



City of San Antonio

Agenda Memorandum

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Agenda Date: 11/7/2019

In Control: City Council A Session

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Alejandra Lopez

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Consideration of a Chapter 380 Economic Development Incentive Fund (EDIF) Grant Agreement of \$250,000 with Geekdom, LC, for the creation of the Civic Tech Division Pilot Program.

SUMMARY:

The City through its Economic Development Department (EDD), Office of Innovation (Innovation), and Information Technology Services Department (ITSD) in partnership with Geekdom, LC (Geekdom) plan to establish a Civic Tech Division Pilot Program (Program) within the newly established Geekdom Incubator Program. The Program will, over a 2 year period, enable Geekdom to offer business and entrepreneurial support and services for up to six (6) teams developing innovative ideas aimed at addressing civic challenges and opportunities. Staff is recommending City Council adoption of an ordinance authorizing a Chapter 380 Economic Development Incentive Fund Agreement of up to \$250,000 with Geekdom to support this Program.

BACKGROUND INFORMATION:

Geekdom, which was established in 2011 and is located in the Rand Building on Houston Street in downtown San Antonio, is the largest coworking space in Texas. Since its founding, Geekdom has helped support the growth and development of the downtown technology and entrepreneur communities. Each year, Geekdom provides programs and support services to independent entrepreneurs, students, veterans, and startup companies in order to foster entrepreneurship, develop tech talent, and further economic development. Along with a variety of working spaces for its 1,700 active members, Geekdom also offers a set of programs, including San

Antonio Startup Week (SASW), various educational series, a dedicated Community Fund, lead support for Students + Startups, and Fireside Chats with local tech leaders and entrepreneurs. Geekdom has also partnered with the Office of Innovation (Innovation) on the CivTechSA program, which includes four specific programs aimed at encouraging entrepreneurs to solve civic challenges: the 6th - 12th Grade Education Program, the Higher Education Program, the Entrepreneur Program, and the Residency Program.

In response to the growing number of entrepreneurs and startups with innovative ideas in need of additional, more focused support, Geekdom has decided to create the Geekdom Incubator Program. The Geekdom Incubator will help ideation and early-stage teams and/or companies gain market and product validation through mentorship, education, and business support services.

In October of 2018, City staff approached Geekdom about the need to support teams or ideas that were generated from the CivTechSA programs outside of the established 16-week Residency Program, including independent entrepreneur and/or student-generated ideas or solutions aimed at civic challenges and opportunities. As a result, Geekdom has identified and maintained communication with three local teams and developed a specific programming plan to support a 12-month Civic Tech Division of the Geekdom Incubator. The proposed \$250,000 EDIF grant would provide up to six (6) teams over two (2) years (3 teams per year) with business and product development and support, as well as access to entrepreneurial resources and mentorship in San Antonio. Part of the Civic Tech Division's mission is also to work with relevant City departments and potentially create products or solutions, which the City can either partner with, formally pilot, or procure.

The proposed Program aligns with the community's economic development strategic plan, *Forefront SA*, which identifies Information Technology as a targeted industry, emphasizes the importance of a strong entrepreneurial ecosystem, and encourages the creation and development of startups in San Antonio. The Geekdom Incubator and the Civic Tech Division Pilot Program will enable individuals or teams with encouraging ideas identified by the City and Geekdom to access the resources needed to develop their ideas into an applicable product, and in turn, solve civic challenges and opportunities. The program will also strengthen San Antonio's local tech industry, encourage the development of tech talent, and promote business formation and development activity in the targeted industry.

ISSUE:

The Economic Development Department recommends funding of up to \$250,000 from the Economic Development Incentive Fund (EDIF) to support the Civic Tech Division Pilot Program, as it directly promotes entrepreneurial development, spurs innovation, facilitates the commercialization of local technology and intellectual property, and has the potential to grow startup companies in the information technology industry. As part of the program, Geekdom will provide the necessary support services, education resources, workspace, and mentorship for 12-months to qualifying Civic Tech teams. Grant funds will be dispersed at set milestones as program teams meet product and business development goals. Funds will cover eligible business expenses and support services such as software, licenses, and subscriptions; supplies and equipment costs; membership and non-dedicated workspace at Geekdom; public transit and parking costs; marketing expenses; and other operational costs approved as part of the formal participant agreement with each program team.

Geekdom will design specific project milestones, unique to each team. The teams will also develop and present their budgets to Geekdom staff for proper monitoring, and work to meet certain community event and engagement requirements. As part of the product development pathway, teams will have multiple check-in points and key markers. These markers include customer and market research, prototype development and testing, a pilot phase for the project, and opportunities along the way to pivot and adjust as needed, prior to any

formal product launch. Teams will have bi-weekly meetings with Geekdom staff, quarterly presentations on their program and project milestones, regular mentor meetings, and workshops and development work.

Relevant City departments and mentors will work with the teams in a partnership capacity as the teams develop proof of concepts, products and/or services the City may chose to pilot or procure at the end of the 12-month period. Similar to the current reporting process for the CivTecSA Program, Geekdom will report quarterly on the status of the teams to the designated City liaison, as well as an Annual Report on program progress and challenges.

Additionally, Geekdom's program staff will be charged with tracking and informing City staff of each teams' post-incubator growth. All teams will be required to keep their headquarters or primary business residency in San Antonio for at least 2 years after their exit from the program, further strengthening the startup community in this targeted industry.

ALTERNATIVES:

Based on Geekdom's existing CivTechSA relationship with the City and local support for this project, Geekdom has decided to proceed with the creation and development of the Geekdom Incubator Project and the Civic Tech Division Pilot Program to support six (6) teams over a two (2) year period. City Council could choose not to approve the ordinance authorizing the EDIF grant, which may adversely impact Geekdom's decision to establish the Civic Tech Division Pilot Program of the Geekdom Incubator.

FISCAL IMPACT:

This ordinance authorizes a Chapter 380 Economic Development Incentive Fund Agreement with Geekdom for a grant in the amount of \$250,000. Funding is available from the Economic Development Incentive Fund FY2020 Adopted Budget.

RECOMMENDATION:

Staff recommends approval of an Ordinance authorizing a Chapter 380 Economic Development Incentive Fund Agreement of \$250,000 with Geekdom to establish and administer the Civic Tech Division Pilot Program within the Geekdom Incubator Program.