

Chief Administrative Officer's FY19 Budget Recommendations: Redevelopment Agency Areas 1 and 2

Redevelopment Agency Agenda Staff Report



REDEVELOPMENT AGENCY AGENDA STAFF REPORT
MEETING DATE: April 23, 2018

Title: Consideration, discussion, and possible approval of the Chief Administrative Officer’s final budget recommendations for the City of Sparks Redevelopment Agency, Areas 1 and 2, for fiscal year 2018-2019. [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 2018-2019 final budget.
Financial Impact: Recommending the Agency’s final budget for Fiscal Year 2018-2019.
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. This 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 2018-2019 final budget for the City of Sparks Redevelopment Agency, Areas 1 and 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 2018-2019 (FY19). Today, the Agency Board is asked to direct the Chief Administrative Officer in preparing the Agency’s final budget document for submission to the State of Nevada. City staff has filed the tentative budget for FY19 based upon direction received at the February 26, 2018 budget workshop, and the Agency Board will hold a public hearing to receive public comment on the FY19 tentative budget at its regularly scheduled Agency meeting on May 29, 2018. Immediately following the public hearing on the FY19 tentative budget, the Chief Administrative Officer and Chief Financial Officer will present the FY19 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 that 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 and 2, providing an overview of the expectations for FY18 and recommendations for FY19.

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 2018-2019 accordingly.

RECOMMENDED MOTIONS:

“I move to approve the Chief Administrative Officer’s final budget recommendations for the City of Sparks Redevelopment Agency, Areas 1 and 2, for fiscal year 2018-2019.”

Redevelopment Agency Financial Overview



City of Sparks
Redevelopment Agency

FY19 Budget Presentation

Chief Administrative Officer's Final
Budget Recommendations

April 23, 2018

Redevelopment Agency Area #1 Overview and Recommended FY19 Budget

- FY19 budgeted revenues of \$2.9M from ongoing sources are up only slightly by 1.0% over FY18 estimates.
- FY19 Debt service costs total \$2.6M.
- Downtown garage improvement expenditures of \$750K were included in FY18 as outlined in the FY18 Capital Improvement Plan.
 - ✓ No other major CIP activity is expected in FY19.
- Revenues are expected to exceed expenses by \$100K in FY19.
- Unrestricted ending fund balance is expected to be \$906K in FY19.
 - ✓ Additional fund balance of \$3.4M is restricted for tax increment bond reserves
- Area #1 terminates in 2023

Sparks Redevelopment Agency Financial Overview

Sparks Redevelopment Area #1

(Chief Administrative Officer's FY19 Final Budget Recommendations)

	FY15 Actuals	FY16 Actuals	FY17 Actuals	FY18 Estimate	FY19 Budget
Revenues	\$2,498,451	\$2,600,692	\$2,666,289	\$2,843,730	\$2,873,072
Land Sale Proceeds	\$0	\$934,000	\$1,096,000	\$0	\$0
Transfer-In From General Fund	\$0	\$0	\$0	\$0	\$0
Expenditures	(\$2,660,412)	(\$2,818,415)	(\$2,668,724)	(\$3,714,138)	(\$2,772,653)
Net Revenues/(Expenses)	(\$161,961)	\$716,277	\$1,093,564	(\$870,408)	\$100,419
Beginning Fund Balance	\$3,462,987	\$3,301,026	\$4,017,303	\$5,110,868	\$4,240,460
Ending Fund Balance	\$3,301,026	\$4,017,303	\$5,110,868	\$4,240,460	\$4,340,878
Less: Restricted for Debt Service	(\$3,064,526)	(\$3,134,459)	(\$3,224,870)	(\$3,342,259)	(\$3,435,300)
Unrestricted Ending Fund Balance	\$236,501	\$882,844	\$1,885,998	\$898,201	\$905,579

Victorian Square Room Tax Cumulative Resources	\$2,622,451	\$3,439,848	\$4,373,983	\$3,548,934	\$3,766,334
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Note: The Victorian Square Room Tax Fund is a City Resource, but Available for Victorian Square CIP Needs

** City Issued Debt Partially Paid by RDA #1

RDA #1 Debt Information	Tax Increment	2011 CTAX		2014 CTAX		Total RDA #1 Debt Service
	Refunding Bonds	Refunding Bonds	Refunding Bonds	Refunding Bonds	Refunding Bonds	
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%			
FY18 Principal Payment	\$1,710,000	\$745,000	\$24,000			
FY18 Interest Payment	\$576,981	\$17,080	\$224,550			
Total FY18 Debt Service	\$2,286,981	\$762,080	\$248,550			
Total FY18 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			
FY19 Principal Payment	\$1,790,000	\$0	\$810,000			
FY19 Interest Payment	\$500,031	\$0	\$223,809			
Total FY19 Debt Service	\$2,290,031	\$0	\$1,033,809			
Total FY19 Debt Service Paid by RDA	\$2,290,031	\$0	\$297,108			\$2,587,140
6/30/19 Debt Outstanding	\$8,105,000	\$0	\$6,433,000			

**** Both CTAX bonds were issued by the City, but about 29% (\$297,108 in FY19) is allocated to RDA #1 for the downtown portion of the original project.**

Redevelopment Agency Area #2 Overview and Recommended FY19 Budget

- Total Revenues are expected to increase by 6.6% equaling \$3.1M in FY19.
- Total debt service costs are expected to be \$1.5M in FY19, down from \$2.3M two years prior in FY17 due to the debt maturity of the 2007 Ad Valorem bonds.
- No capital projects are planned for FY19.
- Revenues are expected to exceed expenses by \$1.3M in FY19.
- Unrestricted ending fund balance is expected to be \$3.4M by the end of FY19 (\$2.0M of additional fund balance is restricted for Tax Increment bond service).
- No future General Fund subsidies are expected.
- Area #2 terminates in 2029.

Sparks Redevelopment Agency Financial Overview

Sparks Redevelopment Area #2

(Chief Administrative Officer's FY19 Final Budget Recommendations)

	<u>FY15 Actuals</u>	<u>FY16 Actuals</u>	<u>FY17 Actuals</u>	<u>FY18 Estimate</u>	<u>FY19 Budget</u>
Revenues	\$2,783,471	\$2,738,444	\$1,317,638	\$2,863,012	\$3,051,000
Land Sale Proceeds (Recorded as a Note Receivable)	\$2,150,000	\$0	\$0	\$0	\$0
Transfer-In From General Fund	\$0	\$0	\$0	\$0	\$0
Expenditures	(\$3,172,719)	(\$2,921,639)	(\$2,415,095)	(\$1,615,063)	(\$1,741,252)
Net Revenues/(Expenses)	\$1,760,752	(\$183,195)	(\$1,097,457)	\$1,247,949	\$1,309,748
Beginning Fund Balance	\$2,410,690	\$4,171,442	\$3,988,247	\$2,890,790	\$4,138,739
Ending Fund Balance	\$4,171,442	\$3,988,247	\$2,890,790	\$4,138,739	\$5,448,487
Less: Restricted for Debt Service & Note Receivable	(\$4,002,342)	(\$3,763,728)	(\$1,565,857)	(\$1,786,262)	(\$2,002,881)
Unrestricted Ending Fund Balance	\$169,100	\$224,519	\$1,324,933	\$2,352,477	\$3,445,605

RDA #2 Debt Information

	<u>2016 TIF</u>	<u>2014 Tax</u>	<u>Total RDA #2</u>
	<u>Refunding Bonds</u>	<u>Increment Bonds</u>	<u>Debt Service</u>
Original Issue Amount	\$9,660,000	\$7,285,000	
Issue Date	9/26/2016	8/14/2014	
Maturity Date	6/1/2028	6/1/2029	
Interest Rate	2.33%	3.25%	
FY18 Principal Payment	\$740,000	\$390,000	
FY18 Interest Payment	\$213,917	\$197,377	
Total FY18 Debt Service	\$953,917	\$587,377	\$1,541,294
6/30/18 Debt Outstanding	\$8,441,000	\$5,685,000	
FY19 Principal Payment	\$759,000	\$405,000	
FY19 Interest Payment	\$196,675	\$184,706	
Total FY19 Debt Service	\$955,675	\$589,706	\$1,545,381
6/30/19 Debt Outstanding	\$7,682,000	\$5,280,000	

Appendix A: FY19 - FY23 Capital Improvement Plan

City of Sparks Redevelopment Agency
Five Year Capital Improvement Plan 2018/19- 2022/23

Project #	Project Description	FY19	FY20	FY21	FY22	FY23
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REDEVELOPMENT AREA I (3401): Projects in the downtown area funded by property taxes.

Redevelopment Area I Projects						
<i>Planned Capital Improvements</i>						
NO PROJECTS SLATED		0	0	0	0	0
	Sub-total	0	0	0	0	0
TOTAL REDEVELOPMENT AREA 1 PROJECTS		0	0	0	0	0

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

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

CITY OF SPARKS REDEVELOPMENT AGENCY

Five Year Capital Improvement Plan 2018/19- 2022/23 - Project Descriptions

Proj. #	Project Title	Project Description
	Redevelopment Area 1 - No Projects Slated	Until resources are once again available no projects are planned.
	Redevelopment Area 2 -No Projects Slated	Until resources are once again available no projects are planned.