

Redevelopment Agency Budget Overview: FY13-FY15

Las Vegas Redevelopment Agency
Board Meeting
February 1, 2012



Today's Presentation

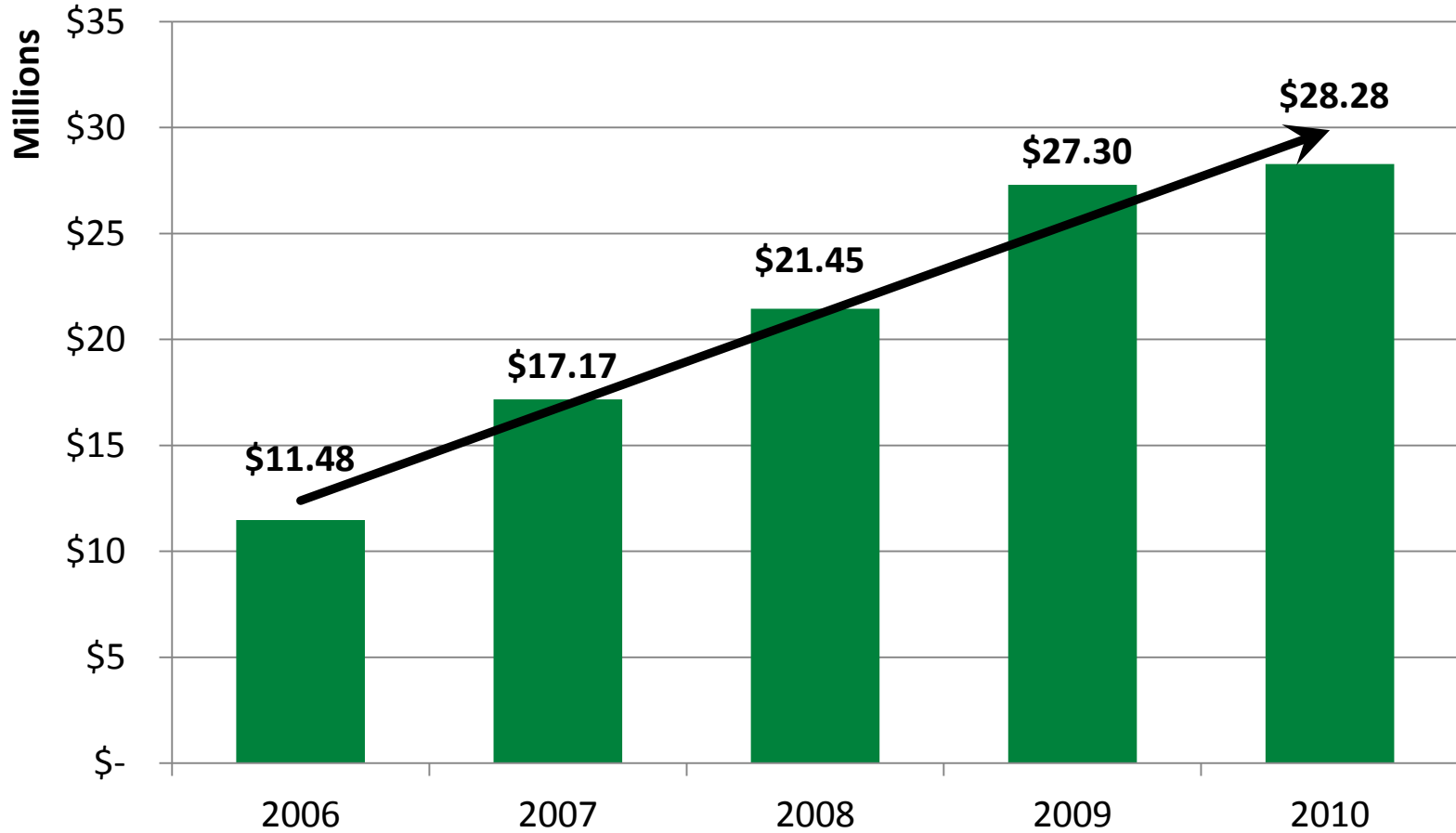
- Economic Development Goals to be accomplished using Redevelopment Agency (RDA) funds
- RDA Budget Picture: Where We've Been
- RDA Budget Picture: Where We're At
- Budget Challenges
- Budget Solution: Direction We Need to Take
 - Proposed Solutions to Budget Challenges
 - Goals to be Met

Economic Development Funding and Goals

- Economic Development historically funded by General Fund
- Redevelopment Agency revenue is a fiscal tool for the city to accomplish its economic development goals
 - **Jobs Goal**: “5,000 in 5” targeting 5,000 permanent jobs in 5-year period
 - **Small Business Goal**: “50 in 5” – support 50 start-ups/small businesses in 5 years
 - **Private Investment Goal**: Generate \$15 of private investment for every Agency dollar invested (15:1 ratio)
 - **Retail Absorption Goal**: Improve downtown retail vacancies through increasing absorption by 1% per year

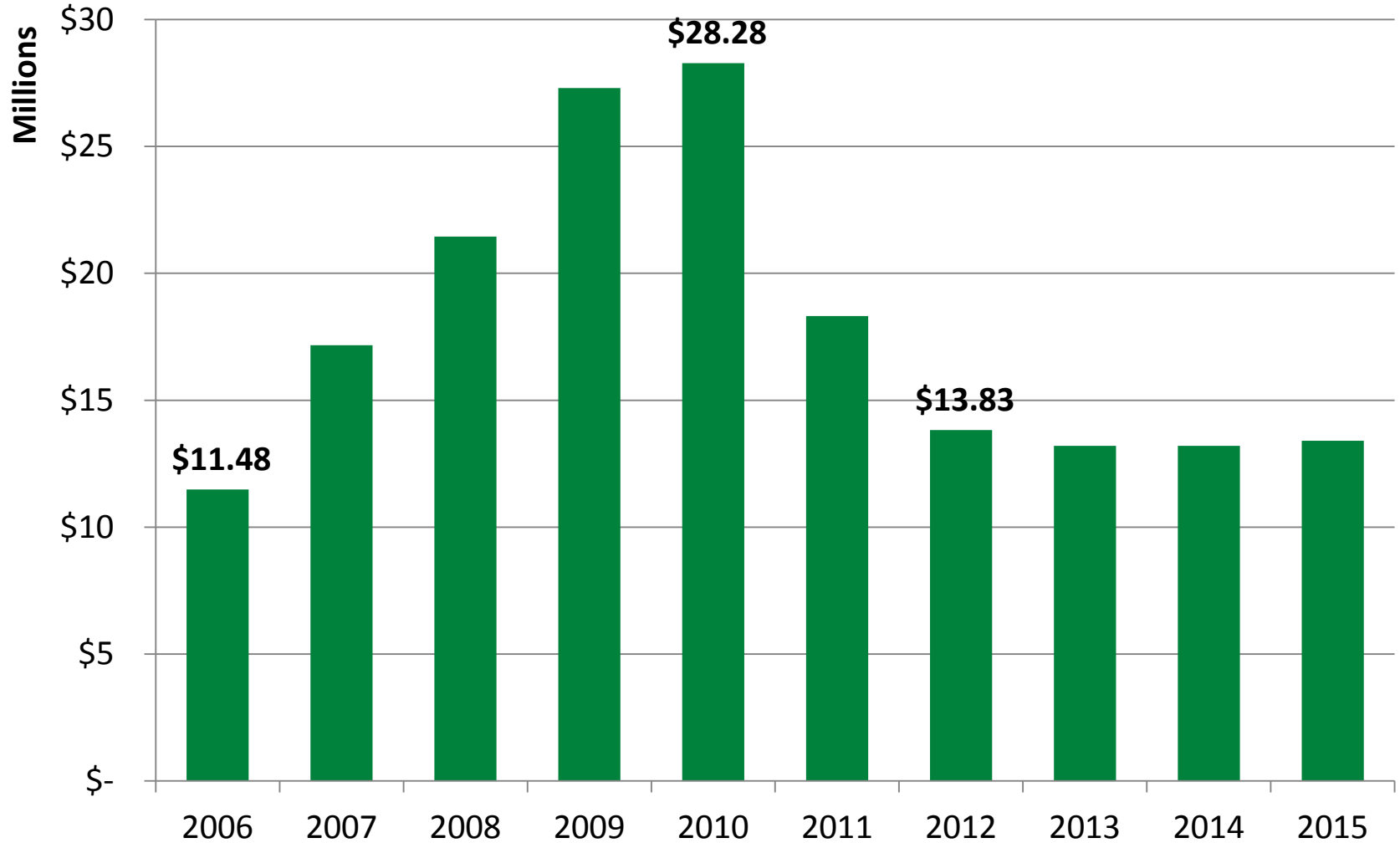
RDA Budget Picture: Where We've Been

RDA Tax Increment Revenue, FY06-FY10



RDA Budget Picture: Where We're At

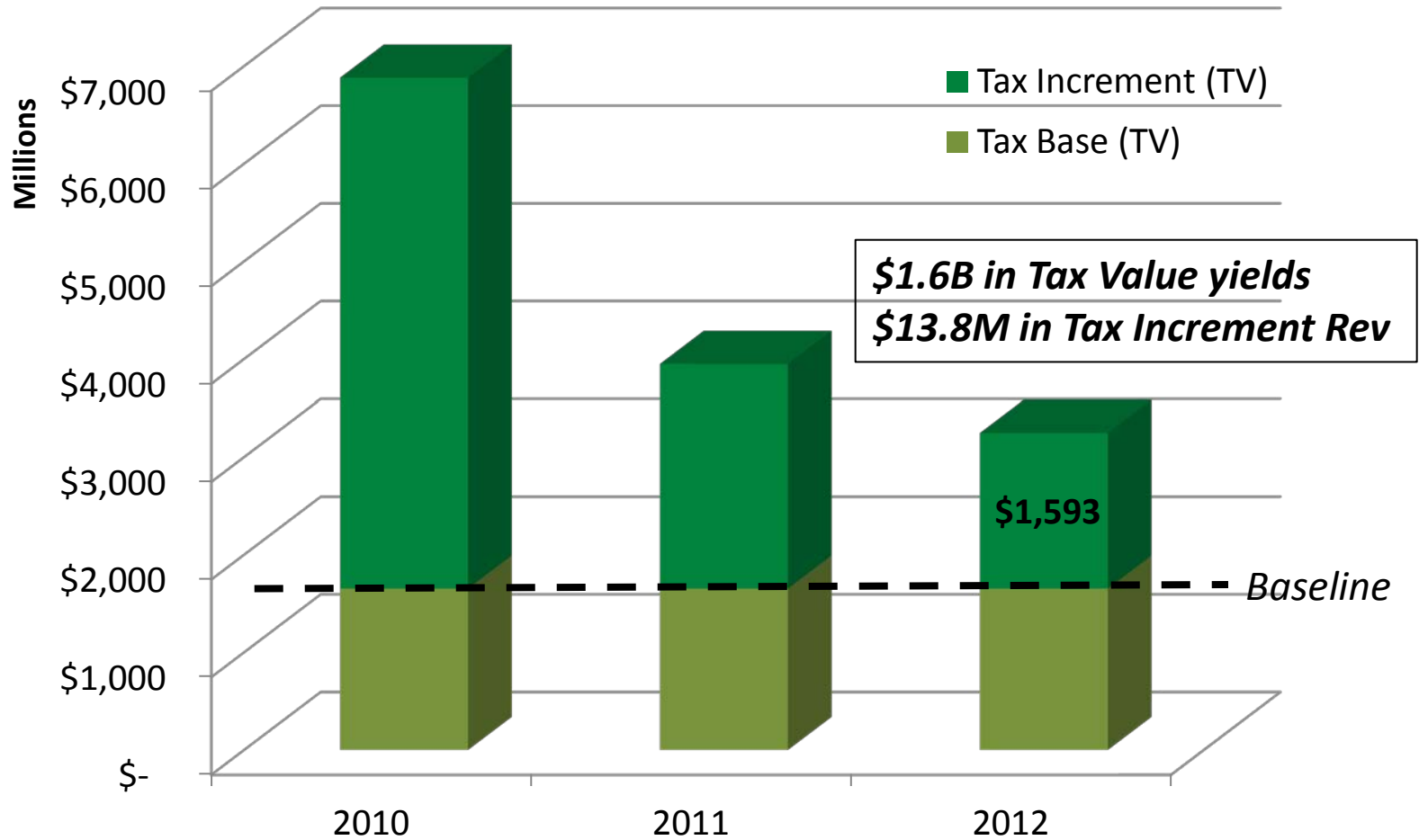
RDA Tax Increment Revenue, FY06-FY15



How did we get here?

Budget Challenge #1: Declining property values

Taxable Value in RDA, FY10-FY12



Budget Challenge #2: Future growth can't match steepness and quickness of valuation decline

- Tax Increment Revenue comes from either (1) new real estate development, or (2) appreciation in existing commercial properties
 - *Significant business activity, but little new development occurring*
 - *No appreciation seen yet (time lag with Assessor)*
- Properties can only appreciate at State cap of 8%
- Gaming properties don't go on tax roll for full value

Gaming Property Valuation and Tax Revenue Yield

Example: Plaza Property

- **FY 2010-2011 Total Property Tax Revenue**

- Total Tax Bill: \$ 69,815.45

- **FY 2011-2012 Total Property Tax Revenue**

- Total Tax Bill: \$117,696.59

Budget Solution: Direction We Need to Take

Short-term Steps

- Fund annual deficit with cash in Fund Balance
- “One-Time” Revenue Enhancements
 - Sell land holdings: Bulldog Block, LV Tech Center, Courthouse Block, Symphony Park
 - Pursue grant opportunities (Brownfields, EDA, State)
- General Fund contribution needed to build cash reserves to 10% of annual expenses
 - Gap funding for next 3-5 years
 - Provides cushion for possible further revenue declines

RDA 3-Year Forecast (with GF contribution)

(dollars in thousands)

	FY12	FY13	FY14	FY15
<i>TI Growth Rate</i>		-4.5%	0%	1.5%
TI Revenue - Existing	13,826	13,204	13,204	13,402
TI Revenue - New	-00	161	322	327
Other Rev (FSE, others)	746	746	746	746
Land Sale - One time	1,800	-00	-00	-00
Housing SRF	285	1,784	282	282
18% Set Aside	(2,489)	(2,406)	(2,435)	(2,471)
Total Revenues	14,168	13,489	12,119	12,286
Debt Service/Notes	(14,922)	(14,926)	(15,055)	(13,805)
Program Expense	(500)	(750)	(700)	(700)
Operating Cost	(3,185)	(3,346)	(3,548)	(3,707)
Net Gain (Loss)	(4,439)	(5,533)	(7,184)	(5,926)
Beginning FB	2,853	2,914	1,882	1,948
Contingency Release (PAC)	4,100	-00	-00	-00
CPV Payments	400	2,000	4,400	2,800
CLV GF Contribution		2,500	2,850	3,000
Ending FB	2,914	1,882	1,948	1,822
<i>FB %</i>	16%	10%	10%	10%

Budget Solution: Direction We Need to Take

Long-Term Steps

- Debt Restructuring: seek RDA sunset extension in order to restructure debt and to lower our annual debt service
- Continue putting new, large projects on the tax roll
- Every \$1 Billion in new, non-gaming commercial development yields roughly \$4.3 Million in RDA revenues (net of set asides)
 - *Forest City: Planned 1 million sf office project valued at \$400 million and hotel-casino project valued at \$1 billion*
 - *CIM: Planned \$100 million investment in continued renovation of The Grand (Lady Luck)*
 - *Zappos: Planned corporate HQ expansion and spin-off development in excess of \$350 million*
 - *Symphony Park: planned 10 million sf of development projected to yield \$20.8 million in new RDA and city tax revenue (RCG Consulting)*
 - *Cashman: tremendous long-term development potential*

GF contribution enables EUD to help accomplish City's economic development goals

- Business Goals:
 - Jobs Goal
 - Small Business Goal
 - Investment Goal
 - Retail Absorption Goal
- Project Goals:
 - Major Redevelopment Projects: Zappos, Forest City, Cleveland Clinic, CIM, Cordish/Arena, Cashman
 - Visual Improvement Program (18-to-1 leverage)
 - New Business Recruitment and Business Retention
 - Downtown District Support (DT Alliance, Arts, FED)

RDA Board Direction Sought Today

- Provide general direction to staff for FY13 Budget Preparation
- FY13 Budget being developed:
 - *Tax Increment Revenue of \$13.2M*
 - *Debt Expense of \$14.9M*
 - *Overhead (Staffing, Rent, Consulting) of \$3.3M*
 - *Program “Pay-As-You-Go” Expenses of \$750,000, with \$500,000 allocated for VIP Program and small business goal*
- To submit budget requesting \$2.5M in General Fund contribution, with \$3M request budgeted for FY14 and FY15
- New development, increased land sales, or debt restructuring would offset the size of GF contributions needed

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