

MEMORANDUM

Agenda Item No. _____
Presenter: Mr. Whitlock

To: Honorable Mayor and City Council

From: Steven Whitlock, City Manager

RE: Update on Shop Coweta Economic Development Program

Date: September 26, 2005

BACKGROUND

One of the previous directives provided to staff was to reconcile the operating/capital budget to acceptable spending levels while maintaining appropriate service levels within the community. Through diligent work by the City Council and my staff, that directive has been accomplished. It should be noted that when many Oklahoma municipalities were reducing services, considering elimination of a local ambulance service, reducing staffing levels and limiting capital purchases, the City of Coweta's estimated revenues increased while other communities' revenues were decreasing drastically.

However, even with the above-mentioned accomplishments, staff would like to take this opportunity to advise the Coweta City Council that future growth and development will be hampered without continued increases in sales tax collections. As you are aware, sales tax revenues fund a majority of services within the General Fund, such as, public safety, public works and community service operations. Future expansion of sales tax revenues is required if service levels are to be expanded in the near future. Furthermore, since the City of Coweta routinely funds capital projects with operating funds, future capital improvement projects will be limited if not eliminated all together. As it stands currently, the City of Coweta is in dire needs of a modern City Hall, construction of an additional Fire Station, expansion of the parks and recreation system, installation of a pet crematory, expansion of the current Police Department, roadway improvement and expansion, water treatment, storage and distribution expansion, downtown parking improvements, and the list goes on and on.

Staff cannot realistically expand the budget any further than revenues will allow. With that in mind, the only way to address this issue is to increase revenues and/or reduce expenditures. Reducing expenditures within a growing community can lead to a situation were we never "catch up" and the growth just passes us by, something no one wants. So, the question is "how do we increase sales tax revenues to sustain this growth?"

When you compare the sales tax revenues collections of other cities, it seems that the City of Coweta continually ranks lower than others municipalities in sales taxes collected. When these figures are compared on a per capita basis, it becomes more apparent that the City of Coweta is a "donor" community on sales tax.

As you are aware, sales tax revenues fund a majority of services within the General Fund, such as,

public safety, public works and community service operations. Future expansion of sales tax revenues is required if service levels are to be expanded in the near future, thus, the creation of the Shop Coweta program.

So, how successful was the past Shop Coweta program? Well look for yourself . . . the City of Coweta recently received increased sales tax revenue disbursements in the amount of \$20,786.98; (i.e., a 7.89% increase compared to FY 2004-2005 and a 14.51% increase compared to FY 2003-2004).

As can be determined from the numbers, the Shop Coweta program was very successful. The \$5,000 investment made by the Coweta City Council resulted in a \$15,786.98 “profit” for the City of Coweta. Based upon the numbers, the City of Coweta grew the local economy by approximately \$692,899.00, which should be a total admired and appreciated by all.

Since the 2004 inception of the Shop Coweta program, sales tax during the event has increased by \$100,329.74 and local retail sales have increased by \$3,344,087.00. It was always my hope that this “gamble” would pay off but I do not do believe that anyone ever expected this program to be this successful. Let us put it into perspective... by the City Council agreeing to expend \$15,000.00 and partner with the Coweta Chamber of Commerce, the City of Coweta has netted an \$85,329.74 profit or, in other words, received a 568.87% net return on our investment (i.e., \$15,000.00 x 568.87% = \$85,329.74).

It is my hope that each and every citizen realizes what all-important retail shopping opportunities exist right here in “our” community. We as citizens owe it to ourselves to support this wonderful community that each of us call home. Without this commitment, we can only look to ourselves for blame . . . for we control our own destiny . . . a destiny which encompasses great success or a destiny fraught with the status quo.

If you have any questions or comments concerning this matter, please feel free to contact my office.

RECOMMENDATION

Staff would recommend that the City Council provide staff with direction on this matter.

attachment: *Per Capital Sales Tax Report* for dated September 1, 2005.