

AGENDA ITEM #
DATE: April 28, 2014
COAC NUMBER: 14-5263

**CITY OF GOODYEAR
CITY COUNCIL ACTION FORM**

SUBJECT: Ratify a grant application to the US Department of Commerce for an EDA grant and accept the grant award.

STAFF PRESENTER: Christine
McMurdy & Romina Khananisho
COMPANY:
CONTACT:

RECOMMENDATION:

ADOPT RESOLUTION 14-1620 ACCEPTING A GRANT FROM THE U.S. ECONOMIC DEVELOPMENT AGENCY FOR THE CITY OF GOODYEAR BUSINESS INCUBATOR/ACCELERATOR PROGRAM STRATEGY; PROVIDING AUTHORIZATION AND DIRECTION TO TAKE ACTIONS AND EXECUTE DOCUMENTS NECESSARY TO CARRY OUT INTENT OF THE RESOLUTION.

PURPOSE:

The Economic Development Administration's (EDA) mission is to lead the Federal economic development agenda by promoting innovation and competitiveness and preparing American regions for growth and success in the worldwide economy. EDA implements this mission by making strategic investments that encourage private sector collaboration and creation of higher-skill, higher wage jobs. Through this \$150,000 grant, the City will commission a detailed feasibility, real estate and implementation strategy for a business incubator/accelerator program.

BACKGROUND AND COMMUNITY BENEFIT:

According to the Greater Phoenix Economic Council's February 2013 Aerospace and Defense Industry Pre-Sequestration Analysis, Arizona is a top-ranked defense state ranked as the 10th most vulnerable state in the nation and at high risk due to massive cuts in defense spending.

In January 2014, because of cuts to the defense budget, Lockheed Martin Corporation, Goodyear's largest employer and a U.S. Defense Department Tier 1 contractor announced a labor force reduction in their Information Systems and Global Services Division (IS&GS). These budget cuts caused a ripple effect for other subcontractors in the Goodyear area, including contractors supporting Luke Air Force Base.

Given the City's reliance on aerospace and defense related companies, Economic Development staff applied for an EDA grant in September 2013 to address what may be an over-reliance on vulnerable defense industry jobs in the City and to learn how to diversify the local/regional economy, offset job losses and retain and redeploy our skilled workforce as well as attract new talent to our area. Staff received notification that the grant was awarded in early April 2014.

The intended outcome of the feasibility study is to develop a model for a sustainable business incubator/accelerator that promotes entrepreneurship by providing advisory services, equipment and appropriate space for start-up companies. The consultant's tasks include determining the level of community support for a business incubator/accelerator program, assessing the economic conditions, overall business environment, market, regional competition, advantages and disadvantages of the region for this initiative and provide examples of successful initiatives or entities that are located in areas similar to the target service area. The expected timeline for completion of the grant is August 1, 2014.

PREVIOUS ACTIONS AND DISCUSSION:

There was no previous action or discussion on this grant.

FISCAL ANALYSIS:

The grant requires a 50% match by the City, which amounts to \$75,000. However, EDA accepted the City's proposal to commit some local funds to in-kind services (staff time). The EDA-approved line item budget is as follows:

<u>Item</u>	<u>Federal Share</u>	<u>City Share</u>	<u>Total</u>
Personnel	\$ 8,900	\$11,100	\$20,000
Travel	1,600	1,400	3,000
Supplies	2,000	0	2,000
Contractual	<u>62,500</u>	<u>62,500</u>	<u>125,000</u>
Total	\$75,000	\$75,000	\$150,000

These funds are available in the City Manager's grant match account.

ATTACHMENTS:

Resolution