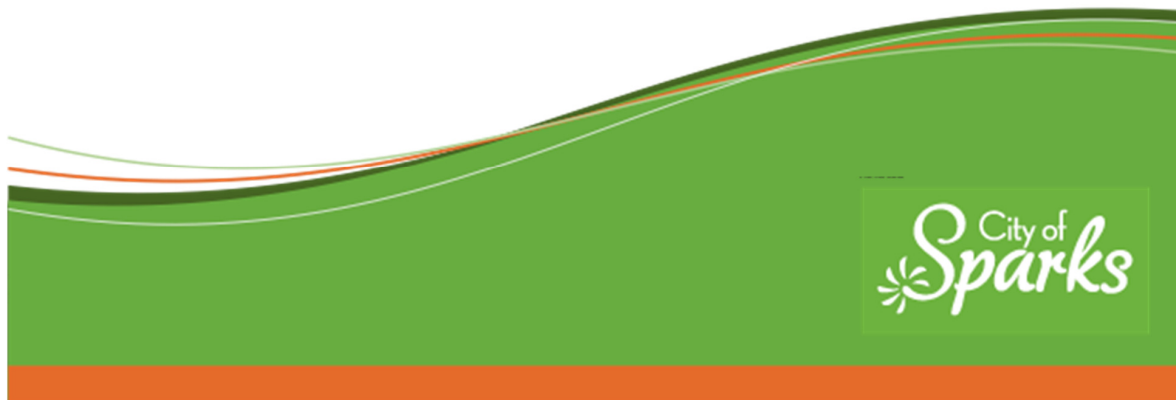
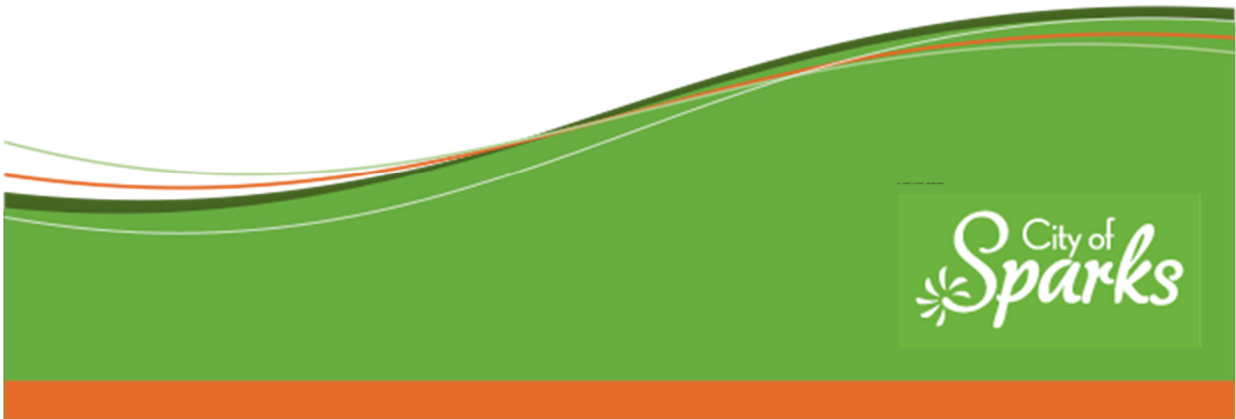


**FY18 City Manager  
Budget Recommendations:  
Redevelopment Agency  
AREAS 1 & 2**



# Redevelopment Agency Agenda Staff Report





REDEVELOPMENT AGENCY AGENDA STAFF REPORT

MEETING DATE: April 24, 2017

<b>Title:</b> Consideration, discussion, and possible approval of the Chief Administration Officer’s final budget recommendations for the City of Sparks Redevelopment Agency, Areas 1 & 2, for fiscal year 2017-2018. [For Possible Action]
<b>Petitioner:</b> Stephen W. Driscoll, ICMA-CM, Chief Administrative Officer <b>Presenter:</b> Jeff Cronk, CPA, Chief Financial Officer
<b>Recommendation:</b> That the Agency Board approve the Chief Administrative Officer’s recommendations for the fiscal year 2017-2018 final budget.
<b>Financial Impact:</b> Recommending the Agency’s final budget for Fiscal Year 2017-2018.
<b>Business Impact (Per NRS 237)</b> <input type="checkbox"/> A Business Impact Statement is attached. <input checked="" type="checkbox"/> A Business Impact Statement is not required because this is not a rule. <input type="checkbox"/> A Business Impact Statement is not required. This is a rule but does not impose a direct and significant economic burden on a business, or directly restrict the formation, operation or exemption of a business. <input type="checkbox"/> A Business Impact Statement is not required. Thus is a rule but emergency action is necessary to protect the public health and safety (requires a unanimous vote of the City Council and cannot be in effect for more than six months).
<b>Agenda Item Brief:</b> This agenda item provides the Agency’s Board with the Chief Administrative Officer’s recommendations for the fiscal year 2017-2018 final budget for the City of Sparks Redevelopment Agency, Areas 1 & 2.

**BACKGROUND & ANALYSIS:**

The Agency’s Chief Administrative Officer and Chief Financial Officer are presenting the Chief Administrative Officer’s final budget recommendations for fiscal year 2017-2018 (FY ’18). Today, the Agency Board is asked to direct the Chief Administration Officer in preparing the Agency’s final budget document for submission to the State of Nevada. City staff has filed the tentative budget for FY ’18, and the Agency Board will hold a public hearing to receive public comment on the FY ’18 tentative budget at its regularly scheduled Agency meeting on May 22, 2017. Immediately following the public hearing on the FY ’18 tentative budget, the Chief Administrative Officer and Chief Financial Officer will present the FY ’18 final budget for approval which will be prepared based upon direction received today.

In accordance with NRS 354.598, the final budget for the City and Redevelopment Agency must be filed with the Nevada Department of Taxation by June 1 annually. During years in which the Legislature is in session, should the Legislature take action which affects the City’s or Agency’s budget for the subsequent fiscal year, an additional 30 days would be granted to file an amended budget if necessary.

Attached to this agenda are summary financial information for the Redevelopment Agency Areas 1 & 2, providing an overview of the expectations for FY ’17 and recommendations for FY ’18.

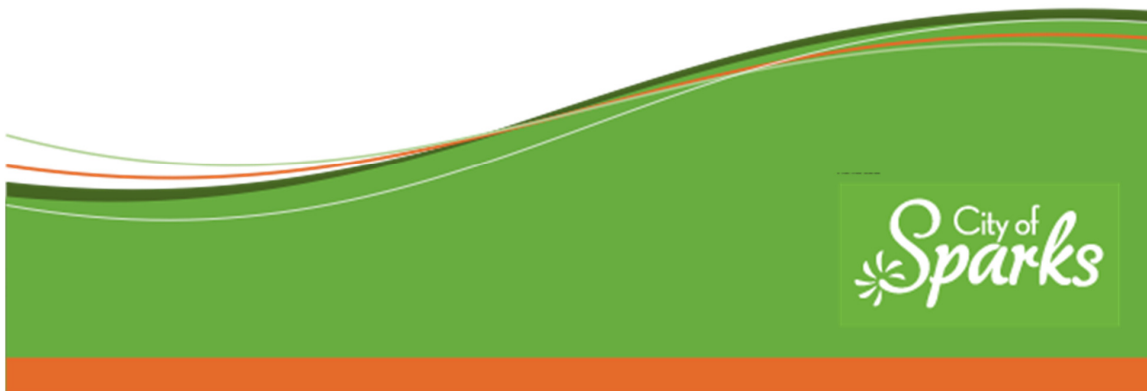
**ALTERNATIVES:**

Agency members could also choose alternatives other than the recommendations presented today, and direct the Chief Administrative Officer to prepare a final budget for fiscal year 2017-2018 accordingly.

**RECOMMENDED MOTIONS:**

“I move to approve the Chief Administrative Officer’s final budget recommendations for the City of Sparks Redevelopment Agency, Areas 1 & 2, for fiscal year 2017-2018.”

# Redevelopment Agency Financial Overview





# City of Sparks Redevelopment Agency

## FY '18 Budget Presentation

## City Manager's Final Budget Recommendations

### April 24, 2017

# Redevelopment Area #1 Overview & Recommended FY '18 Budget

- FY '18 budgeted revenues of \$2.9M from ongoing sources are up by 8.1% over FY '17 estimates
- FY '18 Debt service costs total \$2.6M
- Downtown garage improvement expenditures of \$750K are included as outlined in the FY '18 Capital Improvement Plan
- Expenses are expected to exceed revenues by \$660K in FY '18
- Unrestricted ending fund balance is expected to be approximately \$969K in FY '18
  - ✓ Additional fund balance of approx. \$3.3M is restricted for tax increment bond reserves
- No future subsidy from the General Fund is expected
- Area #1 terminates in 2023

**Sparks Redevelopment Area #1**  
**Financial Overview (City Manager's FY '18 Budget Recommendations)**

	<u>FY '14 Actuals</u>	<u>FY '15 Actuals</u>	<u>FY '16 Actuals</u>	<u>FY '17 Estimates</u>	<u>FY '18 Tentative Budget</u>
Revenues	\$2,486,393	\$2,498,451	\$2,600,692	\$2,642,689	\$2,857,672
Land Sale Proceeds	\$0	\$0	\$934,000	\$1,095,000	\$0
Transfer-In From G.F.	\$0	\$0	\$0	\$0	\$0
Expenditures	(\$2,635,695)	(\$2,660,412)	(\$2,818,415)	(\$2,787,075)	(\$3,517,482)
<b>Net Revenues/(Expenses)</b>	<b>(\$149,302)</b>	<b>(\$161,961)</b>	<b>\$716,277</b>	<b>\$950,614</b>	<b>(\$659,810)</b>
Beginning Fund Balance	\$3,612,290	\$3,462,987	\$3,301,026	\$4,017,303	\$4,967,917
Ending Fund Balance	\$3,462,987	\$3,301,026	\$4,017,303	\$4,967,917	\$4,308,107
Less: Restricted for Debt Service	(\$3,006,282)	(\$3,064,526)	(\$3,134,459)	(\$3,236,467)	(\$3,338,658)
<b>Unrestricted Ending Fund Balance</b>	<b>\$456,706</b>	<b>\$236,501</b>	<b>\$882,844</b>	<b>\$1,731,450</b>	<b>\$969,449</b>

Victorian Sq. Room Tax Cumulative Resources	<u>\$1,912,683</u>	<u>\$2,622,451</u>	<u>\$3,439,848</u>	<u>\$3,943,883</u>	<u>\$3,505,383</u>
<i>Note: The Victorian Square Room Tax Fund is a City Resource, but Available for Victorian Square CIP Needs</i>					

**\*\* City Issued Debt Partially Paid by RDA #1**

<b>RDA #1 Debt Information</b>	<b>Tax Increment</b>	<b>2011 CTAX</b>	<b>2014 CTAX</b>	<b>Total RDA #1</b>
	<b>Refunding Bonds</b>	<b>Refunding Bonds</b>	<b>Refunding Bonds</b>	<b>Debt Service</b>
Original Issue Amount	\$22,165,000	\$4,180,000	\$7,330,000	
Issue Date	5/11/2010	5/12/2011	8/14/2014	
Maturity Date	1/15/2023	5/1/2018	5/1/2026	
Interest Rate	4.0% - 5.375%	3.05%	3.09%	
FY '17 Principal Payment	\$1,640,000	\$725,000	\$23,000	
FY '17 Interest Payment	\$646,681	\$39,345	\$225,261	
Total FY '17 Debt Service	\$2,286,681	\$764,345	\$248,261	
Total FY '17 Debt Service Paid by RDA	\$2,286,681	\$219,667	\$71,348	\$2,577,696
6/30/17 Debt Outstanding	\$11,605,000	\$745,000	\$7,267,000	
FY '18 Principal Payment	\$1,710,000	\$745,000	\$24,000	
FY '18 Interest Payment	\$576,981	\$17,080	\$224,550	
Total FY '18 Debt Service	\$2,286,981	\$762,080	\$248,550	
Total FY '18 Debt Service Paid by RDA	\$2,286,981	\$219,016	\$71,431	\$2,577,428
6/30/18 Debt Outstanding	\$9,895,000	\$0	\$7,243,000	

<b>FY '18 D.S. from RDA-Issued Debt =</b>	<b>\$2,286,981</b>
<b>FY '18 D.S. from City-Issued Debt =</b>	<b>\$290,447</b>
<b>Total FY '18 RDA Debt Service =</b>	<b>\$2,577,428</b>

**\*\* Both CTAX bonds were issued by the City, but about 29% (\$290,447 in FY '18) is allocated to RDA #1 for the V.S. portion of the original bonding project.**

# Redevelopment Area #2 Overview & Recommended FY '18 Budget

- Total Revenues of approx. \$2.8M from ongoing sources are expected to increase slightly by 2.9% in FY '18 compared to FY '17
- Total debt service costs are expected to be \$1.5M, down from \$2.3M in FY '17 due to the debt maturity of the 2007 Ad Valorem bonds
- No capital projects are planned for FY '18
- Revenues are expected to exceed expenses by \$1.2M in FY '18
- Unrestricted ending fund balance is expected to be \$2.2M by the end of FY '18 (\$3.3M of additional fund balance is restricted for bond service)
- No future General Fund subsidies are expected
- Area #2 terminates in 2029



## Sparks Redevelopment Area #2

### Financial Overview (City Manager's FY '18 Budget Recommendations)

	FY '14 Actuals	FY '15 Actuals	FY '16 Actuals	FY '17 Estimates	FY '18 Tentative Budget
Revenues	\$2,365,909	\$2,783,471	\$2,738,444	\$2,736,000	\$2,814,000
Land Sale Proceeds (Recorded as a Note Receivable)	\$100,000	\$2,150,000	\$0	\$0	\$0
Transfer-In From G.F.	\$861,580	\$0	\$0	\$0	\$0
Expenditures	(\$3,201,000)	(\$3,172,719)	(\$2,921,639)	(\$2,377,235)	(\$1,631,700)
<b>Net Revenues/(Expenses)</b>	\$126,490	\$1,760,752	(\$183,195)	\$358,765	\$1,182,300
Beginning Fund Balance	\$2,284,200	\$2,410,690	\$4,171,442	\$3,988,247	\$4,347,011
Ending Fund Balance	\$2,410,690	\$4,171,442	\$3,988,247	\$4,347,011	\$5,529,311
Less: Restricted for Debt Service & Note Receivable	(\$2,271,164)	(\$4,002,342)	(\$3,763,728)	(\$4,112,155)	(\$3,341,861)
<b>Unrestricted Ending Fund Balance</b>	<u>\$139,525</u>	<u>\$169,100</u>	<u>\$224,519</u>	<u>\$234,856</u>	<u>\$2,187,450</u>

RDA #2 Debt Information	Redevelopment Area #2 Debt		** City Issued Debt Paid by RDA #2		Total RDA #2 Debt Service
	2016 TIF	2014 Tax	2007A Ad Valorem	2007B Ad Valorem	
	Refunding Bonds	Increment Bonds	Refunding Bonds	Refunding Bonds	
Original Issue Amount	\$9,660,000	\$7,285,000	\$7,090,000	\$1,315,000	
Issue Date	9/26/2016	8/14/2014	3/29/2007	3/29/2007	
Maturity Date	6/1/2028	6/1/2029	3/1/2017	3/1/2017	
Interest Rate	2.33%	3.25%	3.78%	5.65%	
FY '17 Principal Payment	\$479,000	\$380,000	\$835,000	\$200,000	
FY '17 Interest Payment	\$143,800	\$209,723	\$31,563	\$11,290	
Total FY '17 Debt Service	\$622,800	\$589,723	\$866,563	\$211,290	\$2,290,376
6/30/17 Debt Outstanding	\$9,181,000	\$6,075,000	\$0	\$0	
FY '18 Principal Payment	\$740,000	\$390,000	\$0	\$0	
FY '18 Interest Payment	\$213,917	\$197,377	\$0	\$0	
Total FY '18 Debt Service	\$953,917	\$587,377	\$0	\$0	\$1,541,294
6/30/18 Debt Outstanding	\$8,441,000	\$5,685,000	\$0	\$0	

FY '18 D.S. from RDA-Issued Debt =	\$1,541,294
FY '18 D.S. from City-Issued Debt =	\$0
<b>Total FY '18 RDA Debt Service =</b>	<b>\$1,541,294</b>

\*\* The 2007 debt issued by the City is scheduled to mature in FY '17, removing \$1.1M of debt service costs, beginning in FY '18

**City of Sparks Redevelopment Agency**  
**Five Year Capital Improvement Plan 2017/18 - 2021/22**

Project #	Project Description	FY18	FY19	FY20	FY21	FY22
-----------	---------------------	------	------	------	------	------

***REDEVELOPMENT AREA I (3401): Projects in the downtown area funded by property taxes.***

<b>Redevelopment Area I Projects</b>		<b>Planned Capital Improvements</b>				
18-8500	Downtown Garage Improvements	750,000	0	0	0	0
	<b>Sub-total</b>	<b>750,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL REDEVELOPMENT AREA 1 PROJECTS</b>		<b>750,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

***REDEVELOPMENT AREA II REVOLVING AND BOND PROCEEDS FUNDS: Projects in the Marina, Oddie Boulevard and Conductor Heights areas funded by property taxes.***

<b>Redevelopment Area II Projects</b>		<b>Planned Capital Improvements</b>				
	NO PROJECTS SLATED	0	0	0	0	0
	<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL REDEVELOPMENT AREA II PROJECTS</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# CITY OF SPARKS REDEVELOPMENT AGENCY

## Five Year Capital Improvement Plan 2017/18 - 2021/22 - Project Descriptions

Proj. #	Project Title	Project Description
18-8500	<b>Redevelopment Area 1 -</b> Downtown Garage Improvement Project	Both downtown garages are aging and in need of upgrades. This project includes, but is not limited to improved lighting, new paint, elevator and stair upgrades, cleaning, and new parking space paint.
	<b>Redevelopment Area 2 -No</b> Projects Slated	Until resources are once again available no projects are planned.