



# City of San Antonio

## Agenda Memorandum

**File Number:**21-1893

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**Agenda Item Number:** 25.

**Agenda Date:** 3/4/2021

**In Control:** City Council A Session

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**DEPARTMENT:** Center City Development and Operations

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** 1

**SUBJECT:** Economic Development Grant Agreements for small business relief

**SUMMARY:**

This item authorizes three Chapter 380 Economic Development Grant Agreements related to small business relief:

- A. An agreement with Centro San Antonio in the amount of \$262,500 to administer a construction relief grant program in the lower segment of the Broadway Corridor Improvement Project area, funded by the Midtown TIRZ,
- B. An agreement with Centro San Antonio in the amount of \$262,500 to administer a construction relief grant program in the Alamo Plaza area funded by the Houston Street TIRZ, and
- C. An agreement with LiftFund, Inc. in the amount of \$250,000 funded by the Houston Street TIRZ to administer additional grants to businesses in the Hospitality Industry, to include food and beverage businesses, located within the boundaries of the Houston Street TIRZ.

**BACKGROUND INFORMATION:**

**Construction Relief Grants**

The City of San Antonio has developed two grant programs to provide relief to qualifying small businesses in target areas who are experiencing significant downturn associated with capital improvement construction projects and the COVID-19 pandemic.

- A. One of the largest corridor improvement projects in the 2017-2022 Bond Program is Broadway Street between its intersections with Houston Street and Burr (Alamo Heights city limits). The work will be completed in multiple phases and started construction in 2020:

- **Lower Segment** (Houston Street to I-35)
  - Construction (Underway): July 2020 to January 2024
- **Upper Segment Phase 1** (I-35 to Mulberry)
  - Construction (Not begun; in design phase): March 2022 to January 2024
- **Upper Segment Phase 2** (Mulberry to Burr)
  - Construction (Not begun; not funded): TBD

B. In 2015, the City of San Antonio, Texas General Land Office, and Alamo Endowment signed a cooperative agreement to develop and implement a master plan for the Alamo Area, known as the Alamo Plan. Construction of Phase 1 of the Alamo Plan, funded in part by the 2017-2022 Bond Program, began in January 2020 and includes the closure of Crockett Street from Alamo Plaza to Bonham Street, the rehabilitation of Alamo Plaza from Crockett Street to Blum Street, and improvements to Bonham Street from 3<sup>rd</sup> Street to Crockett Street. Improvements to Bonham and Crockett Streets will be complete by July 2021. A completion date for the plaza area has not been determined.

San Antonio businesses continue to face challenges related to the COVID-19 pandemic. Construction projects, funded in whole or in part by the 2017 Bond Program, have reduced access to and visibility of small businesses in the lower segment of the Broadway Corridor and in the Alamo Plaza area, creating additional challenges. Small businesses in the area rely on visibility by pedestrian and vehicular traffic. Visibility and access have been significantly reduced by the installation of construction fencing and by street closures.

The Economic and Workforce Development Committee reviewed both programs on February 18, 2021 and recommended approval.

The Houston Street TIRZ Board approved the Alamo Plaza area grant program on February 25, 2021. The Midtown TIRZ Board approved the grant program for the lower segment of the Broadway Corridor Improvement Project on February 26, 2021.

## **Hospitality Industry Grants**

City Council approved the COVID-19 Recovery and Resiliency Plan on June 4, 2020 to provide emergency relief to the community for the ongoing pandemic. The Plan was developed around four pillars: Workforce Development, Housing Security, Small Business Support, and Digital Inclusion. Overall, the City awarded over \$31 million in grants to businesses and non-profits, of which \$8.4 million was awarded to Food & Beverage businesses. However, the need for relief for hospitality businesses continues into 2021 as the impact from the pandemic is ongoing. Visit San Antonio reported preliminary data that revealed the City has seen an estimated 40% decrease in the number of visitors to San Antonio in 2020. This impact has negatively affected the Hospitality Industry, especially those located within the Houston Street TIRZ boundaries.

In October 2020, a Council Consideration Request introduced by Councilman Trevino called for a new grants program to benefit Food & Beverage businesses. Staff's research and efforts recommended an additional \$14 million to fund grants for businesses in the Hospitality Industry, with an emphasis on Food & Beverage businesses. Council approved this action on February 18, 2021, and staff was provided further guidance at the February 18, 2021 meeting of the Economic and Workforce Council Committee to begin implementation of a

new grants program.

- C. On February 25, 2021, the Houston Street TIRZ board recommended an additional \$250,000 that will further assist businesses negatively impacted in a geographically focused region that heavily relies on tourism.

## **ISSUE:**

### **Construction Relief Grants**

Qualifying businesses with 30 or fewer employees are eligible for grants of up to \$25,000 depending on the number of employees. Applications will be scored based on the business location and business ownership.

- A. Grants for the lower segment of the Broadway Corridor will be funded by a Chapter 380 Economic Development Grant from the Midtown TIRZ and administered by Centro San Antonio.

- B. Grants for the Alamo Plaza area will be funded by a Chapter 380 Economic Development Grant from the Houston Street TIRZ and administered by Centro San Antonio.

The Center City Development and Operations Department will oversee and administer the grant agreements with Centro San Antonio.

### **Hospitality Industry Grants**

- C. Grants for hospitality industry businesses, to include food and beverage businesses, in the Houston Street TIRZ will be funded by a Chapter 380 Economic Development Grant from the Houston Street TIRZ and administered by LiftFund, Inc.

The Center City Development and Operations Department will oversee and administer the grant agreement with LiftFund, Inc. The agreement deliverables, eligibility criteria, application documentation and application scoring process will mirror the Hospitality Grants Program led by the Economic Development Department; however, the scoring will be based on the business' ownership and amount of COVID (CARES) funding received and not combined equity score due to the concentrated area of focus.

Eligible Hospitality Industry businesses may apply for grants of up to \$75,000 each, depending on the number of current employees and the respective grant category that applies. The size limitation for businesses to apply is based on the Small Business Administration size standards. Included below is a table describing the established grant categories.

<b>Grant Category</b>	<b>Maximum Grant Amount</b>
Self-Employed	\$10,000
1-10 Employees	\$20,000
11-20 Employees	\$50,000
21 or More Employees	\$75,000

Grant applications will be reviewed utilizing a scoring matrix that awards points for the following attributes: business owner race, ethnicity, gender, and veteran status; and the amount of any COVID-19 CARES funding received through Small Business Administration (SBA) Paycheck Protection Program (PPP) loans, Economic Injury Disaster Loans (EIDL), and/or City or County Grants funded with CARES funds. LiftFund, Inc. will assess the amount of total loss after review of submitted documentation and calculate a grant award based on the information provided.

#### **ALTERNATIVES:**

The City could take no action. Businesses in the program areas will continue to face challenges related to the COVID-19 pandemic along with the 2017-2022 City of San Antonio Bond Program Broadway Corridor Improvement Project and construction of the Alamo Plan.

#### **FISCAL IMPACT:**

- A. Funding for this agreement is available through the tax increment produced by the Midtown TIRZ in the amount of \$262,500, including \$250,000 in grants for the lower Broadway area, plus a 5 percent administration fee. There will be no impact to the General Fund.
- B. Funding for this agreement is available through the tax increment produced by the Houston Street TIRZ in the amount of \$262,500, including \$250,000 in grants for the Alamo Plaza area plus a 5 percent administration fee. There will be no impact to the General Fund.
- C. Funding for this agreement is available through the tax increment produced by the Houston Street TIRZ in the amount of \$250,000, including \$234,250 in grants for the Houston Street TIRZ area. There will be no impact to the General Fund.

#### **RECOMMENDATION:**

Staff recommends approval of the ordinances approving:

- Two Chapter 380 Economic Development Grant Agreements with Centro San Antonio, each in the amount of \$262,500, to administer a construction relief grant program in the lower segment of the Broadway Corridor Improvement Project area, and a construction relief grant program in the Alamo Plaza area; and
- One Chapter 380 Economic Development Grant Agreement with LiftFund, Inc. in the amount of \$250,000 to administer COVID-19 Relief Grants for hospitality industry businesses to include food and beverage businesses in the Houston Street TIRZ.