

AGENDA FOR REGULAR MEETING

CITY OF KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

MONDAY, JUNE 18, 2018 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, JUNE 18, 2018, 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. NOMINATE AND ELECT OFFICERS:

2A. Nominate and elect President, Vice President, Secretary and Treasurer.

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

3A. Nominate and approve EIC representative to the Kerr Economic Development Corporation.

4. APPOINTMENT OF EIC REPRESENTATIVE TO THE "GO TEAM":

4A. Nominate and approve EIC representative to the "GO Team".

5. MONTHLY REPORTS:

5A. Monthly financials for May 2018. (staff)

5B. Projects update:

River Trail

Reuse Distribution Lines

Tennis Center Improvements

Aquatics Feasibility Study

Downtown Streetscape

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 15, 2018, at 10:00 a.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

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Update and direction to City staff regarding Economic Improvement Budget for Fiscal Year 2019. (staff)

7. PUBLIC HEARING AND POSSIBLE ACTION:

7A. Public Hearing and Funding Agreement with Collett Properties/HL Kerr, LLC for \$375,000 to assist with site preparation and redevelopment of the Northeast corner of Loop 534 and State Highway 16. (staff)

8. 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 Section 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, including the following matters:

8A. Economic Development Grant Agreement between Collett Properties/HL Kerr, LLC and the City of Kerrville, Texas Economic Improvement Corporation in an amount not to exceed \$375,000 to assist with site preparation and redevelopment of the Northeast corner of Loop 534 and State Highway 16.

8B. Deliberation regarding economic development negotiations in accordance with the Texas Open Meetings Act, Section 551.087, discussion regarding commercial or financial information received from a business prospect(s), and/or to deliberate the offer of a financial or other incentive to a business prospect(s). (Sections 551.087, TX Government Code)

9. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION

10. ITEMS FOR FUTURE AGENDAS

11. ANNOUNCEMENTS

12. 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 15, 2018, at 10:00 a.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. Nominate and elect President, Vice President, Secretary and Treasurer..
(staff)

There is no agenda bill for this item.

Agenda Item:

3A. Nominate and elect President, Vice President, Secretary and Treasurer.
(staff)

There is no agenda bill for this item.

Agenda Item:

4A. Nominate and approve EIC representative to the "GO Team". (staff)

There is no agenda bill for this item.

Agenda Item:

5A. Monthly financials for May 2018. (staff)

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

SUBJECT: EIC Financials for the month ended May 31, 2018

FOR AGENDA OF: June 18, 2018 **DATE SUBMITTED:** June 15, 2018

SUBMITTED BY: Amy Dozier **CLEARANCES:** E. A. Hoppe
 Chief Financial Officer Deputy City Manager

EXHIBITS: Monthly Financials

APPROVED FOR SUBMITTAL BY DEPUTY CITY MANAGER:

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The EIC operating fund received sales tax revenue of \$324,560 for May 2018, which is up 5.1% compared to same period in prior year. On a year to date basis, FY2018 sales tax is up 0.5% compared to FY2017. In May, we saw increases in retail, food services and manufacturing. June sales tax is up 9.1% compared to June of FY2017. Even with these increases, we anticipate that sales tax revenue will fall short of budget for the year. We will continue to monitor sales tax very closely.

Expenditures for the month included only budgeted transfers for debt service and the administrative services fee. There were no funds moved for projects in May.

EIC's money is invested primarily in TexPool, the oldest and largest local government investment pool in Texas. TexPool's yield as of 6/14/2018 was 2.06%.

RECOMMENDED ACTION

Information purposes only. No action required.

Economic Improvement Corporation
Sales Tax Improvement Fund - Revenue and Expenditure Detail
For the month ended May 31, 2018

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$2,272,941		\$2,272,941		
REVENUES					
Sales and Use Tax	3,476,206	324,560	2,244,908	64.6%	1,231,298
Interest Income	15,000	7,263	50,522	336.8%	(35,522)
Fox Tank Agreement Reimbursement	-	-	10,000		(10,000)
TOTAL REVENUES	3,491,206	331,823	2,305,430	66.0%	1,185,776
EXPENDITURES					
Administrative					
Office Supplies	500	-	40	8.0%	460
Administrative Services Fee	100,000	8,333	66,667	66.7%	33,333
Legal Services	-	-	416		(416)
Kerr Economic Development Corp	140,000	-	140,000	100.0%	-
Total Administrative	240,500	8,333	207,123	86.1%	33,377
Category I - Business Development					
ED Set Aside	500,000	-	-	0.0%	500,000
Total Category I	500,000	-	-	0.0%	500,000
Category II - Quality of Life					
Tennis Center	750,000	-	750,000	100.0%	-
Downtown Streetscape Enhancements	200,000	-	200,000	100.0%	-
Debt Service - Series 2011A (River Trail)	259,890	21,696	173,104	66.6%	86,786
Debt Service - Series 2012 (River Trail)	253,413	21,169	169,353	66.8%	84,060
Debt Service - Series 2015 (Sports Complex)	605,350	50,479	403,833	66.7%	201,517
Total Category II	2,068,653	93,345	1,696,291	82.0%	372,362
Category III - Public Infrastructure					
Housing	250,000	-	187,500	75.0%	62,500
Reuse Distribution Lines	1,500,000	-	1,500,000	100.0%	-
*Debt Service - Legion Lift Station	200,000	-	-	0.0%	200,000
Total Category III	1,950,000	-	1,687,500	86.5%	262,500
TOTAL EXPENDITURES	4,759,153	101,678	3,590,914	75.5%	1,168,239
CHANGE IN NET POSITION	\$ (1,267,946)	\$ 230,145	\$ (1,285,484)		
ENDING CASH BALANCE	\$ 1,004,994		\$987,456		

Sales Tax Revenue Analysis - FY18

Month	Actual FY2016	Actual FY2017	Budget FY2018	Actual FY2018	FY2017 vs. FY2018	Budget vs. Actual
October	\$ 227,707	\$ 264,806	\$ 274,944	\$ 277,430	4.77%	0.90%
November	277,653	278,707	289,377	278,698	0.00%	-3.69%
December	254,834	260,757	270,741	252,047	-3.34%	-6.90%
January	255,848	273,741	284,222	273,590	-0.06%	-3.74%
February	347,778	357,098	370,772	354,753	-0.66%	-4.32%
March	223,790	248,560	258,077	242,127	-2.59%	-6.18%
April	237,432	240,783	250,002	241,702	0.38%	-3.32%
May	307,046	308,696	320,513	324,560	5.14%	1.26%
June	243,070	261,944				
July	249,278	282,792				
August	290,011	306,807				
September	301,250	275,901				
YTD Total	\$ 3,215,695	\$ 3,360,592	\$ 2,318,647	\$ 2,244,908	0.53%	-3.18%

Cash and Investment Balances by Fund

Fund	Fund Name	Balance	Period Ending
40	Sales Tax Improvement Fund (operating fund)	\$ 987,456	5/31/2018
75	EIC Projects Fund (capital projects fund)	2,287,500	5/31/2018
	Total Cash and Investments	\$ 3,274,956	5/31/2018

Cash and Investments by Type - Placement - Amount

Type	Investment Placement	Amount	Period Ending
Cash	Wells Fargo Checking	\$ 10,000	5/31/2018
Short Term Investment	EIC TexPool	3,264,956	5/31/2018
	Total Cash and Investments	\$ 3,274,956	5/31/2018

Committed Project Funding Status Summary

Project Inception	Project Description	Budgeted Commitment	Transferred From EIC Operating Fund	Funding Transferred to Project	Funding Transferred to EIC Project Fund
2012-13	Downtown Streetscape	\$ 765,100	\$ 765,100	\$ 765,100	\$ -
2014-15	ED Set Aside	1,500,000	1,500,000	-	1,500,000
2015-16	Olympic Pool	100,000	100,000	100,000	-
2015-16	Housing	850,000	787,500	-	787,500
2016-17	Tennis Center	1,500,000	1,500,000	1,500,000	-
2016-17	Distribution Lines	3,000,000	3,000,000	3,000,000	-
TOTALS		\$ 7,265,100	\$ 7,652,600	\$ 5,365,100	\$ 2,287,500

Capital Improvement Projects In Progress - including EIC support

Project	Project Budget	EIC Portion Agreement Commitment	General Fund	Water and Sewer Fund	Other Funds/Loans/Grants	Bond Proceeds	Project Expense To Date	Project Balance
River Trail	6,525,000	6,000,000	-	-	-	525,000	5,920,722	604,278
Louise Hays Park	2,656,207	2,600,000	18,785	-	37,422	-	2,641,207	15,000
Downtown Streetscape	765,100	765,100	-	-	-	-	47,968	717,132
Kerrville Sports Complex	10,500,000	9,000,000	-	-	1,590,000	8,910,000	10,468,373	31,627
Olympic Pool	100,000	100,000	-	-	-	-	-	100,000
Reuse System	23,003,000	3,000,000	-	4,235,421	7,731,625	8,035,954	18,828,498	4,174,502
Tennis Center	1,500,000	1,500,000	-	-	-	-	34,638	1,465,362

Agenda Item:

5B. Projects update:

River Trail

Reuse Distribution Lines

Tennis Center Improvements

Aquatics Feasibility Study

Downtown Streetscape

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

Agenda Item:

6A. Update and direction to City staff regarding Economic Improvement Budget for Fiscal Year 2019. (staff)

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

SUBJECT: Consideration of the Fiscal Year 2019 (FY2019) budget for the City of Kerrville, Texas Economic Improvement Corporation

AGENDA DATE: June 18, 2018

DATE SUBMITTED: June 15, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

EXHIBITS: FY2019 EIC Budget

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
N/A	N/A	N/A	N/A

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

This budget allocates \$3,482,686 for FY2019.

Revenue projections for FY2019 are \$3,514,052. The FY2018 Economic Improvement Corporation budget is projected to end the year with an unrestricted cash balance of \$1,161,994. FY19 net revenues are projected to exceed net expenditures by \$31,365.

The FY2019 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 = \$370,500

- Includes a contribution to the Kerrville Economic Development Corporation at \$140,000 (TBD determined based off of new service contract).
- Administrative Services Fees to the City of \$180,000. There are two key components to the request for enhanced funding. Finance has run an analysis of staff time spent for EIC support (Finance/Budget/Audit, Engineering/Project Management, City Attorney, City Administration, etc.) and \$150,000 is much closer to cost recovery (although still not full cost recovery). This amount has also not been adjusted since 2012 (\$75K to \$100K). In addition, staff is proposing to add an additional staff support position to City operations (General Fund) that will be assisting the City/EIC with general economic development efforts, as well as business related activities for Downtown/Mainstreet, and workforce housing

initiatives. Staff anticipates that approximately 40% of that position's efforts will be allocated to EIC support, and so that has also been added to the Administrative support funding request.

- Also includes a one-time transfer of \$50,000 to a new Administrative set-aside fund, should the EIC desire to fund some type of economic development related consultant study, or need outside professional consultation beyond that outlined in the City or KEDC Administrative contracts.

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 fund balance for economic development purposes; the ED set-aside is projected to be at \$2,000,000 at the end of FY2018.

Category II – Quality of Life = \$1,362,186

- Includes debt service payments for the River Trail and Athletic Complex projects.
- Includes a new Quality of Life set-aside line item set at \$250,000.
- This new category of set-aside, if unspent, would be swept into a fund balance for future quality of life project requests.

Category III – Public Infrastructure = \$1,250,000

- Includes a \$250,000 allocation for Workforce Housing; the capital project fund for this sub-category is projected to be at \$850,000 at the end of FY 2018.
- Provides for an initial allocation of \$1,000,000 for the Legion Lift station project (the City Council and EIC have a Funding Agreement for \$2.0 million to fund the wastewater expansion project).

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 2019 budget for the Kerrville Economic Improvement Corporation.

**City of Kerrville
Economic Improvement Corporation
Proposed FY2019 Budget**

	FY 2017 Actual	FY18 Estimated	FY19 Proposed	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected
BEGINNING CASH BALANCE	\$3,789,843	\$2,272,941	\$1,161,994	\$1,193,359	\$1,329,326	\$2,441,141	\$3,621,140
REVENUES:							
Sales and Use Tax	3,348,871	3,376,206	3,469,052	3,538,433	3,609,201	3,681,385	3,755,013
Interest	28,043	62,000	45,000	45,000	45,000	45,000	45,000
Miscellaneous	1,000	-	-	-	-	-	-
Fox Tank Reimbursement	-	10,000	-	-	-	-	-
TOTAL REVENUE	3,377,914	3,448,206	3,514,052	3,583,433	3,654,201	3,726,385	3,800,013
EXPENDITURES:							
Administrative							
Supplies and Miscellaneous	80	500	500	500	500	500	500
KEDC	180,000	140,000	140,000	TBD	TBD	TBD	TBD
Administrative Services Fee	100,000	100,000	180,000	180,000	180,000	180,000	180,000
Administrative Set Aside	-	-	50,000	-	-	-	-
Total Administrative	280,080	240,500	370,500	180,500	180,500	180,500	180,500
Category I - Business Development							
Economic Development Set Aside	500,000	500,000	500,000	500,000	500,000	500,000	500,000
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	-	-	-	-	-
Debt Service - Series 2011A (River Trail)	258,456	259,890	258,506	259,756	260,906	257,006	260,390
Debt Service - Series 2012 (River Trail)	252,863	253,413	250,330	251,630	247,830	254,030	249,030
Debt Service - Series 2015 (KSC)	603,416	605,350	603,350	605,580	603,150	604,850	602,825
Quality of Life Set Aside	-	-	250,000	400,000	500,000	500,000	500,000
Total Category II	2,114,735	2,068,653	1,362,186	1,516,966	1,611,886	1,615,886	1,612,245
Category III - Public Infrastructure							
Housing	500,000	250,000	250,000	250,000	250,000	250,000	250,000
Reuse Distribution Lines	1,500,000	1,500,000	-	-	-	-	-
Legion Lift Station	-	-	1,000,000	1,000,000	-	-	-
Total Category III	2,000,000	1,750,000	1,250,000	1,250,000	250,000	250,000	250,000
TOTAL EXPENDITURES	4,894,815	4,559,153	3,482,686	3,447,466	2,542,386	2,546,386	2,542,745
NET REVENUES TO EXPENDITURES	(1,516,901)	(1,110,947)	31,365	135,966	1,111,815	1,179,999	1,257,268
ENDING CASH BALANCE	\$2,272,942	\$1,161,994	\$1,193,359	\$1,329,326	\$2,441,141	\$3,621,140	\$4,878,408
Accumulated Administrative Set Aside	-	-	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Accumulated Economic Dev Set Aside	1,500,000	2,000,000	2,500,000	3,000,000	3,500,000	4,000,000	4,500,000
Accumulated Quality of Life Set Aside	-	-	250,000	650,000	1,150,000	1,650,000	2,150,000
Accumulated Housing Set Aside	600,000	850,000	1,100,000	1,350,000	1,600,000	1,850,000	2,100,000
Project Fund Cash Balance	\$2,100,000	\$2,850,000	\$3,900,000	\$5,050,000	\$6,300,000	\$7,550,000	\$8,800,000
Debt Service Requirement (% of revenues)	33.0%	32.4%	31.6%	31.2%	30.4%	29.9%	29.3%

Agenda Item:

7A. Public Hearing and Funding Agreement with Collett Properties/HL Kerr, LLC for \$375,000 to assist with site preparation and redevelopment of the Northeast corner of Loop 534 and State Highway 16. (staff)

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

SUBJECT: Funding Agreement between the City of Kerrville, Texas Economic Improvement Corporation and Collett Properties/HL Kerr, LLC in an amount not to exceed \$375,000 to assist with site preparation and redevelopment of the Northeast corner of Loop 534 and State Highway 16.

AGENDA DATE: June 18, 2018

DATE SUBMITTED: June 15, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

EXHIBITS: None

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$375,000	\$1,500,000	\$1,500,000	Econ. Dev. Set Aside

PAYMENT TO BE MADE TO: Collett Properties/HL Kerr LLC
REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Collett Properties, Inc./HL Kerr, LLC intends to demolish the existing Econolodge Hotel/Motel facility at the intersection of Loop 534 and Hwy 16, acquire two adjacent properties, and redevelop the overall site into an approximate 55,000 square foot big-box retail store in addition to a restaurant pad site. The EIC Funding Agreement will support the proposed redevelopment site on Sidney Baker Street N. in the City of Kerrville in conjunction with the goals of the Kerrville 2050 Comprehensive Plan. The \$375,000 in EIC funding has been requested to assist with the demolition, removal, land remediation and utility extensions associated with the existing business and enhance the aesthetic appeal of the Loop 534/HWY 16 intersection through architectural, monument sign, and landscaping improvements for the new site.

The EIC originally reviewed the Collett funding application at their April 16th regular meeting. After further negotiation in April and May, the EIC directed staff to draft a Funding Agreement and set a Public Hearing date for June 18th, 2018.

RECOMMENDED ACTION

Conduct a Public Hearing and review and consider the Funding Agreement as presented.