



# City of San Antonio

## Agenda Memorandum

**File Number:**21-3564

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**Agenda Item Number:** 19.

**Agenda Date:** 5/20/2021

**In Control:** City Council A Session

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**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Alejandra Lopez

**COUNCIL DISTRICTS IMPACTED:** City Council District 2

### **SUBJECT:**

An Ordinance approving the execution of a Chapter 380 Economic Development Funding Agreement between San Antonio for Growth on the Eastside (SAGE) and the City of San Antonio for an amount not to exceed \$450,000.00 from the Inner City TIRZ for the SAGE Store Front Grant Program and to complete an Eastside Revitalization Corridor Study.

### **SUMMARY:**

A Chapter 380 Economic Development Agreement between San Antonio for Growth on the Eastside (SAGE) and the City of San Antonio for an amount not to exceed \$450,000.00 from the Inner City TIRZ for the SAGE Store Front Grant Program and to complete an Eastside Revitalization Corridor Study.

### **BACKGROUND INFORMATION:**

San Antonio for Growth on the Eastside, referred to as SAGE, is a non-profit organization serving as an economic development resource for current business owners and potential businesses moving into the community. SAGE identifies the needs of the Eastside businesses and non-profit community and delivers assistance to those located within the commercial corridors. SAGE has represented the Eastside prior to 2008 when it was renamed from Community Economic Revitalization Agency, Inc. (CERA).

The City of San Antonio provides SAGE funding as part of the adopted budget to support operations, economic development activity and to supplement the Store Front Grant Program. In FY 2021, the City provided SAGE a total of \$358,668.00 of which \$258,668.00 is funded by the General Fund for operations and \$100,000.00 is funded by Inner City Incentive Fund for the Store Front Grant Program.

To support SAGE's mission to foster investments that improve the quality of life for individuals, families, neighborhoods and businesses on San Antonio's Eastside, this proposed Council action includes additional support to the City's current Store Front Grant Program, as well as the initiation of a study to identify assets and

opportunities within commercial corridors that fall within the Inner City TIRZ boundary and SAGE's service area, utilizing funding from the Inner City TIRZ #11.

## **ISSUE:**

### **Store Front Grant Program**

The City of San Antonio has provided SAGE funding in the amount of \$100,000.00, per fiscal year, for the Store Front Grant Program since FY 2018 through the annual funding agreement utilizing funds from the Inner City Incentive Fund. Between FY 2018 and FY 2020, SAGE received 80 applications from businesses requesting \$708,811.00 in Store Front Grants. Through funding support from the City, SAGE was able to award 39 Store Front Grants totaling \$284,120.00. Although SAGE was able to assist 39 businesses with grants, there were 41 eligible applicants totaling \$424,690.00 left unfunded due exhaustion of available funds.

### **SAGE Eastside Corridor Revitalization Study**

In addition to the Store Front Program, the City will engage SAGE to conduct a study of assets and opportunities of the commercial corridors that fall within the service area and the Inner City TIRZ boundary. This study will serve as the basis from which SAGE will develop an economic development strategy to revitalize the commercial corridors.

Recognizing the need for further economic development assistance to foster investments that improve the quality of life for individuals, families, neighborhoods and businesses on San Antonio's Eastside, the City of San Antonio through the Economic Development Department requested consideration of a Chapter 380 Grant Agreement utilizing funding from the Inner City TIRZ to provide up to \$375,000.00 for the Store Front Grant Program and up to \$75,000.00 to fund the Eastside Corridor Revitalization Study for a total funding amount up to \$450,000.00 over a two-year period. The Agreement will begin on the date of execution and be effective through March 31, 2023.

The Store Front Grant Program will align with the approved guidelines of the FY 2021 Agreement and include the following identified deliverables:

- Fund a target of 15-20 small businesses through the Store Front Grant Program.
- Funds to be used as a one-to-one match up to \$10,000.00 in accordance with Store Front Grant Program. However, businesses that have been impacted by COVID-19 or have difficulty meeting the match requirement may contact SAGE for review and consideration to utilize TIRZ funds if the business can demonstrate loss by one of the following scenarios:
  - Proven 25% quarterly loss: three months (quarter) business bank statements/company financials in 2019 and 2020;
  - Proven 25% annual loss: tax returns from 2019 and 2020;
  - Proven 25% loss in 2020: first quarter 2020 with other 2020 quarter.
- Businesses receiving funding through this initiative must fall within or adjacent to the Inner City TIRZ boundary and SAGE service area.
- Businesses with over 50 employees are not eligible.
- The following types of businesses are specifically ineligible: gambling/gaming businesses;

national franchises; liquor stores; bail bond agency; kiosks/non-permanent structures; pawn shops; gun shops; tattoo parlors; tanning salons; tobacco/tobacco-like related establishments; sexually-oriented businesses; specified financial institutions such as payday loan providers; businesses in the process of filing for bankruptcy, and businesses in which a City employee or officer has a financial interest, as defined in Sec. 2-53 of the City's Ethics Code.

- Businesses cannot receive direct TIRZ funding and be a recipient of the SAGE Store Front Grant unless, in alignment with the SAGE Store Front Guidelines as approved by the SAGE Board of Directors and approved by the Economic Development Program, recipients have waited the designated time period after completion of their funded project before applying for a new grant or loan for a new project.
- Grant recipients must be majority business owner or an authorized agent of the Business.

The item was presented to the Inner City TIRZ #11 Board on April 21, 2021 for consideration. The Board voted to approve funding in the amount not to exceed \$450,000.00.

#### **ALTERNATIVES:**

City Council may determine not to approve the funding agreement and SAGE will need to seek an alternate funding sources to accomplish the project scope.

#### **FISCAL IMPACT:**

Funding for this Agreement is available through the tax increment produced by the Inner City TIRZ #11. There will be no impact to the General Fund.

#### **RECOMMENDATION:**

Staff recommends approval of the Funding Agreement between the City of San Antonio and San Antonio for Growth on the Eastside for an amount not to exceed \$450,000.00 for the SAGE Store Front Grant Program and development of the Eastside Revitalization Corridor Study.