



# City of San Antonio

## Agenda Memorandum

**File Number:**18-5304

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**Agenda Item Number:** 15.

**Agenda Date:** 10/4/2018

**In Control:** City Council A Session

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**DEPARTMENT:** Economic Development

**DEPARTMENT HEAD:** Rene Dominguez

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:** FY 2019 Budget for the San Antonio Economic Development Corporation (SAEDC).

### SUMMARY:

An Ordinance approving the SAEDC FY 2019 Budget (attached) as required by the Bylaws of SAEDC incorporating \$200,000 into the SAEDC Budget appropriated and approved in the City's FY 2019 Budget for the benefit of the SAEDC. The SAEDC Board approved the SAEDC FY 2018 Budget on September 18, 2018, 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 (President), City Manager, Chair of the Economic and Workforce Development Committee (Councilwoman Rebecca Viagran), Chair of the Transportation Committee (Councilman Rey Saldaña) and three citizens at-large appointed by City Council (Mike Dwyer, Chris Rosas and Sylvia Lopez).

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 through the SAEDC securing an equity position in a project. Since May 2010, City Council and the SAEDC Board have approved funding for the SAEDC to undertake seven economic development projects.

### 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 2019 General Fund Budget and \$100,000 in carryover funds from an appropriation in FY 2018 by City Council for the SAEDC Investment Fund for 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, professional services, an annual audit, and insurance. Future projects of more than \$50,000 will require approval by the SAEDC Board and the 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 2019 projects.

The City's FY 2019 Budget includes an appropriation of \$200,000 for the SAEDC Budget. This funding requires a Funding Agreement between the City and the SAEDC which governs the use of these funds. This Agreement was approved by City Council on September 13, 2018 and by the SAEDC Board on September 18, 2018.

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 2017 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:**

This ordinance approves the SAEDC FY 2019 Budget as required by the Bylaws of SAEDC. Funding in the amount of \$200,000 is included in the FY 2019 Adopted General Fund Budget for the SAEDC FY 2019 Budget.

#### **RECOMMENDATION:**

Staff recommends approval of the SAEDC FY 2019 Budget.