

Buda Economic Development Corporation

Fiscal Year 2017-18 Budget Narrative

Income

Sales Tax Receipts

All sales tax categories are reflecting a 7.5% increase from the FY 16-17 budget revenues. Estimated revenues for FY 17-18 from the City Finance Department are \$2,104,468, however the EDC prefers to keep their annual budget fiscally conservative and have total receipts projected at \$1,839,301.21 for budgeting purposes.

Interest Income

Interest Income was increased significantly from the FY 16-17 budget as to more closely reflect actual interest income.

Program Income

Program Income was added to the FY 17-18 Budget because the EDC will be offering new programs and services in the upcoming months. These may charge a nominal admission fee which is reflected in this income item.

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 17-18

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. After reviewing the upcoming payment schedule the EDC will no longer be making these additional payments. The EDC felt that these payments would have a greater impact on the community if they were utilized towards infrastructure and 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 **\$1,234,650.51**.

Expenses

Capital Expenditures

The EDC recognizes an opportunity during FY 17-18 to pay the difference to upsize infrastructure that a developer will be bringing to their property. This upsized infrastructure will allow for future

undeveloped tracts to be served by water and wastewater lines. This project was part of the City of Buda's long-range CIP and by partnering with the developer it will save the City/EDC millions.

The EDC has also entered discussions with the City of Buda to provide financial assistance with key CIP projects that have a direct impact on future economic development. While still working to determine which project to assist with the EDC has set aside \$80,000 during FY 17-18 for this.

The EDC will be relocated into the new city hall facility. The EDC will also be acquiring new furniture and equipment for this office space and this is listed as a capital expenditure as well.

Salaries/Benefits

Existing staff has up to a 4% raise included in the budget, pending performance reviews. The budget also includes a slight increase in the auto allowance provided to the Executive Director to reflect the additional mileage she drives annually. Retirement and FICA costs have been updated to reflect potential salary increases of existing staff.

The EDC plans to add two additional staff members during FY 17-18. A retail/marketing specialist will be hired after the EDC has relocated into our new offices and the salary/benefits are reflective of only a few months for that employee. Additionally, the EDC plans to hire a Planner II/III – ED Specialist position in FY 17-18. This position will work directly with the City of Buda Planning Dept. and staff to ensure that commercial project plans are reviewed in a timely manner and will serve as an ombudsman between the EDC and City. The EDC will be paying the salary/benefits of this position while the City recognizing the benefits received from this position will assist the EDC by providing office space, equipment, and professional development training.

Health Insurance rates for FY 17-18 are still being negotiated and since we are unsure of the new staff's insurance requirements (i.e. individual, ind. with children, or family insurance) we have included a significant increase in this line item from FY 16-17 to FY 17-18. Health insurance reimbursements follow the city guidelines and may or may not be used. We utilize our best estimate on this line item. FICA has been updated to include the new positions.

Insurance

The costs associated with insurance expenses have been adjusted upward slightly due to the addition of new employees, equipment, and the relocation to a new facility. These are estimates now.

Supplies

This budget category reflects the supply expenses required to run the day to day operations of the Buda EDC. The total for this budget category decreased by \$250.00 while individual line items were either adjusted up or down to reflect actual expenditures.

Operations

This budget category reflects the expenses associated with the day to day operations of the EDC office. Utilities and rent were decreased to reflect that the EDC will be relocating mid-2018. Minor adjustments were made to several line items to reflect actual projected costs for FY 17-18. The line item New Office was added to cover the costs associated with utilizing the space and maintenance/operations once the EDC has relocated into the new city hall. The line item Strategic Plan has been added under Professional Services in the amount of \$25,000. In 2013, the City, EDC, and Chamber adopted an economic development strategic plan that was supposed to last 10 years and had 42 action items. Buda has been fortunate to complete or have most of these action items underway on their way to completion. Additionally, the addition of Main Street designation and other potential projects means that now would be a good time to revisit and update the economic development strategic plan. This process will begin early 2018.

Marketing

The retail recruitment item includes \$15,000 for the renewal of The Retail Coach's contract and shared booth space at ICSC Recon. This will most likely be our last year using their services as by FY 18-19, we will have staff on board to handle this completely. Website/Communications has been increased slightly and now includes Video. The EDC plans to undertake an aggressive PR campaign in FY 17-18 and this line item reflects that. Supplies/Promotional materials have been decreased significantly. Tradeshow/Conference line items have been updated to reflect more accurately the costs associated with them.

ED Annual Summit starting in Fall 2017, the EDC plans to host a half day Economic Development Summit to provide a community update on our activities and to gather information from the community for future economic development efforts. This line item reflects the overhead costs for hosting this event. In the late Spring 2018, the EDC plans to host a business recognition event that highlights the impact and contributions of Buda businesses to the community. Ten times during FY 17-18 the EDC plans to host employer appreciation events. Each one of these events will take place at a different major employer in Buda. EDC Staff, Board members, and city officials will be invited to participate. While each event will differ, the purpose is to provide something to the major employer's employees, i.e. pizza lunch or ice cream social. This will allow the EDC to interact with their employees, find out more about the employee's needs, where they live, etc. and allow us to create programs or work with community partners to address any deficiencies.

Recently, the EDC board decided that in the future all Performance Agreements would include an incentive in which in the EDC would pay the company's first year of chamber membership dues. A line item was added to the FY 17-18 Budget to reflect that. The EDC will be implementing a metrics scoreboard during FY 17-18 to track the success of the organization and community. To provide the most detailed metrics and information available the EDC has increased its line item for Research. The EDC will be adding a new program during FY 17-18, called ED Chats. These chats will be held monthly in a local coffee shop/restaurant and will allow members of the community or businesses to visit with the Executive Director of the EDC in a less formal setting.

Professional Development

The professional development line items were increased slightly to allow for increased staff training and development and reflect the addition of new staff mid-year.

Programs/Services

The Central Downtown District Grant Program has been disbanded by the EDC in favor of providing that funding the Main Street division of the City so that they can manage and provide grant funding for downtown buildings/businesses. The EDC has set aside the same amount \$30,000 for this, however if sales tax revenues come in above the EDC's budgeted amount and Main Street expends all these funds before the end of the FY 17-18, the EDC will consider a budget amendment to provide additional funds for the Main Street program. While the funding for the Buda Business Development Program remains the same, the EDC will begin revising the program to be more inclusive of other businesses/geographic areas in Buda before the start of FY 17-18.

The Small Business Permit Fee Program is the easiest incentive program for any business to utilize but is historically the most unused program the EDC provides. The budget has been adjusted to reflect projected actual expenditures for FY 17-18. The addition of the Planner II/III – ED Specialist may increase the usage of this program. If all funds are expended before the end of FY 17-18, the EDC may consider a budget amendment to increase the amount of money dedicated to this program.

The business project line item has been decreased to reflect project expenditures for FY 17-18.

While our community could be considered the product we market to businesses, or workforce is also a vital product we must develop and market. As the area is seeing very low unemployment, the EDC has decided to set aside funds to partner with existing workforce training institutions and businesses to provide workforce development training and planning for the future. The EDC plans to step up its Business Recruitment and Expansion surveys and interactions to include smaller businesses. A line item dedicated to these activities was added to the FY 17-18 budget instead of including it in other line items. The EDC also plans to start providing business training/networking/peer group meetings for Buda businesses as they have been requested. The EDC plans to work in coordination with the Chamber to provide the best services to our community's businesses. This line item was changed from the BRE/Workforce line item into a line item specifically for these programs.

Net Income

The net income for FY 17-18 is \$180,132.19. Over the past two years, the EDC has reallocated \$180,000 of its revenue to a special project fund. During FY 17-18, the EDC plans to do this as well. This brings the net income after reallocation to \$132.19. If the EDC were to utilize a more aggressive sales tax revenue projection, the net income would be around \$265,299.

As of June 30, the EDC has \$3,338,549 in cash in the bank, of which \$450,992 is restricted because of bond repayment and banking requirements. The EDC has \$388,759 in self-restricted funds and \$289,030 in accounts payable. Additionally, the EDC has at least \$150,000 in outstanding business project incentives to pay, leaving an unrestricted/unencumbered cash balance of \$2,059,767.