

Tomball Economic Development Corporation

Budget Questions

Fiscal Year 2025-2026

1) Travel and Meals

Budget increase of 33%. Please detail firm Travel and Training trips and cost associated.

Provide a list of business trips that are not firm yet anticipated.

TEDC Response:

The proposed FY 2026 budget for Travel and Meals is \$15,500, which is a 50% decrease from the Adopted FY 2025 budget of \$31,000. The FY 2025 year-end projection reflects actual travel expenses incurred including hotel rooms, meals, airfare, mileage, etc. for attendance at events such as the Texas EDC Annual Conference, Texas EDC Mid-Year Conference, and IEDC Leadership Summit for three staff members. When budgeting for conferences and trainings, we allocate funds for key industry events to ensure access to professional development and networking opportunities; however, due to work demands and family obligations, we are not always able to attend every event budgeted.

*Please see the attached spreadsheet for a detailed list of anticipated trips and costs.

2) Budget Dues increases 30%. Please provide detail.

TEDC Response:

During 2025, we experienced dues increases of over 10% over what was budgeted and are already over our projected FY 2025 amount by approximately \$1,600. Per discussions with the vendors for this category, we are anticipating additional increases of 10%-15% in 2026. As such, the 2026 budget needs to take into consideration the increases sustained in 2025 and the expected increases in 2026. This category includes professional memberships such as Texas EDC, IEDC, GTACC, the North Houston Association, etc. as well as subscriptions for programs and software including Constant Contact, Formstack, Adobe, Zoom, and others.

3) Budget Training cost increased 33%. Please provide detail.

TEDC Response:

The budget for Training (formerly Seminar/Conference Registrations) is actually a decrease of 11% from the FY 2025 Adopted Budget of \$18,000 to the proposed FY 2026 budget of \$16,000; please refer to the attached spreadsheet for detailed cost information.

4) Budgeted legal fee are increased by 30%. Please explain?

TEDC Response:

Legal services in the Proposed FY 2026 Budget are set at \$30,000, which is a 25% decrease from \$40,000 in the Adopted FY 2025 Budget. The \$10,000 noted in FY 2025 projections reflects what we anticipate ending this fiscal year with. Due to the nature of our work, we cannot predict all potential projects that may come forward during the year, which could increase the need for legal review. The \$30,000 allocation ensures we are prepared for potential contract reviews, land acquisition agreements, and project-related legal consultations.

5) Budgeted Event Sponsorships increased 100%. Please explain the \$4K for speaker fees.

Please explain GTACC Chairmans Ball \$1K, Small business forum \$1K, Texas EDC Community Sponsor \$2.5K and North Houston Association Table\$1.5K. All these same amounts were budgeted for in the prior fiscal period and were not expended. Why do you anticipate these expenditures to occur this budgeted fiscal period?

TEDC Response:

The FY 2025 budgeted amount for Event Sponsorships was \$29,000, and the proposed FY 2026 budget remains the same at \$29,000. We budgeted to attend the GTACC Chairman's Ball and Small Business Forum in FY 2025, but didn't attend either due to scheduling conflicts for the Chairman's Ball and due to the GTACC not having the Small Business Forum. We believe attending and supporting these events are important to the success of the TEDC and our partners and plan to attend this coming year, if possible. We also want to attend and be a community sponsor for \$2,500 for Texas EDC Conferences that are held in our region in FY 2026. We also believe it's important to attend and sponsor select North Houston Association events including the annual State of the Counties event for \$1,500. We were unable to attend this year, but feel it is important to attend in 2026. Outlook Luncheon expenses are expected to be \$5,000 for catering and dishes, \$2,500 for linens and decorations, and \$4,000 for speaker fees. Industry event funding includes Mix N Jingle (\$2,500), Strategic Work Plan (\$1,000), Career/Job Fairs (\$3,000), and \$5,000 reserved for additional events. All of these events are important for TEDC networking and success.

The \$4,000 budgeted for potential speaker fees for the Annual Economic Outlook Luncheon accounts for the possibility that, while most speakers do not charge, some—such as Dr. Ray Perryman of the Perryman Group, one of Texas's leading economists—do require a fee and reimbursable expenses; when Dr. Perryman spoke in 2017, his fee was \$5,000.

While we budget for certain events, we are not always able to attend them, and some events—planned in conjunction with other organizations such as GTACC, Tomball ISD, the City of Tomball,

and Lone Star College—Tomball—may not occur within the planned budget year. We budget for these events to ensure we can participate as a partner whenever possible.

6) Budgeted Professional services increased 47%. Please explain the anticipation of \$150K TBD additional services.

TEDC Response:

The proposed FY 2026 budget for Professional Services Fees is \$564,200, which is a 25% decrease from the Adopted FY 2025 budget of \$750,000. Given that 2025 was under-budget for this category, we feel the decrease in 2026 more appropriately estimates our expected spend in 2026, with the knowledge that not every item is identified at this point. This category includes professional engineering services, surveying, environmental analysis, graphic/media/ad design fees, photography, professional consulting for initiatives such as the Strategic Plan, public relations, and other specialized services. The “TBD – Additional Services” allocation relates to services that may be needed during the year but are not yet specifically identified; these could include market studies, economic impact analyses, site planning, or other project-related professional support that arises as new opportunities or challenges are presented.

7) Project Grants- Budgeted Amount appears to be worst case scenario. The last 4 years the average Grant expenditure has been \$1.062M. COT property request of \$2.3M, Trees \$1.5M, and Main Street Utility Relocation of \$1M. It could be argued that \$5.8M would be a refined conservative budgeted amount, rather than \$8.3M.

TEDC Response:

The TEDC’s current grant commitments total \$5,018,381.44, which includes \$1 million approved for the Main Street Utility Relocations project and \$1.5 million for the Main Street Tree Upsizing. While several of these approved projects are multi-year in nature, we are required to show the total commitment in the budget as those funds are encumbered and reserved for their intended purposes. The FY 2026 budget accounts for these existing grant obligations, the City’s \$2.3 million property acquisition request, and an additional \$1 million set aside for new projects that may arise during the year, ensuring that TEDC remains responsive to strategic opportunities and community needs.

8) What property acquisition is anticipated for the budgeted amount \$1.0M.

TEDC Response:

There are no specific property acquisitions proposed at this time; however, we want to be in a position to acquire strategic properties that will support the overall implementation of our projects, including Legacy Square and the South Live Oak Business Park. This proactive approach

ensures we can act quickly when opportunities arise that align with our long-term development goals.

9) Budgeted Business improvement grants- Current Year have averaged \$157.7K the last 4 years.

What is the assumption behind the \$350K budget amount?

TEDC Response:

The Business Improvement Grant (BIG) Program was established in 2009 with an initial budget of \$100,000 set by the TEDC Board. Over time, the program's popularity and demand have grown significantly, prompting the Board to increase the program budget to \$350,000 in order to support more projects and larger-scale improvements. All BIG grants allow recipients up to nine months to complete their improvements, which means that depending on when a project is approved, completion and payment could fall into the next fiscal year. For this reason, any outstanding grant funds for projects still in progress are reallocated under the line item Business Improvement Grants – Prior Year to ensure those commitments are honored in the subsequent fiscal year. We do not know from one year to the next what applications we will receive for this program; however, the \$350,000 budget has proven to be a workable and effective amount to meet the program's demand.

10) Budgeted Business improvement grants- Prior Years have averaged \$155K the last 4 years.

What is the assumption behind the \$250K budgeted amount?

TEDC Response:

The Business Improvement Grants – Prior Year line item represents funds committed to projects approved in a previous fiscal year that are still within their nine-month completion window. Because project timelines can extend across fiscal years, it is common for a portion of the approved funding to remain encumbered until the project is completed and all reimbursement requirements are met. The amount allocated to this line each year depends on the timing of grant approvals and project schedules, which vary from year to year. While we cannot predict with certainty how many prior-year grants will carry over in any given budget cycle, this allocation ensures that TEDC can fulfill all outstanding commitments without impacting funding for new applications.

11) Old Town Façade Grants - Current Year average \$27.5K the last 4 years. Explain the budgeted amount of \$250K.

TEDC Response:

The Old Town Façade Improvement Grant (FIG) Program allocates \$250,000 each year specifically for improvements within Old Town Tomball. This program addresses a unique need in our

community by assisting property owners and tenants with improvements to older structures, including interior upgrades—an expense that is not reimbursable under the BIG Program outside of the Old Town area. Each applicant is eligible for up to \$50,000 in funding, meaning that, in theory, we could assist as many as five businesses in Old Town during a single fiscal year. While we cannot predict the number or type of applications we will receive in any given year, it is very possible that we may receive multiple requests as Old Town continues to grow and develop. This targeted investment helps preserve and enhance the character of Old Town while supporting the vitality of its businesses.

12) Old Town Façade Grants – Prior Years average \$76.75 the last 4 years. Explain the budgeted amount of \$190K.

TEDC Response:

We re-budget any FIG grants that have been approved but not yet expended, ensuring funds remain available for those projects in the following fiscal year. The FY 2026 budgeted amount for Old Town Façade Grants – Prior Year accounts for projects that are not anticipated to be completed by September 30, 2025, allowing us to honor those commitments without impacting the funding available for new applicants. This amount reflects the two currently approved FIG's as well as two potential projects we have discussed that may be submitted prior to September 30, 2025.

13) Old town project budgeted amount increased 40%. Detail the anticipated disbursement of \$700K.

TEDC Response:

The FY 2025 budget for Old Town Projects is \$1,500,000, while the proposed FY 2026 budget reflects a 53% reduction to \$700,000. In FY 2025, this line item included \$405,814 for alleyway monuments and amenities as well as \$28,564 for billboards. The \$1.5 million allocation was originally intended to cover all aspects of the alleyway project; however, the lighting component has posed a significant challenge due to existing CenterPoint lines that will need to be raised and telecommunications lines that will need to be raised or relocated. For FY 2026, we are anticipating the possibility of adding another billboard, which could bring our cost to approximately \$45,000. Additionally, we are re-budgeting the lighting portion of the alleyway amenity package. This line item could also include other Old Town improvements such as sidewalks, parking, and related enhancements that support the continued growth and vitality of the area.

14) What is the thought process for issuing \$20M of debt for a 10year term, rather than a longer term? Therefore, reducing the projected annual payment of \$2.4M.

TEDC Response:

We will need to carefully evaluate the most appropriate funding mechanism for the Legacy Square project, and the decision on whether to issue \$20 million in debt for a 10-year term versus a longer term will be part of that process. The upcoming Feasibility Study will be instrumental in refining our financing options by providing a clear projection of anticipated revenues and expenses over an extended timetable. If we pursue a bond issuance, it is important to note that not all portions of the project will qualify as tax-exempt debt due to private-use components. While we are not committed to any single financing mechanism at this stage, our goal will be to secure terms that are both financially favorable and flexible—allowing for options such as selling portions of the project if desired—while ensuring the repayment schedule aligns with the project’s long-term sustainability. This potential financing is not included in the proposed FY 2026 budget but is reflected in the future cash flow projections for reference.

15) Please explain the thought process of an outflow of \$20M all in fiscal year 2026-2027 and \$5M for 2027-2028?

Would it not be a conservative assumption that these funds would actually be expended over a longer period?

TEDC Response:

The projected outflow of \$20 million in FY 2026–2027 and \$5 million in FY 2027–2028 reflects our preliminary planning for the Legacy Square project. While we anticipate that construction of Phase 1 will take approximately one year, it is very possible that the work will span two fiscal years. Because this funding is based on a projected influx of revenue from a loan or bond, it does not materially impact the cash flow projection whether the expenditure occurs in a single fiscal year or is spread over two. The proposed project is structured in two phases: Phase 1 includes the Main Sanctuary and the 1949 Chapel, while Phase 2 covers the Fellowship Hall located at the rear of the site. We adopted this phased approach to the development schedule based on discussions with First Baptist Church regarding when they anticipate vacating certain spaces, allowing us to align construction timing with site availability. These figures are early cost projections and will need to be further refined as the design process evolves.

16) Are there plans for EDC to sell land to increase their revenue stream?

TEDC Response:

At this time, there are no immediate plans to sell land to increase the EDC’s revenue stream; however, the development of the South Live Oak Business Park—along with additional property we are acquiring around it—would likely be sold at some point in the future. The project is anticipated to be structured as a public-private partnership in which we engage a development partner to take the lead on the project. As part of that arrangement, we would build in an exit strategy to allow for the sale of our interest once the development reaches a certain stage,

providing a potential future revenue source for the EDC while ensuring the property is developed in line with our strategic objectives.

17) There was no noted Budgeted cost associated with the maintenance and operating cost associated with Tomball Legacy Square.

Where are these anticipated cost and revenue stream accounted for in the Estimated Cash Flow Needs worksheet?

TEDC Response:

The anticipated TEDC maintenance and operating costs for Tomball Legacy Square are included in the proposed FY 2026 budget under the Tomball Legacy Square line item. These costs are estimated to be \$80,000 - \$140,000 and are reflected in the Estimated Cash Flow Needs worksheet, where we have planned for approximately \$250,000 annually in maintenance and operating expenses for FY 2029 and FY 2030. This timing aligns with our estimated project schedule, which anticipates the facility becoming operational in that period. While we do not currently know our future anticipated revenue streams for the project, the upcoming Feasibility Study will help define those figures so they can be included in our future budget projections.