

MONTGOMERY ECONOMIC DEVELOPMENT CORPORATION
2016-2017 FY OPERATING BUDGET

ADOPTED BY CITY COUNCIL
ON
SEPTEMBER 27, 2016

Montgomery Economic Development Corporation
Statement of Income, Expenditures, and Changes in Net Assets

| | 2014-15 | 2015-16 | 2015-16 | 2016-17 |
|--|-------------------|-------------------|-------------------|-------------------|
| | Actual | Amended Budget | Estimate | Budget |
| Beginning net assets (fund balance) | \$ 576,189 | \$ 636,886 | \$ 636,890 | \$ 697,140 |
| Income | | | | |
| Sales tax (one-half of one percent) | 449,352 | 466,000 | 460,000 | 557,000 |
| Interest income | 603 | 250 | 700 | 500 |
| Miscellaneous | 1,664 | - | - | - |
| Total income | 451,619 | 466,250 | 460,700 | 557,500 |
| Total Appropriable Funds | 1,027,808 | 1,103,136 | 1,097,590 | 1,254,640 |
| Expenditures | | | | |
| Public Infrastructure (Category 1) | | | | |
| Downtown development improvements 1 | - | 20,000 | 17,000 | 35,000 |
| Utility extensions | 89,794 | 170,000 | 80,000 | 200,000 |
| Flagship development improvements 2 | 19,487 | - | - | 10,000 |
| Undesignated infrastructure projects | 1,009 | - | - | - |
| Transfer to debt service | 117,500 | 117,500 | 117,500 | 127,500 |
| Total Infrastructure | 227,794 | 307,500 | 214,500 | 372,500 |
| Business development and retention (Category 2) | | | | |
| Wine and music festival | 9,500 | - | - | - |
| Antique show and festival | 9,500 | - | - | - |
| Sales tax reimbursement | - | - | - | 67,000 |
| Economic development grant program | 7,298 | 15,000 | 15,000 | 20,000 |
| Total business development | 26,298 | 15,000 | 15,000 | 87,000 |
| Quality of life (Category 3) | | | | |
| Seasonal decorations 3 | 3,000 | 3,000 | 8,200 | 3,000 |
| Christmas lighting, civic association | 1,492 | 1,600 | 1,400 | 1,600 |
| Walking tour | - | 10,000 | 2,700 | 6,000 |
| Downtown enhancement projects | 5,830 | 5,000 | 9,700 | 25,000 |
| Removal of blight | 17,816 | 30,000 | 15,000 | 25,000 |
| Downtown signs | 21,407 | 3,000 | - | 1,000 |
| Fernand improvements | - | 10,000 | 13,000 | 5,000 |
| Heritage village detention pond improvements | - | 10,000 | - | 10,000 |
| Park improvements | 1,663 | - | - | - |
| Total quality of life | 51,208 | 72,600 | 50,000 | 76,600 |
| Marketing and tourism (Category 4) | | | | |
| Promotional video | - | 4,000 | - | 1,000 |
| Brochures / printed literature | 12,165 | 10,000 | 6,700 | 8,000 |
| Christmas in Montgomery 4 | 5,000 | 5,000 | 5,000 | 5,000 |
| Wine and music festival | - | 10,000 | 10,000 | 10,000 |
| Antique show and festival | - | 10,000 | 10,000 | 10,000 |
| Texian heritage festival | - | 8,000 | 8,000 | 8,000 |
| Total marketing and tourism | 17,165 | 47,000 | 39,700 | 42,000 |
| Administration (Category 5) | | | | |
| Transfers to city general fund | 37,500 | 37,500 | 37,500 | 37,500 |
| Montgomery area chamber of commerce office | 28,800 | 30,000 | 32,000 | 32,000 |
| Staffing (one part-time person; one intern) | - | - | - | 45,000 |
| Miscellaneous expense | - | 1,500 | 1,500 | 6,000 |
| Consulting (professional services) | - | 15,000 | 9,250 | 15,000 |
| Travel and training | 2,161 | 3,500 | 1,000 | 3,500 |
| Total administration | 68,461 | 87,500 | 81,250 | 139,000 |
| Total expenditures | 390,922 | 529,600 | 400,450 | 717,100 |
| Ending net assets (fund balance) | \$ 636,886 | \$ 573,536 | \$ 697,140 | \$ 537,540 |

Notes:

- 1 - Changed from "parking" to "development."
- 2 - Changed from "boulevard" to "development."
- 3 - Changed by removing "banners assistance" and moving from category 4 to category 3.
- 4 - Moved from category 3 to category 4.

MEDC BUDGET - DETAILS

Attached is the Proposed MEDC 2016 Budget. Below is an explanation of each line item intention- I say intention because, please remember that the budget is more than just figures, it is the intended actions of the MEDC from October 1st, 2016 to September, 2017.

Not all of these intentions will happen during the upcoming year and there, almost certainly, will be new actions that you will decide to undertake during the upcoming fiscal year.

All of this is to say that the budget is as much a goals policy as a financial plan that can be amended during the year.

You may note that the budget has a planned surplus of expenditures over revenue. That will be the case if every dollar is expended during the year, which is not likely. The MEDC has a projected year-end balance of approximately \$697,150 and the projected use of \$169,600 (the amount expenditures are over revenues for next year) would come off that number. But keep in mind, for instance, the current year had a projected expenditures of \$98,150 and we actually expect to not dip into the balance at all this year, because not every expenditure happened that was budgeted.

Revenues

- Sales Tax -- Sales tax for the city overall is expected to increase.
- Interest Income -- this is interest income from the balance in MEDC funds

Expenses state law states what can come from each category

Category I ---

- Downtown Improvements -- the thought is that the \$10,000 from the builder of the new building at McCown and College will be paid and with that money and \$25,000 from the MEDC that a paved parking area will be placed along Clepper

Street north of the Community Center. \$10,000 for planned improvements to drainage/sidewalks/streetscape improvements in downtown area.

-Utility Extensions – This will be \$75,000 toward the Texas Capital Fund grant to get utilities to the Pizza Shack development –already agreed to by MEDC. The remaining \$50,000 is for future possibilities that may come up during this next year. \$75,000 for the McCoy's sewer line size upsizing.

-Flagship Boulevard improvements-this involves landscaping on the north side of Flagship Boulevard, to screen the back of the shopping center from the apartments and otherwise beautify Flagship Boulevard.

-Transfer to debt service. Increase from \$117,500 in the past to \$177,500 due to another borrowing by the city for water and sewer dates.

Category II

-Economic Development Grant Program – This is where a grant is made to a historic area business or home to make an improvement to their façade, structure or public use aspect of their building. The grant maximum is \$5,000 and are individually applied for and awarded by the MEDC Board.

Category III

-Seasonal decorations- involves some additional monies and upkeep/additions to the trees purchased earlier this year.

-Christmas Lighting – this helps the Civic Association with funding for their lighting of Cedar Brake Park and downtown during the holidays.

-Walking tour- The MEDC for three years has budgeted for this “Q- code” walking tour of the historic district that will involve signing, printed materials and other amenities involved in the tour.

-Downtown Enhancement Projects – This involves some planned streetscaping improvements to the downtown area. This may involve drainage/ benches/ trash cans, sign posts, trees, etc.

-Removal of Blight - This is for removal of old houses/structures having to do with the appearance of the city. The city is starting a process on five such structures and the \$30,000 will go toward those removal expenses.

-Downtown Signs – This is for the upkeep of the new electric sign at the corner of 149 and 105.

- Fernland Improvements– This will contribute toward the restoration and maintenance of the Park's inventory of buildings and artifacts of Fernland Park.
- Heritage Village Detention Pond Improvement – This is an old MEDC agreed to do project to help the Heritage Apartment builder finish their detention pond so that public use can be made of the pond.

Category IV

- Promotional Video – The MEDC two months ago gave Shannan Reid permission to work with the producer of the MEDC community video to update the video. That work is in progress and will be paid from next year's funds.
- Brochures Printed Literature - This involves an advertisement in a Woodlands Chamber publication and other brochures and mail outs during the upcoming year.
- Christmas in Montgomery -- the MEDC for several years has contributed to this local event that brings in persons for the event that generally "sells" Montgomery to visitors and locals alike.
- Wine and Music Festival- the MEDC for several years has contributed to this local event that brings in persons for the event that generally "sells" Montgomery to visitors and locals alike.
- Antique Show and Festival-- the MEDC for several years has contributed to this local event that brings in persons for the event that generally "sells" Montgomery to visitors and locals alike.
- Texian Heritage Festival -- the MEDC for several years has contributed to this local event that brings in persons for the event that generally "sells" Montgomery to visitors and locals alike.

Category V

- Admin. Transfer to General Fund – This is what MEDC pays for City support of MEDC, meaning the financial record keeping, my time and overall city support of MEDC economic development matters.
- MACC Administration and Office – This is payment to the Montgomery Area Chamber of Commerce for Shannan's Reid's time and office spent on economic development through the Chamber.

- Staff Support person-- Additional staff person for either as a staff person for hiring by the MACC or as a half-time employee of city as a Special Events Coordinator for discussion/decision by the MEDC/City Council. Also, an internship program for high school/college students from city to work in city businesses – hopefully getting them trained/connected to a job that will keep them in the city after graduation. It is thought to be a cooperative program with local businesses wherein the local business pays half the pay to the intern and MEDC matches up to \$3,000.

- Miscellaneous Expenses - Just as it reads, minor expenses of the MEDC that do not seem to fit into any specific line item budgeted. A drone purchase is proposed.

- General consulting (Acctg. , Eng., Legal) -- this is in case there is some specific engineering or legal work or advice needed for the MEDC due to looking at some specific issue, plus it could pay for the economic development analysis programs that MEDC has done on two recent occasions to analyze requested infrastructure contributions to a specific business.

- Travel and Training Expenses -- Travel for MEDC members or staff to various trainings, seminars, etc.