

ITEM B

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
OCTOBER 1, 2013 AGENDA**

Subject:	Type:	Submitted By:
CITIZEN ADVISORY REVIEW COMMITTEE — EDP REPORT	RESOLUTION ORDINANCE ◆ RECEIVE/FILE	RITA RAMIREZ ASSISTANT CITY ADMINISTRATOR

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

Receive/File.

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 Members of City Council

Dt: September 12, 2013

Fr: Citizen Advisory Review Committee

Re: Economic Development Program Review

Pursuant to §117-15 (g) the Citizen Advisory Review Committee shall report to the Mayor and City Council, at least once every six months, regarding the Economic Development Program.

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 FY13 (which ends on September 30, 2013) the fund received \$600,000 in sales tax revenue, (bringing the total sales tax revenues transferred to the fund since its inception to \$2,280,000), and \$1,186,573 in loan payments (interest only) from John Q. Hammons. Expenditures in FY13 were \$1,999,662 for debt service associated with the grant and construction loan. The fund had a balance of just over \$882,000 carried over from FY12.
2. The Economic Development Fund Budget for Fiscal Year 2014 anticipates that \$670,306 will be carried forward from FY13, the fund will receive \$1,186,573 in revenue from loan payments (interest only) by John Q. Hammons, and the fund will receive \$600,000 from sales tax. Expenditures in FY14 will include debt service payments of \$1,393,396 in interest and \$605,000 in principal.
3. The City's assessed valuation for 2014 is \$1,243,966,760, which is an increase of over 17% from 2013. This growth in valuation is due to annexations by the City, not an increase in building activity or an increase in existing property valuations. Over the past 10 years, the growth in the City's valuation has averaged about 10% annually. The considerably lower than average growth rate over 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. Because the City pursued annexations in FY13 and won the Supreme Court case regarding the annexation of SID 59, the valuation increased for 2014.
4. Net taxable sales increased in both 2011 and 2012. The first six months of 2013 are indicating a 5.7% increase over the same period last year. (This data is compiled by the State Department of Revenue.)
2009 Net Taxable Sales - \$182,170,349
2010 Net Taxable Sales - \$174,451,981 (down 4.2%)
2011 Net Taxable Sales - \$186,820,517 (up 7.08%)
2012 Net Taxable Sales - \$200,843,094 (up 7.5%)
2013 Net Taxable Sales (through June) - \$99,824,169 (up 5.2% over same period last year)

5. Sales tax revenue has continued to show an increase over the last several years and 2013 appears to be on the same track. There were some extremely high sales tax collections in 2012 and 2013 and the explanations are noted below.

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

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

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

FY2013 Sales Tax (through August) - \$5,552,400**

* (Sales tax revenue received in May 2012 was exceptionally high and we are anticipating an incentive refund to be deducted at some point.)

** (An additional \$1.2 million in sales tax received as a result of a business audit by the State Treasurer. State has now informed us they will be taking back a total of \$2.4 million in sales tax revenue due to State incentive programs.)

6. Building permit valuations have been consistently lower for the last several years, permit valuations in 2013 have already exceeded last year's total with four 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 - \$21,689,664

2013 - \$24,169,894 (Through August)

Total building permit valuations since 1997 are over \$946 million.