

**HIGHLAND RANCH PARK
SPARKS, NEVADA**

**FISCAL IMPACT ANALYSIS of
PROPOSED ANNEXATION**

JULY 2016

EXECUTIVE SUMMARY

Ekay Economic Consultants, Inc. (EEC) of Reno, Nevada has been retained to conduct a fiscal impact analysis of the proposed commercial and residential Highland Ranch Park development. The two parcels on which the development is proposed to be located are currently located in Washoe County and it is the Developer's intent that they be annexed to the City of Sparks. This analysis estimates the impact of the proposed development on the City of Sparks as if the annexation has been approved, with the Project generating revenue for and receiving services from the City of Sparks.

The development consists of two parcels totaling 67.40 acres according to the Washoe County Assessor's website. Fourteen acres of the project are already included in the City of Sparks Master Plan with General Commercial (GC) zoning. The Developer would like to, in addition to annexing the property to the City, obtain use permits to allow for multi-family and self-storage construction on the property. As a result, this fiscal impact analysis includes two scenarios. Scenario 1 assumes the project will be annexed to the City and developed as currently contemplated in the Master Plan as 14 acres of general commercial space to be built in 2017 with remaining acres dedicated to open space.

Scenario 2 assumes the project is annexed to the City and will be developed to include 110,000 square feet of self-storage operations and a 200-unit apartment complex. The development is estimated to be built over a two-year period (2017 and 2018). Under this scenario, 25 acres will be dedicated to commercial and residential uses, with the remaining 42.4 acres used as open space.

Under both scenarios, the analysis extends over a 20-year period (2017-2036) to estimate the long-term impact of the project. The objective of the fiscal impact analysis is to estimate the impact of the development on the City of Sparks in terms of revenues and costs generated by the development, as summarized below.

Executive Summary

Highland Park Ranch-Fiscal Impact Analysis of Proposed Annexation

FINDINGS

Revenues and costs are estimated for the City of Sparks' General and Road Funds; both funds will be impacted by the development under each scenario, as both will provide the majority of services to the development. The findings of this analysis are summarized below, by scenario.

SCENARIO 1-GENERAL COMMERCIAL DEVELOPMENT

City of Sparks General Fund

City of Sparks General Fund revenue generated by the development is estimated at \$1.8 million over the 20-year analysis period.

City of Sparks Estimated General Fund Revenue: 2017-2036

Revenue Source	Estimated Revenue
Taxes	\$ 1,161,723
Licenses and Permits	643,449
Intergovernmental	27,829
Charges for Services	-
Fines and Forfeits	-
Miscellaneous	-
TOTAL	\$ 1,833,001

Expenditures for the City of Sparks General Fund are estimated at \$1.0 million over the analysis period. Additionally, the analysis assumes transfers out to the Road Fund in the amount of \$576,000 over the analysis period.

City of Sparks Estimated General Fund Expenditures: 2017-2036

Expenditure Source	Estimated Cost
General Government	\$ 266,362
Judicial	-
Public Safety	710,837
Public Works	35,009
Culture & Recreation	-
Community Support	4,956
Contingency	30,515
Transfer Out to RF	575,660
TOTAL	\$ 1,623,339

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Highland Park Ranch-Fiscal Impact Analysis of Proposed Annexation

Given above revenue and expenditure estimates, City of Sparks General Fund is estimated to have a cumulative revenue surplus in the amount of \$210,000 over the 20-year analysis period. This includes transfers to the Road Fund. The three years of negative revenue surplus shown below are due to extraordinary road repairs in those years in the Road Fund, which are reflected in the General Fund due to the amount transferred from the General to the Road Fund.

City of Sparks Summary of General Fund Revenues and Expenditures: 2017-2036

Year	Total Project Revenue	Total Project Costs	Transfer Out to Road Fund	Annual Revenue Surplus	Cumulative Revenue Surplus
2017	\$ 38,832	\$ 65	\$ 271	\$ 38,495	\$ 38,495
2018	73,997	35,865	967	37,166	75,662
2019	75,934	37,937	1,126	36,871	112,532
2020	77,923	39,050	1,233	37,640	150,173
2021	79,966	40,175	1,257	38,534	188,707
2022	82,065	48,309	30,199	3,558	192,264
2023	84,221	43,470	5,230	35,520	227,785
2024	86,435	44,507	4,478	37,450	265,234
2025	88,709	45,010	1,361	42,338	307,573
2026	91,045	46,308	1,388	43,350	350,922
2027	93,445	138,530	378,144	(423,229)	(72,306)
2028	95,911	61,345	52,545	(17,980)	(90,286)
2029	98,443	60,311	42,427	(4,295)	(94,582)
2030	101,045	51,886	1,503	47,656	(46,925)
2031	103,718	53,384	1,533	48,802	1,876
2032	106,464	63,428	36,812	6,223	8,099
2033	109,285	57,663	6,376	45,245	53,345
2034	112,183	59,066	5,458	47,658	101,003
2035	115,160	59,821	1,659	53,681	154,684
2036	118,219	61,548	1,692	54,979	209,662
Total	\$ 1,833,001	\$ 1,047,678	\$ 575,660	\$ 209,662	

City of Sparks Road Fund

Revenue for the Road Fund is not estimated, as sufficient information to estimate this revenue is unavailable at this time. Expenditures for the Road Fund are estimated at \$576,000 over the 20-year analysis period. The analysis assumes any deficit to the Road Fund can be covered by the surplus generated by the Project for the General Fund through a transfer in from the General Fund.

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Highland Park Ranch-Fiscal Impact Analysis of Proposed Annexation

City of Sparks Estimated Road Fund Revenue and Expenditures: 2017-2036

Estimated Revenue		
Licenses and Permits	\$	-
Intergovernmental		-
Miscellaneous		-
Transfer In from GF		575,660
Total Revenue	\$	575,660
Estimated Expenditures		
Expenditures	\$	558,893
Contingency	\$	16,767
Cumulative Surplus/(Deficit)		
Surplus/(Deficit)	\$	-

SCENARIO 2-MULTI FAMILY/SELF-STORAGE DEVELOPMENT

City of Sparks General Fund

City of Sparks General Fund revenue generated by the development is estimated at \$4.3 million over the 20-year analysis period.

City of Sparks Estimated General Fund Revenue: 2017-2036

Revenue Source	Estimated Revenue
Taxes	\$ 2,708,330
Licenses and Permits	683,688
Intergovernmental	819,965
Charges for Services	-
Fines and Forfeits	97,253
Miscellaneous	-
TOTAL	\$ 4,309,236

Expenditures for the City of Sparks General Fund are estimated at \$4.0 million over the analysis period.

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Highland Park Ranch-Fiscal Impact Analysis of Proposed Annexation

City of Sparks Estimated General Fund Expenditures: 2017-2036

Expenditure Source	Estimated Cost
General Government	\$ 745,887
Judicial	285,036
Public Safety	2,328,067
Public Works	98,036
Culture & Recreation	383,602
Community Support	13,877
Contingency	115,635
TOTAL	\$ 3,970,140

Given above revenue and expenditure estimates, City of Sparks General Fund is estimated to have a cumulative revenue surplus in the amount of \$339,000 over the 20-year analysis period.

City of Sparks Summary of General Fund Revenues and Expenditures: 2017-2036

Year	Total Project Revenue	Total Project Costs	Annual Revenue Surplus	Cumulative Revenue Surplus
2017	\$ 9,579	\$ 65	\$ 9,514	\$ 9,514
2018	63,552	60,706	2,846	12,360
2019	180,919	162,086	18,833	31,193
2020	186,346	166,879	19,467	50,660
2021	191,936	171,793	20,143	70,803
2022	197,695	183,829	13,866	84,669
2023	203,625	183,008	20,618	105,286
2024	209,734	188,182	21,552	126,838
2025	216,026	192,944	23,082	149,920
2026	222,507	198,628	23,879	173,799
2027	229,182	295,366	(66,184)	107,615
2028	236,058	222,831	13,226	120,842
2029	243,139	226,585	16,554	137,396
2030	250,434	223,089	27,344	164,740
2031	257,947	229,663	28,284	193,024
2032	265,685	244,934	20,751	213,776
2033	273,655	244,550	29,105	242,881
2034	281,865	251,494	30,372	273,253
2035	290,321	257,953	32,368	305,620
2036	299,031	265,556	33,475	339,095
Total	\$ 4,309,236	\$ 3,970,141	\$ 339,095	

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Highland Park Ranch-Fiscal Impact Analysis of Proposed Annexation

City of Sparks Road Fund

Revenue for the Road Fund is estimated at \$739,000 over the 20-year analysis period. Expenditures for the Road Fund are estimated at \$576,000 over the 20-year analysis period. Cumulative revenue surplus for the Road Fund is estimated at \$163,000 over the 20-year analysis period.

City of Sparks Estimated Road Fund Revenue and Expenditures: 2017-2036

Estimated Revenue		
Licenses and Permits	\$	410,842
Intergovernmental		327,769
Miscellaneous		-
Total Revenue	\$	738,611
Estimated Expenditures		
Expenditures	\$	558,893
Contingency	\$	16,767
Cumulative Surplus/(Deficit)		
Surplus/(Deficit)	\$	162,951

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