



# Agenda Item Report

**Legislative Board:** City Council  
**Date:** September 17, 2024  
**Contact:** Bianca Redmon  
**Agenda Item ID / Number:** 2021-608- / H.3

**ITEM TITLE:** Approval to authorize the City Manager to execute a Memorandum of Understanding between the City of Buda and the City of Buda 4B Corporation (Buda Economic Development Corporation) for support functions including Human Resources Administrative Services, Financial Services, and Information Technology Services (Director of Finance Bianca Redmon)

## 1. EXECUTIVE SUMMARY

Approval of this item will amend and renew the Memorandum of Understanding between the City of Buda and the Buda Economic Development Corporation. The MOU details services provided by the City of Buda in support of the Buda EDC and the compensation for those services.

## 2. BACKGROUND/HISTORY

The original MOU was entered into between the City of Buda and the Buda EDC in 2013. The services needed and provided by the City of Buda since the original MOU was adopted has changed. The City will provide the following services to the Buda EDC under the new proposed MOU:

- Human Resources Administrative Services
- Payroll Services
- Investment, Financial, and Accounting Services
- Information Technology Services
- Related contracted services
- Development Project Manager to aid in local business navigation

The services are detailed in Section 1 "City Obligations" of the MOU. Under the MOU, the EDC will continue to participate in the City's health benefits coverage, liability coverage, worker's compensation, and property coverage.

The Buda EDC Board of Directors reviewed and approved the proposed MOU at their meeting on September 9, 2024. The MOU is for a one-year term with automatic renewals. Either party may terminate the MOU by providing a 60-day notice.

## 3. ANALYSIS

The MOU is for a one-year term effective October 1, 2024, with automatic renewals. Either party may terminate the MOU by providing a 60-day notice.

## 4. FINANCIAL IMPACT

Under the proposed MOU, the Buda EDC will pay a base fee of \$108,606 in FY25 to the City of Buda for Human Resources Administrative Services, Payroll, Investment, Financial, and Accounting Services, Information Technology Services and related contracted services.

Furthermore, the MOU maintains the EDC's contribution of 50%, amounting to \$63,717, towards the salaries and benefits of the City Development Project Manager position. Additionally, the MOU provides for a \$5,000 maximum of reimbursements to the City for legal support of the EDC to carry

out routine services to be provided by the City.

The total costs for FY25 are projected to be \$172,323, not including the \$5,000 set aside for legal fee reimbursements. This reflects a 40% increase, equivalent to \$48,956, from the previous year, mainly due to the Investment, Financial, and Accounting Services provided to the EDC. FY 2024 was the first year of the City providing these services to the EDC, with the associated costs initially based on estimated time allocations. The MOU for FY25 revises these costs to ensure a more equitable distribution of expenses to the EDC.

**Major changes from prior year:**

- Simplification of cost allocation method across services
- Additional section added - Contracts Services
- 40% Cost increase for Payroll, Investment, Financial and Accounting
- Services Removal of GIS Services for support of the Land Use Plan

**5. STRATEGIC PLAN/GOALS**

BALANCED AND MANAGED GROWTH

**6. STRATEGIC PLAN OBJECTIVES**

Exceptional City Services with a Low Tax Rate

**7. PROS AND CONS**

Pros - enables the EDC to participate in the City's benefits and group plans; provides a lower cost option for services such as IT support; and fairly compensates the City for services rendered.

Cons - creates additional workload for City, but the City is capable of handling the responsibilities.

**8. ALTERNATIVES**

If a MOU was not adopted, the Buda EDC would be responsible for procuring and covering the services identified in Section 1 of the MOU.

**9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION**

Staff recommends approval of the Memorandum of Understanding.

**Attachments:**

[BEDC MOU 2024\\_Executed by BEDC](#)