a funding agreement with SAEDC to establish the SAMMI Director position, hire a contract employee to fill this position, and an EDIF grant in the amount of \$300,000 to fund the position.

The San Antonio Military Life Science Commercialization Action Plan and Charter recommend a three-year budget of approximately \$523,500 for the SAMMI initiative, of which \$450,000 is allocated for salary. The SAEDC has funding available in the amount of \$150,000 to support a portion of the SAMMI initiative and is seeking an EDIF grant from the City in the amount of \$300,000, payable at \$100,000 per year for three years. The SAEDC also intends to seek annual donations totaling approximately \$30,000 for three years from local institutional life science partners to help fund the SAMMI operations, such as funding/hosting Military Medical Industry Days and other such events.

Funds in the amount of \$300,000 are available from the Economic Development Incentive Fund FY 2019 Adopted Budget.

#### **RECOMMENDATION:**

Staff recommends City Council approval for: (1) the SAEDC to establish the SAMMI Director position; (2) the SAEDC to hire someone as a contract employee to fill this position; and (3) an EDIF grant of \$300,000 to the SAEDC to help fund the SAMMI Director Position.