

ITEM B

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
OCTOBER 6, 2015 AGENDA**

Subject:	Type:	Submitted By:
CITIZEN ADVISORY REVIEW COMMITTEE — EDP REPORT	RESOLUTION ORDINANCE ◆ RECEIVE/FILE	RITA RAMIREZ ASST. CITY ADMINISTRATOR/ DIR. COMMUNITY SERVICES

SYNOPSIS.

A public hearing has been scheduled for the Citizen Advisory Review Committee to submit a written report to the Mayor and City Council regarding the City's Economic Development Program. A copy of the report is attached.

FISCAL IMPACT

N/A.

RECOMMENDATION

Approval.

BACKGROUND

Ordinance No. 921 established the City's Economic Development Program and formed the Citizen Advisory Review Committee which is charged with reporting to the Mayor and City Council in a public hearing at least once every six months.

LA VISTA CITIZEN ADVISORY REVIEW COMMITTEE

To: Citizen Advisory Review Committee

Dt: September 10, 2015

Fr: Rita Ramirez, Asst. City Administrator

Re: Economic Development Program Review

The Citizen Advisory Review committee is required to report to the Mayor and City Council at least once every six months regarding the Economic Development Program. The following is provided for the Committee's information and generally covers activity for FY 14 (the period from October 1, 2013 to September 30, 2014):

One application to the Economic Development Program has been received to date. The application was from John Q. Hammons to construct a full service Embassy Suites Hotel and conference center facility, which opened in July of 2008 and a Marriott Courtyard Hotel, which opened in May of 2009. These facilities are located in the Southport West subdivision.

1. The City has been collecting sales tax revenue for the Economic Development fund since its effective date. In FY15 (which will end on September 30, 2015) the fund received \$600,000 in sales tax revenue, (bringing the total sales tax revenues transferred to the fund since its inception to \$3,288,000), and \$1,187,292 in loan payments (interest only) from John Q. Hammons. Expenditures in FY15 were \$1,998,854 for debt service associated with the grant and construction loan. The fund had a balance of approximately \$450,000 carried over from FY14.
2. The Economic Development Fund Budget for Fiscal Year 2016 indicates a carry forward amount of \$236,821 from FY15, the fund will receive \$1,186,839 in revenue from loan payments (interest only) by John Q. Hammons, and the fund will receive \$600,000 from sales tax. Expenditures in FY16 will include debt service payments of \$1,311,426 in interest and \$685,000 in principal.
3. The City's assessed valuation for 2016 is \$1,331,138,549, which is an increase of 4.89% from 2015. Over the past 5 years, the growth in the City's valuation has averaged approximately 4.7% annually. The considerably lower than average growth rate in fiscal years 2012 and 2013 can likely be attributed to declining property values associated with the current economic situation specifically related to market sales and vacant commercial properties, especially in the 84th Street corridor. The City pursued annexations in FY13 and won the Supreme Court case regarding the annexation of SID 59, increasing the valuation for 2014. 2015 and 2016 have both shown growth in valuation.
4. Sales and use tax revenue has continued to show an increase over the last several years. There were some extremely high sales and use tax collections in 2012 and 2013 and the explanations are noted below. Sales and use tax year-end estimate for FY2015 is well over \$6 million, which is considerably higher than budgeted. The budget was prepared extremely conservative in light of the refunds that were taken by the State in 2014. The City has started to build a sales and use tax reserve for potential future rebates.

FY2010 Sales and Use Tax - \$3,499,187 (up 9.2%)

FY2011 Sales and Use Tax - \$3,741,187 (up 6.9%)

FY2012 Sales and Use Tax - \$4,471,391 (up 19.5%)*

FY2013 Sales and Use Tax - \$5,999,367 (up 34.2%)**

FY2014 Sales and Use Tax - \$3,212,977 (actually received less the \$2.4 million rebate)

FY2015 Sales and Use Tax - \$6,393,583 (through August)

* (Sales and use tax revenue received in May 2012 was exceptionally high—State took back \$2.4 million in sales and use tax revenue in 2014 due to State incentive programs.)

** (An additional \$1.2 million in sales and use tax received as a result of a business audit by the State Treasurer. State took back \$2.4 million in sales and use tax revenue in 2014 due to State incentive programs.)

5. While considerably lower than previous years, building permit valuations have remained fairly steady since 2008.

2008 - \$43,487,781 (a decrease from the previous year).

2009 - \$27,316,647

2010 - \$50,312,009 (two large multi-family projects at the end of the year)

2011 - \$34,936,491

2012 - \$28,813,664

2013 - \$31,603,604

2014 - \$48,455,140

2015 - \$39,024,333 (through August)

Total building permit valuations since 1997 are \$1.05 billion.