

## MEMORANDUM

**DATE:** November 6, 2020

**TO:** Dr. Mark Browne, City Manager,  
City of Schertz

**FROM:** Adrian G. Perez, Director, Schertz  
Economic Development Corporation  
(SEDC)

**SUBJECT:** SEDC Payment to Food Related for  
\$45,000 in accordance with adopted  
Performance Agreement.

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### BACKGROUND

As a response to the COVID-19 Pandemic the Schertz Economic Development Corporation (SEDC) began direct outreach to local Primary Employers to identifying how it might provide technical assistance and other existing programs such as the SEDC Small Business Grant program. This COVID-19 Pandemic response was communicated to the Schertz City Council through an Informational Item on June 2, 2020.

The Schertz Small Business Grant program is a program within the Schertz Economic Development Incentive Policy adopted by Schertz City Council in May 2017. This program provides authority to the SEDC to enter into business retention and expansion performance agreements with qualifying local primary employers. The budget for this program was approved for \$100,000 in the SEDC FY 2020 Annual Budget by both the City Council and the SEDC Board of Directors.

As SEDC staff identified candidates interested in engaging in a economic development performance agreement, Food Related was identified as a company that met all program criteria and stood out as a strong example of resilience through the pandemic.

At the September 15, 2020 City Council meeting, SEDC staff briefed City Council on all deal terms and conditions of this agreement. SEDC staff informed Council that the SEDC Board would be considering this item at the September 24, 2020 meeting and that the item would not require Council approval as it was under \$50,000 and was executed under the authority of a City Council approved budget and program.

Payment to Food Related under the agreement is available upon signature of an approved agreement. On September 24, 2020 the SEDC Board of Directors approved Resolution 2020-7 for Small Business Grant of \$45,000.

As a condition of the grant, the company must maintain a minimum payroll of \$650,000, retain 20 full time employees, add 5 more by 2025 and operate the grocery delivery service and wholesale

distribution operation for a minimum of 5 years. The project must also maintain \$1.3M in taxable personal property and generate an additional \$12,500 in sales tax receipts to the City of Schertz over 5 years. The company's first annual certification is February 15, 2021.

### **COMMUNITY BENEFIT**

This project will produce a positive economic benefit for the City of Schertz. This project creates jobs and introduces a high-quality grocery delivery service in Schertz. All economic development incentives have been issued from SEDC funds.

### **FISCAL IMPACT**

Resolution No. 2020-7 authorizes a performance agreement valued at \$45,000 and available from the Small Business Grant line item approved in the SEDC FY2020 Budget.

### **STAFF RECOMMENDATION**

This is an informational memo regarding payment issued on this grant, all supporting documentation and payment request are on file with the SEDC and Finance Department.