

**CITY OF SANTA FE  
ECONOMIC DEVELOPMENT CORPORATION  
REGULAR MEETING  
JUNE 25, 2024 7:00 P.M.  
COUNCIL CHAMBERS  
12002 HWY. 6, SANTA FE, TEXAS**

**MINUTES**

The meeting was called to order at 7:00 p.m. by President Bob Wylie.

Roll Call: Present: President Bob Wylie  
Director Johnny Helpenstill  
Director Pam Schwertner  
Director Ryan McCamy  
Director Gary Summerville

Absent: Vice-President Matt Crable  
Secretary/Treasurer Terri O'Connell

The Invocation was given by Director Helpenstill, and the pledge to the U.S. Flag and to the Texas Flag was led by President Wylie.

**Citizens' Comments:**

There were no comments from citizens.

**Reports**

**a. Approval of Board Minutes from the Regular Meeting of May 28, 2024**

Motion by Director Helpenstill to approve the Board minutes from the regular meeting on May 28, 2024, seconded by Director Summerville. The motion passed unanimously.

**b. Current Budget Update & Financial Statements, period ending May 2024**

Economic Development Corporation (EDC) Executive Director Rudy Zepeda gave an overview of the current budget and financial statements as of May 31, 2024:

- Current Revenue: \$406,466
- Current Expenses: \$270,017
- Current Net Revenue over Expenses approximately: \$136,449
- Ending Fund Balance: \$3,132,500

**c. Sales Tax Report May 2024 (Collected in April, Received in June)**

Executive Director Rudy Zepeda gave an overview of the sales tax report for May 2024 sales:

- May total revenue to the Economic Development Corporation (EDC) was \$82,635, which represents a 5.9% increase over May 2023.
- Year-to-date revenue is up approximately 5.9% compared to 2023.

#### **d. Economic Development Update**

Economic Development Corporation (EDC) Coordinator Josh Dearing presented an overview of the Community Services Department for May 2024:

- Total permits issued – 617 (compared to 340 permits issued in May 2023)
- New residential construction permits issued – 120 (compared to 21 permits issued in May 2023)
- Fees collected - \$60,414 (compared to \$26,092 collected in May 2023)
- Completed inspections – 347 (compared to 258 inspections in May 2023)

Mr. Dearing also provided updates for ongoing commercial projects, including:

- Hubcap Grill – Issued permit for an approximately 1,200 square foot covered awning
- Whataburger – Interior trades have begun
- Starbucks – Awaiting construction pending issuance of a TxDOT permit
- RC Systems – Construction continues on the property

Director Pam Schwertner asked the Board of Directors (Board) if the Economic Development Corporation (EDC) could begin sending out letters to new businesses welcoming them to the community. The letter should include the new EDC logo and the Board members' names.

#### **Old Business**

##### **a. Discussion with possible action on approval of the Business Expansion Attraction and Retention (BEAR) program for further consideration by the Santa Fe City Council**

Economic Development Corporation (EDC) Coordinator Josh Dearing presented copies of the revised guidelines and application for the Business Expansion Attraction and Retention (BEAR) program, and a spreadsheet detailing requested changes from the Board of Directors (Board) that were made by the Board during their meeting on May 28, 2024. The desire is for the BEAR program to be effective for fiscal year 2025, which begins on October 01, 2024 and is expected to have an initial budget of approximately \$115,000. Discussion and feedback from the Board is as follows:

- Director Helpenstill stated that he noticed many of the requested revisions from the last Board of Directors meeting had been included in the updated guidelines.
- Director Schwertner stated that she discussed the BEAR program with the Small Business Development Center (SBDC) Director Amy Reid. Director Schwertner questioned whether the Economic Development Corporation (EDC) may consider partnering with the SBDC to promote marketing opportunities, marketing plans and business plans through the SBDC. Executive Director Rudy Zepeda stated that the EDC could direct people to the SBDC for assistance with completing the BEAR program application. Mr. Dearing stated that he is familiar with grant programs such as the BEAR program and would be happy to assist with the application process for Santa Fe businesses. Mr. Dearing also said that he has worked with SBDC's before and would continue to utilize their expertise for small businesses in creating marketing plans and business plans separate from the BEAR program.

Director Schwertner suggested that the Economic Development Corporation (EDC) sponsor a Sunrise with Santa Fe breakfast with the Santa Fe Chamber of Commerce to introduce the program. The breakfast could be hosted at City Hall to familiarize the business community with the EDC's location.

Director Schwertner suggested that the Economic Development Corporation (EDC) purchase a retractable banner sign to market the EDC. Mr. Zepeda mentioned that the banner sign could include the new EDC logo, contact information and a bulleted list of services the EDC offers.

Motion by Director McCamy to accept the BEAR program as presented for presentation to City Council for approval, seconded by Director Summerville. The motion passed unanimously.

**b. Discussion with possible action on awarding a construction contract for building office space at City Hall**

Economic Development Corporation (EDC) Coordinator Josh Dearing summarized the previous steps taken to build office space at City Hall, including the decision at the May 28, 2024 Economic Development Corporation (EDC) Board of Directors (Board) meeting to postpone the awarding of a construction contract and re-bid the project due to only receiving one (1) bid. Mr. Dearing stated that following the re-bid process, the EDC performed four (4) walkthroughs with contractors for the project and received two (2) bids for construction services. Mr. Dearing also stated that a contractor stated that they attempted to submit a bid prior to the submission deadline, but the submission was never sent from his email outbox. Discussion regarding building office space at City Hall is as follows:

- Executive Director Rudy Zepeda explained that the Board of Directors (Board) had the option to review the two (2) bids that were received and accept one (1) of them, re-bid the project that could include advertising the bid around the greater Houston region, or bid the project for a longer period of time (e.g., bid the project for a month instead of two (2) weeks).
- Director Schwertner inquired if the Economic Development Corporation (EDC) received any verbal inquiries, or if any contractors provided any feedback as to why they did not submit a bid. Mr. Dearing stated that the EDC did not receive any verbal inquiries or receive any feedback from contractors who neglected to bid on the project.

Director Schwertner stated that she believes the longer the Board of Directors (Board) waits to award the contract, the more expensive the project would become.

Director Schwertner pointed out that there would be business owners coming to City Hall with the passage of the Business Expansion Attraction and Retention (BEAR) program, and it would be more appropriate to have a dedicated office space for the Economic EDC Coordinator.

- Director Helpenstill stated that K.R. Allen Construction provided a very detailed breakdown of the cost estimates for the project.

Director Helpenstill stated that he provided a courtesy walkthrough of the project with his son and believed that the cost estimates received were higher than what he had anticipated.

Director Helpenstill stated that if the Economic Development Corporation (EDC) were to re-bid the project to the greater Houston region, he believes it would receive more bids, but the bids would not come from local businesses.

Director Helpenstill inquired if there is a timeline for approval and construction commencement. Director Helpenstill stated that any contractor that is awarded the contract will require time for planning, ordering of

materials and completing current construction projects, and asked if the Santa Fe City Council has a timeline for construction commencement and completion. Mr. Zepeda explained that the City of Santa Fe does not have a specific timeline, but it would be preferable to have the project completed by the end of the calendar year.

Director Helpenstill stated that he believes that if the project were re-bid, a lower bid would not save more than \$7,000 or \$8,000. Director Schwertner agreed with this statement.

Director Helpenstill questioned whether the City of Santa Fe's Building Inspectors should review the scope of work to determine if there are any unnecessary items included in the bid.

- Director Summerville stated that it was difficult to make a comparison between the two (2) bids because one of them was very itemized and detailed, and the other bid was just a lump sum figure with no details included.

Director Summerville questioned why the bid contained a proposal for additional heating, ventilation and air conditioning (HVAC) units. Mr. Zepeda explained that the initial scope of work included the additional HVAC equipment because it was believed to be necessary. However, after preliminary walkthroughs, it was advised that the existing HVAC system could be re-routed to provide service to the new offices and existing City Council chambers.

Director Summerville questioned whether the Board of Directors (Board) could meet with the contractors to review the bid and determine if some items wouldn't be necessary for the construction project. Mr. Zepeda said that there may be some instances where the proposed bid included information technology work that could be done by the City of Santa Fe's information technology contractor, which would provide for some cost savings. Mr. Zepeda stated that he would instruct Mr. Dearing to consult with the City of Santa Fe's attorney and the contractor regarding the scope of work.

Director Summerville stated that there could also be additional costs that are not included in the bid.

- President Wylie summarized the discussion and stated that he believed it is the desire of the Board of Directors to award the bid to K.R. Allen Construction with the contingency that the Economic Development Corporation (EDC) negotiate out of the contract any unnecessary work to provide for cost savings. Mr. Zepeda stated that the Board of Directors (Board) could make a motion with that contingency included to potentially amend the contract that is awarded.

Motion by Director Helpenstill to award a construction contract to K.R. Allen Construction with the contingency that the Economic Development Corporation may potentially amend the contract to remove items included in the bid or add items not included in the bid, seconded by Director McCamy. The motion passed unanimously.

## **New Business**

- a. Discussion with possible action on funding a fire sprinkler system for SCV Valve, LLC for an undetermined amount to facilitate the expansion of the business to include a new shipping warehouse and future manufacturing warehouse**

President Wylie welcomed Cary McCarra, Vice President of Operations and Glori Davis, Operations Coordinator from SCV Valve, LLC (the Company) to join the Economic Development Corporation (EDC) Board of Directors (Board) for the discussion. Mr. McCarra distributed materials to the Board for their review that included a packet

with historical information on the company, current employee totals, total taxes paid to the City of Santa Fe, cost estimate for the fire sprinkler system and construction of new facilities, a rendering of the proposed facility and an estimated total of sales taxes paid by the company within Santa Fe; an introduction brochure for the company that included a list of their customers, the company's product line, the company's certifications and their processes for manufacturing.

EDC Coordinator Josh Dearing provided background to the Board regarding the conversations between the EDC and the Company. The Company approached the City of Santa Fe with plans to construct an 11,980 square foot shipping warehouse (Phase 4). Any commercial building that is 12,000 square feet or larger requires a fire sprinkler system. The company also plans for an additional expansion in the future for a manufacturing facility that will exceed 12,000 square feet (Phase 5). The EDC contacted the Company to inquire if they would prefer to construct a larger facility, and if so, whether the EDC might consider funding the fire sprinkler system that would be required.

Mr. McCarra addressed the Board and provided background information on SCV Valve, LLC and their continuous growth throughout the years, including two (2) previous expansions of the facility. Mr. McCarra then explained that the proposed expansion of Phase 4 is now proposed to be 28,500 square feet and will allow for the Company to perform same day shipping for orders that they have processed.

Mr. McCarra explained that the company initially employed 15 people prior to any expansion and now employs 54 people, 36 of which work in the shop and the average wage for the shop employees is approximately \$53,000 annually. Phase 4 is anticipated to add 10 employees and Phase 5 is anticipated to add 25 employees. The estimated cost for the new 28,500 square foot proposed Phase 4 expansion is approximately \$1.3 million.

Mr. McCarra referred to one of the handouts that the Company provided and stated that estimated expenditures within Santa Fe from 2009 to 2023 was approximately \$3.37 million. Referring to the same handout, Mr. McCarra and Mrs. Davis then explained a conservative estimate for what the Company believes their employees spend within Santa Fe separate from the Company's expenditures. It is estimated that following completion of Phases 4 and 5, the employees would spend approximately \$468,000 annually.

- Director Schwertner asked if SCV Valve, LLC paid sales tax on the sale and distribution of the valves that they manufacture. Mr. McCarra replied that they do not generate sales tax on those sales, and Mr. Dearing explained that is why the Economic Development Corporation requested some of the estimated sales tax numbers that were provided to the Board of Directors.
- Director McCamy asked if SCV Valve, LLC had received any cost estimates for the fire sprinkler system. Mr. McCarra referred to a page in the handout for multiple cost estimates that vary depending on the availability of water supply. The least expensive option is estimated to cost \$132,750 if there is adequate water supply and pressure, and the most expensive option is estimated to cost \$356,125 if there is not an available water supply and installation of a water tank and pump would be required. President Wylie stated that it was good to see the different range of cost estimates because SCV Valve, LLC does not know which type of system the Fire Marshal would require.
- Director McCamy inquired if SCV Valve, LLC is seeking partial funding for the fire sprinkler system or 100% of funding. Mr. McCarra replied that they are seeking 100% funding for the fire sprinkler system.
- Director Helpenstill asked if there is a timeline for when SCV Valve, LLC expects to have a definitive cost associated with the request and know what type of fire sprinkler system would be required. Mr. McCarra explained that they have spent a lot of time and money preparing for the original 11,980 square foot building,

- and now have to alter some of those plans for the 28,500 square foot building. President Wylie explained that the Board of Directors would need a definitive cost to approve any kind of funding and suggested that SCV Valve, LLC meet with the Fire Marshal.
- Mr. Dearing explained that any funding from the Economic Development Corporation (EDC) must follow a lawful timeline. If the EDC approves funding for the project, it would then have to be presented to the Santa Fe City Council for approval. If the Santa Fe City Council approved the funding, then there is a mandatory 60-day waiting period for public comment on the project. Following the 60-day comment period, the EDC Board of Directors would again have to agree to move forward with the project and the EDC would have to enter into a Performance Agreement with SCV Valve, LLC. Mr. McCarra inquired about any allowances for an accelerated timeline, and Mr. Dearing replied that the EDC Board of Directors could meet at a special meeting, but that the timeline must be followed according to state law.
- Director Schwertner asked if SCV Valve, LLC was seeking cost estimates for the construction of Phases 4 and 5 from local contractors. Mr. McCarra replied that they were. Mrs. Davis stated that they also sought a cost estimate for the fire sprinkler system from a company within Santa Fe.
- President Wylie thanked Mr. McCarra and Mrs. Davis for attending the Economic Development Corporation meeting and Director Summerville complimented the presentation from each of them.

**b. Discussion on setting the fiscal year 2024-2025 budget for the Economic Development Corporation**

Executive Director Rudy Zepeda presented the proposed budget for the fiscal year 2024-2025 (FY25) for the Economic Development Corporation (EDC) to the Board of Directors (Board). It is anticipated that the Board will adopt the proposed budget at the July 30, 2024 Board meeting.

Mr. Zepeda explained that the forecasted sales tax for FY25 is \$1,074,400 based on the City of Santa Fe's calculation for additional sales tax. The estimated interest and investment income remains the same at \$125,900 based on the consideration of the EDC using some of those funds. However, there are unused funds from fiscal year 2023-2024 (FY24) that could be used to replenish any withdrawals, so the \$125,900 remains unchanged. The projected increase from FY24 to FY25 is \$112,450.

Director Schwertner asked if the EDC were to fund a project such as the one proposed by SCV Valve, LLC whether those funds would come from the FY24 budget or the FY25 budget. Mr. Zepeda replied that the funds would come from the FY25 budget because that is when the funds would be spent, and would require a budget amendment.

For expenses, the EDC projects an increase of \$5,300 for Administrative Services, which is in line with the 5% annual increase for employees, bringing the total for FY25 to \$96,000.

Training and Travel is proposed to decrease by \$6,000 from \$17,000 in FY24 to \$11,000 in FY25 based on previous year's expenditures.

Financial Audit Services is projected to increase \$300 from \$9,500 in FY24 to \$9,800 in FY25.

Advertising will remain unchanged from FY24 at \$30,000.

Dues and Subscriptions are projected to increase by \$1,000 from \$1,000 in FY24 to \$2,000 in FY25.

Legal Services is projected to decrease by \$3,000 from \$15,000 in FY24 to \$12,000 in FY25.

Web Services is projected to increase by \$3,000 from \$2,000 in FY24 to \$5,000 in FY25 based on the EDC planning to have their own webpage and domain name in FY25.

Professional Services is projected to increase \$8,000 from \$10,000 in FY24 to \$18,000 in FY25 based on current subscriptions to service providers such as CoStar and LoopNet, which are commercial property listing services.

Projects and Grants is projected to increase by \$90,000 from \$810,000 in FY24 to \$900,000 in FY25. This account is set aside for infrastructure projects, which the Board of Directors previously approved for 75% of the budget to be allocated to infrastructure projects.

Program Expenses is projected to increase by \$15,000 from \$100,000 in FY24 to \$115,000 in FY25. This account is set aside for the Business Expansion Attraction and Retention (BEAR) program that was approved by the Board of Directors earlier in the meeting.

The revenues and expenses are budgeted to balance out at \$0, which would leave the beginning estimated fund balance of \$2,898,915 unchanged. Mr. Zepeda clarified that there are currently no approved projects for the Projects and Grants account, which is \$900,000 and the odds are likely that the estimated fund balance will increase during FY25.

The Economic Development Corporation's annual operating expenses are \$185,300, which is \$15,400 per month. This translates to 188 months of operating capital.

Director Schwertner asked for clarification on the difference between Projects and Grants. Mr. Zepeda explained that grants can be allocated over many different years, such as \$100,000 payments annually for a company's expansion and increased employment. A project would be a one-time cost for an infrastructure project.

Director Schwertner asked which account the construction of office spaces at City Hall would come out of. Mr. Zepeda explained that the funds will come out of the Contractor – Capital Outlay account, but it is not budgeted for FY25 because the funds may be allocated during FY24, which would require a budget amendment to the current budget.

**c. Discussion on upcoming 2024 Governor's Small Business Summit to be held on July 18, 2024 from 9:00 a.m. – 2:30 p.m. at Galveston College**

Director Schwertner asked that this item be added to the agenda and informed the Board of Directors (Board) that there is no cost for Board members and Economic Development Corporation (EDC) staff. Director Schwertner stated that there are different awards that will be given out during the 2024 Governor's Small Business Summit, and Secretary/Treasurer O'Connell has submitted a nomination for Anthony Macaluso, owner of The Gun Vault of Texas, LLC. Director Schwertner stated that she would ask the Santa Fe Chamber of Commerce President/CEO Amber Miessner to create a flyer recognizing Mr. Macaluso for his nomination.

Director Schwertner stated that the subjects to be covered at the event will be by cybersecurity, lending, marketing and artificial intelligence.

The capacity for the event is 200 and there are already 100 registrants, so Director Schwertner encouraged everyone to register quickly.

EDC Coordinator Josh Dearing stated that he would send a link to the registration webpage along with the code to allow for free registration for the Board members.

**Citizens' Comments and Announcements**

There were no citizen's comments or announcements.

**Adjournment**

Director McCamy motioned to adjourn the meeting, seconded by Director Helpenstill. The motion passed unanimously, and the meeting adjourned at 8:33 p.m.

ATTEST:

  
Rudy Zepeda, Executive Director

  
Bob Wylie, President