



City of San Antonio

Agenda Memorandum

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Agenda Date: 1/7/2020

In Control: Economic and Workforce Development Committee

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Alejandra Lopez

COUNCIL DISTRICT(S) IMPACTED: City-wide

SUBJECT:

Briefings on Launch SA and Loan Interest Buy Down Program Partnership with Liftfund

SUMMARY:

Briefings by Launch SA Director, Ryan Salts and Liftfund CEO Janie Barerra on partnerships with Economic Development Department, including Launch SA and the Loan Interest Buydown Program.

BACKGROUND INFORMATION:

In November 2013, City Council authorized a professional services agreement with LiftFund for the operation and management of Launch SA, which includes both a virtual and physical location where entrepreneurs gather, collaborate, and learn more about entrepreneurship and small business resources. A taskforce of business owners and advocacy organizations were convened in 2012 to brainstorm methods and strategies for promoting small and new business growth in San Antonio. The taskforce identified the need to establish a culture of entrepreneurship throughout the San Antonio community and increase coaching and mentoring opportunities for future and existing small business owners. The value of existing resources was also highlighted during the taskforce discussions as well as the need for increased marketing of these resources. The development of Café Commerce, rebranded in 2016 as Launch SA, was recommended as a mechanism by which to implement these types of programs. The taskforce further recommended the outsourcing of operations and management of Launch SA to promote an organic and innovation-focused approach to service delivery. Thus, the City sought a partner in a small business microlending non-profit organization Liftfund to further develop, implement and manage Launch SA.

On August 13, 2015 LiftFund Inc. submitted a proposal to the City's Economic Development Department to

create a Loan Interest Loan Buy Down Program. This program was proposed to help small, minority and women business owners qualify for zero percent interest rate loans and contribute to the City's economic and community revitalization strategy. This program specifically addresses two of the biggest challenges faced by small, minority and women-owned businesses according to our last disparity study, which are access to capital and cash flow. The program strategically targets our Inclusive Growth Area, which are the zip codes within San Antonio with a poverty concentration of 20% or greater, along with other City prioritized areas such as SA Tomorrow plans and Opportunity zones.

ISSUE:

Launch SA Program

Since Launch SA was opened in June 2014, the entrepreneur and small business resource center has engaged in partnerships with community business resources and established programming to form a culture of entrepreneurship and help small businesses grow. Launch SA serves as a central location for information and provides specialty programming, workshops, and tailored resources such as:

- ***1 Million Cups and Pitch Tab*** are similar programs that allow local entrepreneurs an opportunity to present their business ideas to a diverse audience of fellow entrepreneurs, advisors, and mentors via live presentation with audience feedback and questions.
- ***Break, Fast, and Launch*** is a culinary business accelerator that works one-on-one with entrepreneurs and startups in the culinary industry to provide accounting, marketing, real estate, and business plan assistance to increase the sustainability of new restaurants, food trucks, bars, and related culinary ventures.
- ***San Antonio Entrepreneurship Week (SAEW)*** inspires individuals to take the leap toward entrepreneurship by providing education and highlighting various entrepreneurial resources in the San Antonio community. The five-day event taken place annually in June showcases various topics, including elevating entrepreneurs, creative culture, social equity, culinary, innovation, and community.
- ***ImpulSA*** is a Spanish business accelerator pilot program for established businesses in San Antonio.
- ***Social Innovation Lab*** provides tools and pathways for social entrepreneurs to build innovative businesses that create value in the community.
- ***Mentor Roundtables*** are hour-long mentor driven conversations about business tactics and strategies. Topics are selected based on member needs and feedback.
- ***Venture Challenge SA*** challenges entrepreneurs to create and achieve personalized business milestones in hopes of being awarded funding during a pitch competition, as well as furthering the entrepreneur's team, product and company.

Since 2014, Launch SA has documented more than 14,000 unique walk-ins, hosted more than 3,600 events, and assisted 35,000 community residents. In its recent five-year impact report, Launch SA clients surveyed indicated their sales had increased by 64%. In addition, they secured more than \$4.5 million of investments and generated more than 1,000 jobs with the help of services provided by Launch SA.

Additionally, Launch SA established an advisory board of successful entrepreneurs, which provides guidance regarding the strategic vision for Launch SA and feedback on building community involvement, delivering relevant programming and services, and strengthening the impact of Launch SA in San Antonio.

In 2018, an economic impact analysis was conducted on the LaunchSA program and the study showed that for every \$1 invested in the program by partners there is a \$63 economic output for San Antonio's economy.

LiftFund & COSA Loan Interest Buy Down Program Partnership

Administered in partnership with LiftFund, the Loan Interest Buy Down Program provides zero interest loans from \$500 to \$100,000 for qualifying local small, minority, and women-owned businesses. Loans are available to help start-ups or existing businesses grow in a variety of ways. LiftFund assists emerging businesses seeking capital to grow their business. They review credit and capacity, and apply interest buy down funds to improve client cash flow. LiftFund provides loans with zero interest rate and manages the relationship. LiftFund estimates that for every dollar lent, thirteen dollars is generated in economic activity. This briefing will provide examples of business owners that have participated in the Loan Interest Buy Down Program to demonstrate the benefits to the community.

Since its inception in 2016, the Loan Interest Buy Down Program has resulted in 104 loans to small businesses securing a total of about \$2.3 million in business capital, while the City paid off approximately \$741,481 worth of interest obligations to assist these small businesses. This Program has also led to the creation of 204 full-time jobs.

RECOMMENDATION:

Staff will present a briefing on this item subject to possible action by the Committee.