City Council – Action Request Form

Date:	February 10, 2020
To:	Mayor, Mayor Pro Tempore, and Members of the City Council
From:	Evan Raleigh, Assistant City Manager

Council Action Requested:
(a) Resolution Terminating Previously Approved Economic Development Agreement Between the City of Winston-Salem and Inmar, Inc.
(b) Resolution Authorizing the City Manager to Enter Into an Agreement for the Venture Winston Grants Program

Strategic Focus Area: Economic Vitality and Diversity
Strategic Objective: Assist Small Business with Innovation and Entrepreneurship
Strategic Plan Action Item: No
Key Work Item: No

Summary of Information:

During the December meeting of the Finance Committee, staff made the committee aware that the City had been approached with a request to consider providing financial support to a new local initiative called the Venture Winston Grants program. The Venture Winston program is an initiative backed by a collaborative of individuals and organizations associated with the City's entrepreneurial ecosystem including Inmar, Venture Café, Winston Starts, Flywheel, and the Winston-Salem Chamber of Commerce, among others. The initiative is modeled after the City of St. Louis, Missouri's Arch Grants program. Arch Grants is a nonprofit organization that is attracting start-up businesses to St. Louis by providing $50,000 in equity-free grants and pro bono support services to entrepreneurs who locate their early-stage business in St. Louis. Through its competitive Global Startup Competition, Arch Grants retains and attracts approximately 20 start-ups per year. The Arch Grants program has been in operation for seven years and touts many successes including:

*   Creation of more than 1400 jobs with revenue generation of $135 million and attraction of $173 million in follow-on capital

Committee Action:

Committee	Finance 2/10/2020	**Action**	Approve as Amended
For	Council Members Clark, Adams, and MacIntosh	**Against**	None; Abstaining: Mayor Pro Tempore Burke
Remarks:			

- Award of more than $7 million in grants which have attracted more than 130 early-stage businesses
- Receipt of more than 5,000 applications from 44 states and more than 80 countries
- 74% of companies awarded grants are owned or co-owned by women, veterans, immigrants or people of color

The Arch Grant initiative requires that start-ups receiving grants locate 51% of their operations in St. Louis and locate at least one co-founder in St. Louis for a period of at least one year. Funding for the Arch Grants initiative is funded by private foundations, state and global technology companies, corporate philanthropy, sponsors, city and state governments, universities and private individuals. The organization's annual budget is $2 million with $1 million going directly to the recruited startups.

The collaborative has approached the City to create a similar public-private partnership to fund the Venture Winston Grants initiative. The group is seeking a five-year commitment of $7.5 million from public and private sources to run the initiative for an initial five-year period. The group is seeking City support of approximately $300,000 per year for five years. The group is approaching the County with an equivalent request for support. The City and County's support would be used exclusively for the purposes of supporting the operation of the start-up competition and associated administrative expenses. Should the committee desire to support this initiative, staff recommends redirecting funds previously allocated for incentive payments to Inmar to this effort. The current balance in the program code containing Inmar incentive funds is $874,000. The attached project budget ordinance would transfer these funds to a program code for the Venture Winston initiative. Future annual budget appropriations of $156,500 per year over the course of the next four fiscal years would achieve a total commitment of $1.5 million. This proposed funding source would create no general fund budget-to-budget impact in either the current or in future fiscal years.