

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
APRIL 2, 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 the City Council

Dt: March 14, 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. The following report generally covers to-date activity for FY 13 (the period from October 1, 2012 to current) as well as some statistical information from previous fiscal years.

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 FY12 the fund received \$600,000 in sales tax revenue, (bringing the total sales tax revenues transferred to the fund since its inception to \$1,680,000), and \$1,186,573 in loan payments (interest only) from John Q. Hammons. Expenditures in FY12 were \$1,998,172 for debt service associated with the grant and construction loan. The fund had a balance of just over \$1 million carried over from FY11.
2. The Economic Development Fund Budget for Fiscal Year 2013 anticipates that \$880,553 will be carried forward from FY12, 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 FY13 will include debt service payments of \$1,429,662 in interest and \$570,000 in principal.
3. The City's assessed valuation for 2013 is \$1,060,374,615, which is a growth rate of less than 1% (.10%) from 2012. Over the past 10 years, the growth in the City's valuation has averaged about 11% annually. The considerably lower than average growth rate over the last two fiscal years 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. Additionally, the City did not pursue any annexations in FY12.
4. Net taxable sales continue to recover totaling \$200,843,094 in 2012, an increase of 7.5% over 2011. (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%)

5. Sales tax revenue has continued to show an increase over the last several years with FY2012 showing a 19.5% increase over FY2011. Even with the potential of an ultimate return of some sales tax revenue due to state incentive programs, 2012 will still show an increase over previous years. The first four months of FY2013 are showing an increase over this same time period last year excluding the large additional amount 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 - \$2,656,442 (October through January)***

** (Sales tax revenue received in a couple of months during FY12 was exceptionally high and we are anticipating an incentive refund to be deducted at some point.)

*** (Sales tax revenue received in January was \$1.55 million. The State has informed us that \$1.2 million of that was the result of a business audit by the State Treasurer that resulted in the company having to pay back taxes. The State also indicated that most likely the company will file an appeal and receive at least a partial refund. Accordingly, we have set aside these additional funds in anticipation of having to give a good portion of them back.)

6. Building permit valuations have been consistently lower for the last several years.

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

Total building permit valuations since 1997 are over \$924 million.