



City of San Antonio

Agenda Memorandum

File Number:21-1775

Agenda Item Number: 1.

Agenda Date: 2/18/2021

In Control: Economic and Workforce Development Committee

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Alejandra Lopez

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Briefing and discussion for development of a grant program to provide financial assistance to small businesses in the hospitality industry impacted by COVID-19.

SUMMARY:

On October 6, 2020, Councilman Trevino initiated a Council Consideration Request (CCR) for examination of creating a Food & Beverage Worker Relief Program to provide grants to businesses which will keep employees current on payroll and provide necessary living expenses to Food and Beverage employees to maintain employment during the pandemic. This briefing will include a proposal for such a program, expanding eligibility to small businesses in the hospitality industry.

BACKGROUND INFORMATION:

The COVID-19 pandemic has caused widespread unemployment and led to the shuttering of businesses of all sizes across the country. The National Restaurant Association surveyed restaurants in November 2020 and results revealed that 87% of full-service restaurants averaged a 36% drop in revenue, and that 17% of restaurants nationally, or 110,000 businesses, closed permanently or long-term. As food & beverage businesses attempt to rebuild, the health and safety restrictions in place make it difficult to make up losses while retaining employees. Well-known local establishments have reported that they are losing long-time employees who cannot afford to wait out the existing COVID-19 restrictions.

In January 2019, a study prepared by Trinity University (Dr. Richard V. Baxter and Dr. Mary E. Stefl) evaluated the economic impact of San Antonio's hospitality industry, which includes restaurants and catering, lodging, entertainment and arts, and transportation businesses. The report revealed that in 2017, the industry included more than 140,000 employees. A majority of individuals work in the food and beverage sector.

ISSUE:

The Resiliency and Recovery Plan has provided approximately \$42.7 million in Small Business Support. These efforts included: \$32 million for grants for micro businesses and non-profits, \$2.6 million for arts grants, \$1.9 million for personal protective equipment, \$950,000 for outreach engagement, \$200,000 for small business resource hubs and \$5 million for on-the-job training stipends. As we approach the one-year anniversary of the pandemic closures, small businesses continue to be negatively impacted.

Staff will provide recommendations for a grant program to assist businesses in the hospitality industry, heavily focused on food and beverage small businesses. Based on experience from the previous micro business grant program, updated eligibility, grant amounts, and scoring criteria will be included in the recommendations. In addition, staff recommends continuing our partnership with LiftFund to administer the program. Marketing strategies and options to assist small businesses complete application will also be presented.

Additional federal funding to assist small businesses is also under consideration. Congress introduced a new relief package in February 2021, which would provide dedicated funding aimed to help restaurants and bars with expenses. Staff will continue to monitor this legislation. Creation of the hospitality grants program will allow the City to quickly deploy federal funding made available to the City, should City Council choose to allocate additional funding for this program.

ALTERNATIVES:

This item is for briefing purposes only.

FISCAL IMPACT:

There is no fiscal impact associated with this briefing.

RECOMMENDATION:

Staff seeks input from the Committee on the proposed Hospitality Small Business Grant Program.