

Buda Economic Development Corporation

Fiscal Year 2016-17 Budget Narrative

Income

Sales Tax Receipts

Sales tax revenue for FY 16-17 reflects a 2.5% increase of the budgeted revenue for FY 15-16. The EDC is utilizing the City of Buda's projected increase but is being conservative and basing it on the previous year's budget and not actuals. FY 15-16 tax collections to date have average an increase of 5.3%.

Interest Income

During FY 15-16, the Buda EDC did some financial restructuring which involved moving money from existing bank accounts to TexPool Accounts. This has resulted in a significant increase in interest income.

Contractual Payments

The Budget Category represents the sales tax rebate payments the EDC has agreed to make on certain properties. These payments are estimated based on the percentage of the rebate and the estimated revenue to be generated during FY 16-7. With the ongoing development of the Buda Mill & Grain property and new tenants locating on the property, an estimate of revenue was generated but this may vary depending on the tenant mix.

This Category also includes the principal and interest payments for the EDC bond debt. The FY 16-17 Budget reflects an additional principal payment of \$90,000 which will save the EDC approximately \$32,000 in interest payments.

Net Income After Contractual Payouts

The Net Income after Contractual Payouts is \$1,025,464.64, which the EDC can utilize to fund operations, programs, and incentives.

Expenses

Capital Expenditures

Total Capital Expenditures for FY 16-17 are \$4,500 which includes upgrading computer equipment and adding new equipment and phone for a new position.

Salaries/Benefits

Health Insurance costs have been increased by 4% from FY 15-16 to accommodate changes in the healthcare marketplace. The EDC Board of Directors offered the Executive Director a 3-year contract extension in which the salary was determined by the board based on merit. The Support Staff position has been reclassified and the job title, responsibilities, and salary have been changed to reflect this

position. A part time intern position has been added and this position will assist primarily with retail recruitment activities. Retirement, FICA/Medicare have been adjusted accordingly with raises.

Insurance

Insurance costs have been adjusted to reflect actual costs.

Supplies

The line item Copier Maintenance is being combined with the Printing line item to help streamline the EDC Budget. The Supplies line item was increased to reflect project expenditures and the cost of furniture for the intern position.

Operations

This budget category reflects the expenses associated with the day to day operations of the EDC office. The majority of line items remain unchanged. CoStar as existing professional service the EDC utilizes has been relocated under Professional Services from marketing. In FY 15-16 the Buda EDC board approved entering into a contract with Impact Data Source for access to a database that generate economic impact reports specific to individual projects and companies in Buda. For FY 16-17 this line item was added under Professional Services. Zoom Prospector is a new tool the EDC plans to add during FY 16-17. This is a tool that provides GIS mapping capabilities that ties to demographic, workforce, and other databases. This tool also connects to MLS data and will replace the existing business/site search tool on the EDC website. Other professional services were decreased by \$10,000 to reflect individual line items.

Marketing

The majority of marketing line items did not change from FY 15-16 to FY 16-17. During the Budget process, the Buda EDC solicited proposals for retail recruitment services. Proposal were submitted from Buxton, The Retail Coach, R360, and Retail Strategies and ranged from \$7,000 to \$50,000 annually. Each proposal provided a different list of services and information but the majority were similar in their strategy for retail recruitment. A committee reviewed each proposal individually and then discussed them as a group, the group consensus was that the EDC should continue to work with The Retail Coach for retail recruitment services. The Retail Coach was one of the lowest priced proposals and would provide all the essential information required for retail recruitment. Several proposals offered access to additional databases and information, but after reviewing past interactions with retailers and developers the majority of that information had never been requested. The committee felt that while that information might be interesting to have spending the money to obtain it would not have a positive return on investment. Other proposals included representation at retail shows/conferences by the retail recruitment firm instead of EDC/City staff, but the committee felt it was best if Buda represented ourselves. Additionally, the committee determined that the only key component not included in The Retail Coach's proposal was access to Retail Lease Trac. Therefore, the Committee recommended including a subscription to Retail Lease Trac in the budget, which is included as an individual line item. The overall cost for both The Retail Coach and Retail Lease Trac was the option that provided the best return on investment for Buda.

A new line item was added to allow for MLS access to connect with the Zoom Prospector service discussed above. MLS access can be a difficult to achieve but Zoom Prospector has been able to connect with MLS data in the past by paying a membership fee to the MLS and that is what this line item is for.

The Website/Communications line item has been increased to allow for online advertising for both the Buda EDC and for the Downtown Merchants. This increase will allow for additional Search Engine Optimization efforts as well. The Promotional Items line was increased to be in line with additional tradeshow and recruitment activities planned for FY 16-17. All the ICSC related expenditures have been combined into one-line item to streamline the budget. There was a slight increase in the Team Texas line item to reflect increased participation in Team Texas recruitment activities. The TEDC line item has been decreased to reflect actual expenditures. The Opportunity Austin line item was increased by \$500 to allow for participation in more Austin Chamber related networking activities. Community organization expenditures were reduced to reflect actuals.

Professional Development

There were minor increases in travel and tuition, which are related to staffing reclassifications and additional training requirements.

Programs/Services

Grant program funding for the Central Downtown District and Buda Business Development Program is being decreased by \$10,000 each for FY 16-17 due to less expenditures in these categories. The Small Business Permit Fee Program will increase by \$5,000 as the program is going to be changed to allow for the payment of additional fees and will reflect increases in the fee schedule. The Business Project line item is increased to \$250,000 to reflect projected expenditures for FY16-17. At the end of FY 16-17 any unspent funds from this line item will be transferred to a new account that will be set up specifically for business projects. The BRE/Workforce Development line was decreased to reflect actuals. The Buda Sportsplex Equipment has been reduced to \$0 as last year's budget included a one-time expenditure. Buda Sportsplex Maintenance is increased to \$40,000 which will be paid in \$10,000 increments each quarter, with the recommendation that additional revenue streams, i.e. fence advertising, be identified and pursued by the Sportsplex.

Total Expenses

Total expenses for FY 16-17 are \$775,231.75. This is an increase of \$152,014.35 or 24.4% from FY 15-16. The majority of this increase can be directly attributed to a significant increase in the Business Projects line item, without that increase total expenses would have increased by 0.32%.

Net Income

Budgeted Net Income for FY 15-16 was \$267,439.86 and Budgeted net income for FY 16-17 is \$250,232.89.

Reallocation to Incentives, Business Projects, and Capital Improvement Account

During FY 15-16, the EDC adopted the practice of depositing \$15,000 each month (\$180,000 annually) into a reserve account restricted for Incentives, Business Project and Capital Improvements. The EDC plans to continue this practice during FY 16-17, which would result in a net income of \$70,232.89 at year end.

EDC Financial Position

As of May 31, 2016, the EDC had \$1,891,188.84 in unrestricted reserves and \$116,764.19 in accounts payable. The net reserves of \$1,774,424.65 less 3 months of bare bones operations (\$82,082.94) leaves the EDC with a favorable financial position of \$1,692,341.71.