



City of San Antonio

Agenda Memorandum

File Number:16-1119

Agenda Item Number: 26.

Agenda Date: 2/18/2016

In Control: City Council A Session

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of the FY 2016 San Antonio Economic Development Foundation (SAEDF) Economic Development Services Agreement.

SUMMARY:

This Ordinance (1) approves the FY 2016 SAEDF Economic Development Services Agreement (attached) to achieve the community's goals for economic development and (2) authorizes payment of \$90,000 to the SAEDF to fund the SAEDF's administration of an agreement with the community's Texas/Japan Office. Funding is available from the FY 2016 Adopted Budgets for the Economic Development Department and International Relations Office.

BACKGROUND INFORMATION:

As a result of a 2009 Corporate Retention and Recruitment Sub Committee recommendation to enhance the City's focus on corporate retention and overall economic development delivery system, the City of San Antonio entered into a 5-year agreement with the SAEDF for a public-private partnership formalized in the FY 2011-2015 Economic Development Service Agreement. The partnership required an annually adopted Action Plan that set forth scope and metrics for economic development marketing, recruitment and coordination of a corporate retention and expansion program. The Action Plan also required SAEDF lead the development and implementation a citywide, comprehensive strategic plan for economic development.

To fulfill the goal of developing a strategic plan, Deloitte Consulting was contracted by SAEDF to examine how effectively our community was executing on delivering economic development services. Deloitte executed a SWOT analysis, competitiveness assessment, and industry analysis. The study identified and prioritized particular subsectors within San Antonio's targeted industries and a series of short and long-term tactics to

enhance the local economic development delivery system. In February of 2013, several economic development agencies were assembled, including the City of San Antonio, as the Strategic Plan Coordinating Council which evaluated the tactics and strategies recommended by the Deloitte study. The results of the study led to the development of Forefront SA.

Forefront SA aims to coordinate and collaborate on efforts in order to unite the city under one, collective goal - to propel San Antonio to an economically healthy and prosperous future by advancing the economic delivery system and maximizing the community's assets to spur innovation and accelerate economic competitiveness in Targeted and Core industries. To achieve this mission, five overarching goals were identified representing the critical core elements of economic development service delivery. Each goal focused on enhancing San Antonio in the following areas: 1.) Business Attraction 2.) Business Retention and Expansion 3.) Entrepreneurial Development 4.) Workforce Development and 5.) Collaboration. Coordination towards achievement of these goals will be led by SAEDF.

To formalize the partnership with SAEDF, the FY 2016 SAEDF Economic Development Services Agreement (Agreement) was developed and includes industry recruitment, retention/expansion and marketing metrics, as well as administration of the Texas/Japan Office Agreement. Enhancements to the FY 2016 SAEDF Agreement include SAEDF's role as lead agency and convener of economic development stakeholders and industry liaisons and semi-annual updates on Forefront SA tactics.

The 2016 SAEDF Agreement contains metrics which consist of overall goals and sub-goals in Targeted and Core industries. Targeted industries include Advanced Manufacturing (Aerospace, Auto and Heavy Equipment), Healthcare and Biosciences, Information Technology/Security, and New Energy. Generally, the FY 2016 SAEDF Action Plan goals and corresponding sub-goals in Targeted and Core industries pertain to business recruitment and expansion with a FY 2016 goal of 26 total recruitments and expansions, 2 of which must be from international companies; job creation with a goal of 3,600 total new jobs, with 1,000 of those jobs in Targeted Industries; and high wage jobs FY 2016 goal of 1,300 new positions.

The Agreement also formalizes a process by which SAEDF will convene community stakeholders in the five goal areas (Recruitment, Retention, Entrepreneurial Development, Workforce, and Collaboration) to coordinate and support targeted industry representatives in executing focused and specialized economic development tactics. The City of San Antonio has invested in a Cybersecurity industry representative and a Healthcare and Biomedical representative with on-going agreements with Cybersecurity San Antonio and BioMedSA. The Economic Development Department has created congruent collaboration goals within each of these agreements to ensure targeted industry feedback is guiding the evolution of San Antonio's economic development tactics. SAEDF will, as a deliverable of this agreement, develop a semi-annual update of Forefront SA articulating new and planned initiatives developed by stakeholders and industry representatives towards achievement of San Antonio's economic development goals.

Japan Office

Since 2013, the City has contracted with Mr. Watanabe to operate the Texas/Japan Office to provide access to Japanese corporate leaders, and to provide assistance to Japanese businesses as they look to expand into the US. The administration of the agreement with the community's Texas/Japan office is being undertaken and funded through the SAEDF, which requires the reallocation of \$90,000 within the Economic Development Department's and International Relations Office's budgets. Other community partner support includes Bexar County and the SAEDF.

ISSUE:

The City of San Antonio, upon recommendation of the Corporate Retention and Recruitment Sub-Committee

and satisfactory performance of SAEDF during the 2011-2015 Economic Development Service Agreement, will consider the FY 2016 SAEDF Agreement in the amount of \$500,000 and reallocation of \$90,000 within the Economic Development Department's and International Relations Office's budgets to pay a portion of the costs of the SAEDF's administration of an agreement with the community's Texas/Japan Office.

ALTERNATIVES:

The City could consider other partnerships or a revised economic development structure in order to achieve the desired performance targets in recruitment, retention and marketing in addition to overall economic development coordination and international economic development relationships enabled by the Texas/Japan Office.

FISCAL IMPACT:

Funding for the FY 2016 SAEDF Economic Development Services Agreement is budgeted in the amount of \$500,000 in the Economic Development Incentive Fund in the FY 2016 Budget. This ordinance also authorizes \$90,000 to the SAEDF for the administration of an agreement with the community's Texas/Japan Office to be funded from the FY 2016 Adopted Budgets of the Economic Development Department and International Relations Office.

RECOMMENDATION:

Staff recommends City Council approve the attached FY 2016 SAEDF Economic Development Services Agreement (Agreement) and payment of \$90,000 to SAEDF to Administer the Texas/Japan Office agreement. The proposed FY 2016 SAEDF Agreement was presented during City Council B Session on February 10, 2016.