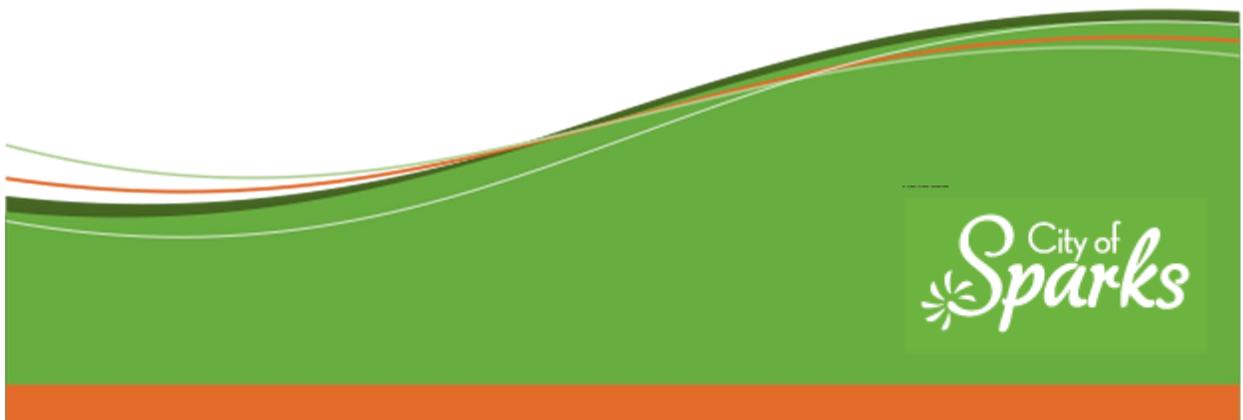


**FY16 City Manager
Budget Recommendations:
Redevelopment Agency
AREAS 1 & 2**



Redevelopment Agency Agenda Staff Report





REDEVELOPMENT AGENCY AGENDA STAFF REPORT
MEETING DATE: April 27, 2015

Title: 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 2015-2016. [For Possible Action]
Petitioner: Stephen W. Driscoll, ICMA-CM, Chief Administrative Officer Presenter: Jeff Cronk, CPA, Chief Financial Officer
Recommendation: That the Agency Board approve the Chief Administrative Officer’s recommendations for the fiscal year 2015-2016 final budget.
Financial Impact: Recommending the Agency’s final budget for Fiscal Year 2015-2016.
Business Impact (Per NRS 237) <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).
Agenda Item Brief: This agenda item provides the Agency’s Board with the Chief Administrative Officer’s recommendations for the fiscal year 2015-2016 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 2015-2016 (FY ‘16). Today, the Agency Board is asked to direct staff in preparing the Agency’s final budget document for submission to the State of Nevada. City staff has filed the tentative budget for the FY ‘16, and the Agency Board will receive public comment on the FY ‘16 tentative budget on Tuesday morning, May 19, 2015 at 9:00 am. Immediately following the public hearing on the tentative budget, the Chief Administrative Officer and Chief Financial Officer will present the final budget for final 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 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 and recommendations for FY ‘16.

ALTERNATIVES:

Agency members could also choose alternatives other than those presented today, and direct staff to prepare a final budget for fiscal year 2015-2016.

RECOMMENDED MOTIONS:

“I move to approve the Chief Administrative Officer’s recommendations for the City of Sparks Redevelopment Agency, Areas 1 & 2, final budget for fiscal year 2015-2016.”

Redevelopment Agency Financial Overview





City of Sparks
Redevelopment Agency

FY '16 Budget Presentation

City Manager's Final Budget
Recommendations

April 27, 2015

Redevelopment Area #1 Overview & Recommended FY '16 Budget

- FY '16 total revenues of \$2.5M are up slightly by 2.7% over FY '15 estimates
- Debt service costs total \$2.6M
- Expenditures are expected to exceed revenues by \$99K
- Unrestricted ending fund balance expected to be ~ \$13K. This assumes ~\$120K of expenditures for hazardous material cleanup required on an RDA owned property in FY '15
 - ✓ Additional fund balance of ~\$3.0M is restricted for tax increment bond reserves
- Pending property assessed valuations, the General Fund might need to subsidize Area #1 to cover debt costs perhaps as early as FY '16. Although a subsidy in FY '16 is not expected, it is still possible.

Sparks Redevelopment Area #1
Financial Overview (City Manager's FY '16 Budget Recommendations)

	<u>FY '13 Actuals</u>	<u>FY '14 Actuals</u>	<u>FY '15 Est.</u>	<u>FY '16 Est.</u>	<u>FY '17 Est.</u>
Revenues (Assumes 3% Increase in FY '17)	\$2,955,234	\$2,486,393	\$2,460,506	\$2,528,316	\$2,604,165
Transfer-In From G.F.	\$0	\$0	\$0	\$0	\$0
Expenditures	(\$3,013,923)	(\$2,635,696)	(\$2,806,492)	(\$2,627,289)	(\$2,608,361)
Net Revenues/(Expenses) →	(\$58,689)	(\$149,303)	(\$345,986)	(\$98,973)	(\$4,196)
Beginning Fund Balance	\$3,670,978	\$3,612,289	\$3,462,986	\$3,117,000	\$3,018,027
Ending Fund Balance	\$3,612,289	\$3,462,986	\$3,117,000	\$3,018,027	\$3,013,831
Less: Restricted for Debt Service	(\$2,924,800)	(\$3,006,283)	(\$3,033,773)	(\$3,005,064)	(\$3,005,064)
Unrestricted Ending Fund Balance →	\$687,489	\$456,703	\$83,227	\$12,963	\$8,767

Victorian Sq. Room Tax Cumulative Resources	<u>\$1,295,947</u>	<u>\$1,912,683</u>	<u>\$2,584,683</u>	<u>\$2,889,433</u>	<u>\$3,614,973</u>
<i>Note: V.S. Room Tax Fund is a City Resource, but Available for V.S. CIP Needs</i>					

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

RDA #1 Debt Information	Tax Increment	2011 CTAX			2014 CTAX			Total RDA #1
	Refunding Bonds	Refunding Bonds	Refunding Bonds	Refunding Bonds	Refunding Bonds	Refunding Bonds	Debt Service	
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 '15 Principal Payment	\$1,520,000	\$685,000		\$17,000				
FY '15 Interest Payment	\$770,681	\$82,045		\$232,023				
Total FY '15 Debt Service	\$2,290,681	\$767,045		\$249,023				
Total FY '15 Debt Service Paid by RDA	\$2,290,681	\$220,443		\$71,567			\$2,582,691	
6/30/15 Debt Outstanding	\$14,825,000	\$2,175,000		\$7,313,000				
FY '16 Principal Payment	\$1,580,000	\$705,000		\$23,000				
FY '16 Interest Payment	\$709,881	\$61,000		\$225,972				
Total FY '16 Debt Service	\$2,289,881	\$766,000		\$248,972				
Total FY '16 Debt Service Paid by RDA	\$2,289,881	\$220,142		\$71,552			\$2,581,576	
6/30/16 Debt Outstanding	\$13,245,000	\$1,470,000		\$7,290,000				
				FY '16 D.S. from RDA-Issued Debt =			\$2,289,881	
				FY '16 D.S. from City-Issued Debt =			\$291,695	
				Total FY '16 RDA Debt Service =			\$2,581,576	

**** Both CTAX bonds were issued by the City, but about 29% (\$291,695 in FY '16) is allocated to RDA #1 for the V.S. portion of the original bonding project.**

Redevelopment Area #2 Overview & Recommended FY '16 Budget

- Total Revenues are expected to be ~\$3.2M, including \$361K of proceeds from the sale of the 10.2 acre parcel which occurred in FY '15.
- Total debt service costs are expected to be \$2.9M
- A subsidy from the General Fund of \$250K was needed in FY '13, followed by another subsidy in the amount of \$862K in FY '14
- Due to the proceeds from the sale of land, no further subsidies from the General Fund are expected
- Without the land sale, a subsidy from the General Fund would likely be necessary through FY '17, at which time the 2007 Series of Ad Valorem Refunding bonds are scheduled to mature

Sparks Redevelopment Area #2
Financial Overview (City Manager's FY '16 Budget Recommendations)

	<u>FY '13 Actuals</u>	<u>FY '14 Actuals</u>	<u>FY '15 Est.</u>	<u>FY '16 Est.</u>	<u>FY '17 Est.</u>
Revenues (Assuming 5% increase in FY '17)	\$2,406,228	\$2,365,913	\$2,691,853	\$2,795,325	\$2,935,091
Land Sale Proceeds (Recorded as a Note Receivable)	\$0	\$100,000	\$587,528	\$361,000	\$349,000
Transfer-In From G.F. 	\$250,000	\$861,580	\$0	\$0	\$0
Expenditures	(\$3,185,037)	(\$3,201,003)	(\$3,271,928)	(\$2,955,494)	(\$3,093,999)
Net Revenues/(Expenses)	(\$528,809)	\$126,490	\$7,453	\$200,831	\$190,092
Beginning Fund Balance	\$2,813,011	\$2,284,202	\$2,410,692	\$2,418,145	\$2,618,976
Ending Fund Balance	\$2,284,202	\$2,410,692	\$2,418,145	\$2,618,976	\$2,809,068
Less: Restricted for Debt Service	(\$2,165,814)	(\$2,271,167)	(\$2,247,720)	(\$2,450,451)	(\$2,450,451)
Unrestricted Ending Fund Balance 	\$118,388	\$139,525	\$170,425	\$168,525	\$358,617

RDA #2 Debt Information	Redevelopment Area #2 Debt		** City Issued Debt Paid by RDA #2		Total RDA #2 Debt Service
	2008 Tax Increment Bonds	2014 Tax Increment Bonds	2007A Ad Valorem Refunding Bonds	2007B Ad Valorem Refunding Bonds	
Original Issue Amount	\$12,700,000	\$7,285,000	\$7,090,000	\$1,315,000	
Issue Date	7/30/2008	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	6.4% - 6.70%	3.25%	3.78%	5.65%	
FY '15 Principal Payment	\$505,000	\$450,000	\$775,000	\$175,000	
FY '15 Interest Payment	\$724,020	\$188,694	\$91,287	\$31,612	
Total FY '15 Debt Service	\$1,229,020	\$638,694	\$866,287	\$206,612	\$2,940,613
6/30/15 Debt Outstanding	\$10,460,000	\$6,835,000	\$1,640,000	\$385,000	
FY '16 Principal Payment	\$535,000	\$380,000	\$805,000	\$185,000	
FY '16 Interest Payment	\$691,700	\$222,069	\$61,992	\$21,733	
Total FY '16 Debt Service	\$1,226,700	\$602,069	\$866,992	\$206,733	\$2,902,494
6/30/16 Debt Outstanding	\$9,925,000	\$6,455,000	\$835,000	\$200,000	
			FY '16 D.S. from RDA-Issued Debt =		\$1,828,769
			FY '16 D.S. from City-Issued Debt =		\$1,073,725
			Total FY '16 RDA Debt Service =		\$2,902,494

**** 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**