

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
OCTOBER 4, 2016 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: Mayor and City Council

Dt: September 8, 2016

Fr: City Advisory Review Committee

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 FY16 (the period from October 1, 2015 to September 30, 2016).

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 FY16 the fund received \$600,000 in sales tax revenue, (bringing the total sales tax revenues transferred to the fund since its inception to \$3.6 million), and \$1,186,573 in loan payments (interest only) from John Q. Hammons. Expenditures in FY16 were \$1,996,427 for debt service associated with the grant and construction loan.
2. The Economic Development Fund Budget for Fiscal Year 2017 indicates a carry forward amount of \$8,595 from FY16, the fund will receive \$16,997,265 in revenue from the balloon loan payment that is due from JQH, and the fund will receive \$800,000 from sales tax. Expenditures in FY17 will include debt service payments of \$1,265,741 in interest and \$730,000 in principal. The balloon payment will not come in until September of 2017 (the last month of the fiscal year) and there will be a principal and interest payment due prior to that time, which is why there will still be a sales tax transfer.
3. The City's assessed valuation for 2017 is \$1,410,681,076, which is an increase of 5.97% from 2016. Over the past several years, the growth in the City's valuation has averaged approximately 5% annually.
4. Sales and use tax revenue has continued to show a substantial increase over the last several years. Sales and use tax for FY2015 was 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. With one month left in FY2016, sales tax revenues have already exceeded budget.

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 - \$6,956,421 (up 23.9% over total earned in FY14)

FY2016 Sales and Use Tax - \$7,523,879 (October through August)

* (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. Building permit valuations are reported in calendar year, not fiscal year. Through July 2016 is down considerably, but there are five months left in the year.

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 - \$53,935,091

2016 - \$18,698,064 (January through July)

Total building permit valuations since 1997 are \$1.08 billion.