

# Redevelopment Agency Agenda Staff Report





REDEVELOPMENT AGENCY AGENDA STAFF REPORT  
MEETING DATE: April 27, 2020

<b>Title:</b> 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 2020-2021.
<b>Petitioner:</b> Neil C. Krutz, 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 2020-2021 final budget.
<b>Financial Impact:</b> Recommending the Agency’s final budget for Fiscal Year 2020-2021.
<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. 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).
<b>Agenda Item Brief:</b> This agenda item provides the Agency’s Board with the Chief Administrative Officer’s recommendations for the fiscal year 2020-2021 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 2020-2021 (FY21). 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 FY21 based upon direction received at the February 24, 2020 budget workshop, and the Agency Board will hold a public hearing to receive public comment on the FY21 tentative budget at its regularly scheduled Agency meeting on May 25, 2020. Immediately following the public hearing on the FY21 tentative budget, the Chief Administrative Officer and Chief Financial Officer will present the FY21 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 FY20 and budget recommendations for FY21.

**FY20 Repayment of subsidies made by the City’s General Fund during FY13 & FY14:**

Approval is also being sought today under a separate agenda item to execute a transfer of \$1,111,580 from Redevelopment Agency Area #2 to the City’s General Fund in FY20 to repay the subsidies made by the City to the Redevelopment Agency Area #2 during FY13 and FY14. The proposed FY20 transfer is reflected in the attached financial summary documents presented with this staff report, and will be

included in the FY21 final budget documents that will be filed with the State of Nevada pending final approval of the FY21 budget by the Redevelopment Agency on May 25, 2020.

**ALTERNATIVES:**

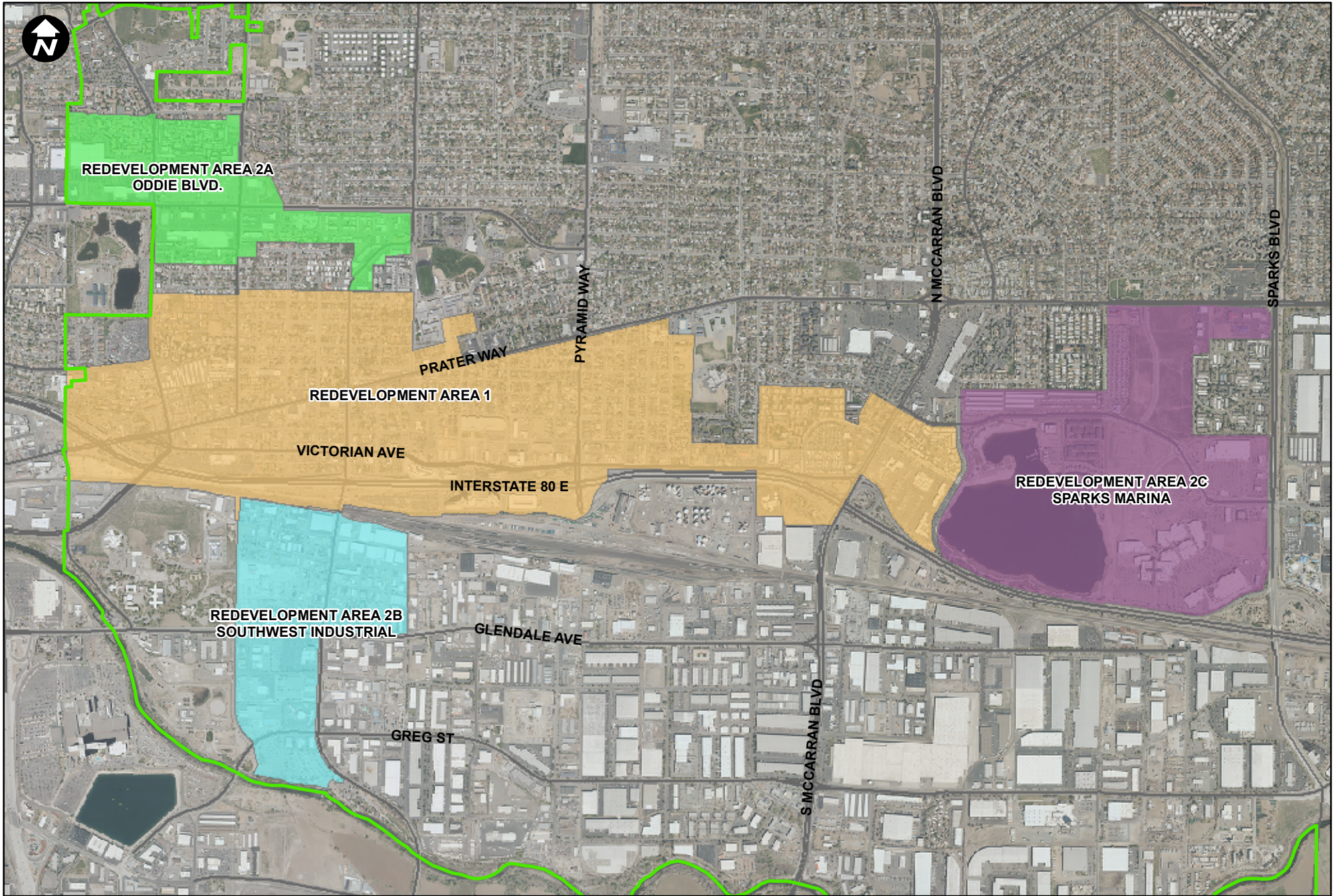
1. Agency members could approve the fiscal year 2020-2021 final budget recommendations presented today.
2. Agency members could reject the fiscal year 2020-2021 final budget recommendations and provide direction to the Chief Administrative Officer.

**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 2020-2021.”

# Redevelopment Agency Financial Overview





## Redevelopment Districts

### Legend

- REDEVELOPMENT AREA 1
- REDEVELOPMENT AREA 2B
- REDEVELOPMENT AREA 2A
- REDEVELOPMENT AREA 2C

Date: August 2018



City of Sparks  
Redevelopment Agency

FY21 Budget Presentation

Chief Administrative Officer's Final  
Budget Recommendations

April 27, 2020

# Redevelopment Agency Area #1 Overview and Recommended FY21 Budget

- FY21 budgeted revenues of \$3.7M from ongoing sources are up by 2.8% over FY20 estimates.
- FY21 Debt service costs total \$2.5M.
- Capital expenditures of approximately \$1.0M for construction related to the straightening of the Avenue of the Oaks project has been included in the proposed FY21 budget.
- Revenues are expected to exceed expenses by \$57K in FY21.
- Unrestricted ending fund balance is expected to be \$287K in FY21.
  - ✓ Additional fund balance of \$2.3M is restricted for tax increment bond reserves
- Area #1 terminates in 2023

# Sparks Redevelopment Agency Fiscal Summary

## Sparks Redevelopment Area #1

*(Chief Administrative Officer's FY21 Budget Recommendations)*

	FY17 Actuals	FY18 Actuals	FY19 Actuals	FY20 Estimate	FY21 Budget
Revenues	\$2,666,289	\$2,940,371	\$3,409,535	\$3,604,572	\$3,704,572
Land Sale Proceeds	\$1,096,000	\$0	\$0	\$0	\$0
Expenditures	(\$2,668,724)	(\$2,970,912)	(\$3,259,669)	(\$6,279,865)	(\$3,647,847)
<b>Net Revenues/(Expenses)</b>	\$1,093,564	(\$30,541)	\$149,866	(\$2,675,293)	\$56,725
Beginning Fund Balance	\$4,017,306	\$5,110,871	\$5,080,330	\$5,230,196	\$2,554,903
Ending Fund Balance	\$5,110,871	\$5,080,330	\$5,230,196	\$2,554,903	\$2,611,629
Less: Restricted for Debt Service	(\$3,224,870)	(\$3,354,041)	(\$3,486,429)	(\$2,384,895)	(\$2,324,767)
<b>Unrestricted Ending Fund Balance</b>	\$1,886,001	\$1,726,289	\$1,743,767	\$170,009	\$286,862

Victorian Square Room Tax Fund Balance	\$4,373,982	\$5,107,400	\$5,103,856	\$4,622,707	\$3,872,627
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*Note: The Victorian Square Room Tax Fund is a City Resource, but is Potentially Available for Victorian Square CIP Needs*

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

RDA #1 Debt Information	Tax Increment Refunding Bonds	2011 CTAX Refunding Bonds	2014 CTAX Refunding Bonds	Total RDA #1 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	1/15/2022	5/1/2018	5/1/2026	
Interest Rate	4.0% - 5.375%	3.05%	3.09%	
FY20 Principal Payment	\$4,055,000	\$0	\$838,000	
FY20 Interest Payment	\$415,006	\$0	\$198,780	
Total FY20 Debt Service	\$4,470,006	\$0	\$1,036,780	
Total FY20 Debt Service Paid by RDA	\$4,470,006	\$0	\$297,962	\$4,767,968
6/30/20 Debt Outstanding	\$4,050,000	\$0	\$5,595,000	
FY21 Principal Payment	\$1,975,000	\$0	\$865,000	
FY21 Interest Payment	\$202,500	\$0	\$172,886	
Total FY21 Debt Service	\$2,177,500	\$0	\$1,037,886	
Total FY21 Debt Service Paid by RDA	\$2,177,500	\$0	\$298,280	\$2,475,780
6/30/21 Debt Outstanding	\$2,075,000	\$0	\$4,730,000	



## Redevelopment Agency Area 1 Detail

### Redevelopment Area 1 Funds 3301 and 3401 (Debt Service and Capital Project Fund)

**Purpose of Funds:** To accumulate monies for the repayment of debt for land acquisitions and capital improvements in Redevelopment Area 1 and to pay other necessary or incidental expenditures in accordance with a redevelopment plan for the Redevelopment Agency Area 1 until the Area terminates in 2023.

	FY17	FY18	FY19	FY20 Estimates	FY21 Budget
<b>BEGINNING FUND BALANCE</b>	<b>4,017,306</b>	<b>5,110,870</b>	<b>5,080,329</b>	<b>5,230,197</b>	<b>2,554,904</b>
<b>REVENUES</b>					
Property Taxes (Real & Personal)	2,475,264	2,708,248	3,097,923	3,330,000	3,440,000
State Govt'l Svcs Tax (Formerly Motor Veh Priv Tax)	162,774	192,370	177,572	177,572	177,572
All other revenues	1,124,250	39,753	134,041	97,000	87,000
<b>TOTAL REVENUES</b>	<b>3,762,288</b>	<b>2,940,371</b>	<b>3,409,536</b>	<b>3,604,572</b>	<b>3,704,572</b>
<b>EXPENSES</b>					
Salaries & Benefits	(21,182)	(22,257)	(23,073)	(24,951)	(25,711)
Services and Supplies	(57,678)	(197,330)	(197,631)	(175,265)	(146,356)
Capital Outlay	(12,168)	(173,897)	(451,825)	(1,311,681)	(1,000,000)
Debt Service - Principal	(1,640,000)	(1,710,000)	(1,790,000)	(4,055,000)	(1,975,000)
Debt Service - Interest	(646,681)	(576,981)	(500,031)	(415,006)	(202,500)
<b>TOTAL EXPENSES</b>	<b>(2,377,709)</b>	<b>(2,680,465)</b>	<b>(2,962,560)</b>	<b>(5,981,903)</b>	<b>(3,349,567)</b>
<b>TRANSFERS OUT</b>					
Transfer out to City Debt Service Fund	(291,015)	(290,447)	(297,108)	(297,962)	(298,280)
<b>TOTAL TRANSFERS OUT</b>	<b>(291,015)</b>	<b>(290,447)</b>	<b>(297,108)</b>	<b>(297,962)</b>	<b>(298,280)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>1,093,564</b>	<b>(30,541)</b>	<b>149,868</b>	<b>(2,675,293)</b>	<b>56,725</b>
<b>ENDING FUND BALANCE</b>	<b>5,110,870</b>	<b>5,080,329</b>	<b>5,230,197</b>	<b>2,554,904</b>	<b>2,611,629</b>
<i>Less: Restricted for Debt Service</i>	<i>(3,224,869)</i>	<i>(3,354,040)</i>	<i>(3,486,428)</i>	<i>(2,384,895)</i>	<i>(2,324,767)</i>
<b>Unrestricted Ending Fund Balance</b>	<b>1,886,001</b>	<b>1,726,289</b>	<b>1,743,769</b>	<b>170,009</b>	<b>286,862</b>

#### FISCAL NOTES

Resources to this Fund consist mainly of property taxes collected within Redevelopment Agency Area 1 (RDA1). These resources are expected to be sufficient to repay the remaining debt issued in the name of the RDA1--Tax Increment Revenue Bonds series 2010 and there were even sufficient resources in FY20 to make an extra principal payment. This debt will now be paid in full in FY22 instead of FY23. In addition, RDA1 has paid (via transfer to General Obligation Debt Service Fund) for it's share of principal and interest on two City issued Revenue Bonds--CTAX Bonds Series 2011 and Series 2014. RDA1's transfer pays the principal and interest for the portion of the bond proceeds that were spent on improvements to Victorian Square. RDA1 will have paid is full share of the CTAX Bonds Series 2011 and Series 2014 by the end of FY23. Ending Fund Balance represents the required \$2.2M reserve on the 2010 Tax Increment Revenue Bonds plus cash on hand to make future debt service payments.

# Redevelopment Agency Area #2 Overview and Recommended FY21 Budget

- Revenues are expected to increase by 6.0% to \$4.5M in FY21.
- Debt service costs are expected to be \$1.5M in FY21.
- No capital projects are planned for FY21.
- \$1,111,580 is planned to be transferred to the City's General Fund in FY20 to repay subsidies made by the City to the Redevelopment Agency in FY13 & FY14.
- Revenues are expected to exceed expenses and transfers-out by \$2.8M in FY21.
- Unrestricted ending fund balance is expected to be \$7.9M by the end of FY21
  - ✓ \$2.3M of additional fund balance is restricted for Tax Increment bond service.
- Area #2 terminates in 2029.

# Sparks Redevelopment Agency Fiscal Summary

## Sparks Redevelopment Area #2

*(Chief Administrative Officer's FY21 Budget Recommendations)*

	<u>FY17 Actuals</u>	<u>FY18 Actuals</u>	<u>FY19 Actuals</u>	<u>FY20 Estimate</u>	<u>FY21 Budget</u>
Revenues	\$1,317,638	\$2,726,580	\$3,555,085	\$4,245,000	\$4,500,000
Transfer-Out To General Fund	\$0	\$0	\$0	(\$1,111,580)	\$0
Expenditures	(\$2,415,094)	(\$1,598,670)	(\$1,686,853)	(\$1,637,505)	(\$1,662,368)
<b>Net Revenues/(Expenses)</b>	<b>(\$1,097,456)</b>	<b>\$1,127,910</b>	<b>\$1,868,231</b>	<b>\$1,495,915</b>	<b>\$2,837,632</b>
Beginning Fund Balance	\$3,988,246	\$2,890,790	\$4,018,700	\$5,886,931	\$7,382,846
Ending Fund Balance	\$2,890,790	\$4,018,700	\$5,886,931	\$7,382,846	\$10,220,478
Less: Restricted for Debt Service & Note Receivab	(\$1,565,857)	(\$1,804,665)	(\$2,082,306)	(\$2,354,669)	(\$2,300,000)
<b>Unrestricted Ending Fund Balance</b>	<b>\$1,324,933</b>	<b>\$2,214,035</b>	<b>\$3,804,625</b>	<b>\$5,028,177</b>	<b>\$7,920,477</b>

### 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%	
FY20 Principal Payment	\$775,000	\$415,000	
FY20 Interest Payment	\$178,991	\$171,547	
Total FY20 Debt Service	\$953,991	\$586,547	\$1,540,538
6/30/20 Debt Outstanding	\$6,907,000	\$4,865,000	
FY21 Principal Payment	\$794,000	\$430,000	
FY21 Interest Payment	\$160,933	\$158,064	
Total FY21 Debt Service	\$954,933	\$588,064	\$1,542,997
6/30/21 Debt Outstanding	\$6,113,000	\$4,435,000	

## Redevelopment Agency Area 2 Detail

### Redevelopment Area 2 Funds 3606 and 3601 (Debt Service and Capital Project Fund)

**Purpose of Funds:** To accumulate monies for the repayment of debt for land acquisitions and capital improvements in Redevelopment Area 2 and to pay other necessary or incidental expenditures in accordance with a redevelopment plan for the Redevelopment Agency Area 2 until the Area terminates in 2029.

	FY17	FY18	FY19	FY20 Estimates	FY21 Budget
<b>BEGINNING FUND BALANCE</b>	3,988,246	2,890,790	4,018,700	5,886,932	7,382,847
<b>REVENUES</b>					
Property Taxes (Real & Personal)	2,685,229	2,713,519	3,396,411	4,085,000	4,350,000
All other revenues (including refunding bond proceeds)	9,724,197	13,062	158,674	160,000	150,000
<b>TOTAL REVENUES</b>	<b>12,409,426</b>	<b>2,726,581</b>	<b>3,555,085</b>	<b>4,245,000</b>	<b>4,500,000</b>
<b>TRANSFERS IN</b>					
<b>TOTAL TRANSFERS IN</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENSES</b>					
Services and Supplies	(124,719)	(57,377)	(141,472)	(96,968)	(119,371)
Original Issue Discount/Governmental	(8,500)	0	0	0	0
Debt Refunding	(9,626,500)	0	0	0	0
Payment on Refinanced Bond	(1,456,787)	0	0	0	0
Debt Service - Principal	(859,000)	(1,130,000)	(1,164,000)	(1,190,000)	(1,224,000)
Debt Service - Interest	(353,523)	(411,294)	(381,381)	(350,537)	(318,997)
<b>TOTAL EXPENSES</b>	<b>(12,429,029)</b>	<b>(1,598,671)</b>	<b>(1,686,853)</b>	<b>(1,637,505)</b>	<b>(1,662,368)</b>
<b>TRANSFERS OUT</b>					
Transfer out to City Debt Service Fund	(1,077,853)	0	0	0	0
Transfer out to General Fund	0	0	0	(1,111,580)	0
<b>TOTAL TRANSFERS OUT</b>	<b>(1,077,853)</b>	<b>0</b>	<b>0</b>	<b>(1,111,580)</b>	<b>0</b>
<b>CHANGE IN FUND BALANCE</b>	(1,097,456)	1,127,910	1,868,232	1,495,915	2,837,632
<b>ENDING FUND BLANCE</b>	<b>2,890,790</b>	<b>4,018,700</b>	<b>5,886,932</b>	<b>7,382,847</b>	<b>10,220,479</b>
<i>Less: Restricted for Debt Service &amp; Note Receivable</i>	<i>(1,565,857)</i>	<i>(1,804,665)</i>	<i>(2,082,307)</i>	<i>(2,354,670)</i>	<i>(2,300,001)</i>
<b>Unrestricted Ending Fund Balance</b>	<b>1,324,933</b>	<b>2,214,035</b>	<b>3,804,625</b>	<b>5,028,177</b>	<b>7,920,478</b>

#### FISCAL NOTES

Resources to this Fund consist mainly of property taxes collected within Redevelopment Agency Area 2 (RDA2). These resources are used to repay the remaining 2 bonds issued in the name of RDA2--Tax Increment Revenue Bonds - Series 2016 (maturing FY28) and Series 2014 (maturing FY29). In addition, RDA2 has paid (via transfer to General Obligation Debt Service Fund) for principal and interest on debt originally issued in RDA2's name but subsequently refinanced as General Obligation (GO) debt--G.O. Limited Tax Med Term Bonds Series 2007A & Series 2007B. Both of these bond issues matured in FY17, removing \$1.1M of annual debt service (see Transfers Out above) paid by RDA2.

A subsidy from the General Fund was needed in FY13 in the amount of \$250K followed by an \$862K subsidy in FY14. Further subsidies are not expected due to rising property tax assessments and the sale of 10.2 acres of land owned by RDA2, the revenue for which was recorded in FY15. In fact, reserves in RDA2 have grown to the point where it can now repay the FY13 and FY14 subsidies. This is reflected in the Transfer out to General Fund in FY20 estimates above but will require Agency approval before the transfer is executed. Agency approval being sought at the April 27, 2020 meeting.

Ending Fund Balance represents the required \$729K reserve on the Tax Increment Revenue Bonds series 2014 plus cash on hand to make future debt service payments.

# Five Year Capital Improvement Plan FY21-FY25



# City of Sparks

## Five Year Capital Improvement Plan 2020/21- 2024/25

	FY21	FY22	FY23	FY24	FY25
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**REDEVELOPMENT AREA 1 (3401): Projects in the downtown area funded by property taxes.**

**Capital Resources**

Funding Available from Prior Year	\$170,006	\$286,859	\$1,539,518	\$0	\$0
Property Taxes (Real & Personal)	\$1,540,000	\$3,925,017	\$3,951,000	\$0	\$0
Other Revenues & Operating Expenses	(\$124,867)	(\$174,000)	(\$179,000)		
Transfer Out for Debt Service on CTAX Bonds 2011 and 2014	(\$298,280)	(\$298,358)	(\$1,137,094)	\$0	\$0
<b>Total Available For Redevelopment Area 1 Projects</b>	<b>\$1,286,859</b>	<b>\$3,739,518</b>	<b>\$4,174,424</b>	<b>\$0</b>	<b>\$0</b>

Planned Capital Improvements

Project #	Description				
<b>21-3401</b>	<b>Avenue of the Oaks Straightening Project - Construction</b>	<b>\$ 1,000,000</b>	\$ 100,000		
	Phase 3 Barricade Project		\$ 700,000		
	Construction of Nugget Events Center		\$ 500,000		
	Victorian Amphitheater Phase 2		\$ 200,000		
	Contributions to CDBG Pedestrian Improvements Within RDA 1		\$ 700,000	\$ 350,000	
	Roadway and Related Infrastructure Repairs			\$ 2,674,424	
	Plaza Reconstruction			\$ 1,150,000	
	Sub-total	<b>\$ 1,000,000</b>	\$ 2,200,000	\$ 4,174,424	
<b>TOTAL REDEVELOPMENT AREA 1 PROJECTS</b>		<b>\$ 1,000,000</b>	<b>\$ 2,200,000</b>	<b>\$ 4,174,424</b>	<b>\$ - \$ -</b>

# City of Sparks

## Five Year Capital Improvement Plan 2020/21- 2024/25

	FY21	FY22	FY23	FY24	FY25
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**REDEVELOPMENT AREA 2 (3601): Projects in the Marina, Oddie Boulevard and Conductor Heights areas funded by property taxes**

Capital Resources					
Funding Available from Prior Year	<b>\$5,028,175</b>	\$7,920,476	\$10,896,545	\$13,958,897	\$17,110,119
Property Taxes (Real & Personal)	<b>\$2,909,472</b>	\$2,996,756	\$3,086,659	\$3,179,258	\$3,274,636
Other Revenues & Operating Expenses	<b>(\$17,171)</b>	<b>(\$20,687)</b>	<b>(\$24,307)</b>	<b>(\$28,036)</b>	<b>(\$31,878)</b>
<b>Total Available For Redevelopment Area 2 Projects</b>	<b>\$7,920,476</b>	\$10,896,545	\$13,958,897	\$17,110,119	\$20,352,877

Planned Capital Improvements					
Project #	Description				
	<b>No Projects Identified</b>				
Sub-total		\$ -	\$ -	\$ -	\$ -

<b>TOTAL REDEVELOPMENT AREA 2 PROJECTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
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# CITY OF SPARKS REDEVELOPMENT AGENCY

## Project Descriptions for FY21 CIP Projects

Project #	Project Title	Project Description
<b>Redevelopment Area 1 (3401)</b>		
21-3401	Avenue of the Oaks Straightening Project - Construction	Project description was not available at the time this book was published
<b>Redevelopment Area 2 (3401)</b>		
	<b>Redevelopment Area 2</b> -No Projects Slated	Until resources are once again available no projects are planned.