



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 39.

Agenda Date: 4/2/2015

In Control: City Council A Session

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of the FY 2015 San Antonio Economic Development Foundation (SAEDF) Action Plan.

SUMMARY:

This Ordinance (1) approves the FY 2015 SAEDF Action Plan (attached) as required under the City's Agreement with the SAEDF to provide services to achieve the community's goals for economic development (SAEDF Agreement); and (2) authorizes payment of \$90,000 to the SAEDF to fund the SAEDF's administration of an agreement with the community's Texas/Japan Office. Funding is available from the FY 2015 Adopted Budgets for the Economic Development Department and International Relations Office.

BACKGROUND INFORMATION:

FY 2015 SAEDF Action Plan

Staff is recommending approval of the FY 2015 SAEDF Action Plan, which, under the terms of the SAEDF Agreement, City Council must approve each fiscal year. FY 2015 represents the final year of the SAEDF Agreement.

In 2009, a Corporate Recruiting and Retention Committee, co-chaired by Wayne Peacock and David Zachry, provided recommendations to address the long-term strategic planning for the San Antonio region. The SAEDF was selected to lead the community economic development efforts and the Committee charged the SAEDF with evolving the economic development delivery system in San Antonio toward securing high-wage jobs in specific industry clusters.

FY 2011 was the first year of the enhanced partnership between the City and SAEDF. The administration of the SAEDF Agreement and evolution of the economic development responsibilities under the SAEDF Agreement are accomplished through annual action plans, which requires City Council review and approval of an Action Plan each fiscal year.

The purpose of the SAEDF Action Plan is to facilitate a more integrated approach to economic development in San Antonio by establishing City focused duties, goals and performance measures. The FY 2015 SAEDF Action Plan continues to build upon the momentum of previous action plans, and creates a more focused approach towards San Antonio's targeted industries through business attraction, the Business Retention and Expansion (BRE) Program, marketing and research. The FY 2015 SAEDF Action Plan contains enhanced areas that emphasize the implementation of the community's comprehensive economic development Strategic Plan and complementary Trade and Investment Strategy.

The SAEDF's aggregate performance over the last 4 years has met or surpassed overall job creation and location targets, realizing a shortfall in the FY 2014 New Jobs Created goal, securing 3,640 of the targeted 3,700 jobs (98%). The Locations/Expansions and New Jobs Created results include job creation from both recruitment and BRE. In addition, targeted industries sub-goal results have shown that approximately 1/4 of the total recruitment jobs have been in targeted industries over FY 2011- FY 2014.

With regard to local retention and expansion, the number of BRE visits goal has been met by EDF. BRE provides assistance to local companies and is staffed by a team of economic development organizations including EDF, CoSA, Bexar County, CPS, SAWS, FTA, WSA/Alamo Colleges, to name a few. The BRE program has had some initial success, and the program will continue to evolve to provide more meaningful interaction with local companies to address issues impacting their growth and success. Lastly, over the past 4 years, the SAEDF has developed a targeted marketing campaign, whereby marketing efforts are targeted to industry specific issue buys. The marketing efforts are overseen by a SAEDF subcommittee and include PR, marketing and social media strategies.

The FY 2015 SAEDF Action Plan has metrics which consist of overall goals and sub-goals in target/horizon industries, being Transportation Manufacturing (including Aerospace), Healthcare and Biosciences, Information Technology/Security, and the New Energy Economy. Generally, the FY 2015 SAEDF Action Plan goals and corresponding sub-goals in target/horizon industries pertain to business recruitment and expansion with a FY 2015 goal of 29 total recruitments and expansions, which is 16% more than the FY 2014 goal; job creation with a FY 2015 goal of 4,000 total new jobs, which is 8% more than the FY 2014 goal (with 900 in target/horizon industries); and high wage jobs with a FY 2015 goal of 1,400 new positions, which is 35% more than the FY 2014 goal.

In addition, as part of the FY 2015 SAEDF Action Plan, the SAEDF will, among other responsibilities under the SAEDF Agreement: (1) fully implement the first phase of the Strategic Plan; (2) implement the recommendations from the San Antonio Trade and Investment Strategy to increase foreign direct investment in San Antonio and support exports development for local companies; (3) evolve the BRE program to target headquarters, significant employers and emerging growth companies; and (4) administer the agreement with the community's Texas/Japan Office.

Japan Office

Initially, the community's Japan business and governmental relationships were handled largely by Mrs. Naoko Shirane who worked with the City to develop and foster San Antonio's current business and cultural relationships with Japan. Beginning in January 1985, Mrs. Shirane worked with the City's Economic

Development Department and the SAEDF to promote San Antonio in Japan. After Mrs. Shirane's death in 2013, the City has been working with various community partners and Mr. Hiroyuk Watanabe to operate the Texas/Japan Office. Under Mr. Watanabe's leadership, the Texas/Japan Office continues to have access to Japanese corporate leaders, and can provide unique assistance to Japanese businesses as they look to expand into the US. In addition, the office is an essential link in the management of the relationship with local Japanese companies and their corporate headquarters in Japan, the largest example being Toyota. In order to take a community partnership approach with respect to the community's Texas/Japan Office, the administration of the agreement with the community's Texas/Japan office is being undertaken and funded through the SAEDF, which requires the reallocation of \$90,000 within the Economic Development Department's and International Relations Office's budgets. Other community partner support includes Bexar County and the SAEDF.

ISSUE:

Under the terms of the SAEDF Agreement, City Council must approve an Action Plan each fiscal year. This fiscal year, the administration of the community's Texas/Japan Office will occur through the SAEDF, which requires the reallocation of \$90,000 within the Economic Development Department's and International Relations Office's budgets to pay a portion of the costs of the SAEDF's administration of an agreement with the community's Texas/Japan Office.

ALTERNATIVES:

City Council can choose not to approve the FY 2015 SAEDF Action Plan, which would be inconsistent with the terms of the SAEDF Agreement and the City's interest to administer the community's Texas/Japan Office agreement. City Council can also consider other partnerships or a revised economic development structure in order to achieve the desired performance targets in recruitment, retention, expansion and marketing.

FISCAL IMPACT:

Funding for the SAEDF Agreement was budgeted for a 5-year term and is appropriated annually from the Economic Development Incentive Fund in the amount of \$500,000 each year, beginning in FY 2011 and ending in FY 2015. This ordinance also authorizes \$90,000 to the SAEDF for the administration of an agreement with the community's Texas/Japan Office to be funded from the FY 2015 Adopted Budgets of the Economic Development Department and International Relations Office.

RECOMMENDATION:

Staff recommends City Council approve the attached FY 2015 SAEDF Action Plan. The proposed FY 2015 SAEDC Action Plan was presented to the Economic and Community Development Council Committee on March 3, 2015.