

Capital funding for projects blessed, cursed

Nevada Appeal Staff Report

Despite vocal public backing and majority Board of Supervisors support Thursday for an eighth-cent city sales-tax hike to finance multiple projects, the plan appeared dead for lack of a supermajority.

Mayor Robert Crowell was joined by supervisors Brad Bonkowski and Karen Abowd in supporting a motion to have city staffers proceed in crafting plans to fund several capital projects in part or fully, but Supervisors John McKenna and Jim Shirk cast negative votes. Both said provisions for public input and, in McKenna's case, a vote of the people would be necessary to secure backing from them.

"I don't know that you should put a whole lot of effort into it," the mayor told City Manager Larry Werner after the tally. He meant putting effort into crafting a financing proposal. When the meeting ended, Werner said that was his interpretation as well because four votes would be needed next time. Basically, he told the board there were no options for financing except the remaining authority

to impose an additional eighth-cent in city sales tax.

The projects involved include partial funding for a "Big Mac," the name for a larger multipurpose athletic facility planned on Russell Way next to the Boys & Girls Clubs of Western Nevada, \$4 million for a new city animal shelter, plus improvements downtown and along three business corridors in north, south and east Carson City.

The entire package price was pegged at about \$18 million and would require bonds backed by the increase in sales-tax revenue, projected at about \$1 million a year.

A parade of witnesses came to back the plan, among them two representatives of the Downtown 20/20 business group, plus supporters of a "Big Mac" rather than a "Mini-Mac" and a spokesperson for the Carson Animal Services Initiative.

Lori Bagwell, a declared candidate for the board next year from Ward 3, applauded the supportive groups but said the board should consider community priorities and let the public rank its choices among the projects by putting them on next June's primary election ballot.

Supervisor seeks action he opposed with vote

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involved, but Mayor Robert Crowell and Supervisors Karen Abowd and Brad Bonkowski favored seeing the staff move forward.

Crowell indicated after the vote that, because a four-vote supermajority would be needed for final adoption, staffers should avoid spending much time on the idea. City Manager Larry Werner agreed with that after the meeting, but Monday said

he might bring it back Dec. 5. It also could be returned to the board in a subsequent meeting because the motion approved 3-2 didn't fix an exact return date, according to Werner.

If it doesn't return until next year, Werner will be gone. It would be shepherd-ed there under Interim City Manager Marena Works. Werner retires Dec. 19 and Works takes over as the

interim right after that.

"I am requesting that you direct staff to proceed forward on the agenda item the majority of the board approved at our last meeting," Shirk wrote to the mayor, with copies to District Attorney Neil Rombardo and Werner.

"I'm half tempted to put it on and see what happens," Werner said. He said he will decide later in the week and

take action based on "what makes the most sense."

He said the agenda item last week was designed to give the board flexibility.

Both Shirk and McKenna said they also wanted citizens involved more. McKenna went so far as to call for a vote of the people prior to hiking city sales tax by the last one-eighth cent under the city's authority. The hike would raise

about \$1 million annually, which could underpin \$14 million or so in bonds for partial or full funding of capital projects. The ones in the last agenda

item were a multi-purpose athletic center, an animal shelter and improvements to business corridors downtown, to the north and south on Carson street, and to the east on William street.

Agenda Item 4A

City of Carson City Agenda Report

Date Submitted: November 8, 2013 **Agenda Date Requested:** November 21, 2013
Time Requested: 1 hour

To: Mayor and Supervisors

From: City Manager

Subject Title: For Possible Action: To support construction of the Animal Services Facility, the Multipurpose Athletic Center, and the Downtown, North Carson Street, South Carson Street, William Street and Hwy 50 East corridor improvement projects and direct staff to bring to the Board possible funding recommendations. (*Larry Werner*).

Staff Summary: On August 15, 2013, the Board of Supervisors accepted the Downtown Carson City Revitalization Plan prepared by the 20/20 downtown group, and on September 19, 2013, the Board of Supervisors accepted the summary plans prepared for the North Carson Street corridor and the East William Street/Hwy 50 East corridor, and on November 7, 2013, the Board of Supervisors accepted the South Carson Street summary plan. The Board of Supervisors may consider supporting construction of the Downtown, North Carson Street, South Carson Street, William Street and Hwy 50 East corridor improvement projects as well as the Animal Services Facility and the Multipurpose Athletic Center.

Type of Action Requested: (check one)

Resolution Ordinance
 Formal Action/Motion Other (No Action)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to support construction of the Animal Services Facility, the Multipurpose Athletic Center, and the Downtown, North Carson Street, South Carson Street, William Street and Hwy 50 East corridor improvement projects and direct staff to bring to the Board possible funding recommendations.

Explanation for Recommended Board Action: City staff has had discussions with various business and property owners over the last few months regarding improvements to the City's primary commercial corridors to retain existing businesses and attract new business to the area, particularly once the freeway is completed and traffic on the City's local arterial streets is further reduced. Plans for corridor improvements have been presented to the Board of Supervisors within the last couple of months, and downtown businesses and property owners have presented the 20/20 Plan for downtown, which includes the goal of improving the downtown core per the 2006 Master Plan downtown vision.

The recurring theme from all the business groups is that investing in infrastructure improvements to improve the business corridors by making them more attractive, safer with improved lighting, improving accessibility, etc. will result in an improved business climate and therefor improved sales tax for the City. And the City will be improved overall in the process. Government is in the business of providing infrastructure and this concept is entirely consistent with that premise.

Various documents are attached which bear on the downtown and corridor issues and include:

- A matrix of the 20/20 Group downtown goals with an evaluation as to possible City involvement with each goal.
- A summary of the downtown Carson Street narrowing concept and alternatives.
- A summary of costs and possible funding for the corridor and downtown projects.
- Maintenance Costs.
- Draft concepts/ideas for the corridors for establishing a baseline of costs.
- 20/20 Carson City Downtown Plan.
- Corridor Plans as presented to the Board of Supervisors.

Staff evaluated the cost of the proposed commercial corridor improvements as well as the potential revenue from the implementation of a 1/8th-cent sales tax. Staff determined that the sales tax could fund the costs of the corridor improvements, assuming the use of other available revenue sources for the project. With the City searching for funding sources to cover the costs of the new Multipurpose Athletic Center and new Animal Services Facility, the 1/8th-cent sales tax may be considered as a source of revenue to complete these projects as well.

The Animal Services Facility is proposed to replace the existing facility that was constructed in the early 1960's. The proposed facility contemplates a 10,955 square foot building on a 1.6 acre site located at the City corporate yard on Airport Road. The facility will accommodate up to 134 dogs, 104 cats and 7 exotics. The facility promotes adoption and provides City staff sufficient area to manage and shelter animals. The proposed budget for the project is approximately \$4.0 million for building, site improvements, and contingency. Contributions are being received to off-set some of the capital costs. Attached is the Animal Services Facility architectural renderings and proposed budget.

The Multi-Purpose Athletic Center currently has approximately \$5.7 million in funds available and current costs for the facility are estimated to be approximately \$8.5 million. The project is 60% designed and plans can be completed in approximately four to six months. The MAC is proposed as an approximate 41,500 square foot recreation and tournament facility. The project includes four high school sized basketball courts that can be reconfigured into two collegiate sized basketball courts. This court arrangement will provide for multi-purpose recreational uses that include basketball, volleyball, and futsal as well as other non-sport community uses. In addition to the courts, the facility has locker rooms, restrooms, a lobby, administrative offices, storage room, and an elevated walking/jogging track.

A smaller athletic facility could be constructed for the current budgeted amount of \$5.7 million but would not be as functional, not meet city needs for future growth, and would not promote tournament play. The larger facility envisioned would be multi-functional and multi-generational and allow for tournament play which would provide enhanced economic vitality for the city by attracting out of area attendance which would increase sales tax by putting heads in beds. The design of the facility allows for future expansion.

Attached is a spreadsheet that has basic information on facility use of the Community Center and surrounding Middle Schools in the area during all of the City's indoor sports leagues. The Futsal league has grown so large that it is the only league that is run in the Community Center during the winter besides a few hours of Youth Basketball on Saturday mornings. All of the other City leagues, adult and youth, are currently held in the surrounding middle schools.

The City currently offers contract classes that could use more gym time (e.g. Roller Derby), but at this point cannot be accommodated. City staff has hopes of starting a High School Recreation Basketball League, Adult Dodge Ball League, and Youth Dodge Ball League, but at this point, due to limitations on space, these programs are not feasible. If the full size MAC is built, all of these programs would be

possible. Currently all of the City's indoor programs are healthy and strong, but they are at their max (except Adult Volleyball) given the space provided. With the new facility, the City would have significant room for growth or additional programming. Attached also are the MAC proposed site plan and architectural renderings.

Should the Board of Supervisors direct staff to proceed with the process to implement the sales tax for these projects and then implement the tax, staff would then work closely with the applicable stakeholders to develop detailed plans that can be implemented within budget constraints. Significant design work has already gone into the MAC and the Animal Services Facility, but staff is waiting for a decision on funding to proceed with the detailed corridor design work. Only concepts and ideas have been discussed, to date. City staff would work closely with the property owners and businesses along the commercial corridors to develop final plans.

To use the 1/8th cent sales tax the Board must adopt an ordinance to implement the tax along with a Plan of Expenditure (draft attached). The ordinance adopting the sales tax must specify the date of imposition of the tax, the specific purpose of the tax, and that the tax will remain as necessary so as to not impair any outstanding bond payments or other obligation which is payable from the tax. The tax cannot exceed 1/4 cent, has to be in 1/8 cent increments, and since 1/8th cent has already been used to fund a portion of the construction of the V&T, only 1/8th cent remains. The law requires that the governing body must develop a plan of expenditure and specify the projects within the plan that are proposed to be constructed or purchased or, in the case of flood control and landfills, operated and maintained, within the purposes as defined in NRS 377B.160 (3).

The facilities would be proposed to be funded by a 1/8th cent sales tax in accordance with NRS 377B with the improvements to the street corridors falling under NRS 377B (3) (e) (as a street project described in NRS 373.028(2)). The Animal Services Facility is a 'public safety facility' that prevents disease and protects the public as defined in NRS 377B (3) (f). The Multi-Purpose Athletic Center is a 'recreational facility' as defined in NRS 377B (3) (f).

The City can issue bonds or other obligations to fund the capital needs of the projects. The projects can be financed with bonds and/or other obligations that are secured in whole or in part with a pledge of the sales tax revenues. In addition it is anticipated bonds would not be issued immediately upon implementation of the sales tax since initial construction would not begin for approximately a year after implementation. Funds for the first year of about \$1,000,000 from the tax would be used for project planning and design costs. It is anticipated that two bond issues could be issued to support the projects. An initial bond of approximately \$12.0- \$15.0 million would be to support the first round of projects followed a few years later with a bond of approximately \$2.0-\$3.0 million or greater, depending on available bonding capacity, would support the next round of projects. Funding for the balance of the corridor program could possibly be paid with revenues on a pay as you go basis.

Overall funding through the 1/8th cents sales tax would be approximately \$11 million for the corridors and downtown, approximately \$4 million for the Animal Services Facility, and approximately \$2.8 million for the Multi-Purpose Athletic Center. By timing expenses, utilizing bonds, and using additional available funds from Grants the overall total for the projects are estimated to cost approximately \$30-\$34 million. The projects will be designed to the available level of funding and will be designed to be added to in the future as funding through additional grants and sources become available. The majority of the anticipated Public Works portion of the funding is contained in current capital programs in stormwater, water, sewer, and streets for replacement and improvements.

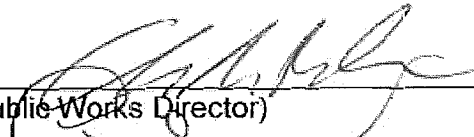
The sales tax of 1/8th cent is estimated to cost an average family approximately \$12.50 per year. It is estimated that about 40% of the overall tax is paid by nonresidents and 60% by city residents.

Applicable Statute, Code, Policy, Rule or Regulation: NRS 377B

Fiscal Impact: 1/8th cent sales tax increase.


Prepared By: Andrew Burnham, Public Works Director

Reviewed By:



(Public Works Director)

Date: 11-12-13




(City Manager)

Date: 11/12/13



(District Attorney)

Date: 11/12/13



(Finance Director)

Date: 11/12/13

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
2) _____ _____

(Vote Recorded By)