



City of San Antonio

Agenda Memorandum

File Number:16-4829

Agenda Item Number:

Agenda Date: 9/29/2016

In Control: City Council A Session

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

FY 2017 Budget for the San Antonio Economic Development Corporation (SAEDC)

SUMMARY:

An Ordinance approving the SAEDC FY 2017 Budget (attached) as required by the Bylaws of SAEDC incorporating \$200,000 into the SAEDC Budget which was appropriated and approved in the City's FY 2017 Budget. The SAEDC Board approved the SAEDC FY 2017 Budget on September 22, 2016, for consideration by City Council.

BACKGROUND INFORMATION:

City Council approved the creation of SAEDC on May 13, 2010, as a nonprofit corporation established for the purpose of helping promote economic development projects in targeted industries and areas of the City. SAEDC is governed by a seven-member board of directors (Board) which consists of the Mayor, City Manager, Chair of the Economic and Human Development Committee (Councilman Joe Krier), Chair of the Transportation, Technology and Utilities Committee (Councilman Ray Lopez) and three citizens at-large appointed by City Council (Mike Dwyer, Juan Landa and Marianne Watson).

The City Council may elect to invest funds through the SAEDC in certain economic development projects when the City can potentially achieve a return on investment when the SAEDC secures an equity position in a project. Since May 2010, City Council and the SAEDC Board have approved funding for the SAEDC to undertake five economic development projects that include: (1) InCube Labs; (2) the South Texas Research

Facility at the UT Health Science Center at San Antonio; (3) Innovative Trauma Care, Inc.; (4) StemBioSys, Inc.; and (5) Parlevel Systems, Inc.

ISSUE:

The SAEDC Bylaws require approval of the annual SAEDC Budget by City Council. The SAEDC Budget includes cash inflows of \$200,000 from the City's FY 2017 General Fund and \$300,000 remaining from the City's Economic Development Incentive Fund approved by City Council in FY 2014 for potential future projects. Cash outflows in the SAEDC Budget include potential future projects, SAEDC operating expenses, such as the Executive Director's salary, outside legal counsel, an annual audit, and insurance. Future projects will require approval by the SAEDC Board and City Council pursuant to the Bylaws of the SAEDC approved by City Council. The SAEDC Budget will be adjusted if additional funding is needed and appropriated for any FY 2017 projects.

The City's FY 2017 Budget includes an appropriation of \$200,000 for the SAEDC Budget. This additional funding requires a Funding Agreement, which governs use of the funds and was approved by City Council on September 15, 2016. The SAEDC Board approved the SAEDC Budget and the Funding Agreement on September 22, 2016, for consideration by City Council.

The SAEDC Bylaws also require SAEDC to complete an annual audit and report those findings to City Council. Local accounting firm Leal & Carter completed the FY 2015 audit for the SAEDC with no management findings (attached).

ALTERNATIVES:

Council could choose to not approve the SAEDC Budget or request that SAEDC submit a revised budget. Electing to not approve the SAEDC Budget or requesting a revised SAEDC Budget, would result in SAEDC being unable to continue operations, meet contractual obligations previously approved by City Council, and access funds previously appropriated by City Council.

FISCAL IMPACT:

The fiscal impact of the SAEDC Budget and the Funding Agreement to the City is \$200,000 from the City's General Fund.

RECOMMENDATION:

Staff recommends approval of the SAEDC FY 2017 Budget.