

# ECONOMIC AND COMMUNITY DEVELOPMENT COUNCIL COMMITTEE MEETING MINUTES

TUESDAY, APRIL 2, 2013

9:00 A.M.

MEDIA BRIEFING ROOM, CITY HALL

**Members Present:** Councilmember Elisa Chan, *Chair, District 9*  
Councilmember Diego Bernal, *District 1*  
Councilmember Ray Lopez, *District 6*  
Councilmember Cris Medina, *District 7*

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**Members Absent:** None

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**Staff Present:** Leslie Haby, *Assistant City Attorney*; Rene Dominguez, *Director, Economic Development Department*; Alex Lopez, *Assistant Director, Economic Development Department*; Denice Treviño, *Office of the City Clerk*

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**Also Present:** Colin Nichols, *Director, Alamo Community College District*

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## Call to Order

Chairperson Chan called the meeting to order.

### 1. Citizens to be Heard

There were no items addressed by Citizens.

### 2. Approval of Minutes of the January 9, 2013 and March 5, 2013 Economic and Community Development Council Committee Meetings

Councilmember Lopez moved to approve the minutes of the January 9, 2013 and March 5, 2013 Economic and Community Development Council Committee Meeting. Councilmember C. Medina seconded the motion. Motion carried unanimously by those present.

Item 3b was addressed at this time.

### 3. Briefing Items:

#### b. Briefing on Mexican Nationals Economic Impact Study [Rene Dominguez, Director, Economic Development]

Rene Dominguez stated that the Hispanic Chamber of Commerce had measured the economic impact due to spending by Mexican Nationals in San Antonio. Dr. Steve Nivin, SABÉR Institute Chief Economist reviewed the methodology utilized for data collection. He stated that VISA credit card transaction data was utilized to track the spending of Mexican Nationals. He noted that data was captured in a 20 county area and included eight counties in the San Antonio area; three counties on the IH 35 Corridor; three counties in the Corpus Christi Area; and major counties along the border. He reported that the data was collected from 2010 through 2012. He stated that said data noted higher spending amounts at certain times of the year such as Holy Week, prior to the start of school, and during the holiday season. He noted that the results

indicated the highest spending amounts occurred in border counties, followed closely by Bexar County. He reported that the impact of spending by Mexican Nationals was \$2.4 billion in 2011, and \$2.7 billion in 2012. He added that \$374 million was spent by Mexican Nationals in Bexar County in 2012. He noted that steady increases were reported every month in all 20 counties from 2010 through 2012. He stated that spending by Mexican Nationals supports the employment of 25,000 people with incomes of almost \$1 billion overall in the 20 counties and 4,300 people with incomes of \$145,000 in Bexar County in 2012. He mentioned that specific product spending was not gathered in the study. He added that spending on particular items could not be tracked. He noted that the majority of the transactions were for clothing according to similar studies, and that the data would be used to develop a marketing strategy. He added that the findings of border counties in other states were very similar to those found in San Antonio.

Councilmember Lopez asked how a sales tax rebate would affect the spending of Mexican Nationals. Dr. Nivin replied that the information was not available at this time but would be provided to the Committee at a later date.

Chairwoman Chan asked how Mexican Nationals were identified. Dr. Nivin replied that identification was made based on the billing address on file with VISA.

Councilmember Lopez asked if Mexican Nationals were categorized as tourists, investors or members of other groups. He noted that this information was critical for creating San Antonio's outreach to the population. Dr. Nivin replied that said data was not collected in this study.

Councilmember Bernal noted that specific spending data should be tracked and asked what kind of climate should be created. Dr. Nivin responded that this would be addressed during the second part of the study. Councilmember Bernal asked if staff recommends a method for capitalizing on their spending. Rene Dominguez stated that this was the primary reason that the Economic Development Department became involved in the study. He added that the data will be further analyzed and recommendations would be made.

Councilmember C. Medina asked of the economic outlook for the City of San Antonio. Dr. Nivin replied that the economic outlook is positive and should continue for the next two years. He projected employment growth at a rate of 2.25 – 2.75%. Councilmember C. Medina asked if inflation was a concern. Dr. Nivin replied that it was not and would not be in the next couple of years. He added that economic growth may spur increased inflation. He recommended continued promotion of business growth by the City Council.

Item 3a was addressed at this time.

**a. Update on the Small Business Bonding Assistance and Mentor Protégé Programs (SBEDA) [Rene Dominguez, Director, Economic Development]**

Rene Dominguez provided information regarding the Small Business Economic Development Advocacy (SBEDA) Program. He stated that the SBEDA Program was overseen by the Small Business Office in the Economic Development Department. He noted that the SBEDA Program requires that capacity building initiatives be established. He reported that those initiatives resulted in the creation of the Bonding Assistance and Mentor Protégé Programs. He indicated that Programs were developed by a work group and considered best practices. He stated that the

work group developed concepts and framework for the Programs and requested the Alamo Community College District (ACCD) to provide assistance in implementation of the Programs.

Alex Lopez stated that the Bonding Assistance Program enables participants to increase their bonding capacity and thus, increase their likelihood of participation in the City's contract process. She stated that the Mentor Protégé Program pairs well-established businesses with less-established, small, minority and women-owned businesses. She noted that participants of both Programs first attend a Small Business Boot Camp which consisted of eight courses. She added that said courses were held weekly and could be completed in a minimum of two to three months.

Chairwoman Chan asked if the courses provided general information to participants. Ms. Lopez replied that the Business Plan Ready, Business Plan Financials and Quick Books Software were provided. Chairwoman Chan asked of the longevity of the small businesses that participated. Mr. Dominguez replied that traditionally; the small businesses participating have just started.

Ms. Lopez stated that following completion of Boot Camp by Mentors and Protégés, the parties met monthly and would continue to do so for two more years to develop a business plan for the Protégé.

Chairwoman Chan asked how Protégés and Mentors were selected to work together. Ms. Lopez stated that Mentors and Protégés would submit an application and be paired according to their shared goals and strengths. She added that a preliminary meeting would be held with both parties and that Protégés would enter into an agreement with their Mentor.

Ms. Lopez stated that under the second phase of the Bonding Assistance Program, the city would offer a letter of credit to the less-established businesses to increase their bonding capacity. She added that many businesses are not bondable without the letter of credit.

Chairwoman Chan asked for the bonding capacity given to small businesses. Ms. Lopez stated that said businesses would receive 20% of a project with a maximum cost of \$1,000,000. Chairwoman Chan stated that small projects should continue to be offered to small businesses. Mr. Dominguez noted that the enhancements to the SBEDA Program required review of every contract. Chairwoman Chan stated that the City of San Antonio should not be responsible for the cash flow of businesses. Mr. Dominguez confirmed that has not occurred.

Ms. Lopez reported that 63 participants have enrolled in the Program since inception in January of 2012. She noted that 55 of those had participated in the Mentor Protégé Program. She added that 41 participants completed Boot Camp and 12 participants were already paired with Mentors. She noted that recruitment for the Bonding Assistance Program had been increased and reviewed the Program brochure and website.

Chairwoman Chan asked who was responsible for managing the Program. Ms. Lopez replied that day-to-day operations were performed by Jan Warman of ACCD. Chairwoman Chan asked of the requirements for participation. Ms. Lopez replied that businesses were required to be certified. Chairwoman Chan asked if maximum capacity had been reached. Mr. Dominguez replied that it had not and added that the amount of available funds for said Program were set. He further added that the services were free to participants. Ms. Lopez stated that classes would be limited to 15-20 participants and that ACCD provided funding assistance for the Program.

She added that Surety Agents provided a checklist for participants to complete to ensure their readiness when applying for a loan.

Ms. Lopez reviewed the current Mentors and Protégés engaged in the Program and in addition, reviewed participant demographic data. She added that Accion Texas, Inc. set aside \$500,000 to support letters of credit and \$500,000 to establish lines of credit.

Mr. Dominguez reviewed the tools that employees use to increase the bonding capacity for newly-established businesses.

#### **4. Consideration of Items for Future Meetings**

Councilmember Bernal suggested that Factoring be discussed. He asked of the definition of Factoring. Mr. Dominguez defined Factoring as the use of receivables as collateral for securing a loan. He added the expense for this type of loan was high, and not a preferred method of lending. He added that certain industries benefit more from this type of loan than others.

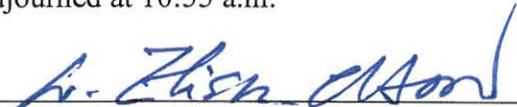
#### **5. Executive Session**

Chairwoman Chan recessed the meeting into Executive Session at 10:12 a.m. to deliberate regarding commercial and/or financial information received from business prospects seeking to locate, stay, and/or expand within the City and/or to deliberate the offer of financial or other incentives to such prospects, and communication with an attorney.

Chairperson Chan reconvened the meeting at 10:55 a.m. and announced that no action was taken in Executive Session.

#### **6. Adjournment**

There being no further discussion, the meeting was adjourned at 10:55 a.m.

  
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*Elisa Chan, Chairperson*

*Respectfully Submitted,*

  
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*Denice Treviño*  
*Office of the City Clerk*