

MINUTES OF MEDC BUDGET WORKSHOP MEETING

July 31, 2024

MONTGOMERY ECONOMIC DEVELOPMENT CORPORATION

CALL TO ORDER

President Jeff Angelo called the meeting to order at 5:00 p.m.

Present: Jeff Angelo – President
Arnette Easley – Vice President
Carol Langley – Treasurer
Wade Nelson – Board Member
Casey Olson – Board Member
Dan Walker – Board Member

Absent: Ryan Londeen – Secretary

Also Present: Gary Palmer, City Administrator
Dave McCorquodale, Director of Planning & Development
Katherine Vu, WGA - City Engineer

WORKSHOP ITEMS:

1. Review and discussion of Wayfinding Project documents.

Mr. McCorquodale said the consultant is still making final changes and that is why it is not included in the agenda. He said there are two sizes of signs he will discuss but they will not be reviewing the monument signs as that is a different entity. MEDC authorized this project and signed a contract for \$70,000 that consists of the Wayfinding design package, which is a design of the signs, the content, construction specs, as well as a map of the City showing where the signs will go. From the outset, the idea was not to install every sign. He does not think the intent of the EDC was to say what does it cost to put all these signs in. He thinks the intent was the consultant was going to recommend some phasing. There is a two-post sign and a one-post sign and it is all related to the speed of the highway. He noted if he were budgeting these he would plan on \$10,000 each. Carol Langley asked \$10,000 for one sign. Mr. McCorquodale said yes it is a general estimate. He said the consultant is vastly more experienced than himself in dealing with signs so he is going to trust him when he tells him this is what these signs are going to cost.

Mr. McCorquodale said the benefit of what the EDC gets out of this is a completely designed sign with a set of specs that you can give that same sign package to any sign contractor and get the exact same quote for the exact same sign. He stated EDC began this project in absence of Council and what really needs to happen is if you were happy with the project it needs to go to Council because you are sponsoring a city-wide Wayfinding sign. Carol Langley said they are ready to go to Council with it. Jeff Angelo asked if there is an anticipated date for returning them. Mr. McCorquodale said no. McCorquodale said when you get the final project back EDC will need to approve it first.

Jeff Angelo said he knows this is different but \$8,000-\$10,000 per sign sounds crazy.

Mr. McCorquodale said if he were to make a recommendation it would be to find out what amount of money EDC wants to spend on this and find out what the most bang for the buck is going to be.

Carol Langley asked if the package they are getting will show them all the signs that are supposed to be on SH 105. Mr. McCorquodale said yes. Jeff Angelo said he thinks SH 105 is their priority that they originally spoke about.

Carol Langley asked if Mr. McCorquodale thinks they need to get a total. Mr. McCorquodale said the first thing they need to do is get the final product from the consultant. Carol Langley said what if they are half way in the year and do not have the money to pay for it. Mr. McCorquodale said if you want to budget for signs now would be the time for it. Mr. McCorquodale said they probably will not get anywhere if they try and put a number on it now but put in what they want to budget for signs. Mr. McCorquodale said to be clear the very next step they need to do is accept the project. Jeff Angelo said they are ready to move forward.

Mr. Palmer asked while they are awaiting final plans from the contractor are they anticipating putting this on the next agenda if they can get it back in time. Mr. McCorquodale said yes.

Jeff Angelo asked how long does it take to finish a project like this as it looks complete to him. He asked what are they missing and what they are waiting on. Mr. McCorquodale said they sent them some feedback and picked some stone from new England somewhere where he knows that is not what everyone said they wanted. There were also some minor things to clean up that he had given them because it just did not look right. Jeff Angelo asked if it possible to have the consultant expedite the final piece to them and get it to Council before they have their next meeting. Mr. McCorquodale said no, this needs to go to Council to be approved once EDC approves it. Mr. Palmer said the next step is going to be to make a recommendation for Council to approve. Once Council approves they can use that to solicit bids. He said whatever time of year they do it should be a quick turnaround. Jeff Angelo said they will call a special meeting if they need to. Mr. Palmer said they will aim to get this on the next agenda for August 20th.

2. Review and Discuss the Draft FY25 MEDC Budget.

Maryann Carl said regarding the sales tax revenue she would like to give some background as to how they came up with this number. They took into consideration the Crime Control and Prevention District and the impact that would have on the EDC budget. What you see is what they estimate the EDC's sales tax portion to be. The first few months of the fiscal year is still going to be at the full rate and if the CCPD passes then it would be half that for the remainder of the fiscal year so that is taken account into this budget. Carol Langley said so their money is gone out of there if it passes. Maryann Carl said correct. She said if it does not pass they will come back to the EDC with a budget amendment and in all likelihood they do not have to come back with a budget amendment because your revenues are going to be exceeding what they have estimated. She said just so EDC knows they did already back it out instead of having to come to EDC with a budget amendment. Maryann Carl said interest rates are up and they are still seeing the projection that they should be getting greater interest so they went ahead and included that and the amount they receive with some of the events.

Mr. Palmer said for the parade they charge \$25.00 per entry as a flat fee. The major cost is public safety as they have 30-40 officers out there and that is why it is that expensive.

Maryann Carl said they have taken out the next two lines for a couple of reasons. The first one, the downtown development improvement line the expenditure you are seeing in there in the 2022-2023 column is actually for Wayfinding. It is a general consultant and that is where they should be budgeting that. The utility extension they have historically not spent anything here and budgeting it year after year she did not put anything in this budget for that knowing that if there is something that you decide you want to spend it can come from fund balance as it is a capital project. Maryann Carl said they have left the transfer to capital as that has been happening annually where the EDC puts funds into the City's overall capital project fund. For streets and sidewalks it is the same. You see an entry for 2021-2022

and there is an entry in the books that was a transfer but it was not for any particular item. Maryann Carl said for sales tax reimbursement they reduced this line just keeping in line historically with where they have been and what they are anticipating in this next year. They do not expect to be up to the \$250,000 this year. In looking at those numbers and working with Dave McCorquodale they feel comfortable at the \$180,000.

Maryann Carl said they left the economic development grant program at \$20,000.

Maryann Carl said they took out the downtown façade as they have not been expending anything there. In the event that you decide you want to it is okay, it is just it is not a part of the normal operations and the same with the investment incentives and growth.

Maryann Carl said regarding the removal of blight if you recall last year they put that under general consulting and then they take a cumulative amount for the quality of life events. There is a supplement that goes along with that as far as what events are looked at being funded and that totals to \$71,000 and they added an extra \$5,000 for a potential other event that might come along. Mr. McCorquodale said in general you can see the events Patricia Campuzano is having she is asking for a little bit more funding for each event. He said on the unanticipated events they ended up with \$19,000.

Carol Langley asked if the Texas Flag Celebration is now called Lonestar Flag Festival. Mr. McCorquodale said those were holdovers there that when Patricia Campuzano came on board she did not know what those were. Mayor Countryman stated that all started with the Spirit of Texas Bank and they wanted the town to celebrate the Texas flag. Mr. McCorquodale said the other one was the more historical one that had the original signed Texas flag that was at Fernland. He said he thinks the one there is where everyone puts out Texas flags. Carol Langley asked if instead of it being \$700 from last year should they set it at \$4,000. Mayor Countryman asked if they were talking about the Texas flag. Carol Langley said the Lonestar Flag Festival. She said at one time they had it at \$10,000. Mr. Palmer said they will get an answer. Carol Langley said she is not going to agree to \$4,000 until she knows what is happening. Mr. Palmer said they will table it for tonight and bring it back next week.

Jeff Angelo said he is a bit confused about the whole thing. He said basically they just bundled everything into one number and called it quality of life at \$76,000 but it equals \$71,000. Maryann Carl said it is those greyed out. Jeff Angelo said he noticed the downtown enhancement project is not in there as they budgeted it last year. He also said these Wayfinding signs are in a bunch of different places. Maryann Carl said if they look at the downtown development improvement line the expense you see in 2022-2023 those were expenses toward Wayfinding. In the world of this budget it does not matter if it is for downtown development or streets or sidewalks, you are using a consultant for that purpose. The downtown development has been moved to the general consulting. The utility extension is streets and sidewalks, downtown façade improvements those they have taken out with the idea they are not part of your general operations and they are not routinely making those expenditures annually. If there is something that comes along and the EDC would like to fund it they have the ability as there is a mechanism to do that. Jeff Angelo asked how long those items stay on. Maryann Carl said three years. Jeff Angelo asked if they are just taking them out for now. Maryann Carl said they are taking them out. She said this is your operating budget so if you say we want that monument sign and you know it will be \$100,000 and there is no way that works in your operating budget, they can use fund balance for that.

Maryann Carl said for brochures and printed literature they have set it to \$1,500 just looking at historically where they have been the last two years and feeling like that is a solid number. Carol Langley asked if they think 1,500 is enough. Mr. McCorquodale said based on what they have spent they do. Maryann Carl said as of today they have spent \$177.50 on brochures. Carol Langley said they could leave it at \$1,500 and see. Mr. Palmer said when you are looking at the budget think about it as more of a fund and not so much as a line item. If there is something they need to spend we program \$1,500 and say we have an opportunity to do some advertising that may cost an additional \$3,000 then

we would come back to EDC. They can either move some money internally and let EDC know about it which does not have to have any official action and they can always pull it out from some other line item.

Maryann Carl said regarding website and social media advertising they are proposing to rename this to digital advertising and also reduce it to \$3,400 cumulatively because they are not getting anywhere near the \$9,500 that has been budgeted.

Maryann Carl said historical signage is at \$1,000 and has not been spent for the last couple of years. Mr. Palmer asked what it was used for. Mr. McCorquodale said his best guess is the literal signs they made for some of the homes in the historic district. Jeff Angelo asked Carol Langley what they should do. Carol Langley said to leave it alone.

Maryann Carl said next on the budget is transfer to general. This is reduced from the previous year and part of that is going to be based on what is budgeted in the consulting and professional service.

Maryann Carl said they have added a new line for dues and subscriptions. They have membership dues to the Texas Economic Development Council and Texas Downtown Association.

Maryann Carl continued with consulting and professional services. They went with another entity that does the sales tax analytics for \$4,800 a year versus \$16,000 a year. The EDC consultant is one of the things you have been working on with RFP so this would be taking into account the contract underneath that. The Wayfinding the last portion of the Wayfinding payments and then the McCown Street design. This was something that started two budget years ago and so those funds have been committed and it could be completed this next fiscal year and there would be a payment that would have to be made. As a result of utilizing a consultant it backs off of some of the expenses that were in last year's general fund transfer. It reduces the amount that was coming from the Administrator's salary. It still keeps the total compensation cost for the events person, Patricia Campuzano because EDC does not have payroll and also offsets covering the meeting space, City Secretary services, a portion of annual audit, and a portion for herself for doing this kind of thing.

Jeff Angelo asked if there is anything new Patricia Campuzano is working on. Mr. Palmer said right now she is working on the Quilt Walk but he will have her come to the meeting next week.

Jeff Angelo said the transfer in the general fund is going down a bit but is it commensurate with the reduction in the budget overall. Maryann Carl said they have taken into account that you are going to be getting reduced funds as well so yes. For example last year they divided out the portion of City Hall cleaning and cleaning of the office space that is used. Instead of it funding 20 percent of City Secretary services they backed it down to 10 percent and did the same thing on the finance side. If you have the consultant in place some of those things will be offset.

Maryann Carl said the last line is the travel and training expense which they reduced to \$6,000. Jeff Angelo said with the consultant they may end up spending that this next year.

Jeff Angelo said overall the budget recommended is \$931,000. Maryann Carl said correct. It includes your expenses. The revenue comes in at \$952,000 and the projected net surplus would be \$20,000.

Mr. Palmer said concerning the consultant and professional services he knows they have been discussing what path they want to go down with regard to needing a director or type of consultant. They are coming down to the budget cycle and they are going to bring this budget back to you at the next meeting for the final budget for final approval. He said they program about \$140,000 of that \$254,000 for consulting fees whether that be Retail Strategies, some other company, or whatever consulting firm EDC decides to go with. If you decide to go down the path of an EDC Director then they would have to pull that out of there and program it in as a position. Jeff Angelo asked if that money would come

out of the general fund or the City fund. Mr. Palmer said it would come out of the EDC budget. Jeff Angelo asked if it would come out of the transfers to the general fund. Mr. McCorquodale said it would be transferred to the general fund. Jeff Angelo said but they do not have that money in there right now. Mr. Palmer said correct, there is no line item in there for an ED Director. Mr. Palmer said if between now and when they come back at the next meeting they will finalize the budget. He said he is going to have Retail Strategies come in and present to EDC to have an understanding of what services are out there with the pros and cons. Retail Strategies will be here August 20th. If you decide you do not want to go down that path and still want to go with an ED Director then they would pull that out and amend the budget with that in there as a transfer out. Council would have to approve that budget in the organizational chart and then put it in the City budget. Jeff Angelo asked if he is anticipating \$140,000 would be the cost of a consultant. Mr. Palmer said right now that is the proposal they have from Retail Strategies. Jeff Angelo asked if they have to settle the budget at the next meeting. Mr. Palmer said they can always have a special meeting. The budget is balanced but it is just a matter of how you want to allocate it and whether you want to do go with a consultant or an ED Director.

Jeff Angelo asked when does the budget need to be approved. Maryann Carl said they are posting the proposed budget on August 14th. The budget sits out there for 30 days and the budget must be adopted in September. After the proposed budget sits out there for 30 days people can make comments and they have a hearing and then the budget is adopted. At the public hearing if there are any adjustments that need to be made that is where they can come forward. Jeff Angelo asked if minor changes here or there can be made. Maryann Carl said it would need to be something that is significant like property tax, or sales tax. Minor changes are taken care of during the year of the budget.

Casey Olson said in regard to fall events he does not see one on the list. Jeff Angelo said it is his understanding Kambra Drummond is attempting to put together a wine festival event. Mr. Palmer said if they are going to entertain something like that they will need to farm it out and have professional help to do it right. He said he will get together with Shannan Reid and get some information. Mayor Countryman said she knows Kambra Drummond is talking with wineries now to bring them in for this October or November. Discussion continued on possibilities for hosting a wine festival event in the fall and also enhancing the Christmas events.

Mr. Palmer said he will research information regarding the wine fest, have answers on why the cost increase for events, the wine fest will be added to the next agenda, and will attempt to have the final project for Wayfinding on the next agenda if possible.

3. Discuss MEDC Capital Project Priorities and Project Initiation Process.

Mr. Palmer said EDC can do a lot of capital projects around the City. There are some opportunities they have where EDC could partner with the City or could take on a project of their own that they have in the que that they have as a priority that they do not necessarily have the money for. Mr. Palmer asked what are EDC's priorities with their capital projects within the City and what the EDC would be interested in taking on. He said he would like to review a couple of the projects they have right now. They could build a capital plan along with the operating budget where they manage it over the next couple years to build in funds for these projects and have it as part of the regular budget process. Instead of transferring money to the capital project fund for the City, the EDC would have their own capital projects and the City would manage it, but because the EDC would be funding it, it can remain as a part of your budget and EDC would have the ownership of it and be able to point to what the EDC has been doing. Mr. Palmer asked what capital project priorities does the EDC have. Jeff Angelo said McCown is the very first item they have been working on. He said he thinks it would be best to see what capital projects you think would be helpful. Mr. Palmer said he has different projects that are utility extensions or drainage related. The first is the MISD project with the City improvement waterline extension cost share for \$75,000. This would not be a project but an expense the EDC could pay for. The other project is the College Street drainage. This last project he and Mr. Muckleroy have been dealing with for the past six months is to improve the parking stalls in front of the building, some work

could also be done on the gazebo, and there is always downtown maintenance issues. He said it could be a beautification project the EDC could take on. Mr. Muckleroy said the cost for beautification would be around \$10,000-15,000. Mr. McCorquodale said the design would begin sometime this fall and early 2025 they have a project that is ready to go they just need to have the funds. Casey Olson said right now the City is \$1.4 million behind on capital projects to just get sewer and water up to speed and next year they need to find \$16 million somewhere. Mr. McCorquodale said early when this started he remembers the City was going to focus on the underground stuff and the EDC would focus on the above-ground stuff. Discussion continued concerning parking downtown and using the property the City owns to create more parking spaces. Mr. Palmer said they need to have a priority setting session where they discuss what priorities EDC wants to pursue regarding capital projects and then start discussing these individual projects including what they will cost based on EDC's priorities. It also needs to align with the City's priorities but thinks they can quickly put a capital plan together and start chasing down different funding sources to see what is available.

Jeff Angelo said their priority project is Wayfinding and thinks they should step up with the CTE since they were promised \$75,000. If they could put in parking, which has always been an issue, that would definitely go a long way. Jeff Angelo said they have the money in the general fund and should be able to use it. He is glad for it to go toward something worthy and helping out the City but they are growing and they need to show they have the ability to take the growth and do something with it. Mr. Palmer said Carol Langley has been waiting for years for College Street to be repaired. They have it in next year's budget but again the City is broke and our CIP is in trouble unless they can get creative and start finding funding sources. Jeff Angelo asked how do most cities approach CIP issues. Casey Olson said taxes and bonds. Wade Nelson spoke briefly on MMD, Municipal Management Districts where taxes are collected from each business which then goes into a fund. Katherine Vu said part of the sell to business owners is that yes it is an extra tax but this money will come back to this area to be able to make it more beautiful, redo the parking, the road, or whatever it may be. Jeff Angelo asked if it is passed through tax like a sales tax. Katherine Vu said she will research it further and present at their next meeting.

BOARD INQUIRY

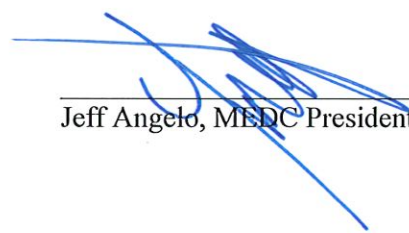
No board inquiry at this time.

ADJOURNMENT

Motion by Carol Langley and seconded by Arnette Easley to adjourn at 6:52 p.m. All in favor. (5-0)

Submitted by: Diana Titus
Diana Titus, Deputy City Secretary

Date Approved: 8-20-2024


Jeff Angelo, MEDC President