

AGENDA FOR REGULAR MEETING

CITY OF KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

MONDAY, JULY 16, 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, JULY 16, 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. APPROVAL OF MINUTES:

2A. Approval of minutes for the regular EIC meetings held on May 21, and June 18, 2018.

3. CONSIDERATION AND POSSIBLE ACTION:

3A. Annual review and consideration of Kerrville Economic Development Corporation's (KEDC) Fiscal Year 2019 budget.

3B. Review and consider proposed Economic Improvement Corporation budget for Fiscal Year 2019.

4. MONTHLY REPORTS:

4A. Monthly financials for June 2018.

4B. Projects update:

River Trail

Reuse Distribution Lines

Tennis Center Improvements

Aquatics Feasibility Study

Downtown Streetscape

Legion Lift Station

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: July 13, 2018, at 12:00 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

5. 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:

5A. 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)

6. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION

7. ITEMS FOR FUTURE AGENDAS

8. ANNOUNCEMENTS

9. 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.

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Cheryl Brown

Deputy City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Approval of minutes for the regular EIC meetings held on May 21, and June 18, 2018.

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

MAY 21, 2018

On Monday, May 21, 2018, 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. Ms. Pattillo offered the invocation.

Members Present:

Kenneth Early, President
Sheri Pattillo, Vice President
George Baroody
Mike Bosma
Gary Cooper
Kent McKinney
Robert Naman

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

Visitors Present: No one spoke

1. VISITORS/CITIZENS FORUM: No one spoke.

2. APPROVAL OF MINUTES:

2A. Approval of minutes for the regular meetings held on March 19, 2018 and April 16, 2018.

Mr. Baroody moved to approve the minutes as presented. Mr. Cooper seconded, and the motion passed 7-0.

3. MONTHLY REPORTS:

3A. Monthly financials for April 2018.

Mr. Hoppe reported a beginning balance of \$1,896,747; with \$250,159 revenue, and \$1,389,594 expenditures; leaving an ending cash balance on April 30, 2018 of \$757,311. He reviewed the capital projects status summary.

3B. Projects update:

Mr. Hoppe made the following reports:

River Trail:

The Trailhead site at Dietert Center was completed.

Reuse Distribution Lines:

All three vaults were installed.

Tennis Center Improvements:

The project was moving forward with suggestions that were received from the public.

4. PUBLIC HEARING AND POSSIBLE ACTION:

4A. Public hearing for Funding Agreement between the City of Kerrville, Texas Economic Improvement Corporation and the City of Kerrville, Texas, for the upsizing of Legion Lift Station.

The public hearing was opened by Kenneth Early, President, at 4:12 p.m. Mr. Hoppe reviewed the funding agreement.

The public hearing was closed at 4:22 p.m.

Mr. Baroody moved to delay discussion on this item until executive session. Mr. Cooper seconded, and the motion passed 7-0.

5. CONSIDERATION AND POSSIBLE ACTION:

5A. Designate the June EIC meeting as the Annual Meeting.

Sheri Pattillo moved to designate the June meeting as the annual meeting of the EIC. Mr. McKinney seconded, and the motion passed 7-0.

6. EXECUTIVE SESSION:

Mr. Baroody moved to go into Executive Session under Section 551.071 (consultation with attorney), and 551.087 (deliberation regarding real property) of the Texas Government Code. Mr. Bosma seconded, and the motion passed 7-0 to discuss the following matters:

Sections 551.071, and 551.087:

6A. Funding Agreement between the City of Kerrville, Texas Economic Improvement Corporation and the City of Kerrville for financial assistance for public infrastructure from the Kerrville Economic Improvement Corporation for enhanced capacity to the Kerrville Legion Wastewater Lift Station for economic development purposes; in an amount not to exceed \$2,000,000.

6B. 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). (Section 551.087, TX. Gov't Code)

At 4:26 p.m. the regular meeting recessed. EIC went into executive closed session at 4:26 p.m. At 5:10 p.m. the executive closed session recessed and EIC returned to open

session at 6:19 p.m. No action was taken in executive session.

7. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

7A. Ms. Pattillo moved to direct staff to schedule a public hearing and prepare a funding agreement for the June EIC meeting.

Mr. Bosma seconded, and the motion passed 7-0.

7B. Sheri Pattillo moved to approve the funding agreement between the City of Kerrville, Texas Economic Improvement Corporation and the City of Kerrville for financial assistance for public infrastructure for enhanced capacity to the Kerrville Legion Wastewater Lift Station for economic development purposes; in an amount not to exceed \$2,000,000.

8. ITEMS FOR FUTURE AGENDAS: None

9. ANNOUNCEMENTS: None

10. ADJOURNMENT

Mr. Early adjourned the meeting at 5:12 p.m.

APPROVED: _____

Kenneth Early, President

ATTEST:

Cheryl Brown, Deputy City Secretary

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION
REGULAR MEETING** **JUNE 18, 2018**

On Monday, June 18, 2018, 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. Cooper offered the invocation.

Members Present:

Kenneth Early, President
Don Barnett (came in at 4:30 p.m.)
Gary Cooper
Kent McKinney
Robert Naman
Delayne Sigerman

Members Absent:

Maggie Megee

City Executive Staff Present:

Mark McDaniel, City Manager
E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Cheryl Brown, Deputy City Secretary
Amy Dozier, Finance Director

Visitors Present: Visitor list available in the City Secretary's Office for the required retention period.

1. **VISITORS/CITIZENS FORUM:** No one spoke.

2. **NOMINATE AND ELECT OFFICERS:**

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

Ms. Sigerman nominated Mr. Early as President, and Mr. McKinney as Vice-President. Mr. Cooper seconded, and the motion passed 5-0.

Mr. Cooper nominated Ms. Brown as Secretary, and Amy Dozier as Treasurer. Mr. McKinney seconded, and the nomination was approved 5-0.

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

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

Mr. McKinney nominated Mr. Early to be the EIC representative to the KEDC. Ms. Sigerman seconded, and the nomination was approved 5-0.

4. APPOINTMENT OF EIC REPRESENTATIVE TO THE “GO TEAM”:

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

Ms. Sigerman nominated Mr. Cooper as the EIC representative to the “GO Team”. Mr. Naman seconded, and the nomination was approved 5-0.

5. MONTHLY REPORTS:

5A. Monthly financials for May 2018.

Ms. Dozier reported that the EIC operating fund received sales tax revenue of \$324,560 for May, which was a 5/1% increase compared to the same period in the prior year. The sales tax for Fiscal Year 2018 was up 0.5% compared to Fiscal Year 2017. There was an increase in retail, food services, and manufacturing in May as well. June sales tax was 9.1% higher compared to June of Fiscal Year 2017. Expenditures for May included only budgeted transfers for debt service and the administrative services fee.

Projects update:

Mr. Hoppe made the following reports:

River Trail:

The Trail westward from Lowry Park to the Dietert Center was set for completion in September 2018.

Reuse Distribution Lines:

The lines were completed. Crews were working on the pump facility, with the pond being approximately half full. Distribution is set to begin in July.

Tennis Center Improvements:

Engineering and design was progressing. The bidding procedure is scheduled to begin in early fall.

Aquatics Feasibility Study:

Negotiations with the most qualified applicants for the feasibility study were in the latter stages.

Downtown Streetscape:

City staff was working with an architect to negotiate a contract for the creation of construction documents.

6. CONSIDERATION AND POSSIBLE ACTION:

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

Ms. Dozier reviewed the preliminary Fiscal Year 2019 EIC budget. The budget allocated \$3,482,686 in funding for the EIC. Revenue projections for Fiscal Year 2019 were

\$3,514,052. The Fiscal Year 2018 EIC budget was projected to end the fiscal year with an unrestricted cash balance of \$1,161,994. Fiscal Year 2019 net revenues were projected to exceed net expenditures by \$31,365.

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.

The public hearing was opened by Mr. Early at 4:35 p.m. Mr. Hoppe reviewed the project summary. The public hearing was closed at 4:47 p.m.

8. EXECUTIVE SESSION:

Ms. Sigerman moved to go into Executive Session under Section 551.071 (consultation with attorney), and 551.087 (deliberation regarding real property) of the Texas Government Code. Mr. Cooper seconded, and the motion passed 6-0 to discuss the following matters:

Sections 551.071, and 551.087:

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). (Section 551.087, TX. Gov't Code)

At 4:55 p.m. the regular meeting recessed. EIC went into executive closed session at 4:55 p.m. At 5:03 p.m. the executive closed session recessed and EIC returned to open session at 5:03 p.m. No action was taken in executive session.

9. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

Mr. Cooper moved to approve the 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. Mr. McKinney seconded, and the motion passed 6-0.

10. ITEMS FOR FUTURE AGENDAS: None

11. ANNOUNCEMENTS: None

12. ADJOURNMENT

Mr. Early adjourned the meeting at 5:04 p.m.

APPROVED: _____

_____ Kenneth Early, President

ATTEST:

_____ Cheryl Brown, Deputy City Secretary

Agenda Item:

3A. Annual review and consideration of Kerrville Economic Development Corporation's (KEDC) Fiscal Year 2019 budget.

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

SUBJECT: Annual review and consideration of the Kerrville Economic Development Corporation's (KEDC) Fiscal Year 2019 budget and work program.

AGENDA DATE: July 16, 2018

DATE SUBMITTED: July 12, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

EXHIBITS: Funding request letter
KEDC 2018-2022 Business Plan
KEDC Proposed Budget FY 2018-2019

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO: N/A

REVIEWED BY THE FINANCE DIRECTOR: N/A

SUMMARY STATEMENT

KEDC Board President Mike Wittler will present the proposed KEDC budget and business plan for FY2019 and beyond. The KEDC FY2019 funding request from EIC has been incorporated into the draft EIC budget for FY2019. The EIC will have an opportunity to review the budget, funding request, and work program and provide feedback to the KEDC at the meeting. Future action on the terms of a Funding Agreement with KEDC will be necessary to effectuate the contractual relationship, as FY2018 represents the third year of an existing three-year contract the EIC has had with KEDC for economic development services.

RECOMMENDED ACTION

Review, consider and provide feedback regarding the KEDC FY2019 Budget and proposed work program.



Kerr Economic Development Corporation
1700 Sidney Baker, Suite 100
Kerrville, TX 78028

Phone: 830/896-1157
Fax: 830/896-1175
Kerredc.com

July 12, 2018

Mr. Kenneth Early
City of Kerrville Economic Improvement Corporation
701 Main St.
Kerrville, TX 78028

Re: Funding Request for FY 2018/2019

Dear Mr. Early:

The Kerr Economic Development Corporation (KEDC) is beginning our eighth year of retaining and creating job opportunities in Kerrville and Kerr County. The Board is comprised of representatives from the County, City, Economic Improvement Corporation, Kerrville Public Utility Board, Kerrville Independent School District, Kerrville Area Chamber of Commerce, Kerrville Convention & Visitors Bureau as well as two prominent members of the local business community. With the EIC's continued funding support, we will be ready to step into the roles that the Kerrville 2050 Plan has identified for us.

At the beginning of our current fiscal year, prudent questions were raised by some of our funding stakeholders. We realized that we needed the data to substantiate the effectiveness of our efforts to date as well as to seek further input from our stakeholders. We commissioned Impact DataSource of Austin, TX to perform an economic impact analysis of the projects supported by KEDC during 2014-2017. The report showed a total investment of \$4.7M by public entities during 2014-2017 resulting in additional revenues of \$4.9M for public entities during the same 2014-2017 time period. Bottom line being, the public investment was paid back in under four years. In addition to the short payback for the public entities, these projects resulted in approximately \$25M per year in direct, indirect and induced workers' earnings and about \$350M per year in contribution to gross area product. These projects put new property on our tax rolls and provided quality manufacturing jobs that in turn promoted additional activity with retail, housing, visitors, suppliers, etc.

Individual meetings held with stakeholders highlighted the need for us to improve our communications, performance metrics, and reporting. We engaged Avalanche Consulting of Austin, TX to facilitate strategic planning sessions this past winter to look at how communities structure their economic development organizations and to ascertain what tools they utilize to optimize their efforts. These sessions led to the development of KEDC's new 2018-2022 Business

Plan. It is a comprehensive plan with 38 Action Items addressing our four areas of primary focus and performance metrics, marketing, communications, and stakeholder/investor relations.

We are close to releasing what some of us are referring to as KEDC 2.0, which will include the following key components:

- New Organizational Structure with our Chamber Partner
- Additional Stakeholder Participation on the KEDC Board
- Clarified Focus and Action Plan

At the forefront, and highly beneficial, will be the development of the partnership with the Chamber. KEDC will contract for management and support service from the Chamber allowing us to leverage the Chamber's existing business relationships to support our business retention and expansion efforts, streamline resources, and eliminate administrative and staff redundancies.

Despite having 100% employee turnover this year, KEDC has continued to seamlessly support the Go Team with application support and impact studies for funding requests because individual Board members have stepped in to keep things moving. The KEDC Board is committed to our community's success.

During the coming year, KEDC looks forward to working with the EIC and our other economic development stakeholders to address our action items in the Kerrville 2050 Plan. We will also assume a more aggressive role in capturing the notice of manufacturing companies to the opportunities in Kerrville.

Our proposed budget is in line with previous year's budgets, and we are requesting funding from our stakeholders in the amount of \$24,500 each from the City, County and the Kerrville Public Utility Board (KPUB) and \$140,000 from the Economic Improvement Corporation. For next fiscal year we anticipate having:

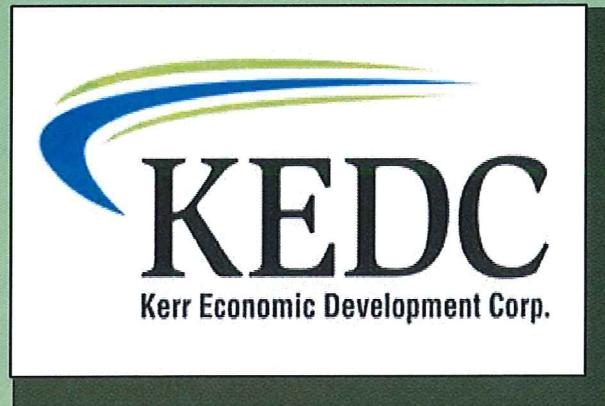
- A beginning balance of \$111,500.
- Total income from stakeholder funding of \$213,500.
- Normal expenses of \$258,500.
- An ending balance of \$66,500. (We expect that this ending balance will be reduced as we clarify and execute programming for action items in the KEDC Plan and Kerrville 2050 Plan.)

KEDC greatly appreciates our stakeholder's continued support and looks forward to working with the EIC and our other economic development stakeholders. We hope we can count on your support as we move to fulfill our goals and enact KEDC 2.0.

Respectfully,



Mike Wittler
Board President



2018-2022 Business Plan

July 12, 2018

EXECUTIVE SUMMARY

VISION

The Kerr Economic Development Corporation (KEDC) is a 501(c)(6) non-profit public-private regional economic development organization committed to creating a more prosperous and diverse regional economy. To better serve the region, KEDC proposes to form a Partnership with the Kerrville Chamber of Commerce. As a result, the Partnership, will combine the Chamber's business-to-business network of 1,000 members and access to local resources with the KEDC's technical expertise and connection to regional resources to provide optimum economic development services throughout Kerr County.

Moreover, the newly formed Partnership will seek to eliminate administrative redundancies, reduce operating expenses as well as create a unified vision and voice for penetration into new business markets through enhanced communication efforts, a broad regional business network that will improve KEDC's business retention and recruitment efforts.

MISSION

It is KEDC's mission to adopt a more comprehensive approach to economic development and to aggressively attract, start-grow and retain higher wage industries, talent and jobs. KEDC and Chamber of Commerce will also collaborate with the Convention & Visitors Bureau's regional marketing platform to promote Kerr County and its communities as a primary location for economic investment and business expansion.

KEDC will continue to serve as the area's lead regional economic development organization to recruit and encourage new and expanded business development and a talented business employment pool. Leadership for both organizations will be unified, and the current President and CEO of the Kerrville Area Chamber of Commerce will also serve as the Executive Director of the Kerr Economic Development Corporation.

More specifically, the Partnership will:

- Help existing companies with their expansion needs when requested by the locality or the company.
- Identify and target regional and national companies for recruitment to Kerr County.
- Aggressively market the competitive advantages of Kerr County.
- Develop and promote a region inclusive of and bolstered by its individual community brands.
- Focus on achieving regional success that is broad-based and inclusive of each partner in the community.
- Organize, grow and strengthen higher wage industry across the region.
- Maintain a regional economic development information, research and resource center.
- Promote entrepreneurship and support startup businesses.
- Identify and support regional efforts that lead to a broad and diversified economic base.

Formation of the Partnership will benefit both organizations by:

- Creating a unified vision and voice.
- Delivering additional value to Chamber members through Economic Development technical support.
- Providing KEDC access to the Chamber's relationships and network of members to enhance Business Retention and Expansion activities.
- Enhancing marketing efforts to improve business retention and recruitment efforts.
- Providing a more comprehensive approach to economic development to aggressively attract, grow and retain higher wage industries, talent, and jobs.
- Streamlining resources and eliminating administrative redundancies.
- Improving regional competitiveness through greater awareness of available real estate, financial incentives, workforce and quality of life.
- Strengthen the Chamber's Core Mission to bring together a wide range of business that can share information on competitiveness.
- Creating a "One-Stop Shop" for existing and prospective businesses
- Providing additional professional development for staff.

STRATEGY

It is the KEDC's belief that economic development should increase opportunities for today's businesses, while expanding the possibilities for younger people in Kerr County to stay in the region and obtain nationally competitive jobs.

Therefore, KEDC will aggressively pursue a higher wage job creation strategy that will be developed through a broad-based and inclusive planning effort during 2018. A Five-Year Higher Wage Job Creation Strategy plan will be developed based on industry research and higher wage job creation models focusing on the region's current and emerging advanced industrial sectors. The plan will drive the creation of higher wage jobs in the region overall through new-to-market business recruitment.

STRATEGIC APPROACH & PRIORITIES

The four areas of primary focus for developing a Higher Wage Job Creation Strategy were first developed through a series of strategic planning sessions that were facilitated by Avalanche Consulting of Austin, Texas on December 12, 2017 and January 29, 2018.

1. Business Retention and Expansion (BR&E)
2. Strategic Development Leveraging Existing Community Infrastructure
3. Talent Development
4. Business Recruitment

Revenue to support Kerr County's economic development efforts comes from funding provided by the City and County government and local utility partners. Future funding models will be reviewed as part of the 2018 planning process.

KEDC will continue to focus on the growth of "Primary Jobs" through the use of various tools authorized by Stakeholders and other entities. "Primary Employer" means a business that provides or manufactures goods, services, supplies and/or inventory that are sold predominantly (more than

50%) to customers that permanently reside outside of the immediate region (more than 30 travel miles from the intersection of State Highway 16 and State Highway 27). Primary Job means a job or position employed by a Primary Employer.

Examples of Primary Employers are:

- A manufacturer that produces a good its sales can be predominantly attributed to customers who reside outside of the immediate region.
- A company that provides a service and its sales can be predominantly attributed to customers who reside outside of the immediate region.
- An educational or training institution of higher education that has a student body who predominantly resides outside of the immediate region on a permanent basis.

1. BUSINESS RETENTION AND EXPANSION

KEDC will successfully develop and maintain a proactive direct outreach and prospecting program focused on generating quality leads that can be nurtured and converted into job creation, and job diversification opportunities for the region.

Accelerating regional business and industry expansion is a key component of KEDC's primary business attraction strategy. Maintaining and growing employment, payroll, capital investment and corporate partners foster stability in the regional economy. Therefore, KEDC will continue to address primary industry needs through engagement in cluster development, expansion of financial incentives, technical support and real estate assistance.

Since fierce global competition forces many companies to continually evaluate the best location for their business, KEDC will work in close alignment with its public-sector partners to conduct outreach to target sector firms and encourage/support economic growth and expansion projects. Outreach visits to these sectors will provide valuable insight on business drivers, workforce challenges, and regional competitiveness.

In support of the direct outreach and prospecting program, KEDC offers a full range of services to assist companies as they evaluate Kerr County as a premier and high-quality location in which to locate and grow their companies. Business development activities and strategies will be focused on targeted industries through organized marketing for both inbound and outbound promotion.

Action Items

- Plan and execute a targeted program of regional and national business development.
- Outreach missions targeting select high-impact companies in select markets.
- Plan and execute focused outreach to site selectors, consultants and advisors in key markets.
- Leverage resources by engaging and coordinating business development efforts within Kerr County.
- Support and participate in Governor's Small Business Forum.
- Plan a biennial event to bring Texas site selectors to Kerr County as part of familiarity tour.
- Participate in or sponsor booths at selected targeted industry trade shows/conferences.
- Support the region's communities as needed by hosting select business delegations.

2. STRATEGIC DEVELOPMENT OF INFRASTRUCTURE

Infrastructure is not the end result of economic activity; rather it is the framework that makes economic activity possible.

Action Items

- Continue to develop the Location One Information System (LOIS) property inventory to track changes in commercial and industrial property inventory.
- Create an Industrial Park Plan specific to development of the Hwy 27 corridor.
- Site selectors most often consider hard infrastructure assets when representing clients. Therefore, marketing materials will include information on: 1) number and quality of roadways; 2) airport capacity; 3) availability of electrical, natural gas, water and sewer.
- Work with private property owners to market shovel-ready property.

3. TALENT DEVELOPMENT

Education has been identified as an important determinant of economic growth. Higher levels of educational attainment lead to a more skilled and productive workforce, providing a higher standard of goods and services, which in turn forms the basis for faster economic growth and rising living standards.

Action Items

- Establish a local chapter of the SCORE Association or similar business mentoring program. SCORE is a nonprofit association dedicated to helping small businesses get off the ground, grow and achieve their goals through education and mentorship. SCORE is supported by the U.S. Small Business Administration and volunteers; SCORE delivers services at little or no cost. Kerr County has a significant number of retired Executives that could be used more effectively as mentors, advisors and investors.
- Create strong innovation ecosystems, particularly through initiatives like cluster organizations, business accelerators, and innovation districts.
- Update the Avalanche Consulting Labor Shed Analysis to identify Kerr County's strengths that can be promoted through local training and educational institutions.
- Work with Alamo Colleges, the University of Texas at San Antonio, Workforce Solutions and others to increase regional workforce initiatives in the construction trades that could eventually encourage the development of affordable housing.
- Build solid bridges between the world of work and training programs in order to match skills provision to the needs of local business.
- Create sustained dialogue between employers and trainers, by providing labor market and employment services information as steps to an early identification of skills needs.
- Develop relationships between employers and educators by centralizing data on job placement and workforce trends.
- Develop common definitions of credentials and streamlining the process for employers to implement apprenticeship and cooperative education programs.

4. BUSINESS RECRUITMENT

Although revitalizing a community is less about what you can attract from outside and more about what you can grow yourself, some effort should be made to recruit new business to Kerr County.

Action Items

- Work with Kerr County's more prominent companies to identify suppliers and vendors that may be interested in moving to the area.
- Direct market to companies and site selectors within Kerr County's target industries for relocation to the area.
- Create a local environment/culture for early-stage business through 1) micro-loans, business incubators, business accelerators to cultivate a niche market.
- Work with Mooney International to approach airplane partners about relocation opportunities.
- Work with Mooney International to establish sources of Aviation Engineering for future R&D expansion.

PRIORITY AREAS

In support of a creating a Higher Wage Job Creation Strategy, the KEDC will concentrate time, energy and financial resources in five priority areas.

1. COMPETITIVENESS IMPROVEMENT

- **Regional Business Identity and Brand:** Launch a collaborative community-based effort supported by the CVB, to strengthen, merchandise and promote the region's business identity with a focus on Kerr County and the City of Kerrville as business-friendly and a good place for business.
- **Higher Wage Industry Growth:** Support and assist in efforts to organize, develop and accelerate growth and the competitive position of the region's current and emerging higher wage industry sectors.
- **Competitive Product Strategy:** Partner with (Alamo Colleges, Schreiner University, UTSA, KISD, Workforce Solutions and others) to improve the region's competitive position in the areas of workforce and talent recruitment.

2. MARKETING AND PROMOTION

- **Middle-Market Recruitment:** Focus business outreach efforts on attraction and recruitment of small to mid-sized businesses, within Austin and San Antonio MSA, identified within the target industry sectors that can broaden the local employment base while allowing the local infrastructure to develop.

3. BUSINESS DEVELOPMENT AND PROMOTION

- **Site Locators, Consultants and Advisors:** Elevate awareness of the opportunities in Kerr County through proactive outreach to site locators, consultants and industry advisors.

4. BUSINESS NETWORKING

- **Economic Forum:** Work with City and County leaders to organize and launch an Economic Forum to create a peer region benchmarking program with Fredericksburg and Boerne to inform/educate regional leadership about common issues/concerns such as workforce, affordable housing and education/skills development.
- **Enhanced Company/Industry Research Platform:** Collaborate with UTSA, Alamo Colleges, Texas A&M Real Estate Center and Schreiner University to strengthen research capability and data collection in target sectors.

5. INVESTOR RELATIONS AND ENGAGEMENT

- **Investor Relations and Engagement:** Bring together a cross section of business community members to review, analyze and understand investor opportunities, frame new investment tiers and support opportunities.

PROGRAM MEASUREMENT AND EVALUATION

KEDC is a strong proponent of the belief that “what gets measured gets done”. Measurement can be a powerful catalyzing force to engender a more inclusive overall economy. Therefore, the KEDC’s approach to program evaluation includes three types of assessment.

1. **Monitor Progress:** Success in carrying out program activities on schedule and within budget.
2. **Evaluate Effectiveness:** Determine whether efforts achieve prescribed objectives.
3. **Measure Impact:** Assess positive changes in the overall environment that relate to program actions.

Within this context, the KEDC will develop a system of performance assessments that evaluates both historical performance and functions as a management tool to drive future actions and results. With a clear understanding of what performance areas should be measured, KEDC can also develop a best practice approach to setting specific performance targets and goals.

TOP-LEVEL METRICS AND PERFORMANCE INDICATORS

The following chart illustrates potential top-level Key Performance Indicators (KPIs) that have been identified to measure future performance. Specific threshold and target goals will be determined as performance is measured and monitored in the future.

Annual Metric or Performance Measure	Threshold Goals	Target Goals
Projects Completed		
Jobs Announced		
Payroll Announced		
Capital Investment Announced		
Absorption of Commercial/Industrial Space (S.F.)		
Average Wage		
Lead Generation		
Project Generation		
Prospects Hosted		
Return on Investment		
Utilization of 4B Funding		

Action Items

- Design and implement a Quarterly Project Activity Report (Exhibit D) covering regional progress and organizational performance.
- Conduct specialized research, reports as required to highlight Kerr County's: business climate and cost; industry base; physical infrastructure; real estate availability; and talent pool.
- Convene biannual workshops with partnering agencies (City, County, EIC and KPUB) to refine program benchmarks.

TARGETED INDUSTRIES & SECTORS

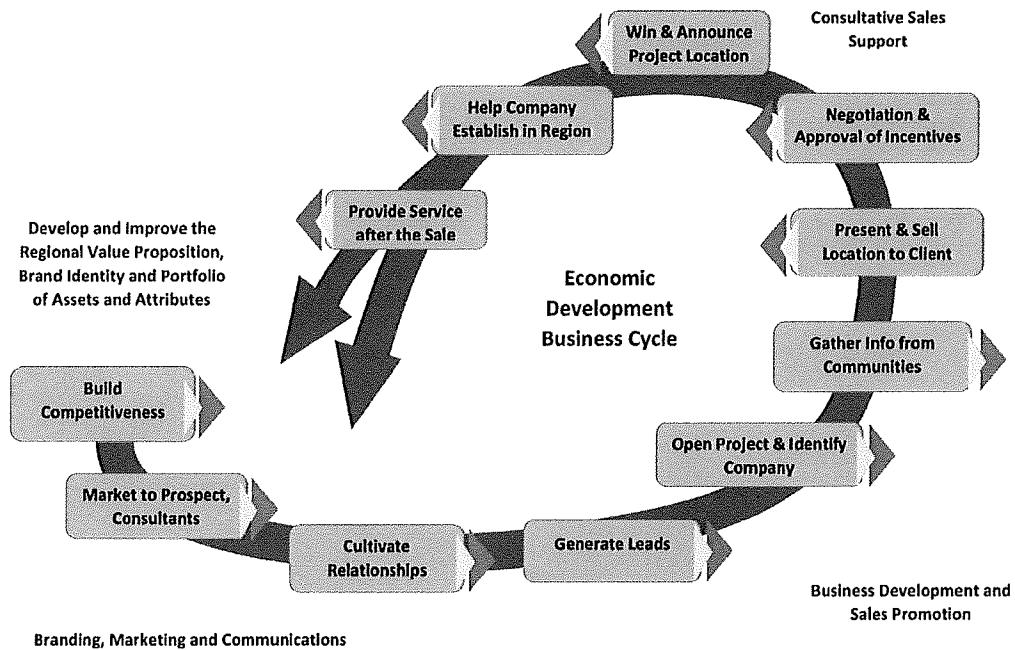
KEDC will continue to target industries where Kerr County has a natural advantage. Industry sectors that job creation efforts are focused on will periodically be reevaluated. The sectors currently being focused on include:

- Advanced Manufacturing
- Aviation, Aerospace & Defense
- Craft Agriculture
- Energy
- Food Processing & Storage
- Information, Analytics & Security
- Life Sciences & Healthcare

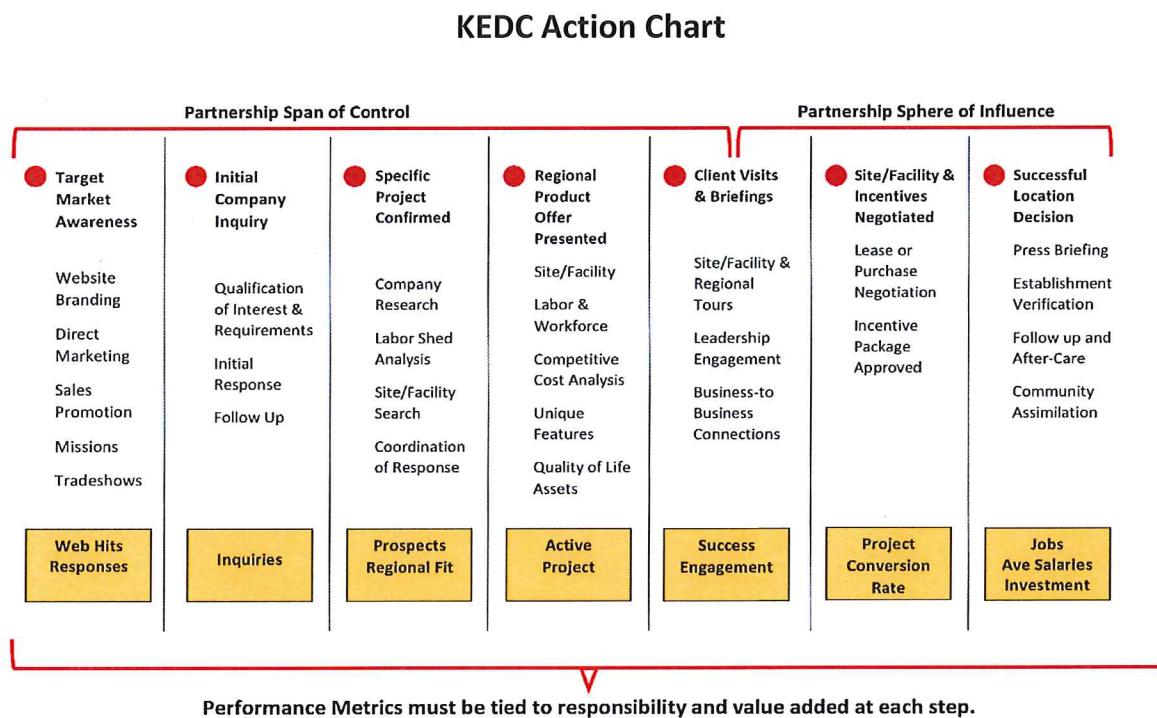
STRATEGIES, OPERATIONAL PLANS AND TACTICS

KEDC will concentrate its efforts where it can add value in the economic development business cycle.

Exhibit B



The chart below illustrates, how through “The Partnership,” KEDC will be more capable of shifting resources throughout the site selection process to ensure better business recruitment and attraction results.

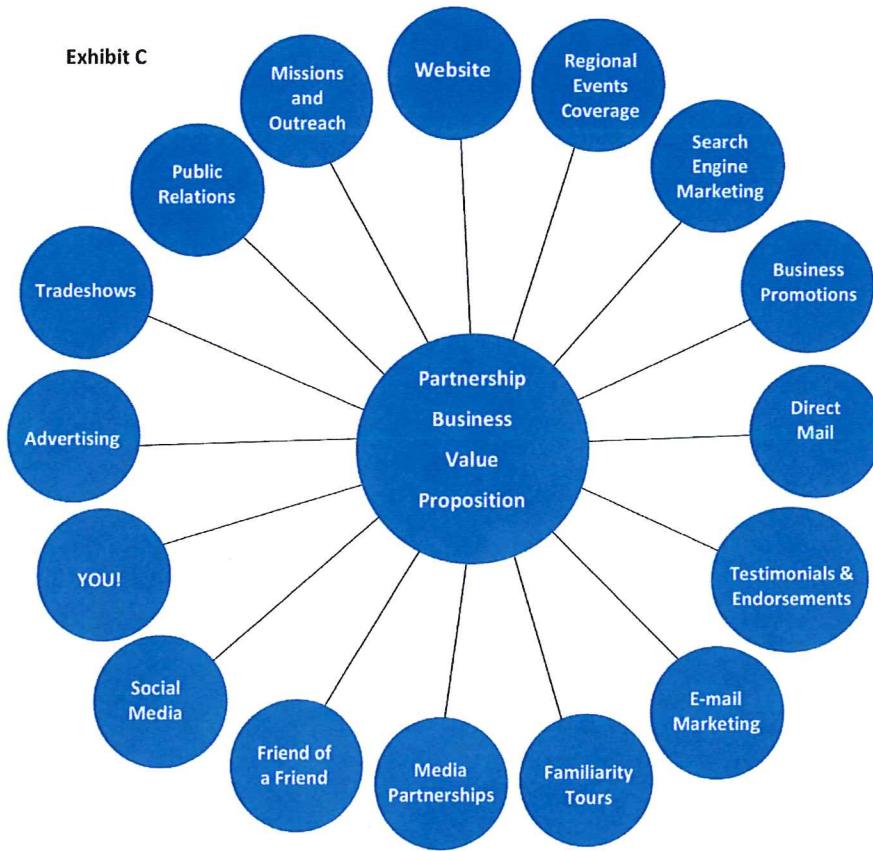


MARKETING & COMMUNICATIONS

As 2018 is the initial year of the KEDC’s revised organizational structure and business plan, a marketing and promotional campaign will be required. A marketing campaign is necessary to create more opportunities to present the region’s locational advantages to qualified business and industry prospects.

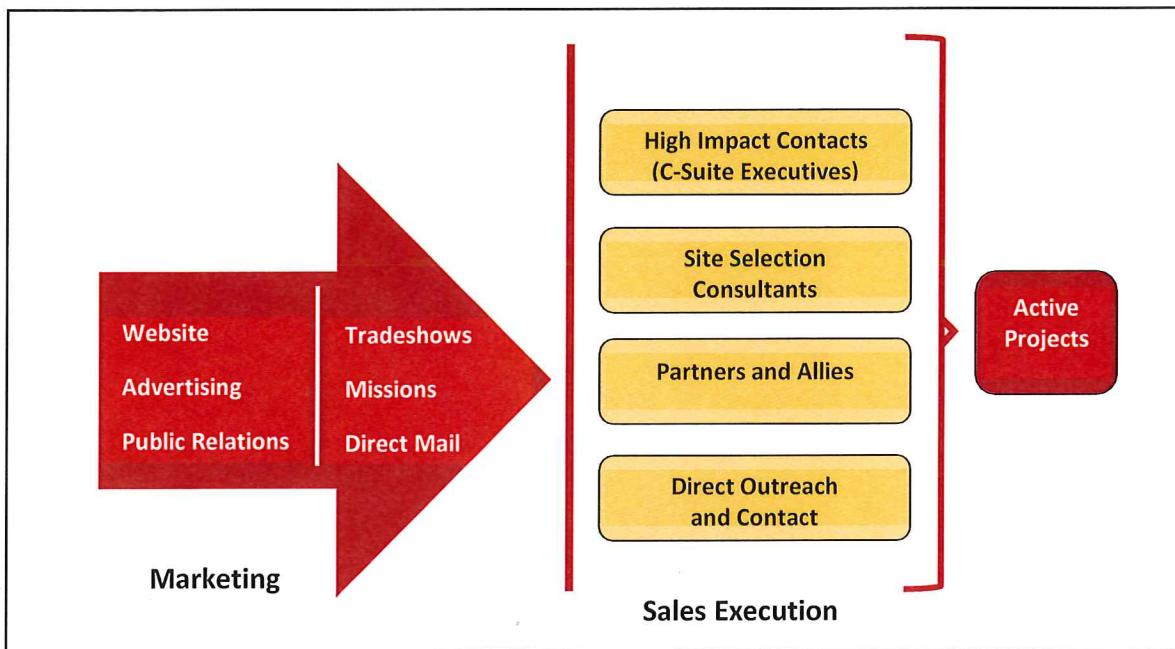
The program includes a stronger branding program along with specific marketing and promotional program enhancements. The marketing campaign’s focus is on enhancing and building perceptions about Kerr County. This will be accomplished by marketing through a variety of means including advertising, direct mail, and website content as demonstrated in (Exhibit C).

Exhibit C



Impact measures will include new leads that come directly as a result of the marketing and promotional campaign within targeted industries. The ultimate goal of the marketing campaign is to convert these leads into new business opportunities, new capital investment and new job creation for the region.

The image below demonstrates how coordinated marketing and branding efforts drive traffic to KEDC and manifests itself in terms of inquiries, leads and prospective business and industry clients. The Chamber of Commerce and the KEDC in collaboration with its regional partners will work to convert the increased traffic, leads and prospects into new business investment projects.



Action Items

- KEDC will conduct baseline research, regional identity/brand audit and prepare regional positioning assessment, retail and labor shed analysis, and business case.
- Organize and drive development of a regional identity and brand strategy platform, and an overall regional marketing and communications strategy and plan.
- Design and implement direct marketing and outreach to both site selection consultants and c-suite executives within targeted industries.
- Directly support and assist in the implementation of out-of-market business development missions to spread the Kerr County business identity message, positively change perceptions and generate leads.
- Continually refine and upgrade the messaging of the KEDC and Chamber website to coordinate messaging.
- Plan and execute a comprehensive regional communications program to ensure business and government leaders, stakeholders, partners and investors are educated and informed about the KEDC's efforts to implement the Five-Year Higher Wage Job Creation Strategy.
- Strategically involve local partners, stakeholders and investors in all efforts to spread the message of the Kerr County business identity.

INVESTOR RELATIONS & EVENTS

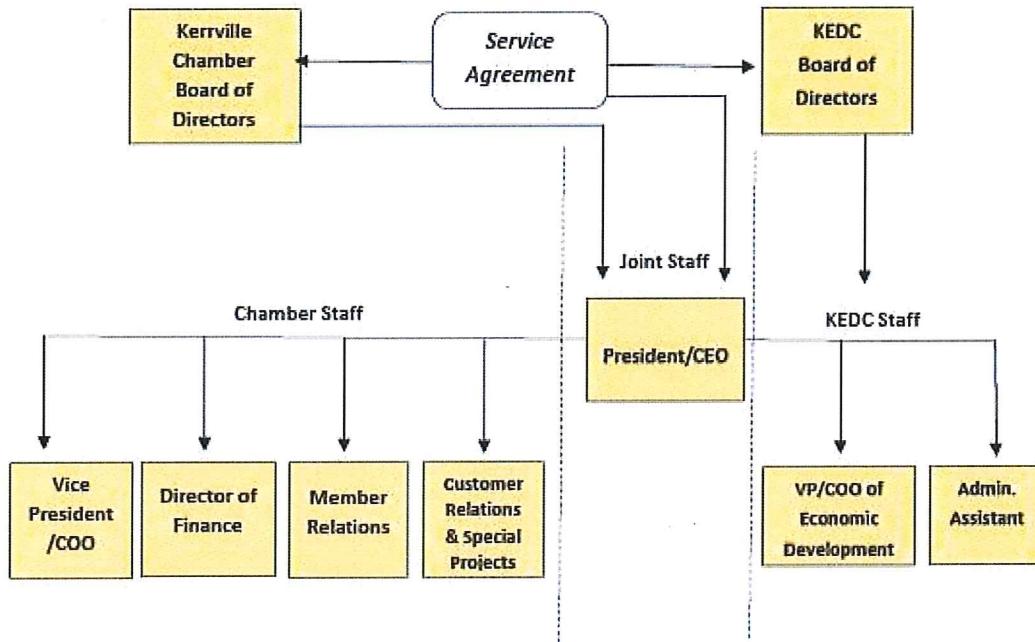
The KEDC's value is enhanced by effectively engaging both public and private stakeholders.

Action Items

- Organize and staff investor relations meetings to review, analyze and understand investor concerns, new investment opportunities and regional support efforts.
- Plan, organize and recruit attendance for two (2) Investor Update sessions across the region.

MANAGEMENT & OPERATIONS

The Partnership team is organized in a way to bring staff members of the Chamber and KEDC closer together under a single Executive responsible to both Boards. This organization is expected to eliminate administrative redundancies, streamline resources, and create a unified vision and voice. The Chamber retains the Executive as an employee and the KEDC contracts for services from the Chamber through a Service Agreement. The Executive will be the initial shared resource and other sharing will be considered as the Partnership develops. Formation of the Partnership does not require modification to either Organizations' Bylaws, and the Service Agreement will have a cancellation option with notice requirements. KEDC Staff will be hired through a KEDC Board approved process that involves the Joint President/CEO.

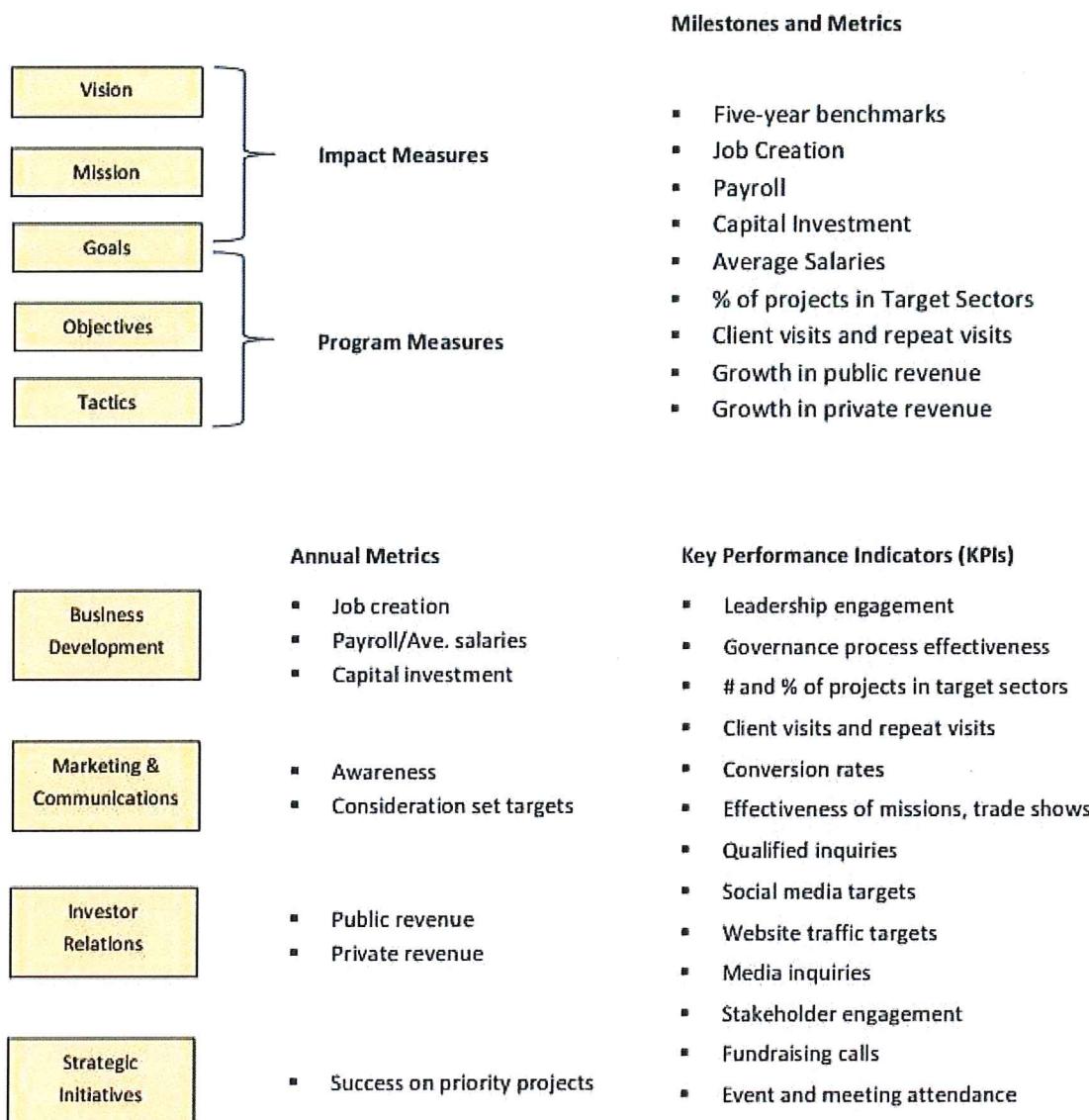


BUDGETS & FUNDING

The proposed operating budget is shown below in Table 1. The table shows the current year, 2017/2018 Budget, 2017/2018 Forecast Year End Budget Performance, and the Proposed 2018/2019 Budget. Funding requests for 2018/2019 are the same as 2017/2018. Contract Services are increased primarily due to the engagement of a recruiter to fill the vacant VP/COO of Economic Development position. Operations is down due to reduced office lease cost with the Chamber Partnership. We recognize that there is a need to enhance the efficiency of our economic development efforts and believe that there are opportunities to make improvements through economies of scale and efficiency improvements.

Table 1	2017/2018 Budget	2017/2018 Forecast YE	2018/2019 Budget
Beginning Balance	112,873.09	112,873.09	111,546.33
Income			
City of Kerrville	24,500.00		24,500.00
EIC	140,000.00	140,000.00	140,000.00
Kerr County	24,500.00		24,500.00
KPUB	24,500.00		24,500.00
Other Income			
Total Income	213,500.00	140,000.00	213,500.00
Expense			
Business Recruitment	6,500.00	8,250.00	6,500.00
Website	300.00	2,880.93	2,880.00
Marketing	3,450.00	447.46	3,450.00
Business Expenses - Other	20,000.00	235.90	20,000.00
Contract Services	3,500.00	11,227.97	16,166.67
Operations	19,850.00	13,043.01	13,050.00
Liability Insurance	900.00	1,700.00	900.00
Payroll Expenses	181,000.00	102,363.25	177,600.00
Travel and Meetings	18,000.00	1,178.24	18,000.00
Total Expenses	253,500.00	141,326.76	258,546.67
Net Income	-40,000.00	-1,326.76	-45,046.67
Ending Balance	72,873.09	111,546.33	66,499.66

Exhibit A – Performance Measurement Framework



LEGAL ENTITY

The Kerr Economic Development Corporation (KEDC) received its certificate of incorporation from the Texas Secretary of State on July 14, 2015. The business affairs of the KEDC are conducted by a board of 9 directors, all of whom have one vote on any proposition coming before the commission. As of July 2018, the KEDC Bylaws are being revised to add one additional director for the City of Kerrville and one additional director for the Kerr County Commissioners Court.

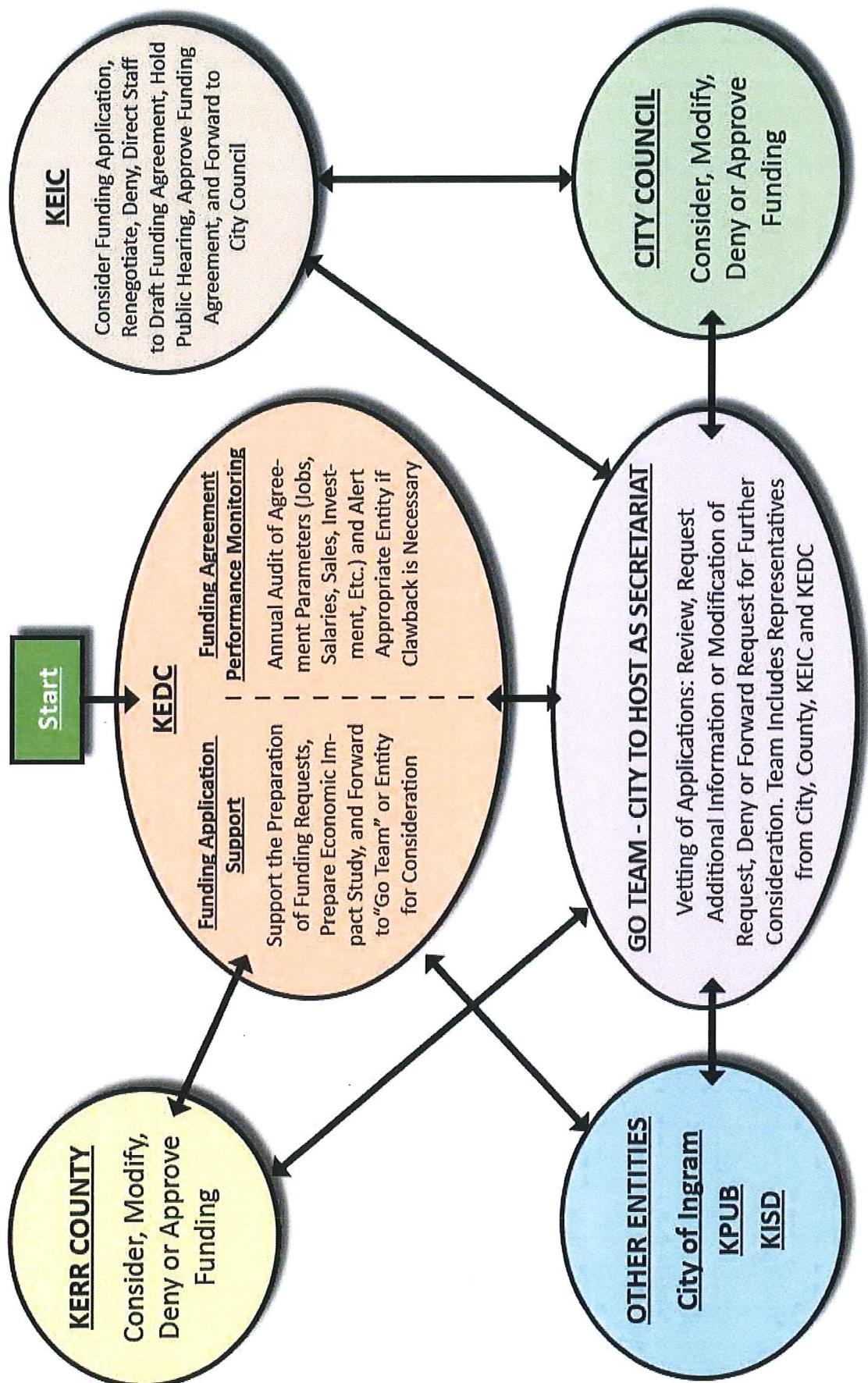
The day-to-day management of the organization is entrusted to a hired executive director that is evaluated annually by the board of directors. The leadership regularly meets the first Thursday of each month at 7:30 A.M. for monthly meetings. The officer seats of chair, vice-chair, treasurer and secretary are selected at the scheduled annual meeting in January.

PROPOSED COMPOSITION OF THE KEDC BOARD OF DIRECTORS

- One (1) representative from the Kerrville City Council (appointed by the City Council)
- One (1) representative from the Kerrville City Administration (appointed by the City Manager)
- Two (2) representatives from the Kerr County Commissioners Court (appointed by the Commissioners Court)
- One (1) representative of the Economic Improvement Corporation (appointed by the Economic Improvement Corporation)
- One (1) representative from the Kerrville Public Utility Board (appointed by the KPUB Board)
- One (1) representative from the Kerrville Chamber of Commerce Board of Directors (appointed by the Chamber of Commerce Board)
- Two (2) representatives from the Business Community (appointed by the KEDC Board)
- One (1) representative from the Kerrville Convention and Visitors Bureau (appointed by the CVB)
- One (1) representative from the Kerrville Independent School District (appointed by the KISD Board)

ECONOMIC DEVELOPMENT STAKEHOLDERS, PROCESSES, ROLES AND TOOLS

The charts below illustrate the current processes, roles and tools for handling funding requests by the Stakeholders in our community. The first chart shows KEDC providing primary support for funding applications and the Go Team vetting those applications. The Go Team routes applications to the appropriate entities to consider those applications. A large project could have multiple applications being considered by different entities at the same time. The second chart illustrates each KEDC Stakeholder's lead role(s) and the types of tools or support provided by that Stakeholder.



KEDC Stakeholders						
	City of Kerrville	Kerr County	Kerrville Economic Improvement Corporation	Kerrville Area Chamber of Commerce	Kerrville Convention and Visitors Bureau	Kerrville Public Utility Board
	Lead Role					
Kerr Economic Development Corporation	<ul style="list-style-type: none"> -Entry Point for ED Opportunities -Primary Jobs -Recruitment -Retention and Expansion -Workforce Development & Readiness 	<ul style="list-style-type: none"> -Go Team Secretariat -Housing -Downtown -Infrastructure -Quality of Life -Retail Development 		<ul style="list-style-type: none"> -Start ups -Incubators -Expansion of Business -Small Business Development 	<ul style="list-style-type: none"> -Tourism 	
Tools and Support						
	<ul style="list-style-type: none"> -Local Hub for Economic Development -State Incentives 	<ul style="list-style-type: none"> -380 Agreements -Property tax Abatement -TIRZ Creation -Hotel Occupancy Tax (HOT) Rebates -Retail Incentives -Infrastructure -Tourism Facilitator 	<ul style="list-style-type: none"> -381 Agreement -Property tax Abatement -TIRZ Participation -Retail Incentives -Infrastructure 	<ul style="list-style-type: none"> -4B Funding 	<ul style="list-style-type: none"> -KEDC Partner -Liaison for Businesses -SBA/SCORE 	<ul style="list-style-type: none"> -Marketing and Promotion
						<ul style="list-style-type: none"> -Electric Rate Incentives
						<ul style="list-style-type: none"> -Workforce Development & Readiness

Kerr Economic Development Corporation
Proposed Budget FY2018/2019

	2017/2018 Budget	2017/2018 YTD Actuals	2017/2018 Balance to be Spent	2017/2018 Forecast YE	2018/2019 Budget
Beginning Balance	112,873.09			112,873.09	111,546.33
Income					
City of Kerrville	24,500.00	0.00			24,500.00
EIC	140,000.00	140,000.00		140,000.00	140,000.00
Kerr County	24,500.00	0.00			24,500.00
KPUB	24,500.00	0.00			24,500.00
Other Income					
Total Income	213,500.00	140,000.00	0.00	140,000.00	213,500.00
Expense					
Business Expenses					
Business Recruitment	6,500.00	8,250.00		8,250.00	6,500.00
Website	300.00	2,880.93		2,880.93	2,880.00
Marketing	3,450.00	447.46		447.46	3,450.00
Business Expenses - Other	20,000.00	235.90		235.90	20,000.00
Total Business Expenses	30,250.00	11,814.29	0.00	11,814.29	32,830.00
Contract Services					
Accounting Fees	2,500.00	365.00	810.00	1,175.00	2,500.00
Legal Fees	1,000.00		750.00	750.00	1,000.00
Other Contract Services		3,969.64	5,333.33	9,302.97	12,666.67
Total Contract Services	3,500.00	4,334.64	6,893.33	11,227.97	16,166.67
Operations					
Supplies	1,000.00	621.84		621.84	1,000.00
Telephone, Internet	2,000.00	873.31	137.02	1,010.33	4,800.00
Office Lease	9,600.00	7,200.00	1,600.00	8,800.00	0.00
Dues & Subscriptions	4,500.00	2,036.73		2,036.73	4,500.00
Operations - Other	2,750.00	574.11		574.11	2,750.00
Total Operations	19,850.00	11,305.99	1,737.02	13,043.01	13,050.00
Other Types of Expenses					
Insurance - Liability, D and O	900.00	1,700.00	0.00	1,700.00	900.00
Total Other Types of Expenses	900.00	1,700.00	0.00	1,700.00	900.00
Payroll Expenses					
Health Insurance	6,000.00	2,500.00		2,500.00	10,000.00
Payroll Taxes	12,000.00	12,019.00	440.00	12,459.00	12,000.00
Salaries ED + Admin Asst.	142,000.00	58,614.00	9,486.99	68,100.99	
Executive Director (Chamber Agreement Start 1 August 2018)		0.00	7,875.00	7,875.00	31,500.00
VP COO (assume start 1 October 2018)		0.00		0.00	100,000.00
Support Staff (Chamber Agreement Start 1 August 2018)		0.00	2,275.00	2,275.00	9,100.00
Vehicle Allowance - Director	6,000.00	3,600.00		3,600.00	
Payroll Expenses - Other	15,000.00	5,553.26		5,553.26	15,000.00
Total Payroll Expenses	181,000.00	82,286.26	20,076.99	102,363.25	177,600.00
Travel & Meetings					
Meals & Entertainment	3,000.00	153.24		153.24	3,000.00
Travel and Meetings - Other	15,000.00	1,025.00		1,025.00	15,000.00
Total Travel and Meetings	18,000.00	1,178.24	0.00	1,178.24	18,000.00
Total Expenses	253,500.00	112,619.42	28,707.34	141,326.76	258,546.67
Net Income	-40,000.00	27,380.58		-1,326.76	-45,046.67
Ending Balance/Startup Funding for Action Items from New KEDC & 2050 Plans	72,873.09			111,546.33	66,499.66

Agenda Item:

3B. Review and consider proposed Economic Improvement Corporation budget for Fiscal Year 2019.

**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: July 16, 2018

DATE SUBMITTED: July 12, 2018

SUBMITTED BY: E.A. Hoppe
Deputy City Manager

CLEARANCES: Mark McDaniel
City Manager

EXHIBITS: FY2019 EIC Budget

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

This budget allocates \$3,482,686 for Fiscal Year 2019.

Revenue projections for Fiscal Year 2019 are \$3,514,052. The Fiscal Year 2019 Economic Improvement Corporation budget is projected to end the year with an unrestricted cash balance of \$1,161,994. Fiscal Year 2019 net revenues are projected to exceed net expenditures by \$31,365.

The Fiscal Year 2019 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 on the new service contract).
- Administrative Services Fees to the City of \$180,000. There are two key components to the request for enhanced funding. Finance ran 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 assist the City/EIC with general economic development efforts, as well as business related activities for Downtown/Main Street, and workforce housing initiatives. Staff anticipates that approximately 40% of the position's efforts will be allocated to EIC support, 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 reach \$2,000,000 at the end of Fiscal Year 2018.

Category 11 – 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 which, 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 reach \$850,000 at the end of Fiscal Year 2018.
- Provides for an initial allocation of the \$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

Review and approve the Fiscal Year 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						
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:

4A. Monthly financials for June 2018.



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

SUBJECT: EIC Financials Month Ending June 2018

AGENDA DATE OF: 7/16/2018

DATE SUBMITTED: 7/13/2018

SUBMITTED BY: Amy Dozier
Chief Financial Officer

EXHIBITS Financial Reports

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

SUMMARY STATEMENT

The EIC operating fund received sales tax revenue of \$286,255 for June 2018, which is up 9.28% compared to same period in the prior year. On a year-to-date basis, FY2018 sales tax is up 1.45% compared to FY2017. In June, we saw increases in the areas of retail, wholesale, and construction. We recently received July sales tax and it is up 8.28% compared to July 2017. Even with these improvements, we anticipate that sales tax revenue will fall short of budget for the year.

Expenditures for the month were \$101,743 and included budgeted transfers for debt service and the administrative service fee in addition to small charges for supplies and a filing fee. There were no funds moved for project expenses in June.

EIC's money is invested primarily in TexPool, which currently earning 2.15%

RECOMMENDED ACTION

No action needed. Information only.

Economic Improvement Corporation
Sales Tax Improvement Fund - Revenue and Expenditure Detail
For the month ended June 30, 2018

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$2,272,941	\$2,287,500	\$2,272,941		
REVENUES					
Sales and Use Tax	3,476,206	286,255	2,531,162	72.8%	945,044
Interest Income	15,000	5,682	56,204	374.7%	(41,204)
Fox Tank Agreement Reimbursement	-	-	10,000		(10,000)
TOTAL REVENUES	3,491,206	291,936	2,597,366	74.4%	893,840
EXPENDITURES					
Administrative					
Office Supplies	500	40	80	16.0%	420
Administrative Services Fee	100,000	8,333	75,000	75.0%	25,000
Legal Services	-	-	416		(416)
Filing Fees	-	25	25		(25)
Kerr Economic Development Corp	140,000	-	140,000	100.0%	-
Total Administrative	240,500	8,398	215,521	89.6%	24,979
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	194,801	75.0%	65,089
Debt Service - Series 2012 (River Trail)	253,413	21,169	190,523	75.2%	62,890
Debt Service - Series 2015 (Sports Complex)	605,350	50,479	454,313	75.0%	151,037
Total Category II	2,068,653	93,345	1,789,636	86.5%	279,017
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	101,743	3,692,657	77.6%	1,066,496
CHANGE IN NET POSITION	\$ (1,267,946)	\$ 190,194	\$ (1,095,290)		
ENDING CASH BALANCE	\$ 1,004,994			\$1,177,650	

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	271,971	286,255	9.28%	5.25%
July	249,278	282,792				
August	290,011	306,807				
September	301,250	275,901				
YTD Total	\$ 3,215,695	\$ 3,360,592	\$ 2,590,618	\$ 2,531,162	13.35%	-2.30%

Cash and Investment Balances by Fund

Fund	Fund Name	Balance	Period Ending
40	Sales Tax Improvement Fund (operating fund)	\$ 1,177,650	6/30/2018
75	EIC Projects Fund (capital projects fund)	2,287,500	6/30/2018
	Total Cash and Investments	\$ 3,465,150	6/30/2018

Cash and Investments by Type - Placement - Amount

Type	Investment Placement	Amount	Period Ending
Cash	Wells Fargo Checking	\$ 10,000	6/30/2018
Short Term Investment	EIC TexPool	3,455,149	6/30/2018
	Total Cash and Investments	\$ 3,465,149	6/30/2018

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	6,016,531	508,469
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	10,470,264	29,736
Olympic Pool	100,000	100,000	-	-	-	-	95	99,906
Reuse System	23,003,000	3,000,000	-	4,235,421	7,731,625	8,035,954	19,761,348	3,241,652
Tennis Center	1,500,000	1,500,000	-	-	-	-	39,638	1,460,362

Agenda Item:

4B. Projects Update:

River Trail

Reuse Distribution Lines

Tennis Center Improvements

Aquatics Feasibility Study

Downtown Streetscape

Legion Lift Station

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