

AGENDA FOR REGULAR MEETING

CITY OF KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

TUESDAY, JULY 17, 2017 AT 4:00 P.M.

KERRVILLE CITY HALL CITY COUNCIL CHAMBERS

701 MAIN STREET, KERRVILLE, TEXAS

AGENDA FOR REGULAR MEETING OF THE
CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT CORPORATION
MONDAY, JULY 17, 2017, 4:00 P.M.
KERRVILLE CITY HALL COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION

1. VISITORS / CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the Economic Improvement Corporation. No deliberation or action can be taken on these items because the Open Meetings Act requires an item be posted on an agenda 72 hours before the meeting. Visitors are asked to limit their presentation to three minutes.

2. APPROVAL OF MINUTES:

2A. Approval of minutes for the regular meeting held on June 19, 2017.

3. MONTHLY REPORTS:

3A. Monthly financials for June 2017. (staff)

3B. Projects update:

River Trail

Kerrville Sports Complex

Reuse Distribution Lines

Tennis Center Improvements

Downtown Streetscape.

4. DISCUSSION AND POSSIBLE ACTION:

4A. EIC's annual review, consideration, and approval of Kerrville Economic Development Corporation's (KEDC) fulfillment of its obligations pursuant to the Economic Development Grant Agreement between the EIC and the KEDC and a funding amount up to \$180,000 for Fiscal Year 2017. (Brian O'Connor)

4B. Update and direction to City staff regarding Economic Improvement Budget for Fiscal Year 2018. (staff)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive service must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time June 14, 2017, at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown

Deputy City Secretary, City of Kerrville, Texas

5. EXECUTIVE SESSION:

The Economic Improvement Corporation may, as permitted by law, adjourn into executive session at any time to discuss any matter listed above including if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code.

6. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION

7. ITEMS FOR FUTURE AGENDAS

8. ANNOUNCEMENTS

9. ADJOURNMENT.

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive service must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: June 14, 2017, at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown

Deputy City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Approval of minutes for the regular meeting held on June 19, 2017.

CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION
REGULAR MEETING **JUNE 19, 2017**

On Monday, June 19, 2017, the regular meeting of the members of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Sheri Pattillo, Vice President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas. Mr. Wilson offered the invocation.

Members Present:

Kenneth Early, President (elected under 3A)
Sheri Pattillo, Vice President
George Baroody
Gary Cooper
Robert Naman
Paul Stafford
James Wilson

Members Absent:

None

City Executive Staff Present:

E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Cheryl Brown, Deputy City Secretary
Sandra Yarbrough, Finance Director

Visitors Present: Visitor list available in the City Secretary's Office for the required retention period.

1. VISITORS/CITIZENS FORUM: No one spoke.

2. INTRODUCTION OF NEW MEMBERS

2A. Ms. Pattillo introduced Mr. Cooper, Mr. Naman, and Mr. Baroody.

3. NOMINATION AND ELECTION OF OFFICERS:

3A. Nominate and elect President, Vice President, Treasurer and Secretary.
Ms. Pattillo called for a nomination for President. Mr. Wilson nominated Mr. Early, Mr. Stafford seconded, and the nomination was approved 7-0.
Ms. Pattillo and Mr. Early changed seats.
Mr. Early called for a nomination for Vice President. Mr. Stafford nominated Ms. Pattillo, Mr. Wilson seconded, and the nomination was approved 7-0.
Mr. Early called for a nomination for Treasurer. Mr. Wilson nominated Sandra Yarbrough. Ms. Pattillo seconded, and the nomination was approved 7-0.
Mr. Early called for a nomination for Secretary. Mr. Wilson nominated Cheryl Brown. Ms. Pattillo seconded, and the nomination was approved 7-0.

4. ORIENTATION:

- Staff Introductions – Mr. McDaniel began the orientation by introducing staff members who were present, and Mr. O'Connor, from KEDC.
- Meeting Dates – Mr. Hoppe gave an overview of when the board meets.
- Legal – Mr. Hayes reviewed the legalities of the EIC, when they were incorporated, and the type of corporation and powers of the board. He reviewed the number of members, the requirements of the board. He reviewed the requirements of the Open Meetings and Public Information Acts as they pertain to the EIC.
- KEDC and "Go Team" Brian O'Connor, Executive Director of KEDC reviewed the goals of the KEDC, and the process of receiving and submitting applications for 4B funds.
- Incentive Policies and Application Process – Mr. Hoppe reviewed the policies and process.
- Budget and Current Financials – Ms. Yarbrough went over the current budget and financials.
- Current Projects / Agreements and Upcoming Projects – Mr. Hoppe reviewed the following projects:
Athletics Complex;
River Trail; and
Reuse Pond

5. APPOINTMENT OF EIC REPRESENTATIVE TO THE KERR ECONOMIC DEVELOPMENT CORPORATION:

5A. Nominate and approve EIC representative to the Kerr Economic Development Corporation.

Mr. Naman nominated Mr. Cooper, Mr. Baroody seconded.

Ms. Pattillo opined that Mr. Early would be a more appropriate representative, as he has been their representative in the past, and he is familiar with the KEDC.

Mr. Wilson agreed.

Mr. Baroody opined that it would be a better idea to have someone new.

Mr. Stafford opined that he would be more comfortable with Mr. Early representing EIC.

The motion failed 3-4, with Mr. Baroody, Mr. Naman and Mr. Cooper voting for, and Mr. Wilson, Ms. Pattillo, Mr. Early, and Mr. Stafford voting against.

Mr. Wilson moved to nominate Mr. Early, as President of the EIC, to represent the board at the KEDC meetings. Ms. Pattillo seconded, and the motion passed 6-1, with Mr. Wilson, Ms. Pattillo, Mr. Early, Mr. Stafford, Mr. Baroody, and Mr. Cooper voting for and Mr. Naman voting against.

6. APPOINTMENT OF EIC REPRESENTATIVE TO THE "GO TEAM"

6A. Nominate and approve EIC representative to the "GO Team".

Ms. Pattillo nominated Mr. Wilson as the representative. Mr. Stafford seconded, and the motion passed 7-0.

7. APPROVAL OF MINUTES:

7A. Approval of minutes for the regular meeting held on May 15, 2017 and the special meeting held on May 25, 2017

Mr. Wilson moved to approve the minutes, Mr. Stafford seconded and the motion passed 7-0.

6. **EXECUTIVE SESSION:** None

7. **POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:** None

8. **ITEMS FOR FUTURE AGENDAS:** None

9. **ANNOUNCEMENTS:** None

10. **ADJOURNMENT.**

Mr. Early adjourned the meeting at 4:52 p.m.

APPROVED: _____

Kenneth Early, President

ATTEST:

Cheryl Brown, Deputy City Secretary

Agenda Item:

3A. Monthly financials for June 2017. (staff)

**TO BE CONSIDERED BY THE EIC
CITY OF KERRVILLE, TEXAS**

SUBJECT: EIC Financials ending June 30, 2017

FOR AGENDA OF: July 17, 2017 **DATE SUBMITTED:** July 13, 2017

SUBMITTED BY: Sandra G. Yarbrough
Director of Finance **CLEARANCES:** EA Hoppe
Deputy City Manager

EXHIBITS: Monthly Financials

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

Kerrville Economic Improvement Corporation operating fund received sales tax revenue in the amount of \$261,943 for June 2017 a 7.77% increase compared to same period in prior year in the amount of \$243,069 with year to date being \$2,495,092.

Interest earned for June was \$1,526 and \$18,580 fiscal year to date. Interest earned to date is \$13,580 more than budgeted for FY17.

Kerrville Economic Improvement Corporation capital projects fund had no income and \$8,056 expense as budgeted.

River Trail project had expense of \$601 in the month of June with the remaining project balance available being \$795,431.

Establishment of a separate bank depository for Kerrville Economic Improvement Corporation was completed in early June to keep a small balance in checking account. The remaining funds will be held in interest bearing accounts and available as the allocation of funds may arise. See the Cash and Investments report for details.

RECOMMENDED ACTION

Report is for information only.

CITY OF KERRVILLE
Economic Improvement Corporation
Capital Projects Fund - Summary
For the month ending June 30, 2017

Beginning Cash Balance		\$ 1,877,211
Income:		
Total Income:	<u>\$ -</u>	
Expenses:		
Streetscape	\$ 8,056	
Total Expenses:	<u>\$ 8,056</u>	
Revenues Over (Under) Expenditures		<u>\$ (8,056)</u>
Ending Cash Balance		<u><u>\$ 1,869,155</u></u>

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Improvement Fund - Revenue and Expense Statement
For the month ending June 30, 2017

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$ 3,789,843		\$ 3,789,843		
REVENUE:					
Sales and Use Tax	\$ 3,302,505	\$ 261,944	\$ 2,495,092	75.55%	\$ 807,413
Interest	\$ 5,000	\$ 1,526	\$ 18,580	371.61%	\$ (13,580)
Transfer In			\$ 1,000		\$ (1,000)
TOTAL REVENUE	<u>\$ 3,307,505</u>	<u>\$ 263,470</u>	<u>\$ 2,514,673</u>	<u>76.03%</u>	<u>\$ 793,832</u>
EXPENDITURES:					
Administrative					
Local Meetings	\$ 500	\$ 60	\$ 80	16.00%	\$ 420
Administrative Services Fee	\$ 100,000	\$ 8,333	\$ 75,000	75.00%	\$ 25,000
Economic Development Governing Body	\$ 180,000		\$ 180,000	100.00%	\$ -
Debt Service - River Trail - Series 2011A	\$ 258,456	\$ 21,580	\$ 193,717	74.95%	\$ 64,739
Debt Service - River Trail - Series 2012	\$ 252,863	\$ 21,053	\$ 189,473	74.93%	\$ 63,391
Debt Service - Athlex Complex - Series 2015	\$ 603,417	\$ 50,246	\$ 452,212	74.94%	\$ 151,205
Total Administrative	<u>\$ 1,395,236</u>	<u>\$ 101,271</u>	<u>\$ 1,090,482</u>	<u>78.16%</u>	<u>\$ 304,754</u>
Category I - Business Development					
ED Set Aside	\$ 500,000		\$ 500,000	100.00%	\$ -
Total Category I	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>100.00%</u>	<u>\$ -</u>
Category II - Quality of Life					
Tennis Center	\$ 750,000	\$ -	\$ 750,000	100.00%	\$ -
Downtown Streetscape Enhancements:	\$ -				\$ -
Water Feature	\$ 250,000	\$ -	\$ -	0.00%	\$ 250,000
Total Category II	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>75.00%</u>	<u>\$ 250,000</u>
Category III - Public Infrastructure					
Housing	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
Reuse Distribution Lines	\$ 1,500,000	\$ -	\$ 1,500,000	0.00%	\$ -
Total Category III	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>0.00%</u>	<u>\$ 500,000</u>
Contingency	\$ -	\$ -	\$ -	0.00%	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ 4,895,236</u>	<u>\$ 101,271</u>	<u>\$ 3,840,482</u>	<u>78.45%</u>	<u>\$ 1,054,754</u>
NET REVENUES TO EXPENDITURES	<u>\$ (1,587,730)</u>	<u>\$ 162,198</u>	<u>\$ (1,325,809)</u>		
ENDING CASH BALANCE	Budget \$ 2,202,112		Actual \$ 2,464,033		

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Revenue Analysis - FY16
For the month ending June 30, 2017

Revenue Month	Actual FY 2014	Actual FY 2015	Actual FY 2016	Budgeted FY 2017	Actual FY 2017	FY2016 vs FY2017	Budget vs Actual
October	\$ 241,503	\$ 238,933	\$ 227,707	\$ 254,113	\$ 264,806	16.29%	4.21%
November	\$ 234,150	\$ 257,654	\$ 277,653	\$ 274,020	\$ 278,707	0.38%	1.71%
December	\$ 214,424	\$ 251,851	\$ 254,834	\$ 267,847	\$ 260,757	2.32%	-2.65%
January	\$ 229,761	\$ 245,845	\$ 255,848	\$ 265,475	\$ 273,741	6.99%	3.11%
February	\$ 296,036	\$ 335,071	\$ 347,778	\$ 356,342	\$ 357,098	2.68%	0.21%
March	\$ 207,869	\$ 223,251	\$ 223,790	\$ 237,433	\$ 248,560	11.07%	4.69%
April	\$ 218,030	\$ 227,065	\$ 237,432	\$ 241,464	\$ 240,783	1.41%	-0.28%
May	\$ 268,682	\$ 273,281	\$ 307,046	\$ 291,924	\$ 308,696	0.54%	5.75%
June	\$ 267,530	\$ 255,511	\$ 243,070	\$ 271,740	\$ 261,732	7.68%	-3.68%
July	\$ 222,961	\$ 238,328	\$ 249,278				#DIV/0!
August	\$ 266,321	\$ 297,274	\$ 290,011				#DIV/0!
September	\$ 238,926	\$ 256,246	\$ 259,227				#DIV/0!
YTD Total	\$ 2,906,194	\$ 3,100,310	\$ 3,173,673	\$ 2,460,359	\$ 2,494,881	5.05%	1.40%

CITY OF KERRVILLE
Economic Improvement Corporation
Sales Tax Improvement Fund - Summary
For the month ending June 30, 2017

Beginning Cash Balance		\$2,301,834
Income:		
Sales Tax	\$	261,944
Interest Revenue	\$	1,526
Total Income	\$	263,470
Expenses:		
Office supplies	\$	60
Administrative Service Fee	\$	8,333
Transfer for Debt Service	\$	92,878
Total Expenses	\$	101,271
Revenues Over (Under) Expenditures	\$	162,198
Ending Cash Balance		\$2,464,033

CITY OF KERRVILLE
Economic Improvement Corporation
Project Status Summary
For the month ending June 30, 2017

Fiscal Years	Projects	Agreement Commitment	EIC Funded To Date	Total Cash Funded	Expenses to Date	Project Cash Balance
2012-13	Downtown Streetscape	\$ 315,100	\$ 315,100	\$ 315,100	\$ 45,946	\$ 269,154
2014-15	ED Set Aside	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000		\$ 1,500,000
2015-16	Olympic Pool	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
2015-16	Housing	\$ 100,000	\$ 100,000	\$ 100,000		\$ 100,000
2016-17	Tennis Center	\$ 1,500,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ -
2016-17	Distribution Lines	\$ 3,000,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -
TOTALS		\$ 9,210,100	\$ 4,260,100	\$ 4,522,574	\$ 2,663,904	\$ 1,869,155

Cash Balance on 6/30/2017 \$ 1,869,155

General Capital Improvement Projects - supported by EIC

Fiscal Years	Projects	Agreement Commitment	Total Funded	Expense To Date	Balance
2011-12	River Trail	\$ 6,000,000	\$ 6,000,000	\$ 5,204,568	\$ 795,432
2011-12	Louise Hays/Lehmann Monroe parks	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ (0)
Funding Agreement - C2011-76Totals		\$ 8,600,000	\$ 8,600,000	\$ 7,804,567	\$ 795,431

Notes:

6/24/14 - Project adjustments - \$600,000.00 moved from River Trail project to Louise Hays/Lehman Monroe park improvements per EIC and City Council meetings - additional funding to replenish River Trail project to be requested by city staff from EIC at future EIC meeting.

9/22/14 - Project replenished - \$600,000.00 approved at EIC meeting related to Louise Hays/Lehman Monroe park improvements (see note above) reported on 9/30/14 financial report at October 2014 meeting.

Cash and Investments
For the month ending June 30, 2017

Cash and Investment Balances by Fund			
<u>City G/L Fund</u>	<u>Fund Name</u>	<u>Balance</u>	<u>Period</u>
40	Sales Tax Improvement Fund (operating fund)	\$ 2,464,033	6/30/2017
75	EIC Projects Fund (capital projects fund)	\$ 1,869,155	6/30/2017
Total Cash and Investments		\$ 4,333,187	6/30/2017

Cash and Investments by Type - Placement - Amount					
<u>Type</u>	<u>Investment Placement</u>	<u>Amount</u>	<u>Interest Earned</u>	<u>Interest Earned (Annualized)</u>	<u>Period Ending</u>
Cash	Wells Fargo Checking	\$ 10,000	\$ -	0.00%	6/30/2017
ST Investment	EIC TexPool	\$ 2,077,608	\$ 1,526.04	0.88%	6/30/2017
ST Investment	Ebury Finance - Comm Paper	\$ 1,995,580			6/30/2017
Texas Hill Co Bank	CD	\$ 250,000	\$ -	1.05%	6/30/2017
Total Cash and Investments		\$ 4,333,187	\$ 1,526.04	0.42%	6/30/2017

Agenda Item:

3B. Projects update:

River Trail

Kerrville Sports Complex

Reuse Distribution Lines

Tennis Center Improvements

Downtown Streetscape

There is no agenda bill for this item. There will be a presentation at the meeting regarding the projects update.

Agenda Item:

4A. EIC's annual review, consideration, and approval of Kerrville Economic Development Corporation's (KEDC) fulfillment of its obligations pursuant to the Economic Development Grant Agreement between the EIC and the KEDC and a funding amount up to \$180,000 for Fiscal Year 2017. (Brian O'Connor)

**TO BE CONSIDERED BY THE
CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION**

SUBJECT: EIC's annual review, consideration, and approval of Kerr Economic Development Corporation's fulfillment of its obligations pursuant to the Economic Development Grant Agreement between the EIC and KEDC and a funding amount up to \$180,000.00 for Fiscal Year 2018.

FOR AGENDA OF: July 17, 2017 **DATE SUBMITTED:** July 13, 2017

SUBMITTED BY: E.A. Hoppe **CLEARANCES:** Mark McDaniel
Deputy City Manager City Manager

EXHIBITS: Budget materials from KEDC Executive Director Brian O'Connor

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$180,000.00	\$180,000.00	\$180,000.00	40-800-443

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

Pursuant to the economic development grant agreement between the Economic Improvement Corporation (EIC) and the Kerr Economic Development Corporation (KEDC), this is the annual funding request from KEDC. KEDC is requesting \$24,500.00 each from the City, County, and KPUB, and KEDC is requesting \$182,500 from the EIC; however, in accordance with the EIC/KEDC grant agreement, KEDC is eligible to receive an amount up to \$180,000.00

The City's contribution for FY2016 was \$20,865.68 and EIC's contribution was \$154,403.84. The city's contribution for FY2017 was \$24,500.00 and EIC's contribution was \$180,000.00.

RECOMMENDED ACTION

Staff recommends approving KEDC's funding request in an amount not to exceed \$180,000.

FY 16/17 Carryover Projected FY 17/18

KEDC w/out Executive Director	3 Pay periods	3% COLA
Payroll	\$11,538.00	\$103,000.00
Bonus	\$15,000.00	\$15,000.00
Car Allowance	\$400.00	\$6,000.00
Payroll Taxes	\$1,500.00	\$12,000.00
Healthcare Reimbursement	(\$1,200.00)	\$6,000.00
Payroll expenses other (retirement)		\$15,000.00
Executive Director Total	\$27,238.00	\$157,000.00

Difference in Pay Admin Assistant	Year	3% COLA
Payroll	\$28,860.00	\$32,136.00
Bonus	\$5,000.00	\$5,000.00
Healthcare Reimbursement	\$3,600.00	\$0.00
Admin Total	\$37,460.00	\$37,136.00

Total Payroll	\$64,698.00	\$194,136.00	\$181,000.00
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Travel Conference/Training	Year	Year
Travel and meals	\$12,447.30	\$22,000.00
Enrollment Fees/meetings	\$2,419.00	\$3,000.00
Total Conference/Training	\$14,866.30	\$25,000.00

Total Expense Difference	\$79,564.30
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FY 16/17 Fiscal Balance would have been	-\$17,778.30
Bank Balance would have been	\$32,436.20

FY 16/17 Project Fiscal Balance	\$61,786
Projected Bank Balance	\$112,000.40

Capital Fund	\$100,000.00
FY 17/18 Contingency Carryover	\$12,000.40

\$27,238.00 represents the savings the KEDC experienced during 2016/17 for the 3 pay periods in which it operated without an Executive Director

\$37,460.00 represents the savings the KEDC experienced for the 2016/17 for Administrative expenses. Previous Admin staff were at a different rate of pay and were provided a monthly healthcare stipend.

The \$14,866.30 represents the savings new staff was able to achieve by not attending Conferences/Training as previous staff for the same time period. Staff felt it necessary to focus on developing internal policies, business recruitment strategies, and local relationships.

\$79,564.30 represents the 2016/17 savings the KEDC would have achieved had it not carried forward a operating deficit of \$17,778.30.

KEDC has had years of operating loses and gains but had been able to accumulate an operating reserve of \$50,214.50 at the close of 2015/16. The operating savings of \$61,786.00 brings the operating reserve to \$100,000 with a \$12,000.40 contingency that will be placed into a Capital Fund dedicated for the construction of spec building, infrastructure, land acquisition, etc.

Kerrville Economic Development Corporation
2017/2018 Budget Draft

		FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY17/18		
Income									
	City of Kerrville	14,500.00	17,500.00	16,250.00	23,750.00	24,500.00	24,500.00		
	EIC	127,000.00	60,000.00	166,250.00	175,750.00	182,500.00	182,500.00		
	Kerr County	14,500.00	17,500.00	16,250.00	23,750.00	24,500.00	24,500.00		
	KPUB	14,500.00	17,500.00	16,250.00	23,750.00	24,500.00	24,500.00		
	Other Income	-	-	-	-	-	-		
Total Income		170,500.00	112,500.00	215,000.00	247,000.00	256,000.00	\$256,000.00		
Expense									
Business Expenses									
	Business Recruitment	15,000.00	11,000.00	6,000.00	1,500.00	6,500.00	6,500		
A	Website	1,800.00	-	-	8,000.00	-	300	A	
B	Marketing	17,500.00	3,000.00	3,000.00	-	-	3,450.00	B	
	Business Expenses - Other	20,250.00	28,000.00	25,000.00	25,000.00	20,000.00	20,000		
Total Business Expenses		54,550.00	42,000.00	34,000.00	34,500.00	26,500.00	\$30,250.00		
Contract Services									
	Accounting Fees	3,000.00	1,000.00	2,500.00	2,500.00	2,500.00	2,500.00		
	Legal Fees	2,000.00	1,000.00	5,000.00	2,500.00	1,000.00	1,000.00		
Total Contract Services		5,000.00	2,000.00	7,500.00	5,000.00	3,500.00	\$3,500.00		
Operations									
	Supplies	1,500.00	3,500.00	1,500.00	1,000.00	1,000.00	1,000.00		
	Telephone, Internet	2,500.00	4,539.00	3,680.00	2,000.00	2,000.00	2,000.00		
	Office Lease	9,600.00	9,600.00	9,600.00	9,600.00	9,600.00	9,600.00		
	Dues & Subscriptions	2,497.00	2,000.00	3,500.00	4,500.00	4,500.00	4,500.00		
	Operations - Other	16,420.00	500.00	500.00	2,750.00	2,750.00	2,750.00		
Total Operations		32,517.00	20,139.00	18,780.00	19,850.00	19,850.00	\$19,850.00		
Other Types of Expenses									
	Insurance - Liability, D and O	2,000.00	1,100.00	900.00	900.00	900.00	900		
Total Other Types of Expenses		2,000.00	1,100.00	900.00	900.00	900.00	\$900.00		
Payroll Expenses									
C	Health Insurance	7,656.00	7,200.00	7,500.00	8,040.00	8,040.00	6,000.00	C	
	Payroll Taxes	12,000.00	10,000.00	10,000.00	10,000.00	12,000.00	12,000.00		
	Salaries	109,160.00	104,800.00	113,120.00	133,441.60	142,000.00	142,000.00		
D	Vehicle Allowance - Director	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	6,000	D	
	Payroll Expenses - Other	18,107.60	22,994.00	25,000.00	15,000.00	15,000.00	15,000.00		
Total Payroll Expenses		151,723.60	149,794.00	160,420.00	171,281.60	181,840.00	\$181,000.00		
Travel & Meetings									
	Meals & Entertainment	5,000.00	5,000.00	3,000.00	3,000.00	3,000.00	3000		
E	Travel and Meetings - Other	18,500.00	15,000.00	17,500.00	22,000.00	22,000.00	22,000.00	E	
Total Travel and Meetings		23,500.00	20,000.00	20,500.00	25,000.00	25,000.00	\$25,000.00		
Total Expenses		269,290.60	235,033.00	242,100.00	256,531.60	257,590.00	\$260,500.00		
Net Income:			-122,533.00	-27,100.00	-9,531.60	-1,590.00	-4,500.00		

Projected						
FY End Balance			7,037.44	-24,415.55	61,786	**
Account Year End Balance			74,576.80	50,214.50	112,00.40	

Capital Fund	100,000.00
Contingency FY 17/18	12,000.40

FY 2017/18 Budget Notes

Expenses

Business Recruitment **\$6,500** - Conceptual Plans, Recruitment Packets, Craft Agriculture Marketing, Site Selection Consultant Packets.

A. Website \$300 - Enhanced graphics,

B. Marketing \$3,450 - Marketing material printing \$900, Trade Shows \$2,000, Trade Publications \$500.

Business Expenses Other **\$20,000** - ESRI Data & Site Selector software \$5,000, Adobe Software for Marketing and website \$600.00, Surveys, environmental studies, Impact & Feasibility Studies \$750, Avalanche Consulting SPS \$8,225.00

Contract Services

Accounting & Legal Fees **\$3,500** - (Accounting \$2,500, Legal \$1,000)

Operations

Office Lease **\$9,600** - However, rent will increase in FY 18/19 to \$10,080

Dues & Subscriptions **\$4,500** - SA Express News \$100, TEDC BDO & TM, \$1,000, AACOG, KACoC, TWGGA \$35, Kerrville Rotary \$2,400,

Operations Other **\$2,750** - Hardware/software, training, postage, bank service fees, additional taxes

Other Type of Expenses

Insurance – Liability D and O **\$900**

Payroll Expenses

C. Health Insurance \$6,000 - Health coverage was provide to KEDC Administrative Assistant (\$300 per month) and Executive Director \$400 per month).

D. Vehicle Allowance \$6,000 - KEDC Director \$500.00 monthly (Allowance includes mileage). KEDC paid \$3,832.88 Oct. 2015 thru Sept. 2016 in mileage reimbursement. ($\$3,832.88 + \$4,800 = \$8,632.88$)

Payroll Expenses Other **\$15,000** - Cell phone reimbursement \$1,200, Retirement contribution \$3,000, merit increases/promotions

Travel & Meetings

Meals & Entertainment **\$3,000** - Mooney International, Site Sector Recruits, Other Business Prospects.

E. Travel & Meetings \$17,500 - TEDC conference (10/18 \$2,500), ED training (Basic ED Course, Austin \$1,117.00), IEDC Conference (\$3,000) and Economic Development recruitment.

Agenda Item:

4B. Update and direction to City staff regarding Economic Improvement Budget for Fiscal Year 2018. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Consideration of the Fiscal Year 2018 (FY2018) budget for the City of Kerrville Economic Improvement Corporation

FOR AGENDA OF: July 17, 2017 **DATE SUBMITTED:** July 13, 2017

SUBMITTED BY: E.A. Hoppe **CLEARANCES:** Mark McDaniel
Dep. City Manager City Manager

EXHIBITS: FY2018 EIC Budget

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

This budget allocates \$4,799,153 for FY2018.

Revenue projections for FY2018 are \$3,476,206 and the budget contemplates a planned draw down of reserves of \$1,307,947. The FY2017 Economic Improvement Corporation budget projected an unrestricted fund balance of \$2,259,612.

The FY2018 budget allocates expenditures for Administrative, Category 1 – Business Development, Category II – Quality of Life, and Category III – Public Infrastructure categories. The following allocations have tentatively been drafted for your review:

Administrative = \$1,599,153

- Includes debt service payments for the River Trail and Athletic Complex projects; also contemplates a new debt service issuance for economic development related infrastructure (Legion Lift Station).
- Includes a contribution to the Kerrville Economic Development Corporation and Administrative Fees to the City

Category I – Business Development = \$500,000

- Consists of an economic development set-aside of \$500,000;
- Annual unexpended allocations for economic development set-aside are swept into a restricted fund balance for economic development purposes; the ED set-aside is projected to be at \$1,500,000 at the end of FY 2017

Category II – Quality of Life = \$950,000

- Includes \$750,000 for the second of two allocations for upgrades to the

Tennis Center; the first allocation of \$750,000 was issued in FY 2017 (the City Council and EIC have a Funding Agreement for up to \$1.5 million to fund the design/engineering and construction of this facility).

- Includes \$200,000 for downtown parking center streetscaping; the capital project fund for this effort is projected to be at \$565,100 at the end of FY 2017. When combined this will provide a total of \$765,100 for FY2018.

Category III – Public Infrastructure = \$1,750,000

- Provides for a second allocation of \$1,500,000 for a portion of the funding for the extension of reclamation water distribution mains (the City Council and EIC have a Funding Agreement for up to \$3.0 million to fund the construction of these mains).
- Includes a \$250,000 allocation for Public Housing; the capital project fund for this sub-category is projected to be at \$600,000 at the end of FY 2017

The Economic Improvement Corporation budget is included as a Component Unit Fund in the city's overall annual budget.

RECOMMENDED ACTION

Discussion and direction to staff on the FY 2018 budget for the Kerrville Economic Improvement Corporation.

Proposed FY18 EIC Budget

	FY17 Estimated	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected
BEGINNING CASH BALANCE	\$3,789,843	\$2,259,612	\$951,665	\$1,560,644	\$2,312,308	\$3,184,068	\$4,128,227
REVENUE:							
Sales and Use Tax	\$3,342,505	\$3,476,206	\$3,650,016	\$3,796,016	\$3,909,897	\$3,988,095	\$4,067,857
Interest	\$22,500	\$15,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Transfers In							
TOTAL REVENUE	\$3,365,005	\$3,491,206	\$3,660,016	\$3,806,016	\$3,919,897	\$3,998,095	\$4,077,857
EXPENDITURES:							
Administrative							
Local Meeting - Workshops	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Advertising							
Debt Service - Series 2011A (River Trail)	\$258,456	\$259,890	\$261,223	\$262,456	\$260,256	\$260,390	\$260,390
Debt Service - Series 2012 (River Trail)	\$252,863	\$253,413	\$250,547	\$250,997	\$248,863	\$253,197	\$249,030
Debt Service - Series 2015 (Athletic Complex)	\$603,417	\$605,350	\$603,767	\$605,400	\$603,517	\$604,850	\$602,825
*Debt Service - Legion Lift Station????		\$200,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
KEDC	\$180,000	\$180,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000
Administrative Services Fee	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Administrative	\$1,395,236	\$1,599,153	\$1,801,036	\$1,804,353	\$1,798,136	\$1,803,936	\$1,797,745
Category I - Business Development							
ED Set Aside	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Unspecified	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Category I	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Category II - Quality of Life							
Tennis Center	\$750,000	\$750,000					
Olympic Pool							
Downtown Streetscape Enhancements	\$250,000	\$200,000					
Unspecified	\$0	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Total Category II	\$1,000,000	\$950,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Category III - Public Infrastructure							
Housing	\$500,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000.00	\$250,000.00
Reuse Distribution Lines	\$1,500,000	\$1,500,000					
Unspecified	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Category III	\$2,000,000	\$1,750,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Contingency							
TOTAL EXPENDITURES	\$4,895,236	\$4,799,153	\$3,051,036	\$3,054,353	\$3,048,136	\$3,053,936	\$3,047,745
NET REVENUES TO EXPENDITURES	-\$1,530,231	-\$1,307,947	\$608,980	\$751,664	\$871,761	\$944,159	\$1,030,112
CASH BALANCE AVAILABLE	\$2,259,612	\$951,665	\$1,560,644	\$2,312,308	\$3,184,068	\$4,128,227	\$5,158,339
Accumulated ED Set Aside	\$1,500,000	\$2,000,000	\$2,500,000	\$3,000,000	\$3,500,000	\$4,000,000	\$4,500,000
*Option to sell \$5.0 million debt early 2018 - one interest payment during FY18 - full principal and interest payments beginning FY2019							