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MEMORANDUM

Date: April 2, 2003

To: Senator Ann O'Connell, Chair
Senate Government Affairs Committee

From: Terri Thomas, Finance Director

Re: Testimony opposing SB 402

The City of Sparks Redevelopment Agency and its City Council are strongly opposed to the provisions of SB 402. The City of Sparks has two redevelopment districts. The first district, formed in the downtown corridor in 1977 is a prime example of how redevelopment can work. The Agency has invested over \$100 million in achieving the goals of the redevelopment plan, creating Victorian Square as a prominent special event venue which has literally put Sparks on the map. The Agency has forged a successful partnership with Century Theaters, and is currently seeking qualifications for a new partner to further mixed use development in our downtown. In its time, the Agency has recognized the impacts of its redevelopment district on the Washoe County School District, both in potential losses of tax revenues and in potential enrollment generating housing projects. To mitigate these impacts, the Agency has spent hundreds of thousands of tax increment revenues to assist the WCSD with projects needed in schools in and around the district. The Agency amended its boundaries to help acquire and construct needed parking around Sparks High School, and in 2001, completed the reconstruction of the Sparks High School Gymnasium. The attachment from our Grants Administrator reflects nearly of \$1 million of completed or planned projects from the City's allocation of Community Development Block Grant funds which benefitted Washoe County schools.

In 1999, the City formed its second redevelopment district consisting of three noncontiguous areas. One of the areas, the Sparks Marina Park location, will ultimately create significant new residential development, having obvious impacts on the area schools. In recognition of those impacts, the Agency has included partnership projects with the school district in its redevelopment plans, inserting \$1 million into its current capital improvement plans for these purposes. The allocation is memorialized in a memorandum of understanding executed between the Agency and the WCSD in April of 2000.

The older redevelopment district is struggling today. Its assessed value has fallen from \$148 million in 2001 to \$104 million for the upcoming fiscal year. Key casino properties that anchor the district have had declines in profits in recent years. The amount of tax increment being generated in excess of debt service requirements has been dwindling in recent years, leaving little if anything to cover Agency administrative expenses, operations and maintenance of amenities on the Square,

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such as our fountain and parking garages, and our signature special events.

The newer redevelopment district is just starting to take off, thanks in part to the City having formed a special assessment district to construct infrastructure to provide streets, sanitary sewer, storm drainage and utilities to facilitate development. The Agency has issued notes payable from future tax increment generated by the district, and has a second series of notes planned for issuance in May. Moreover, while not obligations of the City of Sparks, the \$10.6 million of special assessment district bonds issued by the City would be negatively affected - even possibly be in default - should redevelopment plans be killed.

The WCSD proposal (SB 402) to carve out 75 cents of the tax rate collected within the redevelopment districts currently formed within Washoe County is seriously flawed. As heard by the Senate's Taxation Committee last evening during testimony on SB 308, the provisions of this bill would deviate completely from the way in which the state funds public schools. There is no statutory basis for the WCSD to get its operating revenues directly from taxes levied within a redevelopment district. The way for redevelopment districts to assist school districts in mitigating impacts of redevelopment activities is through cooperative agreements and funding for school improvements in or around the districts. This is what Sparks has always done and will continue to do so as long as tax increment is available. We feel that the taking of tax increment generated by 75 cents of the existing tax rate of the Agency's downtown will impair debt service payments to existing bond and note holders, much as John Swendseid's opinion on the what the impacts of SB 308 would likely do. With regard to the second district, the tax rate reduction would likely impair our ability to refinance existing and proposed notes with tax increment bonds. Finally, the reduction of the tax rate levied in and retained by our redevelopment districts by 75 cents would effectively kill both our own redevelopment efforts as well as our planned partnerships with the Washoe County School District.

Thomas, Terri

From: Wheeler, Tracy
Sent: Wednesday, April 02, 2003 11:25 AM
To: Thomas, Terri
Subject: Sparks CDBG School projects
Importance: High

The following is a synopsis of recent CDBG projects (capital improvements and human services grants) benefiting the WCSD:

FY99/00:Sparks High Neighborhood Plan Implementation - \$315,000

Repair, replace and construct sidewalks and other pedestrian and accessibility improvements along G St., H St. and Strobel Way. Primary benefit is residents in immediate area and children walking to/from Sparks High or Robert Mitchell Elementary School.

FY00/01:Kate Smith Elementary School Improvements - \$115,000

Play area received 27,000 sq. ft. of sod, upgraded irrigation system and basketball courts overlaid with new asphalt. Four thousand sq. ft. of brick parkways near the school were restored; many sidewalks, curbs and gutters were also replaced. Primary benefit was school students, faculty & staff and potentially the surrounding neighborhood.

Sparks High Neighborhood Plan Implementation- \$106,800

Repair, replace and construct sidewalks and other pedestrian and accessibility improvements along G St., H St. and Strobel Way. Primary benefit is residents in immediate area and children walking to/from Sparks High or Robert Mitchell Elementary School.

FY01/02:Robert Mitchell Elementary School Landscape & Irrigation Improvements - \$100,000

Re-grade grass play area and install new irrigation and sod and install soccer goals. New asphalt and slurry seal additional play area. Primary benefit was school students, faculty & staff and potentially the surrounding neighborhood.

FY02/03: (Currently out for bid/to be completed this spring)Agnes Risley Elementary School Improvements - \$80,000

Replace/upgrade flooring in multipurpose room. Resurface (asphalt & slurry seal) play ground, replace play equipment, repaint play areas (i.e. four-square & hopscotch). Primary benefit was school students, faculty & staff and potentially the surrounding neighborhood.

Sparks Middle School Improvements - \$100,000

Excavation and resurface (asphalt & slurry seal) play areas (basket ball courts) and north quad area between classroom buildings. Provide additional picnic tables and trash receptacles. Minor repairs/clean-up to drain system in quad area. Pending available funding a shade structure for the quad area may be installed.

Washoe County School District Family Resource Center (FRC) - \$8,188

This is a grant awarded through the Washoe County Human Services Consortium (Sparks/Reno/Washoe County pool approximately \$800K to \$1M to fund human services grants). The grant is to assist the FRC help families meet their basic needs for food and transportation. This is not a capital improvement project and is paid with city community support dollars.

FY03/04:

The City anticipates working with Sparks High School on a capital improvement project. Anticipated funding is in the amount of \$150,000. This will complete the city's commitment as outlined in our 2000-2005 Consolidated Plan prepared for HUD in conjunction with the requirements of the CDBG program. In addition, the city will fund (CDBG) and administer a \$23,100 grant to the WCSD Bernice Matthews Elementary School for their after-school "Dreamcatchers" program which provides academic programs, enrichment activities and

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meals on a sliding fee scale for low-income families.

\$989,900 in CDBG funds from FY2000 – 2005
\$ 8,188 in Sparks Community Support dollars
\$998,088 Total

Please let me know if you need anything else.

Tracy D. Wheeler
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