

Buda Economic Development Corporation

Fiscal Year 2018-19 Budget Narrative Version 1

Income

Sales Tax Receipts

In prior years, the EDC has taken a very conservative stance on sales tax projections, which at year end resulted in the EDC receiving more revenue than budgeted. When utilizing a percentage increase over the previous years budget, the difference between budgeted revenue and actual revenue has widened significantly in the past few years. Therefore, the FY 18-19 Budget Revenue is based on the FY 17-18 projected revenues, bringing the budgeted revenue in line with what should be actual revenue.

Interest Income

The EDC has been fortunate to earn approximately 1.7% interest a month of our reserves that are placed in TexPool Accounts. This has significantly increased our interest income and the budget has been adjusted to reflect this increase in revenue.

Program Income

Program Income reflects any nominal admission fees for programs the EDC may offer during FY 18-19.

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 18-19.

This Category also includes the principal and interest payments for the EDC bond debt. In the past the EDC has made the equivalent of a half-year's principal payment in addition to what is contractual obligated to be paid. During FY 17-18 the EDC moved away from the early bond repayment recognizing that these funds could be utilized to benefit the community through infrastructure and/or capital improvement projects.

Net Income After Contractual Payouts

The Net Income after Contractual Payouts is the income from which the EDC can fund operations, programs, and incentives. Projected net income for FY 17-18 is **\$1,587,500**.

Expenses

Capital Expenditures

During FY 17-18, the EDC had set aside funding from infrastructure and CIP Projects. These funds were primarily used to complete the study/design documents for the expansion of a wastewater system to serve industrial tracts along South Loop 4 to Robert S. Light. This project will also facilitate the removal

of a lift station and conversion of that system area to gravity flow. The EDC is proposed \$250,000 in the FY 18-19 Budget for the construction of these wastewater lines.

The EDC is also proposing to match up to \$400,000 in Hotel Occupancy Tax funds contributed towards the Buda Sportsplex for its completion. The EDC funds shall be utilized towards the completion of the project, i.e. lights, backstops.

As part of the maintenance and upgrade schedule of computer equipment the EDC will a computer for the retail/marketing position and invest in additional equipment for this position.

Salaries/Benefits

The FY 18-19 Budget includes up to 5% in cost of living and merit-based increases to be determined by the board of directors pending performance reviews. Cell phone allowances paid to employees have been relocated to this section of the budget. Health insurance costs are increasing due to the addition of new employees. Health care reimbursements are an estimate and usually fall well below the budgeted amount. FICA/Medicare and Retirement amounts are percentages of salary amounts.

Insurance

The costs associated with insurance expenses reflect the move to a new facility and the addition of employees.

Operations

This budget section has been modified significantly from FY 17-18 due to the move and the streamlining of certain line items. Key changes include: City of Buda Office Rental and Maintenance/Operations line item, addition of Adobe Creative Suite and Customer Relationship Management programs. Since Buda is mid-development of a new economic development strategic plan, a line item has been added for planning/strategic services that may be identified as action items as part of the strategic plan. This line item will allow implementation during FY 18-19 and not delay until FY 19-20.

Marketing

This budget section has been more clearly defined within the different positions in the EDC. New line items include a subsection for the Planning position to allow for them to develop brochures or guides to assist businesses with development in Buda and to provide community outreach to developers, property owners, and real estate brokers to familiarize them with the planning and development process. This should allow for a greater understanding of how projects move through the City and address any potential project red flags before a project starts the process.

During Economic Development Week, the EDC held its first Business & Industry Mixer event, which was very well received by the Buda business community; connecting a diverse group of businesses with each other. The event was so successful that the EDC plans to host these events quarterly during FY 18-19. The EDC will continue their Coffee Chats and Shop Buda Promotion during FY 18-19 as well.

Advertising line item additions include funding for the City of Buda Legislative Day and Trail of Lights Display items. The EDC will continue the tradition set last year by paying for the first-year membership of companies that have entered into a Performance Agreement with the Buda EDC and will continue to

host Market Trend and Education trainings for EDC staff, board, and city staff members on topics deemed valuable to community and economic development.

Professional Development

In an effort to treat all EDC employee equitably, the EDC is providing the same amount of funding for each employee for travel and registration for professional development. Each employee has or will develop a 3-5-year professional development plan to utilize these funds. Employees that will not utilize all their professional development funds during the year may allow another employee to use these funds if this is in line with their development plan. Additionally, there is a line item for all employees to attend a leadership training and for EDC Staff and Board members to attend the required EDC sales tax training.

Programs/Services

The Programs/Services section of the EDC budget has undergone a dramatic change from FY 17-18, primarily to reflect changes in how the EDC handles projects and incentives as the result of the strategic plan that is currently under development. One significant change is the removal of EDC grant and permit reimbursement program line items. These items have been replaced by a single Small Business Programs & Grants line item that has seen a significant increase in funding from last year. This line item will be utilized to fund incentive/grant/reimbursement programs for small locally owned businesses and will be developed as part of the Strategic Plan. The addition of the business programming line item allows for the EDC to assist with the development business networking, HR groups, and trainings requested by local businesses. Also included in this section are payments to the City of Buda to fund the Main Street Grant Program and Sportsplex Maintenance.

Net Income

The net income for FY 18-19 is -\$265,019.81 which will be funded out of reserves. This amount is negative due to the \$400,000 expenditure to complete the Sportsplex.

As of June 30, the EDC had \$4,048,181 in its bank and TexPool accounts, of which \$248,424.90 is restricted due to bond provisions and \$559,954.03 is self-restricted by the EDC for projects. Accounts payable totaled \$174,996.76, leaving the EDC with \$3,064,806.12 in available funds. The EDC also plans to self-restrict an additional \$180,000 from reserves to the project fund during FY18-19. With these two reserve reductions totaling \$445,019.81 the EDC will be left with an unrestricted reserve of \$2,619,786.31 to fund projects, acquire land, and build infrastructure projects.