



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 32.

Agenda Date: 12/14/2017

In Control: City Council A Session

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT: Approval of the FY 2018 San Antonio Economic Development Foundation (SAEDF) Economic Development Services Agreement.

SUMMARY:

This Ordinance approves the FY 2018 SAEDF Economic Development Services Agreement (attached) to achieve the community's goals for economic development and authorizes payment of \$90,000 to the SAEDF to fund the administration of an agreement with the community's Texas/Japan Office. Funding for both items is available in the FY 2018 adopted budget for the Economic Development Department.

BACKGROUND INFORMATION:

Economic Development Department policy is driven by the Jobs and Economic Competitiveness area of the SA Tomorrow Comprehensive Plan. The department invests in partners and administers incentive programs to carry out the goals of SA Tomorrow in the areas of global targeted industry recruitment, industry retention/expansion, entrepreneurial development, and workforce development. The SAEDF Economic Development Services Agreement has been developed and implemented to secure 21st century jobs that pay better wages by leveraging existing competitive advantages and creating public/private alignment towards this long term goal.

The partnership is based on recommendations of the 2009 Mayor's Corporate Retention and Recruitment Committee consisting of business and community members that called for development of a strategic plan, a process for coordination and collaboration to include a business retention and expansion program, and improved resource utilization. In 2013, SAEDF contracted Deloitte Consulting to validate targeted industries and provide a competitiveness assessment to examine how effectively our community was delivering economic development services and to help develop a strategic plan. And, in 2015, a private sector sub-committee evaluated the five year partnership between COSA and SAEDF for years 2010-2015 and confirmed the

partnership as an effective model and provided formal recommendations to the Council subcommittee then called the Economic and Human Development Subcommittee (EHDC).

The results of the study and private sector committee recommendations led to the development of *Forefront SA Action Plan* (Forefront SA), the strategic plan for economic development. Forefront SA is the SAEDF-led 5-year economic development action plan (through 2020). Forefront SA is calibrated to the overarching SA Tomorrow 25-year (through 2040) goals and policies. Forefront SA is executed and annually aligned through adoption of a \$500,000 Economic Development Services Agreement (through 2018) administered by the Economic Development Department and appropriated in the FY 2018 adopted budget.

ISSUE:

SAEDF carries out the recommendations of the Deloitte study, which is the basis for Forefront SA, and the findings of the private sector evaluation committee towards a more coordinated, collaborative and comprehensive economic development delivery system. SAEDF acts as the lead partner in convening and implementing strategies in industry recruitment, industry retention/expansion, entrepreneurial development, and workforce development-in aggregate commonly referred to as the economic development delivery system (EDDS).

For FY 2018, SAEDF has enhanced its governance and staffing structure, as well as integrated SA Works, in order to comprehensively plan, integrate and execute strategies in partnership with private sector leadership in each of the targeted industries. SAEDF has established core activities covering each of the elements of the EDDS towards achievement of Key Performance Indicators (KPI's) through 2020. SAEDF through its agreement with EDD, also reports quarterly performance measures including Local CAPEX, Number of New Jobs, Number of High Wage Jobs, Number of BRE Visits, and Number of International Investment Missions.

SAEDF will, through its governance structure secure direction on industry-led initiatives in Cybersecurity, Biomedical/Healthcare, Advanced Manufacturing, and New Energy and execute these activities through their enhanced staffing structure in accordance with Forefront SA.

EDD staff recommends approval of the FY 2018 SAEDF Economic Development Professional Services Agreement in the amount of \$500,000 and the allocation of \$90,000 within the EDD budget to pay a portion of the costs of the SAEDF's administration of the agreement with the Texas-Japan Office. The administration of the agreement with the Texas-Japan office is unified under one community agreement through the SAEDF which includes Bexar County, SAEDF, and the City of San Antonio.

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. However, EDD staff does not recommend this course of action as there exists no other option that has provided an oversight role for City leadership in their governance structure and that is capable of providing the comprehensive economic development services provided through SAEDF.

FISCAL IMPACT:

Funding for the FY 2018 SAEDF Economic Development Services Agreement is available in the FY

2018 Economic Development Incentive Fund (EDIF) Budget in the amount of \$500,000 Funding in the amount of \$90,000 for the administration of the agreement with the community's Texas-Japan Office is available in the FY 2018 General Fund and Hotel Occupancy Tax Fund Budgets.

RECOMMENDATION:

Staff recommends approval of this item.