



## **SEDC Budget – Fiscal Year 2022-2023**

Effective: October 1, 2022 – September 30, 2023

### **Summary**

For Fiscal Year 2022-2023, the Seguin Economic Development Corporation (SEDC) will continue to strategically focus on growing the Seguin economy through projects that promote and develop new and expanded business enterprises and result in the creation and/or retention of Primary Jobs. In order to carry out our mission, the SEDC will focus its efforts on targeted industry recruitment, primary job creation, business retention and expansion (primary job retention), workforce development, and targeted infrastructure improvements.

### **Budgeted Revenues**

The SEDC anticipates at least **\$1,603,451** in total revenue for Fiscal Year 2023. The SEDC is primarily funded through a quarter-cent sales tax that is collected within the City of Seguin and allocated towards eligible economic development efforts. For Fiscal Year 2023, staff anticipates at least **\$1,600,000** in revenues from sales tax collections allocated to the SEDC. Additional sources of revenue for the SEDC include monies received through loan agreements and interest.

### **Budgeted Expenditures**

The SEDC is budgeting **\$1,273,944** in total expenditures for Fiscal Year 2022-2023. Details on budgeted expenditures and specific expense accounts can be found below.

## Budgeted Revenues

| Revenue Sources                    | Original Budget<br>FY 2022 | Projected Revenues<br>FY 2023 Budget |
|------------------------------------|----------------------------|--------------------------------------|
| Economic Development Sales Tax     | \$1,500,000                | \$1,600,000                          |
| Principal/Interest – Pure & Gentle | \$1,951                    | \$1,951                              |
| Miscellaneous Revenue              | \$0                        | \$0                                  |
| Interest                           | \$1,500                    | \$1,500                              |
| <b>Total Revenue</b>               | <b>\$1,503,451</b>         | <b>\$1,603,451</b>                   |

## Budgeted Expenditures

| Expense Account               | Original Budget<br>FY 2022 | Year End Estimates<br>FY 2022 | Proposed Budget<br>FY 2023 |
|-------------------------------|----------------------------|-------------------------------|----------------------------|
| Annual Audit                  | \$4,350                    | \$4,650                       | \$4,650                    |
| Attorney Fees                 | \$25,000                   | \$20,000                      | \$25,000                   |
| Board of Directors            | \$5,000                    | \$4,500                       | \$5,000                    |
| BRE and Workforce Development | \$65,000                   | \$40,000                      | \$50,000                   |
| Economic Development Services | \$341,000                  | \$341,000                     | \$489,294                  |
| Marketing and Promotion       | \$150,000                  | \$140,000                     | \$160,000                  |
| Operating Supplies            | \$10,000                   | \$10,000                      | \$15,000                   |
| Professional Development      | \$10,000                   | \$8,000                       | \$15,000                   |
| Professional Services         | \$250,000                  | \$250,000                     | \$250,000                  |
| Project Development           | \$100,000                  | \$100,000                     | \$0                        |
| Property Maintenance          | \$10,000                   | \$14,836                      | \$10,000                   |
| Debt Service                  | \$250,000                  | \$250,000                     | \$250,000                  |
| <b>Total Expenditures</b>     | <b>\$1,153,014</b>         | <b>\$1,182,986</b>            | <b>\$1,273,944</b>         |

**Annual Audit: \$4,650.00**

| Expense Account | Original Budget<br>FY 2022 | FY 22 End<br>Estimate | Proposed<br>Budget FY 2023 | % Change from<br>Budget FY 2022 | % of Budgeted<br>Expenditures |
|-----------------|----------------------------|-----------------------|----------------------------|---------------------------------|-------------------------------|
| Annual Audit    | \$4,350                    | \$4,650               | <b>\$4,650</b>             | <b>+7%</b>                      | <b>0.3%</b>                   |

**Objectives and Proposed Expenditures:**

This expense account is used for expenditures related to the required annual audit of the SEDC Budget performed by Armstrong, Vaughn, & Associates. Staff is not proposing any increase to this expense for FY 23.

**Attorney Fees: \$25,000.00**

| Expense Account | Original Budget<br>FY 2022 | FY 22 End<br>Estimate | Proposed<br>Budget FY 2023 | % Change from<br>Budget FY 2022 | % of Budgeted<br>Expenditures |
|-----------------|----------------------------|-----------------------|----------------------------|---------------------------------|-------------------------------|
| Attorney Fees   | \$25,000                   | \$20,000              | <b>\$25,000</b>            | <b>0%</b>                       | <b>1.6%</b>                   |

**Objectives and Proposed Expenditures:**

This expense account is used to cover expenditures for the SEDC's Attorney Fees. SEDC has contracted with Denton, Navarro, Rocha, Bernal, & Zech, P.C. (DNRBZ) for our legal services. DNRBZ bills the SEDC monthly for work completed. DNRBZ's hourly billing rates are as follows: \$215.00/Hr. for Partners, \$200.00/Hr. for Associates, and \$105.00/Hr. for Paralegals. Staff is not proposing any increase to this expense for FY 23.

**Board of Directors: \$5,000.00**

| Expense Account    | Original Budget<br>FY 2022 | FY 22 End<br>Estimate | Proposed<br>Budget FY 2023 | % Change from<br>Budget FY 2022 | % of Budgeted<br>Expenditures |
|--------------------|----------------------------|-----------------------|----------------------------|---------------------------------|-------------------------------|
| Board of Directors | \$5,000                    | \$4,500               | <b>\$5,000</b>             | <b>0%</b>                       | <b>0.3%</b>                   |

**Objectives and Proposed Expenditures:**

This expense account is used for expenditures associated with SEDC Board of Directors Meetings and Training. Proposed expenditures include, but are not limited to the follow:

- Board Training – Registration for Texas Economic Development Sales Tax Workshop
- Board Meetings – Lunches and other expenditures associated with Monthly SEDC Board Meetings

Staff is not proposing any increase to this expense account for FY 23.

## BRE & Workforce Development: \$50,000.00

| Expense Account                | Original Budget<br>FY 2022 | FY 22 End<br>Estimate | Proposed<br>Budget FY 2023 | % Change from<br>Budget FY 2022 | % of Budgeted<br>Expenditures |
|--------------------------------|----------------------------|-----------------------|----------------------------|---------------------------------|-------------------------------|
| BRE & Workforce<br>Development | \$65,000                   | \$40,000              | \$50,000                   | -23%                            | 3.1%                          |

### Objectives and Proposed Expenditures:

The Business Retention and Expansion (BRE) Program identifies primary job creating companies with opportunities for expansion, who are most at risk of leaving or closing, or who are experiencing community related problems, and to utilize every resource available through the Seguin Economic Development Corporation (SEDC) to help them succeed. Through a concentrated effort to assist primary job creating companies and the implementation of this plan, the Seguin economy will maintain its stability and continue to grow. The BRE and Workforce Development expense account is used for expenditures associated with operating the SEDC Business Retention and Expansion Program along with workforce development efforts. Proposed expenditures include, but are not limited to the follow:

- **BRE Program Related Expenditures:** Typical expenditures associated with BRE efforts include job fairs, business roundtables, lunch and learn events and the annual Business Appreciation and Economic Outlook Luncheon.
- **Workforce Development Efforts Related Expenditures:** Typical expenditures related to workforce development efforts are associated with the SEDC's annual industry bus tours for high school students and the Seguin Career and Industry Signing Day event. The SEDC will allocate monies within this expense account as matching funds for workforce development related grants such as the Texas Workforce Commission High Demand Job Training Grant.

Staff is proposing a 23% decrease to BRE & Workforce Development budget from FY 22.

## Economic Development Services: \$489,294.00

| Expense Account                     | Original Budget<br>FY 2022 | FY 22 End<br>Estimate | Proposed<br>Budget FY 2023 | % Change from<br>Budget FY 2022 | % of Budgeted<br>Expenditures |
|-------------------------------------|----------------------------|-----------------------|----------------------------|---------------------------------|-------------------------------|
| Economic<br>Development<br>Services | \$341,000                  | \$341,000             | \$489,294                  | +43%                            | 30.5%                         |

### Objectives and Proposed Expenditures:

The Economic Development Services Expense Account is used to cover expenses that are outlined within the Management Services Agreement (MSA) between the City of Seguin and the SEDC. Per the current MSA, expenses include, but are not limited to the following:

- Per the MSA, the SEDC pays the City of Seguin 10% of the annual Type A sales tax received by the SEDC, in exchange for the City providing management, administrative and financial services to the SEDC.
- Staff Salaries
  - **Assistant Director of ED:** The SEDC is responsible for 50% of the costs of the position.
  - **Business Retention Specialist:** The SEDC is responsible for 100% of the costs of the position.
  - **Administrative and Marketing Assistant:** The SEDC is responsible for 50% of the costs of the position.
- Vehicle, Telephone and Wireless Data Service Allowances
  - The SEDC is responsible for 100% of the costs of the Vehicle and allowances.
  - Mobile phone and vehicle allowance reimbursements

For FY 23, Staff is proposing changes to the structure of the Management Services Agreement which will result in a 43% increase to the Economic Development Services budget from FY 22 to FY 23. Under the proposed changes, the SEDC would be responsible for 100% of the Salaries and Benefits for the Assistant Director, BRE Specialist, and Marketing Specialist

positions. The City would be responsible for 100% of the Vehicle and Phone Allowance for the Director, Assistant Director, BRE Specialist, and Marketing Specialist positions. The City would also be responsible for 100% of the Salaries and Benefits for the Director. Though the SEDC would bear more financial responsibility under the proposed restructuring of the MSA, this would allow for City to free up funding within the Utility Fund – Economic Development Budget to continue the Business Improvement Grant Program for FY 23. The proposed restructuring would also streamline the cost sharing of salary and benefits for Economic Development Staff.

### Marketing and Promotion: \$160,000.00

| Expense Account         | Original Budget FY 2022 | FY 22 End Estimate | Proposed Budget FY 2023 | % Change from Budget FY 2022 | % of Budgeted Expenditures |
|-------------------------|-------------------------|--------------------|-------------------------|------------------------------|----------------------------|
| Marketing and Promotion | \$150,000               | \$140,000          | <b>\$160,000</b>        | <b>+7%</b>                   | <b>10%</b>                 |

#### Objectives and Proposed Expenditures:

The Marketing and Promotion Expense Account is primarily used for expenditures associated with marketing the City of Seguin as a premier destination for business and investment. This includes dues to marketing organizations that the SEDC participates with, production of marketing materials, marketing campaigns and events, travel associated with marketing efforts and other miscellaneous marketing expenses.

- **Marketing Partners:** The SEDC partners with these organizations primarily for marketing and lead generation purposes. Organizations that the SEDC partners with includes Team Texas, Texas Economic Development Corporation (TxEDC/Go Big in Texas), Site Location Partnership, Greater San Antonio Economic Development Partnership (Greater SATX), CCIM, Site Selectors Guild, NAOIP, IAMC, and CREW.
- **Advertisements and Marketing Materials:** Over the course of the fiscal year, the SEDC will work to produce new marketing print and digital material to highlight the assets of the City of Seguin. This typically includes working with graphic design and other entities for production purposes.
- **Lead Generation & Marketing Campaigns:** The SEDC participates on targeted Lead Generation & Marketing Campaigns with our Marketing Partners such as Greater SATX, Team Texas, TxEDC/Go Big in Texas, Site Selectors Guild, IAMC, and Site Location Partnership. These efforts enable the SEDC to market Seguin to site consultants, business prospects and other key stakeholders. The SEDC plans to participate in 10-12 Lead Generation & Marketing Campaigns trips with partner organizations to targeted markets and targeted industry conferences/trade shows.

Due to the projected increase in economic development sales tax collections in FY 23, staff is proposing a 7% increase to the Marketing and Promotion account from FY 22. The proposed budget of \$160,000 for the Marketing and Promotion account would represent 10% of the SEDC's revenues. Per section 504.105 of the Texas Local Government Code, a Type A corporation may spend no more than 10% of the corporate revenues for promotional purposes. Staff will utilize the additional budgeted funds for this account to expand upon the SEDC's marketing and promotion efforts.

### Operating Supplies: \$15,000.00

| Expense Account    | Original Budget FY 2022 | FY 22 End Estimate | Proposed Budget FY 2023 | % Change from Budget FY 2022 | % of Budgeted Expenditures |
|--------------------|-------------------------|--------------------|-------------------------|------------------------------|----------------------------|
| Operating Supplies | \$10,000                | \$10,000           | <b>\$15,000</b>         | <b>+50%</b>                  | <b>0.9%</b>                |

#### Objectives and Proposed Expenditures:

The Operational Supplies Expense Account is used for expenditures for office supplies, equipment and other items related to SEDC Operations. Staff is proposing a 50% increase to the Operating Supplies Expense Account from FY 22. The increase is needed to upgrade certain equipment that staff utilize for day-to-day operations.

## Professional Development: \$15,000.00

| Expense Account             | Original Budget<br>FY 2022 | FY 22 End<br>Estimate | Proposed<br>Budget FY 2023 | % Change from<br>Budget FY 2022 | % of Budgeted<br>Expenditures |
|-----------------------------|----------------------------|-----------------------|----------------------------|---------------------------------|-------------------------------|
| Professional<br>Development | \$10,000                   | \$8,000               | \$15,000                   | +50%                            | 0.9%                          |

### Objectives and Proposed Expenditures:

The Professional Development Expense Account is used for expenditures related to registration and attendance of professional development classes and conferences for economic development Staff. Staff is proposing a 50% increase to the Professional Development Expense Account from FY 22. The increase is being requested to allow for staff to participate in additional professional development opportunities such as the University of Oklahoma Economic Development Institute.

## Professional Services: \$250,000.00

| Expense Account          | Original Budget<br>FY 2022 | FY 22 End<br>Estimate | Proposed<br>Budget FY 2023 | % Change from<br>Budget FY 2022 | % of Budgeted<br>Expenditures |
|--------------------------|----------------------------|-----------------------|----------------------------|---------------------------------|-------------------------------|
| Professional<br>Services | \$250,000                  | \$250,000             | \$250,000                  | 0%                              | 15.6%                         |

### Objectives and Proposed Expenditures:

The Professional Services Expense Account is used for expenditures related to architectural services, engineering service, real estate appraisals, infrastructure and utility analysis, conceptual site designs, environmental studies, geotechnical reports, and other related professional services. These services are essential to an asset, project, and prospect development, helping facilitate the creation and retention of Primary Jobs in Seguin. The Professional Services Expense Account is also used for expenditures that are categorized as Contract and Subscription Services for the SEDC. Contract and subscription services include, but are not limited to the following:

- **SEDC Website – Golden Shovel Agency:** SEDC Website hosting, maintenance, and other related dues
- **Chumra JobsEQ:** Workforce Data/Economic development data subscription
- **GIS Webtech:** SEDC website data tool that can be accessed by prospects and the general public
- **Impact Data Source:** Economic impact analysis software subscription
- **CoStar/LoopLink:** Subscription to commercial real estate inventory system and online available properties tool
- **Sites to do Business:** Data subscription that provides access to ESRI Business Analyst Tool
- **HubSpot:** SEDC CRM Software

Staff is not proposing any increase to this expense account for FY 23.

**Project Development: \$0.00**

| Expense Account                | Original Budget<br>FY 2022 | FY 22 End<br>Estimate | Proposed<br>Budget FY 2023 | % Change from<br>Budget FY 2022 | % of Budgeted<br>Expenditures |
|--------------------------------|----------------------------|-----------------------|----------------------------|---------------------------------|-------------------------------|
| <b>Project<br/>Development</b> | \$100,000                  | \$100,000             | <b>\$0.00</b>              | <b>-100%</b>                    | <b>0%</b>                     |

**Objectives and Proposed Expenditures:**

The Project Development Expense Account has been used for direct financial incentives provided to business enterprises that are growing and expanding in Seguin. Starting in FY 23, Staff is proposing that the SEDC discontinued the Project Development Expense Account. Projects that have historically been charged to this account can leverage funds from the SEDC's Incentive and Infrastructure Fund.

**Property Maintenance: \$10,000.00**

| Expense Account                 | Original Budget<br>FY 2022 | FY 22 End<br>Estimate | Proposed<br>Budget FY 2023 | % Change from<br>Budget FY 2022 | % of Budgeted<br>Expenditures |
|---------------------------------|----------------------------|-----------------------|----------------------------|---------------------------------|-------------------------------|
| <b>Property<br/>Maintenance</b> | \$10,000                   | \$14,836              | <b>\$10,000</b>            | <b>0%</b>                       | <b>0.6%</b>                   |

**Objectives and Proposed Expenditures:**

The Property Maintenance Expense Account is used for expenditures associated with the maintenance and upkeep of SEDC Owned Properties. Staff is not proposing any increase to this expense for FY 23.

**Debt Service: \$250,000.00**

| Expense Account     | Original Budget<br>FY 2022 | FY 22 End<br>Estimate | Proposed<br>Budget FY 2023 | % Change from<br>Budget FY 2022 | % of Budgeted<br>Expenditures |
|---------------------|----------------------------|-----------------------|----------------------------|---------------------------------|-------------------------------|
| <b>Debt Service</b> | \$250,000                  | \$250,000             | <b>\$250,000.00</b>        | <b>0%</b>                       | <b>15.6%</b>                  |

**Objectives and Proposed Expenditures:**

The Debt Service Expense Account is used to pay debt service reimbursements to the City of Seguin for bond, tax notes, and other debt payments. Debt obligations for FY 2023 include:

| Obligation<br>Name                    | Original Principal<br>Amount | Interest<br>Rate | Remaining Balance<br>as of 9/30/22 | FY 2023<br>Payment Due | Notes   |
|---------------------------------------|------------------------------|------------------|------------------------------------|------------------------|---|
| <b>Blumberg<br/>Property<br/>Loan</b> | \$1,911,617.81               | 0%               | \$1,161,617.81                     | <b>\$250,000</b>       | Per the loan agreement with the City of Seguin, the SEDC will pay \$250,000 per year of the agreement. Payment is due May 1 <sup>st</sup> . |

## Proposed FY 2023 Budget Recap

| Budget Breakdown                                       | Proposed FY 2023 Budget |
|--|-------------------------|
| <b>Total Revenues</b>                                  | \$1,603,451             |
| <b>Total Expenditures</b>                              | \$1,273,944             |
| <b>Net Revenues (Expenditures) before transfer</b>     | \$329,507               |
| <b>Transfers to SEDC Incentive/Infrastructure Fund</b> | \$0.00                  |
| <b>Net Revenues (Expenditures) after transfer</b>      | <b>\$329,504</b>        |

**Notes:** Per the SEDC Fund Balance/Working Capital Minimum Balance Policy, following the presentation of the Annual Audit to the SEDC Board of Directors in March of 2023, it will be recommended that all Fund Balance/Working Capital in excess of three months average operating expenditures to be transferred to the SEDC's Incentive and Infrastructure Fund through the form of a budget amendment.

A budget surplus for FY 23 will ensure that the SEDC's is able to continue to grow our Incentive and Infrastructure Fund. This Incentive and Infrastructure Fund is utilized on expenditures related authorized Type A Economic Development Projects, per Section 501 of the Texas Local Government Code.