

MEMBERSHIP IN THE TULARE COUNTY ECONOMIC DEVELOPMENT CORPORATION



Board of Supervisors

May 19, 2020

TCEDC Fiscal Year 2020/21

Public Sector Contribution Formula

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Adopted by TCEDC Board of Directors on January 22, 2020

Current Formula	Current Annual Contribution	Jurisdiction	New Formula	New Annual Contribution	Percentage Change	Dollar Amount Change
5.3%	\$ 12,066	Dinuba	7.1%	\$ 16,075	33.2%	\$ 4,009
2.1%	\$ 4,691	Exeter	1.6%	\$ 3,718	(20.7%)	\$ (973)
1.6%	\$ 3,606	Farmersville	1.4%	\$ 3,168	(12.0%)	\$ (434)
1.8%	\$ 4,211	Lindsay	1.7%	\$ 3,967	(5.8%)	\$ (244)
12.1%	\$ 27,590	Porterville	8.9%	\$ 20,290	(26.5%)	\$ (7,300)
16.0%	\$ 36,456	Tulare	11.2%	\$ 25,538	(29.9%)	\$ (10,918)
40.6%	\$ 92,440	Visalia	27.2%	\$ 61,941	(33.0%)	\$ (30,499)
1.1%	\$ 2,434	Woodlake	1.0%	\$ 2,298	(5.6%)	\$ (136)
19.4%	\$ 44,212	County	39.8%	\$ 90,712	105.2%	\$ 46,500
	\$227,706	Total		\$227,706		

TCEDC Fiscal Year 2020/21

Public Sector Contribution Formula

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Adopted by TCEDC Board of Directors on January 22, 2020

- The public sector contribution formula was developed by the County/City Managers group based on four factors:
 1. Total population;
 2. Total sales tax received;
 3. Total property tax received; and,
 4. Total number of jobs in the community.
- The percentage of each jurisdiction's share based on each of the four factors was determined.
- The jurisdiction's share for each of the four factor was averaged to create a percentage of the EDC budgeted \$227,706 revenue from the public sector.
- The total public sector contribution of \$227,706 remains the same as in previous EDC budgets; only the formula to determine each jurisdiction's contribution has been updated this year.

TCEDC Fiscal Year 2020/21

Formula Data

			A		B		C		F		City/County Mgr Rec.	
Current Distribution			Population	% of total	Sales Tax Revenue	% of total	Property Tax Revenue	% of total	Jobs in Community	% of total	Average of A,B,C,F	Change
5.3%	Dinuba		25,328	5.3%	\$ 11,976,424	16.5%	\$ 2,388,060	1.4%	7,846	5.0%	7.1%	1.8%
2.1%	Exeter		11,002	2.3%	\$ 836,753	1.2%	\$ 1,225,578	0.7%	3,656	2.3%	1.6%	-0.4%
1.6%	Farmersville		11,358	2.4%	\$ 619,940	0.9%	\$ 524,135	0.3%	3,158	2.0%	1.4%	-0.2%
1.8%	Lindsay		13,358	2.8%	\$ 864,810	1.2%	\$ 829,382	0.5%	3,884	2.5%	1.7%	-0.1%
12.1%	Porterville		60,260	12.6%	\$ 5,992,679	8.2%	\$ 4,322,022	2.6%	19,050	12.2%	8.9%	-3.2%
16.0%	Tulare		66,967	14.0%	\$ 9,652,469	13.3%	\$ 8,386,562	5.1%	19,564	12.5%	11.2%	-4.8%
40.6%	Visalia		138,207	28.8%	\$ 30,085,863	41.4%	\$ 17,112,127	10.3%	44,047	28.2%	27.2%	-13.4%
1.1%	Woodlake		7,891	1.6%	\$ 414,100	0.6%	\$ 418,880	0.3%	2,445	1.6%	1.0%	-0.1%
19.4%	County		144,741	30.2%	\$ 12,219,389	16.8%	\$ 130,552,515	78.8%	52,361	33.6%	39.8%	20.4%
	Total		479,112		\$ 72,662,427		\$ 165,759,261		156,011			
Source			DOF 2019 Population Estimates Report May 2019		State Tax Administration Report of Distributions 2017-18		Auditor-Controller 2018-19 Gross Levy by Tax Code October 2018		Feb 2019 On the Map Data from WIB			

Formula Applied to Budget

Current Distribution			Population	Sales Tax Revenue	Property Tax Revenue	Jobs in Community	Average of A,B,C,F	
								Change
\$ 12,066	Dinuba		\$ 12,038	\$ 37,531	\$ 3,281	\$ 11,452	\$ 16,075	\$ 4,009
\$ 4,691	Exeter		\$ 5,229	\$ 2,622	\$ 1,684	\$ 5,336	\$ 3,718	\$ (973)
\$ 3,606	Farmersville		\$ 5,398	\$ 1,943	\$ 720	\$ 4,609	\$ 3,168	\$ (438)
\$ 4,211	Lindsay		\$ 6,349	\$ 2,710	\$ 1,139	\$ 5,669	\$ 3,967	\$ (244)
\$ 27,590	Porterville		\$ 28,640	\$ 18,780	\$ 5,937	\$ 27,804	\$ 20,290	\$ (7,300)
\$ 36,456	Tulare		\$ 31,827	\$ 30,248	\$ 11,521	\$ 28,555	\$ 25,538	\$ (10,918)
\$ 92,440	Visalia		\$ 65,685	\$ 94,282	\$ 23,507	\$ 64,289	\$ 61,941	\$ (30,499)
\$ 2,434	Woodlake		\$ 3,750	\$ 1,298	\$ 575	\$ 3,569	\$ 2,298	\$ (136)
\$ 44,212	County		\$ 68,791	\$ 38,293	\$ 179,342	\$ 76,424	\$ 90,712	\$ 46,500
\$ 227,706	Total		\$ 227,706	\$ 227,706	\$ 227,706	\$ 227,706	\$ 227,706	

Return on Investment

- 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.
- This analysis considered two primary objectives:
 - Assessed Valuation (Property Tax)
 - Job Creation
- 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 new jobs retained.

Breakeven – Property Tax

$$\text{Contribution} = \frac{\text{Increase in Assessed Valuation on Tax Roll}}{\text{County Allocation of Property Tax}}$$

$$\$90,712 = \frac{\text{Increase in Assessed Valuation on Tax Roll}}{\text{County share is 35\% of the 1\% tax rate}}$$

$$\$90,712 = \frac{\$25,917,714}{0.0035}$$

Breakeven – Job Creation

$$\text{Contribution} = \frac{\text{Increase in Jobs}}{\text{Increase of Sales \& Property Tax}}$$

$$\$90,712 = \frac{\text{Increase in Jobs}}{\text{County receives \$1,800 - \$2,724 in Sales, Property and other Local Taxes}}$$

$$\$90,712 = \frac{50 \sim 33}{\$1,800 \sim \$2,724}$$

- The City of Farmersville terminates its membership with the EDC effective July 1, 2020.
 - The City Council voted 3-1 to terminate despite a 12% reduction in its contribution for FY20/21.
- If the decision is to leave, the County would be responsible to update 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.

Request that the Board of Supervisors:

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.