

Proposed Mesquite Indoor Sports Center Funding Sources

NRS 338.1711 requires that a Design-Build project be estimated to cost at least \$5,000,000. Consequently, if the City does not have \$5 million, it calls into question the City's ability to do a Design-Build project. If the project bids ultimately come in less than \$5 million, that is acceptable. The City cannot manipulate the bids (taking items out that were part of the original \$5 million estimate) to artificially get the price below \$5 million.

Original Proposed Funding Sources

At the November 22, 2011 City Council meeting, several funding sources were proposed to fund the Mesquite Indoor Sports Center. Below is an update of these proposed funding streams.

1. Nevada Community Solutions - \$350,000. Originally, it was anticipated that NCS could fund at the \$800,000+ level. However, on Feb 28, 2012, Council approved terminating the existing relationship with NCS. As part of the termination agreement, NCS will give the City \$350,000. Consequently, the City would be short \$450,000.
2. Pride Contractors - \$200,000. This funding source is still available.
3. MesTech - \$300,000-\$500,000. Currently, MesTech and the City are in negotiations to amend the existing Joint Development Agreement. There are multiple reasons for the amendment, one of which is that land sale proceeds could be used to help fund the MISC. As the negotiations progress, a draft amendment will be presented for Council's consideration. However, there are no firm guarantees of funding from this source.
4. RDA Bond, 2009 Series - \$2,500,000. This funding source is still available.
5. RDA, Property Tax - \$1,000,000. This funding source is still available.

Additional Potential Funding Sources

Based on the update provided above for the Original Proposed Funding Sources, there are shortfalls. Consequently, some Additional Possible Funding Sources have been identified that could complete the required funding.

1. Street Maintenance Fund (Fund #11) - \$250,000. The Street Maintenance Fund is receiving an additional \$541,971 in funding from the Regional Transportation Commission (RTC) for street maintenance. This funding was not previously budgeted. Consequently, these RTC funds can be used in place of the City funds to do some of the street maintenance and capital projects; thus, freeing up the City funds for other projects such as the MISC.

As of Jan 31, 2012, Fund #11 has a balance of \$3,307,625.40. The Projected End of Year Balance is \$1,254,281. (This is without the additional RTC funding, nor the proposed \$250,000 for the MISC.)

2. Vehicle/Equipment Replacement Fund (Fund #99) - \$250,000. The Vehicle/Equipment Replacement Fund is another possible funding source. Throughout the years, more has been allocated to this account than has been expended for Vehicle/Equipment Replacement.

As of Jan 31, 2012, the balance in Fund #99 is \$2,863,609.63. The Projected End of Year Balance is \$2,069,402. (This is without the proposed \$250,000 for the MISC. However, it does include \$1,905,000 of the \$4,000,000 refund to NCS.)

3. Residential Construction Tax Park Fund (Fund #20) - \$100,000. The Residential Construction Tax Park Fund is used to construct new parks and other recreational amenities. The funding mechanisms are building permits and grants.

As of Jan 31, 2012, Fund #20 has a balance of \$714,756.70. The Projected End of Year Balance is \$447,998. (This is without the proposed \$100,000 for the MISC.)

4. Bond – Various Amounts. If the Council is so inclined, the City has the option of bonding for all or a portion of the project. There are various types of bonds, with various terms and conditions. Below is a cursory overview of three with a bond amount of \$6,000,000.
 - a. Medium-term General Obligation Bond
 - i. Annual debt service: \$1,265,000 for 5 years; \$685,000 for 10 years
 - ii. Issuance timeframe: 3-4 months
 - iii. Borrowing term limit: 10 years
 - iv. Authorizations required: City Council (3 meetings, including public hearing), State Department of Taxation
 - b. General Obligation Revenue Bond
 - i. Annual debt service: \$1,265,000 for 5 years; \$685,000 for 10 years; \$425,000 for 20 years; \$370,000 for 30 years
 - ii. Issuance timeframe: 6-8 months
 - iii. Borrowing term limit: 30 years
 - iv. Authorizations required: City Council (4 meetings, including public hearing), Clark County Debt Management Commission, 90 day waiting period
 - c. Revenue bond
 - i. Annual debt service: \$1,275,000 for 5 years; \$700,000 for 10 years; \$440,000 for 20 years; \$390,000 for 30 years
 - ii. Issuance timeframe: 2-4 months
 - iii. Borrowing term limit: 30 years
 - iv. Authorizations required: City Council (1-3 meetings, will vary; no public hearing)

Summary Table

Funding Source	Amount
<i>Original Proposed Funding Sources</i>	
NCS	\$350,000
Pride Contractors	\$200,000
MesTech	\$350,000-\$500,000
RDA Bond, 2009 Series	\$2,500,000
RDA, Property Tax	\$1,000,000
<i>Additional Potential Funding Sources</i>	
Street Maintenance Fund	\$250,000
Vehicle/Equipment Replacement Fund	\$250,000
Residential Construction Tax Park Fund	\$100,000
Bond	0-\$6,000,000
<i>Total with Bond</i>	<i>\$5,000,000 to \$11,000,000</i>
<i>Total without Bond</i>	<i>\$5,000,000 to \$5,150,000</i>

Conclusion

While some funding sources are more viable than others are, ultimately all of them may not even be utilized, because the price may be less than \$5 million. However, without having actual bids, it is impossible to know. Therefore, taking the next step of soliciting actual hard bids will make the City better informed to make a final decision about the overall feasibility of the project.