

**MINUTES OF BUDGET WORKSHOP**  
**September 03, 2019**  
**MONTGOMERY ECONOMIC DEVELOPMENT CORPORATION**

**CALL TO ORDER**

President Rebecca Huss called the meeting to order at 9:02 a.m.

Present:       Rebecca Huss - President  
                  Julie Hutchinson - Treasurer  
                  Amy Brown – Secretary  
                  Cheryl Fox – Board Member

Absent:         Bill Hanover – Vice-President  
                  Tom Cronin – Board Member  
                  Bob Kerr – Board Member

Also Present:  Richard Tramm – City Administrator

**BUDGET WORKSHOP:**

- ❖ Discussion of the following items related to the Montgomery Economic Development Corporation 2019-2020 FY Proposed Operating Budget.

Mrs. Hutchinson suggested reviewing the proposed budget line by line.

- Income

- Taxes & Franchise Fees

- Sales Tax

- Mrs. Hutchinson said the proposed budget for sales tax is \$654,000.

- She said the 2018-2019 estimate was almost at \$654,000. She said this figure was used to propose the 2019-2020 budget amount. Mrs.

- Hutchinson said this figure is a conservative amount and she expects the actual amount to be higher.

- Interest Income

- Mrs. Hutchinson said the proposed budget amount for Interest Income is lower than the estimate for the 2019-2020 fiscal year. She explained if a large expenditure arises, the money will be drawn from the TexPool account and the Interest income will decrease. Mrs. Hutchinson noted the amount is still larger than the budget for 2018-2019 fiscal year.

- Expenses

- Downtown Development Improvements

- Mrs. Hutchinson noted this line item deals with physical improvements to the downtown area, not professional fees or architectural fees. She said this line item will have the same budget as last year.

- Streets & Sidewalks

- Mrs. Hutchinson said this is a new line item which was added for the 2019-2020 fiscal year. Mr. Tramm said this line item is intended to focus on items which would be an economic trigger for projects which will spur economic growth for new development. Mrs. Huss said this is a hot button issue given the discussions which have arisen at City Council. Mrs. Fox said she still has not seen any movement on repairing McCown Street. Mrs. Huss said she would love to see an extension of the brickwork on College Street down McCown Street instead of simply putting black-top on it. Mrs. Hutchinson said this line item provides a place for the EDC to spend specifically on streets and sidewalks. Mrs.

Huss said, once the Comprehensive Plan is complete, McCown Street would be an uncontroversial place to start.

- o Utility Extensions

Mrs. Hutchinson said this budget was increased from \$39,200 to \$50,000. She said this is to be proactive and identify an area of land for extensions or a project for the downtown area which might need to be completed before other improvements can be made. Mr. Tramm said most people coming to the city see development on the east side, but those who are not residents of the city are coming to the downtown area. Mrs. Hutchinson said she remembered a conversation on moving the downtown utilities underground. Mrs. Huss said she believed Dave McCorquodale mentioned that possibility. Mr. Tramm said he found out last Friday that there are some limits to that proposal, especially along 149 north of 105. He said specifically, there is not enough room to place them underground in that area. Mrs. Huss asked if they could be run along Prairie Street, bypassing 149. Mr. Tramm said that is a possibility.

- o Flagship Development Improvements

Mrs. Hutchinson said this was special line item for a one-time project and does not apply to the 2019-2020 budget. She said this line item will remain at zero.

- o Transfer to Debt Service

Mrs. Hutchinson said this line item is still at \$40,000 per quarter, for a total of \$160,000. Mrs. Hutchinson asked if Mr. Tramm has identified the contractual agreements for the debt service transfer with MEDC as an entity. She said there is some confusion on whether it was a handshake or an actual document. Mr. Tramm said he has not found

clarification on the matter as of this date. Mrs. Hutchinson said there is a question on when the debt service expires, and how long will it need to be budgeted.

- o Sales Tax Reimbursement

Mrs. Hutchinson said this line item covers Kroger and CVS for a sales tax rebate the EDC is obliged to refund to them based on the agreements. Mr. Tramm said the \$76,900 covers what is due Kroger, but he said he does not have an amount for CVS. Mr. Tramm said he does not expect the CVS reimbursement to be substantial. Mrs. Fox asked Mr. Tramm if he is solely referring to the Kroger grocery store. Mr. Tramm said no, he is referring to the entire shopping center. Mrs. Huss said it does not include the Kroger gas station. Mrs. Hutchinson said nothing was booked in this budget line item two fiscal years ago. She said this year the EDC had a \$50,917 expense to reimburse Milestone for the Kroger sales tax reimbursement. She said the \$50,917 is going against the 2018-2019 budget, but actually represents what was owed for the prior fiscal year. Mrs. Hutchinson said she discussed with Mr. Tramm concerning booking the \$76,900 before the end of September, then start quarterly moving forward. Mrs. Hutchinson also suggested setting up a separate bank account for the sales tax rebate, so each quarter, the money can be moved into the new account in a type of escrow fund. Mrs. Hutchinson said having the money in one account may give the impression of money that could be spent, when in fact, the money is already legally obligated for a specific purpose. Mrs. Hutchinson said the new account may be an interest-bearing account where the interest would belong to the Economic Development Corporation.

- o Economic Development Grant Program

Mrs. Hutchinson said this line item was left at the 2018 – 2019 budget figure of \$15,000 with no changes expected.

- o Seasonal Decorations

Mrs. Hutchinson said this line item is for the City Christmas decorations and is currently at \$7,600. Mrs. Brown questioned the wisdom of spending \$7,600 each year on new Christmas decorations since decorations from previous years are still being used. Mrs. Brown said she was in favor of spending some money on new decorations each year, but felt the budgeted amount was excessive. Mrs. Fox said the \$1,500 for Christmas lighting in the next line item is for the Civic Association's Light Up Montgomery. Mrs. Fox said the \$1,500 only pays three businesses and three residential prize money. Mrs. Hutchinson asked if the Civic Association sponsors the event. Mrs. Fox said it has in previous years, but now the Civic Association only has two members which include Mrs. Fox and Shannon Reid. Mrs. Fox said the Civic Association is in jeopardy of closing. Mrs. Huss said the Light Up Montgomery could be something which falls under the Marketing and Tourism Director's job description. Mrs. Hutchinson asked if the Christmas Lighting should be moved to the Events category. Mrs. Huss agreed and suggested changing the name. Mrs. Fox recommended renaming the category Light Up Montgomery. Mrs. Brown said the issue of the Seasonal Decorations still needs to be addressed. Mrs. Huss said the issue is also up to Mr. Tramm because of the amount of money and the use of City staff to install the decorations. Mrs. Brown said it takes the City staff a week to install and a week to remove the decorations each year, which results in two weeks of work for four employees. Mrs. Huss suggested changing the line item to zero, placing an additional \$5,000 in the Economic Development Grant program, and the City may come before the Board and request the funds for new decorations if they wish. Mrs. Hutchinson asked where to place the additional \$2,600. Mrs. Huss suggested placing it in Public Infrastructure. Mr. Tramm suggested placing the funds in Sales Tax Reimbursement to cover the CVS expenditures. The Board agreed to Mr. Tramm's suggestion. Mr. Tramm reiterated that line item 56404

(Seasonal Decorations) will be dissolved and have \$5,000 of budgeted funds moved to 56423 (Economic Development Grant Program) and the remaining \$2,600 moved to 56001.8 (Sales Tax Reimbursement). In addition, line item 56420.2 (Christmas Lighting) will be renamed Light Up Montgomery and moved to the 56434 (Events) and keeping the amount at \$1,500.

- o Fernland Improvements and Memory Park Improvements

Mrs. Hutchinson explained these two items are at zero because there are no reoccurring expenses.

- o Walking Tour

Mrs. Hutchinson said this line item was decreased to \$1,000 from \$6,000 due to the fact \$772 was spent in the previous year. She said the biggest expense in the past was buying the equipment, where now the expenses are simply maintenance. Mrs. Brown clarified this line item is for the Distrx walking tour.

- o Removal of Blight

Mrs. Hutchinson said \$15,000 was budgeted because it is difficult to anticipate what will be needed, but money should be available to address those issues.

- o Downtown Signs

Mrs. Hutchinson said this line item is at zero because it was not used during the previous year.

- o Events

Mrs. Hutchinson said \$35,000 was budgeted but another \$1,500 will be added for the new Light Up Montgomery line.

- Downtown Enhancement Projects

Mrs. Hutchinson said this line item refers to professional fees for improvements to the downtown area. Mr. Tramm said part of the reason for the increase from \$20,000 to \$30,000 is due to the fact the Board has already approved for the Texas A & M expenses.

- Marketing and Tourism

Mrs. Hutchinson said the first two items are at zero because they are obsolete line items. She said Brochures and Printed Literature is being left at \$10,000 because the previous Marketing and Tourism Director had some projects started and the new director may wish to continue the projects.

- Christmas in Montgomery

Mrs. Fox asked if the Board plans on giving the Historic Society the Christmas in Montgomery parade. Mrs. Huss reminded Mrs. Fox the Historic Society used the money for activities which are not part of the EDC's approved festival guidelines. Mrs. Fox said she does remember the Historic Society was denied the grant application.

- Website Online Marketing

Mrs. Hutchinson said this line item is currently at \$3,000 because the EDC has possible social media expenses such as advertising.

- Admin Transfers to General Fund

Mrs. Hutchinson said this amount is the same as the previous budgeted amount. She said this money covers the Marketing and Tourism position, part of Mr. Tramm's compensation plus any other administration fees which may arise. Mrs. Hutchinson said the Miscellaneous Expense line item was reduced to \$500 which is inline with what is expected to be used during the year. Mrs. Hutchinson said

the Internship Program has not been used during the past two years, so this line item will be dropped off the budget.

- o Consulting (Professional Services)

Mrs. Hutchinson said this line item is currently at \$10,000 which is allocated for legal expenses in case the City Attorney is needed to look at items related specifically to the EDC and not the City. Mrs. Fox asked if this item includes charges incurred by the City Engineer when the EDC asks for an in-person report. Mrs. Huss said yes.

- o Travel and Training Expenses

Mrs. Hutchinson said this item is mainly for the Marketing and Tourism position if the EDC needs to reimburse the Director for mileage or training. Mrs. Brown said there is also training for the EDC Board members which is very informative.

Mrs. Hutchinson said these changes will result in a zero-balance budget.

Mr. Tramm said the sales tax consultant says the numbers for CVS are \$2,600 in sales tax paid.

Mrs. Huss thanked Mrs. Hutchinson and Mr. Tramm, saying this was the most thorough presentation of a budget she has ever seen.

Mr. Tramm said there was previous discussion on moving the Public Hearing date from September 30<sup>th</sup>, but he suggests leaving the date on September 30<sup>th</sup> due to little time to meet public posting requirements.


Mrs. Fox asked if the Board would be in favor of funding the Christmas festival for Historic Society, if they come back and asks for money in a different form. Mrs. Brown said the Historic Society said they needed the funds for buildings but asked for funds for the festival which provided scholarships. She said if the Historic Society asks for funds for buildings, that could be discussed. Mrs. Huss said this meeting is only to discuss the budget, but she feels if the Historic Society specifically asks for money for the parade



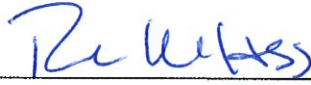
that would be a more palatable discussion. Mrs. Huss said the External Festival Guidelines have a limit on the number of years for funding, so the Historic Society may wish to revisit their long-term plan.

ADJOURNMENT

The Workshop Meeting adjourned at 9:56 p.m. All in favor.

Submitted by:  Date Approved: 04/20/2020  
Amy Brown, MEDC Secretary



  
Rebecca Huss, MEDC President