



**ECONOMIC
DEVELOPMENT
CORPORATION**

MEMORANDUM

To: Mayor Donna Dodgen
Seguin City Council

CC: Steve Parker, City Manager
Andy Quittner, City Attorney

From: Josh Schneuker, Director of Economic Development / SEDC Executive Director

Date: August 26, 2022

Subject: FY 2023 SEDC and CoS Management Services Agreement

Overview

The SEDC and City of Seguin Management Services Agreement outlines the management, administrative and financial services the City provides to the SEDC. The City of Seguin's Director of Economic Development serves as the designated employee of the City described in Section 4.03 (4) of the SEDC Bylaws (Executive Director) charged with the responsibility of carrying out the SEDC's plan and program as adopted by the Board. The SEDC and City share the cost for the management services provided under the Agreement by paying to the City 10% of the annual Type A sales tax received by the SEDC. These payments are remitted by the SEDC to the City of Seguin monthly.

For FY 23, Staff is proposing changes to the structure of the Management Services Agreement. 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.

Management Services

Under the Management Services Agreement, the City provides management, administrative and financial services to the SEDC. Direct services the City shall perform for the SEDC shall include, but not be limited to:

1. Development of an economic development plan, as required by Section 4.03 (1) (a-e) of the Corporation's Bylaws, for review and approval by the SEDC Board and City Council.
2. Present an Annual Economic Development Report once each year, no later than November 30 of each year, as required by Section 4.03 (5) of the SEDC Bylaws.
3. Reviewing and advising the SEDC Board of the tasks and responsibilities of the SEDC and its Board pursuant to law and the SEDC Articles and Bylaws to ensure that the SEDC carries out its duties and requirements imposed on it by law and the Articles and Bylaws.

4. Preparing all reports and keeping all books and records required by the SEDC's Bylaws including Sections 4.03 (5) and 8.12, 8.13 and 9.01 of the Bylaws.
5. Negotiating all contracts on behalf of the Board with any qualified and appropriate person, association, corporation or governmental entity to perform and discharge designated tasks, as directed by the Board and authorized by Section 5.10 of the Bylaws.
6. Administering and monitoring, on the Board's behalf, all contracts authorized by Section 5.10 of the Bylaws, and monitoring the progress of and report to the SEDC concerning programs for direct economic development the Board has expended tax funds on.
7. Preparing a budget for the forthcoming year for review and approval by the Board and City Council. The budget shall be prepared in accordance with Section 8.02 of the Bylaws.
8. Providing all necessary accounting and financial management through the City's Finance Department. Services shall be provided in accordance with Section 8 of the Bylaws.
9. Providing all personnel necessary for management and administration of projects and programs of the SEDC. City shall be responsible for the hiring, evaluation, and/or termination of personnel, who shall be City of Seguin employees and subject to all personnel policies thereof.
10. Providing all necessary secretarial support, minutes, repository of records, and office and conference space.

No changes are being proposed to the management, administrative and financial services that the City provided to the SEDC, per the Management Services Agreement.

Personnel Salary and Benefits Cost Sharing – Current Structure

Per the Management Services Agreement, the City is responsible for establishing the positions of Assistant Director, Business Retention Specialist and Marketing Specialist/Office Manager. The SEDC and the City of Seguin cost share in personnel salary and benefits associated with economic development staff. Under the current structure of the MSA, those personnel salary and benefit costs are shared as follows:

- **Director of Economic Development/SEDC Executive Director**
 - Salary and Benefits: City of Seguin pays 100%.
 - Vehicle Allowance: 100% paid by the SEDC.
 - Phone Allowance: 50% paid by the SEDC. 50% paid by the City of Seguin.
 - Data Allowance: 100% paid by the SEDC.
- **Assistant Director**
 - Salary and Benefits: SEDC pays 50%, City of Seguin pays 50%.
 - Vehicle Allowance: 100% paid by the SEDC.
 - Phone Allowance: 50% paid by the SEDC. 50% paid by the City of Seguin.
 - Data Allowance: 100% paid by the SEDC.
- **Business Retention Specialist**
 - Salary and Benefits: 100% paid by the SEDC
 - Phone allowance: 50% paid by the SEDC. 50% paid by the City of Seguin.
 - Data allowance: 100% paid by the SEDC.
- **Marketing Specialist/Office Manager**
 - Salary and Benefits: SEDC pays 50%, City of Seguin pays 50%.

Personnel Salary and Benefits Cost Sharing – Proposed Structure

Staff is proposing the following changes to the cost sharing of personnel salary and benefit costs between the City of Seguin and the SEDC:

- **Director of Economic Development/SEDC Executive Director**
 - Salary and Benefits: 100% paid by the City of Seguin
 - Vehicle Allowance: 100% paid by the City of Seguin.
 - Phone and Data allowance. 100% paid by the City of Seguin.
- **Assistant Director**
 - Salary and Benefits: 100% paid by the SEDC.
 - Vehicle Allowance: 100% paid by the City of Seguin.
 - Phone and Data allowance. 100% paid by the City of Seguin.
- **Business Retention Specialist**
 - Salary and Benefits: 100% paid by the SEDC.
 - Phone and Data allowance. 100% paid by the City of Seguin.
- **Marketing Specialist/Office Manager**
 - Salary and Benefits: 100% paid by the SEDC.
 - Phone and Data allowance. 100% paid by the City of Seguin.

Recommendations/Next Steps

The proposed changes would result in a 39% increase in the Economic Development Services Account from FY 22 to FY 23. 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.

The SEDC Board of Directors approved the Management Services Agreement at their meeting on August 25, 2022. Staff and Board recommend approval. The Management Services Agreement will become effective on October 1, 2022.