



Carson City Community Development

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LATE MATERIAL -- ITEM 24(A)

TO: Board of Supervisors
FROM: Lee Plemel, Director
DATE: April 13, 2018
SUBJECT: FY 2019 Downtown NID Assessment

Since the writing of the staff report for the FY 2019 Downtown NID (Neighborhood Improvement District) assessment, staff has received an estimated maintenance cost from the Downtown NID Board and evaluated this cost versus projected reserves and revenues. Following is an accounting summary for the Downtown NID fund prior to collecting the FY 2019 assessment:

<u>Downtown NID FY19 Assessment Projection</u>	
Current Account Balance (4/10/18)	\$117,605
Expected expenditure thru 6/2018	\$23,749
Expected end of FY18 balance	\$93,856
Projected expenses FY19	\$85,700
20% Reserve	\$17,140
Total FY19 Expenses + Reserve	\$102,840
Expected FY18 end fund balance	\$93,856
City FY19 Contribution	\$26,472
Total FY19 Available	\$120,328

While the contract for maintenance in FY 2019 is still under review by the NID Board and the City, and therefore the figures are not final, the NID Board has estimated maintenance costs to be \$85,700 next year. A 20% reserve, as required by the Downtown NID ordinance, would be another \$17,140 for a total of \$102,840 in estimated expenses plus reserves in FY 2019. With the projected ending fund balance of \$93,856 plus the City's annual contribution of \$26,472, a total of \$120,328 is available for maintenance in FY 2019. The current extra reserve fund balance is due to the fact that the Downtown NID did not take over maintenance of the improvements until late into the first year of assessment.

Per the terms of the Downtown NID enacting ordinance, *"once a credit balance of 20% above the projected cost of maintenance is established in the maintenance account for unexpected expenses (e.g. unanticipated heavy snow removal), the City shall reduce the assessment amount to the actual projected maintenance cost (if that cost is less than the base assessment amount plus CPI increases)."* The available funds noted above more than cover the anticipated expenditures in FY 2019 plus a "credit balance," even if the assessment for FY 2019 were \$0.

However, when looking at a projection over the next few years, this reserve would be rapidly depleted and City funds would need to be added to continue to maintain the expected level of maintenance. Should the FY 2019 and future assessments follow a policy of not maintaining more than a 20% reserve in any given year, the five-year projection would look as follows:

Scenario 1 - Maintain No More Than 20% Ending Fund Balance					
	FY19	FY20	FY21	FY22	FY23
Beginning Fund Balance	\$93,856	\$34,628	\$17,500	\$8,682	\$ (877)
City's Required Contribution	\$26,472	\$26,472	\$26,472	\$26,472	\$26,472
Downtown NID Assessment *	\$ -	\$43,900	\$54,047	\$55,182	\$56,341
Estimated Expenses *	\$85,700	\$87,500	\$89,337	\$91,213	\$93,129
Ending Fund Balance (Roll-Forward)	\$34,628	\$17,500	\$8,682	\$ (877)	\$(11,193)
20% of Estimated Expenses Target	\$17,140	\$17,500	\$17,867	\$18,243	\$18,626

* Assumes continued 2.1% CPI increase and 2.1% maintenance expense increase.

Under this scenario, funding for maintenance the next three years would be covered at the current level of maintenance, provided that maintenance costs in the future do not increase significantly or snow removal is not particularly costly in any given year. In the fourth and fifth years, maintenance levels may need to be reduced or City funds added to maintain the status quo level of maintenance.

Should the assessment continue to be levied at the current rate plus CPI (Consumer Price Index) as provided for in the ordinance, it would make more funds available to increase the level of maintenance and maintain enough funds for the next five years for the cost of maintenance plus reserves. An example scenario showing increased maintenance costs is as follows:

Scenario 2 – Full Assessment with Increased Maintenance					
	FY19	FY20	FY21	FY22	FY23
Beginning Fund Balance	\$93,856	\$79,174	\$59,586	\$47,199	\$29,870
City's Required Contribution	\$26,472	\$26,472	\$26,472	\$26,472	\$26,472
Downtown NID Assessment *	\$51,846	\$52,935	\$54,046	\$55,181	\$56,340
Estimated Expenses *	\$93,000	\$94,953	\$96,947	\$98,983	\$101,062
Ending Fund Balance (Roll-Forward)	\$79,174	\$63,628	\$47,199	\$29,870	\$11,620
20% of Estimated Expenses Target	\$18,600	\$18,991	\$19,389	\$19,797	\$20,212

* Assumes continued 2.1% CPI increase and 2.1% maintenance expense increase.

The Board of Supervisors may consider the following options in identifying the cost to be paid by the Downtown NID for maintenance in FY 2019 and future years:

1. Eliminate the assessment for FY 2019 and use the current reserves for funding the maintenance in FY 2019; and wait until next year to evaluate the assessment for next year to pay for the maintenance costs.
2. (Staff recommendation) Assess the full amount in FY 2019 and future years to fund maintenance for the next five years at improved maintenance levels, and evaluate the costs, reserves and maintenance levels each year on a five-year basis.
3. Provide other direction to staff regarding the assessment.

Downtown Neighborhood Improvement District
FY 2019
City Engineer's Assessment Roll

State of Nevada }
 }
County of Carson City }

To the Board of Supervisors of Carson City, Nevada:

I hereby certify and report that the foregoing is the assessment roll and assessments made by me for the purpose of paying that part of the cost which you decided should be paid and borne by special assessment for the Downtown Neighborhood Improvement District for the maintenance of the Downtown Streetscape Enhancement Project; that in making such assessments, I have, as near as may be, and according to my best judgement, conformed in all things to the provisions of Chapter 271 of NRS.



Dan Stucky, P.E., City Engineer

Dated at Carson City, Nevada, April 11, 2018.

Board of Supervisors April 19, 2018
Late Material Item 24(A)
Replaces unsigned Engineer's Certificate
for FY 2019 Downtown NID Assessment