



**ECONOMIC
DEVELOPMENT
CORPORATION**

MEMORANDUM

To: Mayor Don Keil
Seguin City Council

Cc: Douglas G. Faseler, City Manager Andy Quittner, City Attorney

From: Joshua Schneuker, Executive Director/Director of Economic Development

Date: August 14, 2019

Subject: Fiscal Year 2020 SEDC Budget

Attached to this memo as Exhibit A is the proposed Fiscal Year 2020 Budget for the Seguin Economic Development Corporation. For Fiscal Year 2020, the Seguin Economic Development Corporation will continue to strategically focus on its mission to grow 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 its mission, the SEDC will focus its efforts on primary industry recruitment (primary job creation), business retention and expansion (primary job retention), workforce development, small business development and targeted infrastructure improvements. The SEDC is focused on being fiscally responsible and growing the SEDC's fund balance.

Estimated SEDC revenue for Fiscal Year 2020 is \$1,301,733, while budgeted total expenditures are \$1,512,911. Estimated SEDC revenue for Fiscal Year 2020 is down 13% from what staff estimates to finish the current Fiscal Year at. This is a result of the Tucker/Davis (Roll Masters) Property loan being paid off ahead of schedule. In addition, the Type A economic development sales tax collections for Fiscal Year 2020 are not projected to increase from current Fiscal Year estimated collections. Budgeted total expenditures for Fiscal Year 2020 are up 29.5% from what was originally budgeted in the current Fiscal Year. The primary reason for the increase in budgeted expenditures is because of the new debt service payment in the amount of \$250,000 that will be due on or before May 1, 2020 for the acquisition of the Blumberg Property. It is important to note that the SEDC does anticipate closing a real estate transaction for its Stempel Property in Fiscal Year 2020. Revenue generated from this real estate transaction (estimated to be \$850,000) will be used to pay down the principal on the Blumberg Property Loan. If you do not account for the debt service payment that has been budgeted for the Blumberg Property, the SEDC Budget for Fiscal Year 2020 would reflect a scenario where total budgeted expenditures are less than total revenue.

Section 8.02 of the SEDC Bylaws states that "at least thirty days prior to the commencement of each Fiscal Year of the Corporation, the Board of Directors shall adopt a proposed budget of expected revenues and proposed

expenditures for the next ensuing Fiscal Year. The budget shall contain such classifications and shall be in such form as may be prescribed from time to time by the City.”

On August 5, 2019 the SEDC Board of Directors approved Resolution 2019-08, adopting the budget for Fiscal Year 2019-2020. Per the SEDC Bylaws, “The budget shall not be effective until the same has been approved by City Council.” SEDC Staff and the Board of Directors are recommending approval of the SEDC Budget for Fiscal Year 2019-2020.