



**Resource Management
Agency
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

KUYLER CROCKER
District One
PETE VANDER POEL
District Two
AMY SHUKLIAN
District Three
EDDIE VALERO
District Four
DENNIS TOWNSEND
District Five

AGENDA DATE: May 19, 2020- REVISED

Public Hearing Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Published Notice Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Advertised Published Notice	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Meet & Confer Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Personnel Resolution attached	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
CONTACT PERSON: Celeste Perez PHONE: 559-624-7000		

SUBJECT: Membership in the Tulare County Economic Development Corporation

REQUEST(S):

Request that the Board of Supervisors:

1. Receive a presentation regarding membership in the Tulare County Economic Development Corporation.
2. Provide direction as to which of the two options staff should pursue with regard to membership in the Tulare County Economic Development Corporation (EDC).
Option 1: Choose to pay the \$90,712 public sector contribution and continue membership in the EDC; or
Option 2: Choose not to continue membership in the EDC.

SUMMARY:

The Economic Development Corporation (EDC) Board of Directors, at its January 22, 2020, meeting, adopted a public sector contribution formula resulting in a 105% increase in Tulare County’s annual contribution from \$44,212 to \$90,712. At the same time, with the exception of Dinuba, the cities are receiving an average 19% reduction in contributions. In light of this increase, the budgetary impacts from COVID-19 and that the City of Farmersville is leaving the EDC, the County Administrative Office made a request to hold a Study Session to allow the Board of Supervisors to provide direction to staff on this matter.

Paul Saldana, the EDC President & CEO, attended the Study Session on May 5, 2020. Paul provided clarification regarding the public sector contribution formula. Pursuant to the bylaws, the city/county managers group approves the formula and not the EDC. In addition, Paul informed the Board of Supervisors there is a vacant seat

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on the EDC Admin Committee designated for a representative from the public sector.

The City of Farmersville terminates its membership with the EDC effective July 1, 2020. During its April 27, 2020, meeting, the Farmersville City Council voted 3-1 to terminate despite a 12% reduction in its contribution for FY20/21.

In recent years, Return on Investment (ROI) is a term often mentioned by the cities and County when discussing the EDC. The return on investment formula is simple:

$$\text{ROI} = \frac{\text{Current Value of Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

The challenge is determining the current value of the investment. Therefore, a simple breakeven analysis is more appropriate. To breakeven on the original contribution of \$90,712 there needs to be an equal increase in tax revenue to the County. This analysis will consider assessed valuation (capital investments) and job creation, both of which are both primary objectives of the EDC.

Property taxes are levied at a 1% rate of assessed value and the County is allocated a 35% share of tax revenue, or 0.0035 percent of assessed valuation. Therefore, the metric to breakeven on an investment of \$90,712 would be an increase in assessed valuation of \$25.9 million.

Using job creation to determine breakeven is more of a challenge. If a worker pays between \$1,800 and \$2,724 each year in sales, property and other local taxes, the metric to breakeven on an investment of \$90,712 would be the creation of 33-50 new jobs within the County.

In summary, for the County to breakeven on its \$90,712 contribution there needs to be an increase of \$25.9 million in assessed valuation, the creation of 33-50 new jobs, or a combination of both attributed to the EDC. Without actual data, this is only a best estimate and consideration should be given that once on the tax roll, the increased tax will continue and optimistically, any new jobs are retained.

If the decision is to leave, services the EDC currently provides and the County would now need to perform is limited to the updating of the Consolidated Economic Development Strategy (CEDS) every 5-years. The next update will not be required until 2024 at an estimated cost, if not completed in-house, of \$15,000 - \$20,000. There are no other responsibilities or costs expected to fall back to the County.

The County has invested in its own Economic Development Office with the overall goal and objective to get projects in the ground, create jobs and grow property value. Since its inception in April 2012, it has been very successful assisting companies in locating into Tulare County and helping existing local businesses with expansions. In June, a complete Economic Development Office update will be made to the Board of Supervisors. The presentation will include an update on economic activity and an overview of the proposed 2020/21 Work Programs for each of the units within the Economic Development Office; Business Opportunities, Tourism and the Film Commission.

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FISCAL IMPACT/FINANCING:

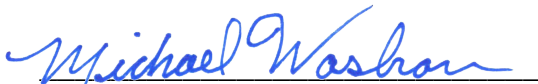
Option 1: A cost of \$90,712 to the General Fund in FY20/21 that is a 105% increase over the previous fiscal year.

Option 2: No cost to the General Fund in FY20/21 that is a savings of \$44,212 over the previous fiscal year.

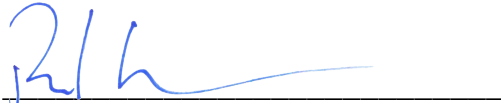
LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

The County's five-year strategic plan includes the Economic Well Being Initiative to promote economic development opportunities, effective growth and a quality of standard of living. More specifically, the adopted Strategic Business Plan 2016-2020 includes the following provision -- Collaborate with the Economic Development Corporation for unincorporated county business development commensurate to the County's contribution to the organization.

ADMINISTRATIVE SIGN-OFF:



Michael Washam
Associate Director



Reed Schenke, P.E.
Director

cc: County Administrative Office

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF MEMBERSHIP IN) Resolution No. _____
THE TULARE COUNTY ECONOMIC)
DEVELOPMENT CORPORATION)

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD ON MAY 19, 2020,
BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: JASON T. BRITT
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

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