

**AGENDA FOR REGULAR MEETING**

**CITY OF KERRVILLE, TEXAS**

**ECONOMIC IMPROVEMENT CORPORATION**

**TUESDAY, AUGUST 21, 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, AUGUST 21, 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 July 17, 2017.

**3. MONTHLY REPORTS:**

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

3B. Projects update:

River Trail

Kerrville Sports Complex

Reuse Distribution Lines

Tennis Center Improvements

**4. CONSIDERATION AND POSSIBLE ACTION:**

4A. Conduct annual review and consideration of the Kerrville Economic Development Corporation's fulfillment of its obligations pursuant to the Economic Development Grant Agreement between the EIC and the KEDC and the appropriation of a funding amount up to \$180,000 for Fiscal Year 2018. (Brian O'Connor)

4B. Review and consider Economic Improvement Corporation Budget for Fiscal Year 2018. (staff)

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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 August 18, 2017, at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown

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Deputy City Secretary, City of Kerrville, Texas

5. **POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION**
6. **ITEMS FOR FUTURE AGENDAS**
7. **ANNOUNCEMENTS**
8. **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: August 18, 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 July 17, 2017.

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION  
REGULAR MEETING**

**JULY 17, 2017**

On Monday, July 17, 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 Kenneth Early, President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas. Mr. Wilson offered the invocation.

**Members Present:**

Kenneth Early, President  
Sheri Pattillo, Vice President  
George Baroody  
Gary Cooper  
Robert Naman  
Paul Stafford  
James Wilson

**Members Absent:**

None

**City Executive Staff Present:**

Mark McDaniel, City Manager  
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:**

Harvey Brinkman stated there was a new restaurant being planned.

**2. APPROVAL OF MINUTES:**

2A. Approval of minutes for the regular meeting held on June 19, 2017. Ms. Pattillo moved to approve the minutes. Mr. Wilson seconded, and the motion passed 7-0.

**3. MONTHLY REPORTS:**

3A. Monthly financials for June 2017. (staff) Ms. Yarborough reported a beginning balance of \$2,301,834; with \$263,470 revenue, and \$101,271 expenditures; leaving an ending cash balance on June 30, 2017 of \$2,464,033. She reviewed the capital projects status summary, which showed an ending cash balance of \$1,869,155 and the cash and investments fund, which showed an (annualized) interest earned of 0.42%.

3B. Projects update:

Mr. Hoppe made the following reports:

River Trail: Design was 60% finished for the westward route.

Kerrville Sports Complex: Most of the paving and installation of grass was done. The buildings were all done except the DBAT facility.

Reuse Distribution Lines: All of the bores were completed. Approximately 6,000 linear feet were finished as of the end of June through the golf course. Efforts were underway to finish the work on the school campuses, to get finished before the school year began.

Tennis Center Improvements: RFQ was received, and Council approved negotiations with Rollins and Associates for design services.

Downtown Streetscape: Peter Lewis presented his design to the Council on July 11. There were some modifications to the design since Mr. Lewis presented it to the EIC. Mr. Hoppe will bring the modified design plans back to EIC at their next meeting. He also gave the board a printout of more firm numbers regarding the streetscape improvements.

**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)

Brian O'Connor, Executive Director of KEDC, presented the Fiscal Year 2018 budget. He reviewed the organizational details of the KEDC, as well as the history and accomplishments. He discussed the goals and opportunities currently in place. He then reviewed the proposed Fiscal Year 2018 budget.

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

Mr. Hoppe reviewed the proposed Fiscal Year 2018 EIC budget, which included Administrative, Business Development, Quality of Life and Public Infrastructure allowances.

**5. EXECUTIVE SESSION: None**

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

**8. ITEMS FOR FUTURE AGENDAS:**

Texas Economic Development Corporation planned to send an employee to provide EDC training in a joint meeting with City Council on August 21, 2017 at 2:00 p.m.

**9. ANNOUNCEMENTS: None**

**10. ADJOURNMENT.**

Mr. Early adjourned the meeting at 5:24 p.m.

APPROVED: \_\_\_\_\_

\_\_\_\_\_ Kenneth Early, President

ATTEST:

\_\_\_\_\_ Cheryl Brown, Deputy City Secretary

## **Agenda Item:**

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

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

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**SUBJECT:** EIC Financials ending July 31, 2017

**FOR AGENDA OF:** August 21, 2017    **DATE SUBMITTED:** August 14, 2017

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

**EXHIBITS:** Monthly Financials

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

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Expenditure Required:	Current Balance in Account: \$ .00	Amount Budgeted: \$ .00	Account Number: N/A
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**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE DIRECTOR OR FINANCE:**

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**SUMMARY STATEMENT**

Kerrville Economic Improvement Corporation operating fund received sales tax revenue in the amount of \$282,792 for July 2017 a 13.44% increase compared to same period in prior year in the amount of \$249,278 with year to date being \$2,777,844. Year to date average increase over FY2016 5.85% and 2.36% over budget.

Interest earned for July was \$2,142 and \$20,723 fiscal year to date. Interest earned to date is \$15,723 more than budgeted for FY2017.

Kerrville Economic Improvement Corporation capital projects fund had no income and no expense for July.

River Trail project had expense of \$0.00 in the month of July with the remaining project balance available being \$791,910.

**RECOMMENDED ACTION**

Report is for information only.

**CITY OF KERRVILLE**  
**Economic Improvement Corporation**  
**Sales Tax Improvement Fund - Summary**  
**For the month ending July 31, 2017**

<b>Beginning Cash Balance</b>	<b>\$2,464,033</b>
<b>Income:</b>	
Sales Tax	\$ 282,792
Interest Revenue	\$ 2,142
Total Income	<u>\$ 284,934</u>
<b>Expenses:</b>	
Office supplies	\$ 8,333
Administrative Service Fee	\$ 92,878
Transfer for Debt Service	\$ 101,211
Total Expenses	<u>\$ 101,211</u>
Revenues Over (Under) Expenditures	<u>\$ 183,723</u>
<b>Ending Cash Balance</b>	<b><u>\$2,647,756</u></b>

**CITY OF KERRVILLE**  
**Economic Improvement Corporation**  
**Sales Tax Improvement Fund - Revenue and Expense Statement**  
For the month ending July 31, 2017

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
<b>BEGINNING CASH BALANCE</b>	\$ 3,789,843		\$ 3,789,843		
<b>REVENUE:</b>					
Sales and Use Tax	\$ 3,302,505	\$ 282,792	\$ 2,777,884	84.11%	\$ 524,621
Interest	\$ 5,000	\$ 2,412	\$ 20,723	414.45%	\$ (15,723)
Transfer In			\$ 1,000		\$ (1,000)
<b>TOTAL REVENUE</b>	<b>\$ 3,307,505</b>	<b>\$ 285,204</b>	<b>\$ 2,799,607</b>	<b>84.64%</b>	<b>\$ 508,898</b>
<b>EXPENDITURES:</b>					
Administrative					
Local Meetings	\$ 500		\$ 80	16.00%	\$ 420
Administrative Services Fee	\$ 100,000	\$ 8,333	\$ 83,333	83.33%	\$ 16,667
Economic Development Governing Body	\$ 180,000		\$ 180,000	100.00%	\$ -
Debt Service - River Trail - Series 2011A	\$ 258,456	\$ 21,580	\$ 215,297	83.30%	\$ 43,159
Debt Service - River Trail - Series 2012	\$ 252,863	\$ 21,053	\$ 210,525	83.26%	\$ 42,338
Debt Service - Athlex Complex - Series 2015	\$ 603,417	\$ 50,246	\$ 502,458	83.27%	\$ 100,959
<b>Total Administrative</b>	<b>\$ 1,395,236</b>	<b>\$ 101,211</b>	<b>\$ 1,191,693</b>	<b>85.41%</b>	<b>\$ 203,543</b>
Category I - Business Development					
ED Set Aside	\$ 500,000		\$ 500,000	100.00%	\$ -
<b>Total Category I</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>100.00%</b>	<b>\$ -</b>
Category II - Quality of Life					
Tennis Center	\$ 750,000	\$ -	\$ 750,000	100.00%	\$ -
Downtown Streetscape Enhancements:	\$ -		\$ -		\$ -
Water Feature	\$ 250,000	\$ -	\$ -	0.00%	\$ 250,000
<b>Total Category II</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>	<b>\$ 750,000</b>	<b>75.00%</b>	<b>\$ 250,000</b>
Category III - Public Infrastructure					
Housing	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
Reuse Distribution Lines	\$ 1,500,000	\$ -	\$ 1,500,000	0.00%	\$ -
<b>Total Category III</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ 1,500,000</b>	<b>0.00%</b>	<b>\$ 500,000</b>
Contingency	\$ -	\$ -	\$ -	0.00%	\$ -
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,895,236</b>	<b>\$ 101,211</b>	<b>\$ 3,941,693</b>	<b>80.52%</b>	<b>\$ 953,543</b>
<b>NET REVENUES TO EXPENDITURES</b>	<b>\$ (1,587,730)</b>	<b>\$ 183,993</b>	<b>\$ (1,142,086)</b>		
<b>ENDING CASH BALANCE</b>	<b>\$ 2,202,112</b>		<b>\$ 2,647,756</b>		

**CITY OF KERRVILLE**  
**Economic Improvement Corporation**  
**Sales Tax Revenue Analysis - FY16**  
For the month ending July 31, 2017

<b>Revenue Month</b>	<b>Actual FY 2014</b>	<b>Actual FY 2015</b>	<b>Actual FY 2016</b>	<b>Budgeted FY 2017</b>	<b>Actual FY 2017</b>	<b>FY2016 vs FY2017</b>	<b>Budget vs Actual</b>
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	\$ 261,944	7.77%	-3.61%
July	\$ 222,961	\$ 238,328	\$ 249,278	\$ 253,469	\$ 282,792	13.44%	11.57%
August	\$ 266,321	\$ 297,274	\$ 290,011				#DIV/0!
September	\$ 238,926	\$ 256,246	\$ 259,227				#DIV/0!
<b>YTD Total</b>	<b>\$ 2,906,194</b>	<b>\$ 3,100,310</b>	<b>\$ 3,173,673</b>	<b>\$ 2,713,827</b>	<b>\$ 2,777,885</b>	<b>5.85%</b>	<b>2.36%</b>

**CITY OF KERRVILLE**  
**Economic Improvement Corporation**  
**Capital Projects Fund - Summary**  
**For the month ending July 31, 2017**

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

**CITY OF KERRVILLE**  
**Economic Improvement Corporation**  
**Committed Project Funding Status Summary**  
**For the month ending July 31, 2017**

<b>Fiscal Years</b>	<b>Projects</b>	<b>Agreement Commitment</b>	<b>EIC Funded To Date</b>	<b>Total Cash Funded</b>	<b>Expenses to Date</b>	<b>Project Cash Balance</b>
2012-13	Downtown Streetscape	\$ 565,100	\$ 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	\$ 600,000	\$ 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	\$ -
<b>TOTALS</b>		<b>\$ 9,960,100</b>	<b>\$ 4,260,100</b>	<b>\$ 4,522,574</b>	<b>\$ 2,663,904</b>	<b>\$ 1,869,155</b>

Capital Project Fund Cash Balance on 7/31/2017 \$ 1,869,155

**CITY OF KERRVILLE**  
**Capital Improvement Projects In Progress - including EIC support**  
For the month ending July 31, 2017

Fiscal Years	Projects	Approved Project Budget	EIC Portion Agreement Commitment	General Fund	Water and Sewer Fund	Other Funds/Loans/ Grants	Bond Proceeds	Project Expense To Date	Project Balance
2011-12	River Trail	\$ 6,525,000	\$ 6,000,000	\$ -	\$ -	\$ -	\$ 525,000	\$ 5,208,091	\$ 791,909
2011-12	Louise Hays/Lehmann Monroe parks	\$ 2,656,207	\$ 2,600,000	\$ 18,785	\$ -	\$ 37,422	\$ -	\$ 2,641,207	\$ 15,000
2014-15	Kerrville Sports Complex	\$ 10,500,000	\$ 9,000,000	\$ -	\$ -	\$ 1,217,416	\$ 8,910,000	\$ 9,352,719	\$ 1,147,281
2015-16	Olympic Pool	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
2016-17	Reuse System	\$ 23,003,000	\$ 3,000,000	\$ -	\$ 4,235,421	\$ 7,731,625	\$ 8,035,954	\$ 8,594,950	\$ 14,408,050
2016-17	Tennis Center	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 125	\$ 1,499,875

**Cash and Investments**  
 For the month ending July 31, 2017

**Cash and Investment Balances by Fund**

<u>City G/L</u>	<u>Fund</u>	<u>Fund Name</u>	<u>Balance</u>	<u>Period</u>
	40	Sales Tax Improvement Fund (operating fund)	\$ 2,647,756	7/31/2017
	75	EIC Projects Fund (capital projects fund)	\$ 1,869,155	7/31/2017
<b>Total Cash and Investments</b>			<b>\$ 4,516,911</b>	<b>7/31/2017</b>

**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%	7/31/2017
ST Investment	EIC TexPool	\$ 2,077,608		0.00%	7/31/2017
ST Investment	Ebury Finance - Comm Paper	\$ 1,995,580			7/31/2017
Texas Hill Co Bank	CD	\$ 250,000	\$ -	1.05%	7/31/2017
<b>Total Cash and Investments</b>		<b>\$ 4,516,911</b>	<b>\$ -</b>	<b>0.00%</b>	<b>7/31/2017</b>

## **Agenda Item:**

### 3B. Projects update:

River Trail

Kerrville Sports Complex

Reuse Distribution Lines

Tennis Center Improvements

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

## **Agenda Item:**

4A. Conduct annual review and consideration of the Kerrville Economic Development Corporation's fulfillment of its obligations pursuant to the Economic Development Grant Agreement between the EIC and the KEDC and the appropriation of a funding amount up to \$180,000 for Fiscal Year 2018. (Brian O'Connor)

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

**SUBJECT:** Conduct annual review and consideration of the Kerrville Economic Development Corporation's fulfillment of its obligations pursuant to the Economic Development Grant Agreement between the EIC and the KEDC and the appropriation of a funding amount up to \$180,000 for Fiscal Year 2018.

**FOR AGENDA OF:** August 21, 2017 **DATE SUBMITTED:** August 17, 2017

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

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**

<b>Expenditure Required:</b> <b>\$180,000.00</b>	<b>Current Balance in Account:</b> <b>\$180,000.00</b>	<b>Amount Budgeted:</b> <b>\$180,000.00</b>	<b>Account Number:</b> <b>40-800-443</b>
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**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 \$180,000 from the EIC.

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**

Conduct annual review and consideration of the Kerrville Economic Development Corporation's fulfillment of its obligations pursuant to the Economic Development Grant Agreement between the EIC and the KEDC and the appropriation of a funding amount up to \$180,000 for Fiscal Year 2018.

Kerrville Economic Development Corporation  
Statement of Cash Flows and Budget Request

	Oct '13 - Sep '14	Oct '14 - Sep '15	Oct '15 - Sep '16	Projected YE '16/17	FY 17/18 Budgeted
<b>Income</b>	<b>161,332.46</b>	<b>67,533.28</b>	<b>74,576.80</b>	<b>50,214.50</b>	<b>107,450.79</b>
City of Kerrville	17,728.05	16,250.00	20,885.38	24,500.00	24,500.00
EIC	60,000.00	16,250.00	154,493.94	180,000.00	140,000.00
Ken County	17,500.00	16,250.00	20,885.38	24,500.00	24,500.00
KPLB	17,500.00	16,250.00	20,885.38	24,500.00	24,500.00
Uncategorized Deposit	8,041.45				
<b>Total Income</b>	<b>120,787.50</b>		<b>7,702.90</b>	<b>1,580.00</b>	
<b>Expense</b>		<b>215,000.00</b>	<b>224,702.08</b>	<b>255,050.00</b>	<b>213,500.00</b>
Business Expense	4,713.15	1,455.66	10,747.76	13,000.00	22,475.00
Contract Services	28,819.70	5,473.43	6,191.48	2,275.00	3,500.00
Operations	21,221.71	19,311.04	25,653.94	20,000.00	20,625.00
Other Types of Expenses	863.98	835.99	850.00	850.00	900.00
Payroll Expenses	143,835.42	161,584.55	191,238.10	181,000.00	181,000.00
Travel and Meetings	14,687.61	19,285.19	14,121.94	6,500.00	25,000.00
Reconciliation Discrepancies	12.99				
Uncategorized Expenses	486.12				
<b>Total Expenses</b>	<b>214,620.58</b>	<b>207,962.56</b>	<b>249,118.43</b>	<b>197,625.00</b>	<b>253,500.00</b>
<b>Payroll Liabilities</b>		<b>0.08</b>	<b>53.25</b>	<b>-228.71</b>	
<b>Net Income</b>		<b>7,037.52</b>	<b>-24,382.30</b>	<b>57,236.29</b>	<b>-40,000.00</b>
<b>Ending Cash</b>	<b>67,539.28</b>	<b>74,576.80</b>	<b>50,214.50</b>	<b>107,450.79</b>	<b>67,450.79</b>

\*Option to request up to an additional \$40,000.00 during FY 17/18

## **Agenda Item:**

4B. Review and consider Economic Improvement Corporation 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:** August 21, 2017 **DATE SUBMITTED:** August 17, 2017

## **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. In the budget draft that was presented to the EIC on July 17, 2017 all EIC debt was included within the Administrative category. Per the EIC's direction, the attached budget distributes the debt to each applicable category based upon the project that it was issued for, and also provides for the percentage of the overall budget allocated for each category.

The budget represents the following allocations:

Administrative = \$280,500

- 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 = \$2,068,653

- Includes debt service payments for the River Trail and Sports Complex projects.
- 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 = \$1,950,000

- 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 new debt service issuance for economic development related infrastructure (Legion Lift Station). \$200,000 in FY 18 and \$400,000 in future years.
- Includes a \$250,000 allocation for Workforce 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**

Approval of 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
<b>BEGINNING CASH BALANCE</b>	\$3,789,843	\$2,259,612	\$951,665	\$1,560,644	\$2,312,308	\$3,184,068	\$4,128,227
<b>REVENUE:</b>							
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
<b>TOTAL REVENUE</b>	<b>\$3,365,005</b>	<b>\$3,491,206</b>	<b>\$3,660,016</b>	<b>\$3,806,016</b>	<b>\$3,919,897</b>	<b>\$3,998,095</b>	<b>\$4,077,857</b>
<b>EXPENDITURES:</b>							
<b>Administrative</b>							
Local Meeting - Workshops	\$500	\$500	\$500	\$500	\$500	\$500	\$500
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
<b>Total Administrative</b>	<b>\$280,500</b>	<b>\$280,500</b>	<b>\$285,500</b>	<b>\$285,500</b>	<b>\$285,500</b>	<b>\$285,500</b>	<b>\$285,500</b>
	5.73%	5.84%	9.36%	9.35%	9.37%	9.35%	9.37%
<b>Category I - Business Development</b>							
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
<b>Total Category I</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>
	10.21%	10.42%	16.39%	16.37%	16.40%	16.37%	16.41%
<b>Category II - Quality of Life</b>							
Tennis Center	\$750,000	\$750,000	\$0	\$0	\$0	\$0	\$0
Olympic Pool	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Downtown Streetscape Enhancements	\$250,000	\$200,000	\$0	\$0	\$0	\$0	\$0
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 (Sports Complex)	\$603,417	\$605,350	\$603,767	\$605,400	\$603,517	\$604,850	\$602,825
Unspecified	\$0	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
<b>Total Category II</b>	<b>\$2,114,736</b>	<b>\$2,068,653</b>	<b>\$1,615,536</b>	<b>\$1,618,853</b>	<b>\$1,612,636</b>	<b>\$1,618,436</b>	<b>\$1,612,245</b>
	43.20%	43.10%	52.95%	53.00%	52.91%	53.00%	52.90%
<b>Category III - Public Infrastructure</b>							
Housing	\$500,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000.00	\$250,000
Reuse Distribution Lines	\$1,500,000	\$1,500,000	\$0	\$0	0	0	0
*Debt Service - Legion Lift Station	\$0	\$200,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Unspecified	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Category III</b>	<b>\$2,000,000</b>	<b>\$1,950,000</b>	<b>\$650,000</b>	<b>\$650,000</b>	<b>\$650,000</b>	<b>\$650,000</b>	<b>\$650,000</b>
	40.86%	40.63%	21.30%	21.28%	21.32%	21.28%	21.33%
<b>Contingency</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL EXPENDITURES</b>	<b>\$4,895,236</b>	<b>\$4,799,153</b>	<b>\$3,051,036</b>	<b>\$3,054,353</b>	<b>\$3,048,136</b>	<b>\$3,053,936</b>	<b>\$3,047,745</b>
<b>NET REVENUES TO EXPENDITURES</b>	<b>-\$1,530,231</b>	<b>-\$1,307,947</b>	<b>\$608,980</b>	<b>\$751,664</b>	<b>\$871,761</b>	<b>\$944,159</b>	<b>\$1,030,112</b>
<b>CASH BALANCE AVAILABLE</b>	<b>\$2,259,612</b>	<b>\$951,665</b>	<b>\$1,560,644</b>	<b>\$2,312,308</b>	<b>\$3,184,068</b>	<b>\$4,128,227</b>	<b>\$5,158,339</b>
<b>Accumulated ED Set Aside</b>	<b>\$1,500,000</b>	<b>\$2,000,000</b>	<b>\$2,500,000</b>	<b>\$3,000,000</b>	<b>\$3,500,000</b>	<b>\$4,000,000</b>	<b>\$4,500,000</b>
*Option to sell \$5.0 million debt early 2018 - one interest payment during FY18 - full principal and interest payments beginning FY2019							
Debt Service Requirements percent of revenues	33.13%	37.77%	41.41%	39.91%	38.59%	37.98%	37.08%