

# PROPOSED BUDGET



***FISCAL YEAR 2023-2024***

<b>DEPARTMENT</b>	Economic Development
<b>DIVISION/ACTIVITY</b>	Economic Development Corporation



**MISSION/PROGRAMS/SERVICES**

To advance the economic strength of Watauga through business and community support programs, public education, and strategic partnerships. Economic Development provides emphasis on improving the business climate through new development, redevelopments, workforce development, business retention and expansion, and small business development.

To enhance the quality of life for residents and the sustainability of City businesses through the retention and revitalization of exiting business and neighborhoods, and promotion, recruitment, and coordination of new commercial and residential development in the City.

**FY2022-2023 HIGHLIGHTS/ACHIEVEMENTS**

- Successfully negotiated and passed a Chp. 380 Economic Development Agreement with Mr. Froze for a newly constructed retail commercial business to be located on Watauga Road.
- Assisted a private property owner with the recruitment of a development partner and facilitated the rezoning process of a large parcel of land for a 132-home townhome development that will bring an investment of approximately \$53M in the community, which will result in a significant increase in sales tax.
- FYE sales tax receipts for 2023 are forecasted to be higher than 2022 actual by 5%, with an increase of 2.5% from FY 2022-2023 budget.

**FY2023-2024 GOALS/OBJECTIVES**

- Aid in the revitalization of obsolete facilities through redevelopment, rehabilitation, and other available means.
- Create outreach programs to facilitate and incentivize the revitalization of older residential neighborhoods.
- Positively influence growth and redevelopment of the City’s business community.
- Improve the economic well-being of the City.
- Continue to maintain economic development related databases to meet the needs of the development community.
- Stimulate participation in shop local programs.
- Prepare projects for development which allow for continued economic growth in the City.

**MAJOR BUDGETARY ISSUES AND OPERATIONAL TRENDS**

- Inflation in the local and national economy continues to drive up the costs of goods and services, resulting in higher sales tax receipts.
- Continued increases in the prime interest rate by the Federal Reserve in an effort to slow inflation have resulted in higher debt issuance costs for local banks, making borrowing more expensive for businesses seeking to expand or hire additional employees.
- Increased demand for higher wages to offset inflationary pressures leading to the inability for local businesses to retain and or hire employees.

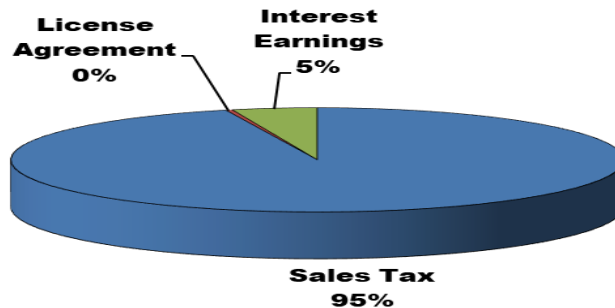
# SPECIAL REVENUE FUNDS

## ECONOMIC DEVELOPMENT CORPORATION (FORMERLY PARKS DEVELOPMENT CORPORATION)

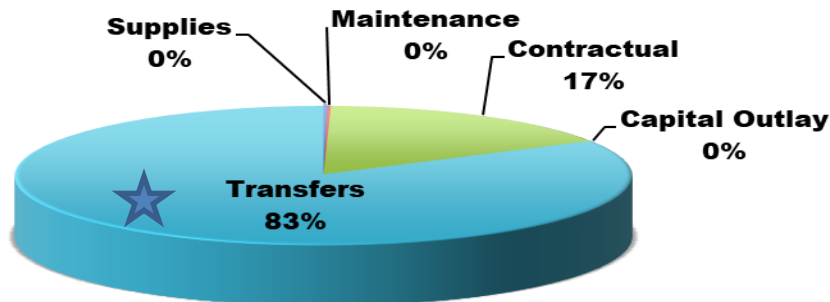
Voters established the Watauga Parks Development Corporation Sales Tax Fund to account for a ½ cent sales tax increase in May 1994 under the 4b Economic Development Legislation. The purpose of the increase in sales tax is to build city parks and improve existing parks under the supervision of the Watauga Parks Development Corporation. In May 2012, voters approved a reduction of the sales and use tax for the Watauga Parks Development Corporation to ¼ of one percent and reallocate ¼ of one percent for maintenance and repairs of municipal streets. This reduction took place on October 1, 2012. In FY2018-2019 the corporation's name was changed to Economic Development Corporation and the focus was redirected to economic development within the City. Sales tax revenues for FY2023-2024 are expected to be \$996,000.

This Special Revenue Fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. The fund is accounted for on the modified accrual basis of accounting. Revenues are recorded when available and measurable, and expenditures are recorded when liability is incurred.

### Where Does the Money Come From?



### Where Does the Money Go?



*Note: Transfers to general fund cover personnel expenses and debt*

**SPECIAL REVENUE FUNDS**

**ECONOMIC DEVELOPMENT CORPORATION BUDGET SUMMARY - FUND 04**

	HISTORY		PROJECTED YEAR		BUDGET	%CHANGE
	2020-2021 Actual	2021-2022 Actual	2022-2023 Original Budget	2022-2023 Projected	2023-2024 Budget	FY2023-2024 vs 2022-2023
<b>Fund Balance, October 1*</b>	<b>\$1,242,173</b>	<b>\$1,631,094</b>	<b>\$1,713,418</b>	<b>\$1,733,255</b>	<b>\$2,260,280</b>	
<u>Revenues:</u>						
Sales Taxes	865,622	929,538	952,000	976,000	996,000	4.6%
License Agreement - Property	0	0	0	0	0	0.0%
Proceeds From Sale of Assets	850	0	0	0	0	0.0%
Interest Earnings	1,207	13,921	2,500	44,000	55,000	2100.0%
License Agreement - Services	0	250	5,000	3,000	3,500	-30.0%
<b>Operating Revenues</b>	<b>\$867,679</b>	<b>\$943,709</b>	<b>\$959,500</b>	<b>\$1,023,000</b>	<b>\$1,054,500</b>	<b>9.9%</b>
<b>Total Available Resources</b>	<b>\$2,109,852</b>	<b>\$2,574,803</b>	<b>\$2,672,918</b>	<b>\$2,756,255</b>	<b>\$3,314,780</b>	
<u>Expenditures:</u>						
Business Retention	6,437	3,518	8,650	6,050	6,650	-23.1%
Business Attraction	28,493	25,650	24,200	22,050	24,300	0.4%
General Administration	64,042	44,502	56,200	48,175	56,300	0.2%
<b>Operating Expenditures</b>	<b>\$98,973</b>	<b>\$73,670</b>	<b>\$89,050</b>	<b>\$76,275</b>	<b>\$87,250</b>	<b>-2.0%</b>
<u>Operating Transfers-Out</u>						
To General Fund	222,281	245,800	266,500	266,500	279,000	4.7%
To Internal Service Fund	0	0	0	0	0	0.0%
To Capital Projects Fund	0	375,000	0	0	0	0.0%
To Debt Service	157,503	147,078	153,200	153,200	149,000	-2.7%
<b>Total Operating Transfers-Out</b>	<b>\$379,784</b>	<b>\$767,878</b>	<b>\$419,700</b>	<b>\$419,700</b>	<b>\$428,000</b>	<b>2.0%</b>
<b>TOTAL OPERATING &amp; TRANSFERS</b>	<b>\$478,757</b>	<b>\$841,548</b>	<b>\$508,750</b>	<b>\$495,975</b>	<b>\$515,250</b>	<b>1.3%</b>
<b>Fund Balance, September 30</b>	<b>\$1,631,096</b>	<b>\$1,733,255</b>	<b>\$2,164,168</b>	<b>\$2,260,280</b>	<b>\$2,799,530</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>\$388,923</b>	<b>\$102,161</b>	<b>\$450,750</b>	<b>\$527,025</b>	<b>\$539,250</b>	

\*Includes debt service fund balance

# SPECIAL REVENUE FUND

**DEPARTMENT:** ECONOMIC DEVELOPMENT  
**DIVISION / ACTIVITY:** ECONOMIC DEVELOPMENT CORPORATION - FUND 04

<b>EXPENDITURES</b>	<b>2020-2021 ACTUAL</b>	<b>2021-2022 ACTUAL</b>	<b>2022-2023 BUDGET</b>	<b>2022-2023 PROJECTED</b>	<b>2023-2024 PROPOSED</b>
Supplies	1,051	(13)	900	400	1,000
Maintenance	0	0	2,000	1,000	1,000
Contractual/Sundry	97,922	73,683	84,950	72,875	85,250
Capital Outlay	0	0	1,200	2,000	0
Transfers	379,784	767,878	419,700	419,700	428,000
<b>TOTAL</b>	<b>\$478,757</b>	<b>\$841,548</b>	<b>\$508,750</b>	<b>\$495,975</b>	<b>\$515,250</b>

## PERFORMANCE MEASURES / SERVICE LEVELS

<b>Input / Demand</b>	<b>Actual 21-22</b>	<b>Budget 22-23</b>	<b>Projected 22-23</b>	<b>Budget 23-24</b>
Staff Dedicated	1.50	2.00	2.00	2.00
Volunteers	0	0	0	0
Inquiries Received	N/A	20	8	15

<b>Output/ Workload</b>	<b>Actual 21-22</b>	<b>Budget 22-23</b>	<b>Projected 22-23</b>	<b>Budget 23-24</b>
Project Files Opened	N/A	10	3	10
Clients Served	N/A	15	5	15
Jobs Created	N/A	35	TBD	35
Potential New Business Calls/Contacts	N/A	100	30	50
Responses Submitted	N/A	155	30	50
Board Meetings Held	N/A	12	12	12

<b>Efficiency Measures / Impact</b>	<b>Actual 21-22</b>	<b>Budget 22-23</b>	<b>Projected 22-23</b>	<b>Budget 23-24</b>
M & O percentage of City budget	N/A	0.008		
M & O budget per capita	N/A	20.85		

<b>Effectiveness Measures / Outcomes</b>	<b>Strategic Goals</b>	<b>Actual 21-22</b>	<b>Budget 22-23</b>	<b>Projected 22-23</b>	<b>Budget 23-24</b>
Business Retention Visits	3	N/A	120	65	60
Small Business Development Assistance	3, 4, 6, 7	N/A	5	4	2
Economic Development Agreements	3, 4, 11	N/A	5	3	3
Redevelopment Projects	3, 4	N/A	5	0	2
New Development Projects	3, 4	N/A	5	2	2



## SPECIAL REVENUE FUNDS

### BUDGET CHANGES

#### Fiscal Year 2023-2024 Compared to Fiscal Year 2022-2023 Original Budget

DEPARTMENT: ECONOMIC DEVELOPMENT				
DIVISION / ACTIVITY: ECONOMIC DEVELOPMENT CORPORATION - FUND 04				
DESCRIPTION	CATEGORY	ONE-TIME	ON-GOING	CHANGE EXPLANATION
<b>Business Retention:</b>				
Contractual Services	Contractual/Sundry		(2,000)	Bludot Subscription Budget Adjustment
<b>Business Attraction:</b>				
Events	Contractual/Sundry	100		Participation Increase - Tarrant Special Events
<b>General Administration:</b>				
Events Refreshments/Meals	Supplies		100	Needs Adjustment (Event Hosting)
Software Maintenance	Maintenance		(1,000)	Adobe Suites License Adj. to IT Department
Dues & Subscriptions	Contractual/Sundry		200	TRTC Increase
Training	Contractual/Sundry		1,500	ISCS Conference Adjustment
Community Relations	Contractual/Sundry		5,000	Community Relations Needs/Analysis Adj.
Contractual Services	Contractual/Sundry		(4,500)	3rd Coast Geo Deduction
Other Equipment	Capital Outlay	(1,200)		Media Specialist Camera Purchase (one-time)
<b>Transfers:</b>				
Transfer to General Fund	Transfers	12,500		Allocation Adjustment
Transfer to Gen Obligation Debt	Transfers	(4,200)		Debt Allocation Adjustment
<b>TOTALS:</b>		<b>\$7,200</b>	<b>(\$700)</b>	

**\$6,500    NET INCREASE/DECREASE**

# ALLOCATIONS INFORMATION



**SCHEDULE A - Estimated Cost for Economic Development Corporation  
2023-2024**

***Salary/ Benefits Personnel***

Department	Tasks performed for the EDC	Estimated hours	Estimated Cost
<b>City Secretary - TOTAL</b>	<b>Records Retention/PIA/Minutes/Resolutions/Agenda Posting</b>	<b>416</b>	<b>\$16,300</b>
<b>Finance - TOTAL</b>	<b>Financial Reporting, Budget, Annual Report, Audit, Purchasing, Accounts Payable</b>	<b>55</b>	<b>\$3,700</b>
<b>Information Technology - TOTAL</b>	<b>Marketing /Website/Projects/Updates</b>	<b>1768</b>	<b>\$65,500</b>
<b>Public Works/Parks - TOTAL</b>	<b>Project Coordination/Oversight</b>	<b>125</b>	<b>\$7,800</b>
<b>City Manager's Office</b>	<b>EDC Director, Business Retention, Economic Development Duties</b>		<b>\$182,000</b>
<b>Sub-total</b>			<b>\$275,300</b>
<b><i>Other Items</i></b>			
Annual Audit Allocation	4% of Total		\$2,500
Codification Fees	15% of Total		\$1,200
<b>Sub-total</b>			<b>\$3,700</b>
<b>GRAND TOTAL</b>			<b>\$279,000</b>



**SPECIAL REVENUE FUNDS**  
**ECONOMIC DEVELOPMENT CORPORATION**  
**BUDGET SUMMARY**  
**FUND 05 - CAPITAL PROJECTS**

	HISTORY			PROJECTED YEAR		BUDGET
	2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 Original Budget	2022-2023 Projected	2023-2024 Proposed
<b>Fund Balance, October 1</b>	<b>\$244,179</b>	<b>\$38,835</b>	<b>\$38,660</b>	<b>\$33,760</b>	<b>\$30,346</b>	<b>\$21,146</b>
<u>Revenues:</u>						
Interest Earnings	989	61	247	100	800	100
Proceeds from Sale of Assets	0	0	0	0	0	0
Transfer from EDC Sales Tax Fund	0	0	375,000	0	0	0
Other Financing Sources	0	0	0	0	0	0
Matching Grants	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$989</b>	<b>\$61</b>	<b>\$375,247</b>	<b>\$100</b>	<b>\$800</b>	<b>\$100</b>
<b>Total Available Resources</b>	<b>\$245,167</b>	<b>\$38,896</b>	<b>\$413,907</b>	<b>\$33,860</b>	<b>\$31,146</b>	<b>\$21,246</b>
<u>Expenditures:*</u>						
Purchase of Property	0	0	375,000	0	0	0
Foster Village Improvements	0	0	0	0	0	0
Shade Structure - Indian Springs	0	0	0	0	0	0
Park Equipment (Picnic Pads, etc.)	0	0	0	0	0	0
Capp Smith Park Improvements	206,332	236	0	0	0	0
Capp Smith Improvements EDC	0	0	0	0	0	0
Contingency	0	0	8,561	10,000	10,000	10,000
<b>Total Expenditures</b>	<b>\$206,332</b>	<b>\$236</b>	<b>\$383,561</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<u>Other Expenditures</u>						
Transfer to PDC Debt Service	0	0	0	0	0	0
Total Other Sources (Uses)	0	0	0	0	0	0
<b>REVENUES OVER (UNDER) EXPENSES</b>	<b>(\$205,343)</b>	<b>(\$175)</b>	<b>(\$8,314)</b>	<b>(\$9,900)</b>	<b>(\$9,200)</b>	<b>(\$9,900)</b>
<b>Fund Balance, September 30</b>	<b>\$38,835</b>	<b>\$38,660</b>	<b>\$30,346</b>	<b>\$23,860</b>	<b>\$21,146</b>	<b>\$11,246</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(\$205,343)</b>	<b>(\$175)</b>	<b>(\$8,314)</b>	<b>(\$9,900)</b>	<b>(\$9,200)</b>	<b>(\$9,900)</b>