

MINUTES OF BUDGET WORKSHOP

August 07, 2020

MONTGOMERY ECONOMIC DEVELOPMENT CORPORATION

CALL TO ORDER

President Rebecca Huss called the meeting to order at 9:36 a.m.

Present: Rebecca Huss – President
Dan Walker – Vice-President
Julie Hutchinson - Treasurer
Amy Brown – Secretary

Absent: Tom Cronin – Board Member
Arnette Easley – Board Member
Bob Kerr – Board Member

Also Present: Richard Tramm – City Administrator
Susan Hensley – City Secretary

BUDGET WORKSHOP:

- ❖ Discussion of the following items related to the Montgomery Economic Development Corporation 2020-2021 FY Proposed Operating Budget.

- **INCOME**

- **TAXES AND FRANCHISE FEES**

Mr. Tramm said sales tax number expected to be \$750,000 coming in to EDC this fiscal year. Tram looking at a conservative 10% reduction of expectation due to Covid. Dominant portion of our income is stable because it comes from Brookshire Brothers, McCoys, Kroger and Jim's Hardware. Mrs. Huss said she has a concern people could stop doing home improvement projects either due to lack of funds or preserving funds instead of spending. Mrs. Hutchinson asked about Chick-fil-A funds. Mr. Tramm said they are part of the 380 agreement. Mrs. Huss suggested 10-15% reduction of revenue expectations. Mrs. Hutchinson said we can look at August actual numbers and revisit before finalizing the budget. Mrs. Huss said August numbers should be similar to July numbers. Mr. Tramm said he would rather err on the conservative side. Mrs. Hutchinson said the EDC did the same thing last year, which was beneficial because no one expected the pandemic.

- **INTEREST INCOME**

Mr. Tramm said Mr. Lasky said 4 thousand was a reasonable number.

- **MISCELLANEOUS INCOME**

The 1400 was an audit reclassification of funds and not actual income.

- **EXPENSES**

- **PUBLIC INFRASTRUCTURE**

- **DOWNTOWN DEVELOPMENT IMPROVEMENTS**

Expected in the \$30-45,000 range. Mr. Tramm suggested entering at \$60,000. Mrs. Huss suggested entering the higher number instead of revisiting with council if more money is needed. Mrs. Hutchinson said the number can be increased at the end of the budget discussion if numbers need to be adjusted. Mrs. Brown asked if the RFQ was

expected to be \$30-45,000. Mr. Tramm said that was true. He said the RFQ is for an actual conceptual design. Mrs. Brown said if the RFQ is completed this fiscal year, money will be needed to move to the next phase. Mr. Tramm said staff is expecting to make the final decision on the RFQ in Oct, but will have the money to start the next process, because money will be spent incrementally. It was discussed that the scope of the work from the

- STREETS AND SIDEWALKS

Mr. Tramm said he was planning on putting zero in this line item. He said the comprehensive plan needs to come first. Mrs. Brown said there could be a street and sidewalk project which could not be in the downtown area and suggested putting a number in the line item. Mr. Tramm suggested \$10,000.

- UTILITY EXTENSIONS

We didn't spend anything this year but would like to put in \$50,000 for next year in case something important comes forward next year. Could also potentially be reallocated to Downtown Development Improvements if necessary. There are several key areas that have potential for MEDC to participate in, in the future – when the right project/developer comes up it will probably move quickly.

- TRANSFER TO DEBT SERVICE

Mr. Tramm has been trying to identify why MEDC has been transferring \$160,000 to the City's debt service fund. He has been told that it was part of a debt agreement but has never been able to find evidence of this arrangement either in the bond documents, in the MEDC minutes, the bond consultant, via the former City Secretary's memory, etc. This has been an appropriate use of MEDC funds, but there is not a firm requirement for this

payment and not a specific record of a vote on this (other than the ongoing MEDC budgeting process in which it has been regularly included).

Mr. Tramm is proposing to use the \$160,000 in a different manner going forward. To transfer it instead to the City's Capital Projects Fund. There are a number of projects, including a \$900,000 project to extend water capacity on the west side of town. There is another \$900,000 project that City Council is currently considering at Water Plant 3 to expand the City's water connection capacity significantly which will accommodate future growth – both of these projects would be in-line with the intended purpose of these funds. Mrs. Brown is fine with this idea but would like it not to be just transferred over but would prefer that the projects come to MEDC for approval and formal voting to ensure that the projects are, indeed, in line with the MEDC's legal expenditure authority and whether the MEDC wishes to participate or not. Zero out the Transfer to Debt Service Category for 2020/2021 and put \$160,000 into the new category

- o BUSINESS DEVELOPMENT AND RETENTION

- SALES TAX REIMBURSEMENT

- Includes Kroger and the businesses within the Shoppes which are on a separate timeline (includes CVS, Chick Fil A, everything in the Kroger Center). This \$115,000 is just the MEDC portion. We are on track for the current fiscal vs estimates because there is a time lag (roughly one year) between the fiscal year and the payment – so the estimates are quite accurate. For Kroger, the closing date is our fiscal year end. For The Shoppes it is either March or April, so we are essentially mid-year already for that calculation.

- ECONOMIC DEVELOPMENT GRANT PROGRAM

We had \$20,000 in the adopted budget. We have used some of it in the current year (COVID Utility Grant Program) plus two more applications that are being discussed. We have had some discussion on this earlier today and previously. In order to safeguard the use of these funds, the MEDC Board has requested that Mr. Tramm review requests for appropriateness for EDC being legally able to spend money as per the requests. Mrs. Hutchinson would like to keep the amount at \$20,000 for next year so that as we come out of COVID that we can help businesses. Mrs. Huss mentioned that it doesn't have to be used for one business, that it can be used for a broad based program like a marketing one to help all businesses.

- QUALITY OF LIFE

- WALKING TOURS

Last budget had \$1,000 for walking tours. Mrs. Brown asked the thought behind the walking tours because it has been on the budget for years. Mrs. Huss said this was set up for Distrx walking tour. She said there needs to be a different way to project it and suggested QR codes. She said it is still worthwhile. Mrs. Brown said the category is very specific and asked if it would be better to have a broader category and move it to a tourism category. Mr. Tramm said he liked the QR code based tour. Mrs. Brown said if a broader category was created, it could include a walking tour, but could be used for more projects. Mrs. Hutchinson said the quality of life category is targeted toward residents and the marketing and tourism category is geared towards visitors. She asked if the walking tour was geared toward residents or visitors. Mrs. Huss said the quality of life category is limited on how many funds may be spent, and she asked if it would be best to move the walking tour line item to marketing and tourism in order to free up money available in that category. Mr. Tramm agreed with both points. Mrs. Huss suggested renaming the line item Historical

Signage and moving it into Marketing & Tourism with a \$2,000 budget (suggested by Mr. Walker and agreed with by Mrs. Brown)

- REMOVAL OF BLIGHT

More could have been spent with more activity during the year – engagement with target areas was limited due to COVID. Mr. Tramm believes that \$15,000 is still a good number for this line item – all in the meeting agreed.

- EVENTS

Still have \$7,800 committed to SRR for current year (Mrs. Hutchinson needs to comment on whether it comes from current or next fiscal year). Same with Mudbugs festival. Mr. Tramm thinks that \$34,000 is good for the full year but just to remember that \$15,800 is already allocated to the two previous items. All agreed to stick with the \$34,000

- ❖ NEIGHBORHOOD WATER PARTY

Didn't get to do it this year, obviously, but last year's event was fun and well received. Well-worth the \$ expended. The expenses for this year were for a few pre-purchases until it was clear that it wasn't going to happen. Next year's budget needs to be a little higher at \$1,000 to cover extra inflatables. All agreed

- ❖ LIGHTING UP MONTGOMERY

City will be taking over this event over as well this year. Mr. Tramm said \$1,500 was used last year – asking for about the same this year. Mrs. Huss said that she would be more comfortable with \$2,000 because of COVID cleaning issues. Anything we do will need to be

individualized, Santa will need to be sanitized, etc. All agreed with the \$2,000 amount.

❖ CONTESTS/ACTIVITIES/PRIZES

This is a category that we just added recently. We are still gaining traction on social meeting and this is a category that will ultimately prove to be valuable. Mr. Tramm would like to have \$1,000 per quarter for a total \$4,000. The intent is to be involved with social media campaigns and get public interest and involvement. Not extravagant items, but enough to get attention and involvement – stuffed animals, mugs, t-shirts. Mrs. Hutchinson suggested partnering with local businesses to sponsor prizes. Mrs. Brown suggested that if they contributed half of the prize values that it would avoid accusations of favoritism – that way the businesses who want to participate can show interest by being actively involved.

▪ DOWNTOWN ENHANCEMENT PROJECTS

Can run hand in hand with our Downtown Development Plan but can be used for other things that may come up that are not related so it gives the EDC flexibility as well as additional funds. Mrs. Huss suggested the fixing the wall at the Community Center. Mr. Tramm said that he would like \$30,000 in this line item. All agreed.

○ MARKETING AND TOURISM

▪ BROCHURES/PRINTED LITERATURE

Mr. Tramm sees use for this category with Margaritaville, but not sure that the full \$9,000 is what we need. Mrs. Brown says that some of this could include the website – would it be better to move some amount, say \$7,000 to the website fund just in case we decide to go that

direction? Mr. Tramm says that is a good comment because he sees greater value in providing information via handheld devices and physical signage. Mrs. Hutchinson asked whether we were completely moving away from physical items? Mrs. Huss said that she feels that we still need something for people to hold in their hands but perhaps just at a few targeted locations but not widespread campaigns. Mrs. Huss suggested \$4,000 in brochures and \$8,000 in website. Mrs. Brown suggested \$2,000 in brochures. Mr. Tramm thought that with Margaritaville there would be more opportunities so he wanted to go with the higher dollar value to take advantage of options if they became available. Mrs. Huss said that we might be able to target specific audiences at Margaritaville with specific activities which would need specific printables. All agreed that \$4,000 would be the number but we wouldn't be spending it right away or on one printing of one type of brochure

- WEBSITE

\$8,000 was agreed during the previous line item, and it was noted that the specialty subsite cost from Municode was previously quoted at \$4,000 if we wanted to go in that direction

- SOCIAL MEDIA ADVERTISING

Mr. Tramm said that he was looking at this category as boosting of social media posts. Will be based on how posts self-develop. All agreed on a \$3,000 line item, which represents \$250 per month.

- ADMINISTRATION

- ADMIN TRANSFERS TO GENERAL FUND

Mr. Tramm said that it is \$47,500 annually without any MEDC employees. He believes that we can continue without an MEDC employee and contract out specific tasks for better value than having

staff do the item and not paying for the overhead. All were in agreement.

▪ MISCELLANEOUS EXPENSES

Mr. Tramm said that he is trying to respect that the Board dislikes miscellaneous items, but sometimes items really are miscellaneous and would like to have \$500 for this category just in case. All were in agreement.

▪ CONSULTING (PROFESSIONAL SERVICES)

Mr. Tramm would like to put money for 3 different types of services in this category.

- ❖ \$13,000 for posting content – someone to post and manage the social media content – IG & Facebook. This figure works out to \$250/week x 52 weeks. Roughly 10 hours per week @ \$25 per week. As a starting point that should cover us.
- ❖ We are also looking to add video content – that is also a specific skill set. City personnel could provide that service but it is time consuming and will be a higher cost – have it penciled in at \$26,000.
- ❖ Also have \$10,000 penciled in for “other” – new social media methods, special projects, etc.

All of that totals up to \$49,000. This money largely comes from personnel money that we are not using for hiring an employee this year. Mrs. Huss noted that some of the \$9,800 budgeted in prior years, was for engineering expenses for reports which were essentially duplicate reports to what was being prepared for City Council. By stopping those specially prepared reports and instead re-using the reports that are given to Council, 20% of this category was already paid for by eliminating duplicative efforts. Mrs. Hutchinson asked who would be responsible for approving the videos. Mrs. Huss said that each video could be done on spec – the

MEDC approves the content and pays the producer after each one for the approved upon price. Mr. Tramm said that it would be best to decide on the tempo of the videos and staff could approve the submission. Mrs. Huss said that MEDC Board could look at the results quarterly and decide whether they wished to continue with their investment in the videos/social media more generally. Mr. Tramm said that he wanted to be nimble enough on the administrative end to respond to what is happening "in the moment" but wanted to make sure that the MEDC Board was involved enough in the process that they felt that they had oversight. Mrs. Hutchinson asked whether this was going to be mostly Mrs. Huss and Mr. Tramm making decisions on social media and Mrs. Huss said that she was currently working for free because she was also on City Council. All were in agreement with this line item

- TRAVEL AND TRAINING EXPENSES

Mr. Tramm stated that we started the year with \$10,000 and then made some modifications. Would like to go back to \$10,000 – has expectations of social media training as well as required training that has been cancelled because of COVID. There is also training that is important for MEDC Board Members that might be available on an online format. We might need the full \$10,000 to fulfill required and necessary training. All agreed.

- TECHNOLOGY

Mr. Tramm stated that he put \$2,000 in there for other equipment needs but doesn't have anything specific in mind at this time. Mrs. Huss stated that the Board will require to make approvals of items. All were in agreement of the amount.

- OFFICE SUPPLIES

Mr. Tramm thinks that we can put 0 in this item because without a staff member any expense can be covered by the admin transfer.

Mr. Tramm states that at this point we still have a positive number of revenues over expenses and Mrs. Hutchinson states that she believes that we should be operating on a zero budget. Mrs. Huss says that she believes that we should be putting the excess funds in Public Infrastructure Category. All were in agreement. Mrs. Hutchinson suggests putting it all into the Downtown Development Improvement line item. Mrs. Brown and Mrs. Huss agreed. Mr. Tramm said that it brings the line item to \$112,000 which brings the overall budget to a balance between income and expenses. Mr. Walker agreed.

Mrs. Hutchinson asked to review the Downtown Enhancements and what that encompasses. Mr. Tramm says it could include a decorative lighting system, a certain type of paver blocks (decorative or functional), something you could pair with money from Downtown Development Improvements. He wouldn't include something structural underground. Mrs. Hutchinson asked if it could be used to paint the exterior of the public restrooms – Mr. Tramm agreed that it could be used for that purpose.

Mrs. Huss asked if we needed to have a second workshop. Mr. Tramm said that because there was such a comprehensive meeting he felt it not necessary. Mrs. Brown said that if City Council didn't approve the budget then we would need one, but otherwise not and Mr. Walker agreed. Mrs. Huss noted that there was such broad support for each line item and inclusive discussion and all agreed.

ADJOURNMENT

The Workshop Meeting adjourned at 12:19 p.m. All in favor.

Submitted by:  Date Approved: 09-21-2020
Amy Brown, MEDC Secretary




Rebecca Huss, MEDC President