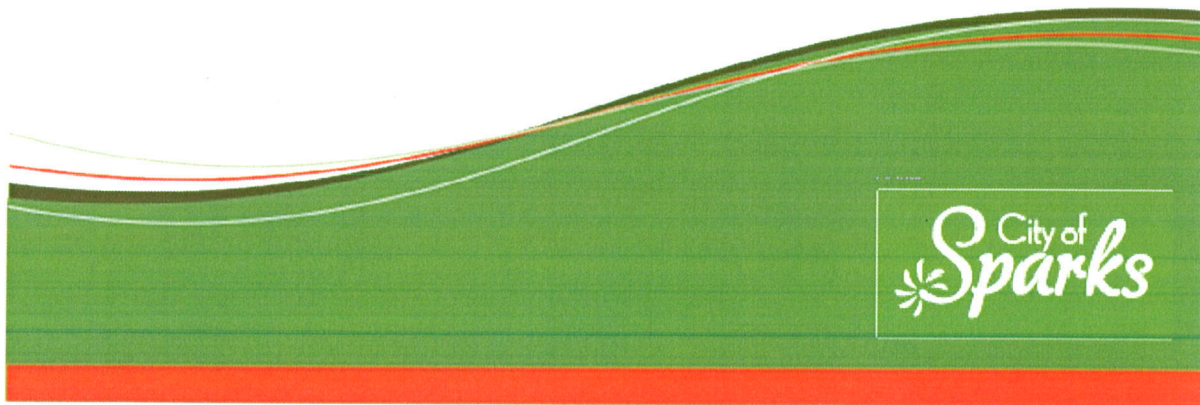
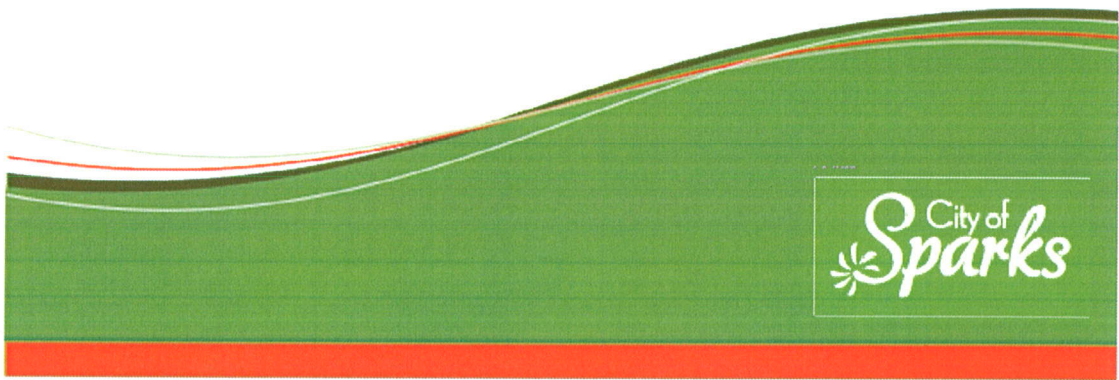


**FY2013-14 City Manager  
Budget Recommendations:  
REDEVELOPMENT AGENCY  
AREAS 1 & 2**



# Redevelopment Agency Agenda Staff Report





REDEVELOPMENT AGENCY AGENDA STAFF REPORT  
MEETING DATE: April 22, 2013

<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 2013-2014.
<b>Petitioner:</b> Shaun Carey, 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 2013-2014 final budget.
<b>Financial Impact:</b> Establishing the Agency’s budget for Fiscal Year 2013-2014.
<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 2013-2014 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 2013-2014. 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 fiscal year 2013-2014, and the Agency Board will receive public comment on the fiscal year 2013-2014 tentative budget on Tuesday morning, May 21, 2013 at 9:00 am. Immediately following the public hearing on the 2013-2014 tentative budget at 9:00 am, the Chief Administrative Officer and Chief Financial Officer will then present the final budget which will be prepared based upon direction received today. The final budget 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 with the Nevada Department of Taxation.

Attached to this agenda are summary financial information for the Redevelopment Agency Areas 1 & 2, providing an overview of the expectations and recommendations for fiscal year 2013-2014.

**ALTERNATIVES:**

Agency members could also choose alternatives other than those presented today, and direct staff to prepare a final budget for fiscal year 2013-2014.

**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 2013-2014.

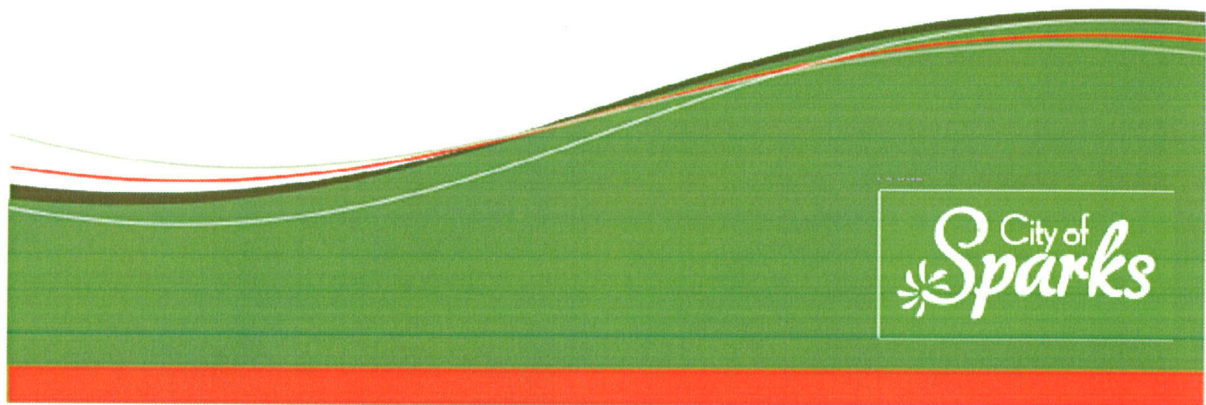
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**Respectfully Prepared & Submitted by:**  
**Jeff Cronk, CPA, Chief Financial Officer**

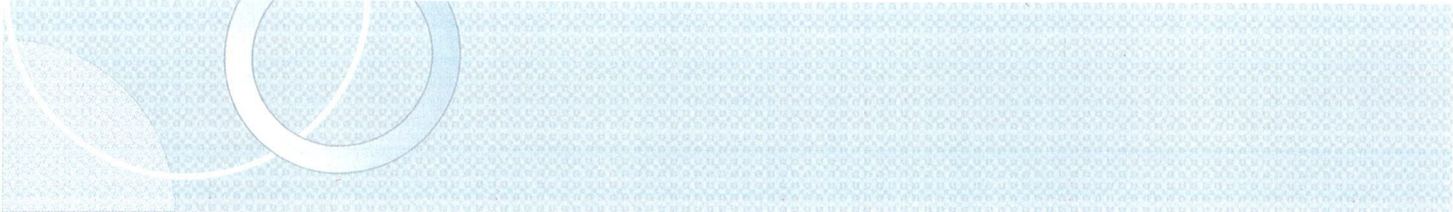
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**Approved:**  
**Shaun D. Carey, Chief Administrative Officer**

# Redevelopment Agency Budget Presentation







City of Sparks  
Redevelopment Agency  
FY '14 Budget Presentation  
City Manager Recommendations

April 22, 2013

# Redevelopment Area #1 Overview & Recommended FY '14 Budget

- FY '14 total revenues of \$2.4M includes \$2.2M of Property Tax Revenues, which are expected to decline by 6.0%
- FY '14 total expenditures of \$2.7M include debt service payments of \$2.6M
- Unrestricted ending fund balance should be ~ \$400K
  - ✓ Additional fund balance of ~\$2.8M is restricted for tax increment bond reserves
- By FY '15 or FY '16, pending property valuations and tax receipts, the General Fund is expected to begin subsidizing debt service on City issued debt that is currently being paid by RDA #1

**Sparks RDA #1  
Financial Overview**

Revenues		<b>FY '14 Est.</b>	<b>Comments</b>
Expenses:			
Debt Service	\$2,592,222	\$2,423,717	6.0% Decline in Property Tax Revenue Expected
Common Service Charges	\$0		
Special Events Subsidy	\$0		
Other Operating Exp's	\$143,170	\$2,735,392	
Net Revenues/(Expenses)		(\$311,675)	
Est. FY '14 Unrestricted Beginning Fund Balance		\$591,239	
Est. FY '14 Unrestricted Ending Fund Balance		\$391,823	
Est. Fund Balance Coverage Ratio of Net Expenses		1.3	(By FY '15 or '16, the General Fund will need to begin subsidizing costs)

<b>** City Issued Debt Partially Paid by RDA #1</b>			
	<b>2011 CTAX</b>	<b>2007 CTAX</b>	<b>Total RDA</b>
	<b>Refunding Bonds</b>	<b>Refunding Bonds</b>	<b>Debt Service</b>
Original Issue Amount	\$4,180,000	\$13,635,000	
Issue Date	5/11/2010	2/15/2007	
Maturity Date	1/15/2023	5/1/2026	
Interest Rate	4.0% - 5.375%	4.09%	
FY '13 Principal Payment	\$1,405,000	\$0	
FY '13 Interest Payment	\$882,281	\$297,548	
Total FY '13 Debt Service	\$2,287,281	\$297,548	
Total FY '13 Debt Service Paid by RDA	\$2,287,281	\$85,513	\$2,593,223
6/30/13 Debt Outstanding	\$19,210,000	\$7,275,000	
FY '14 Principal Payment	\$1,460,000	\$0	
FY '14 Interest Payment	\$829,081	\$297,548	
Total FY '14 Debt Service	\$2,289,081	\$297,548	
Total FY '14 Debt Service Paid by RDA	\$2,289,081	\$85,513	\$2,592,222
6/30/14 Debt Outstanding	\$17,750,000	\$7,275,000	
	<b>FY '14 D.S. from RDA-Issued Debt =</b>	<b>\$2,289,081</b>	
	<b>FY '14 D.S. from City-Issued Debt =</b>	<b>\$303,141</b>	
	<b>Total FY '14 RDA Debt Service =</b>	<b>\$2,592,222</b>	

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

- 1) Both bonds are issued in the City's name, but about 29% (\$303,141 in FY '14) is allocated to RDA #1 for Victorian Square portion of the original bonding project.
- 2) The 2007 Refunding bonds will be interest only until FY '19 after the 2011 Refunding bonds mature.
- 3) \$1.6M remains in Capital Projects Fund as unspent CTAX bond proceeds which can be used for projects or debt service.



## Redevelopment Area #2 Overview & Recommended FY '14 Budget

- Total Revenues are expected to be ~\$2.4M, including a .5% decrease in property tax receipts
- Total Expenditures are expected to be ~ \$3.1M
- A \$750K General Fund subsidy is included in the budget recommendations for FY '14 to pay for City issued debt service which previously has been paid by RDA #2
  - ✓ A subsidy of varying amounts should exist through FY '17, which is when the 2007 Series of Ad Valorem Refunding bonds are scheduled to mature

**Sparks RDA #2  
Financial Overview**

	<u>FY '14 Est.</u>	<u>Comments</u>
Revenues	\$3,153,523	.5% decrease in Property Tax Revenue Expected
Expenses:		
Debt Service	\$3,047,108	
Common Service Charges	\$0	
Special Assessment Charges	\$92,924	
Other Operating Exp's	\$3,144,332	
Net Revenues/(Expenses)	\$9,191	
Est. FY '14 Unrestricted Beginning Fund Balance	\$10,099	(Assuming a General Fund Subsidy of \$200k in FY13)
Est. FY '14 Unrestricted Ending Fund Balance	\$62,542	(Assumes a G.F. Subsidy of \$750k in FY '14)

	<u>Redevelopment Area #2 Debt</u>		<u>** City Issued Debt Paid by RDA #2</u>		<u>Total RDA Debt Service</u>
	<u>2008 Tax</u>	<u>2009 Tax</u>	<u>2007A Ad Valorem</u>	<u>2007B Ad Valorem</u>	
Original Issue Amount	\$12,700,000	\$7,230,000	\$7,090,000	\$1,315,000	
Issue Date	7/30/2008	11/24/2009	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%	5.0% - 7.75%	3.78%	5.65%	
FY '13 Principal Payment	\$445,000	\$245,000	\$720,000	\$160,000	
FY '13 Interest Payment	\$782,900	\$496,119	\$146,664	\$50,241	
Total FY '13 Debt Service	\$1,227,900	\$741,119	\$866,664	\$210,241	\$3,045,923
6/30/13 Debt Outstanding	\$11,440,000	\$6,530,000	\$3,160,000	\$730,000	
FY '14 Principal Payment	\$475,000	\$260,000	\$745,000	\$170,000	
FY '14 Interest Payment	\$754,420	\$482,031	\$119,448	\$41,209	
Total FY '14 Debt Service	\$1,229,420	\$742,031	\$864,448	\$211,209	\$3,047,108
6/30/14 Debt Outstanding	\$10,965,000	\$6,270,000	\$2,415,000	\$560,000	

**FY '14 D.S. from RDA-Issued Debt = \$1,971,451**      **FY '14 D.S. from City-Issued Debt = \$1,075,657**      **\$3,047,108**

\*\* The 2007 debt issued by the City is scheduled to mature in FY '17, removing the need for a G.F. subsidy at that time.