

**TRUCKEE RIVER FLOOD CONTROL PROJECT
NEEDS COMMITTEE**

**REPORT AND DISCUSSION ON THE MAXIMUM PROJECT
COST THAT CAN BE FUNDED WITH ONLY THE
EXISTING 0.125% SALES TAX**

December 7, 2017

TRUCKEE RIVER FLOOD MANAGEMENT AUTHORITY
MAXIMUM PROJECT COST THAT CAN BE FUNDED WITH ONLY THE EXISTING 0.125% SALES TAX

The focus of this report is to determine the maximum Truckee River Flood Management Plan cost that can be funded without a new countywide tax but only with the existing 0.125% sales tax, a Direct Benefit Area fee of \$12/ksf and a federal cost share agreement.

Assumptions

- Project is completed in FYE 2043.
- DBA rate is \$12 per thousand square feet per month

Significant Cash Flow Items

Emergency Replacement Reserve funding

- Base case calls for a reserve of 4.7% the replacement cost of project assets as measured by estimated cost incurred for design, project management and construction costs. The Interlocal Cooperative Agreement creating TRFMA requires 10%.
- For this scenario the base case percent was retained thus adjusting the amount to that of the maximum project cost that could be funded.

Direct Benefit Area fee revenue

- In this analysis the DBA revenue is based on a fee of \$12/ksf.
- Implementing the DBA fee requires that TRFMA pay to the City of Sparks the debt incurred to build the North Truckee Drain. In this case about \$2 million/year for a total of \$8.2 million. See Table on the last page of this report.

Federal Costs Share With the US Army Corps of Engineers

- Agreeing to a federal cost share with the Corps result in both a flow of funding to the project of \$182 million dollars along with an obligation for TRFMA to pay the Corps \$20 million as reimbursement for prior costs incurred by the Corps.
- As the \$20 million represents a significant cash outflow in previous analysis it was assumed that payment could negotiated to be made in four \$5 million installments beginning in FYE 2024.

Benchmark Truckee River Flood Management Project Costs

If the Truckee River Flood Management Project were built according to current estimates the cost would be \$442.2 million in 2018 dollars.

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Results

Scenario 1

- Federal cost share annual payment to the Corps = \$1.25 million for sixteen years beginning in FYE 2024.
- Emergency Replacement Reserve Fund Balance At FYE 2043 = \$24.2 million.
- Maximum Project Cost (nominal \$) = \$341.9 million.
- Maximum project cost (2018\$) = \$224.8 million.

Scenario 2

- Federal cost share annual payment to the Corps = \$5 million for four years.
- Emergency Replacement Reserve Fund Balance At FYE 2043 = \$11.6 million.
- Maximum Project Cost (nominal \$) = \$246.5 million.
- Maximum project cost (2018\$) = \$162 million

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Scenario 1 Details

General Fund		
Cash Outflows Thru Debt Repayment In FYE 2047		
	Amount	% of Total
Operations & Maintenance	159,231,891	27.92%
Federal Cost Share Payment	20,000,000	3.51%
Payment to Sparks For NTD Debt	8,401,600	1.47%
Transfers To Capital Project Fund	222,020,315	38.93%
Transfer To Debt Service Fund	148,548,063	26.05%
Transfers To Emergency Replacement Fund	12,120,802	2.13%
Total Cash Outflow	570,322,671	100.00%

General Fund		
Sources of Cash Transferred to Capital Fund Thru Debt Repayment in FYE 2047		
	Amount	% of Total
Existing Sales Tax Revenue	132,028,347	59.5%
New Tax Revenue	-	0.0%
Direct Benefit Area Rate Revenue	30,261,310	13.6%
Federal Cost Share Revenue	58,874,138	26.5%
Other Revenue	167,053	0.1%
Interest Income	689,468	0.3%
Totals	222,020,315	100.0%

Capital Project Financing		
Source of Funds	Amount	% of Total
Debt Financed (Deposit to Capital Project Fund)	92,984,323	27.20%
General Fund (Transfer to Capital Project Fund)	222,020,315	64.93%
Capital Project Fund - Beginning Fund Balance	7,074	0.00%
Capital Project Fund Interest Income	26,902,225	7.87%
Capital Project Fund - Other Income	-	0.00%
Total Project Cost (Nominal \$)	341,913,937	100.00%

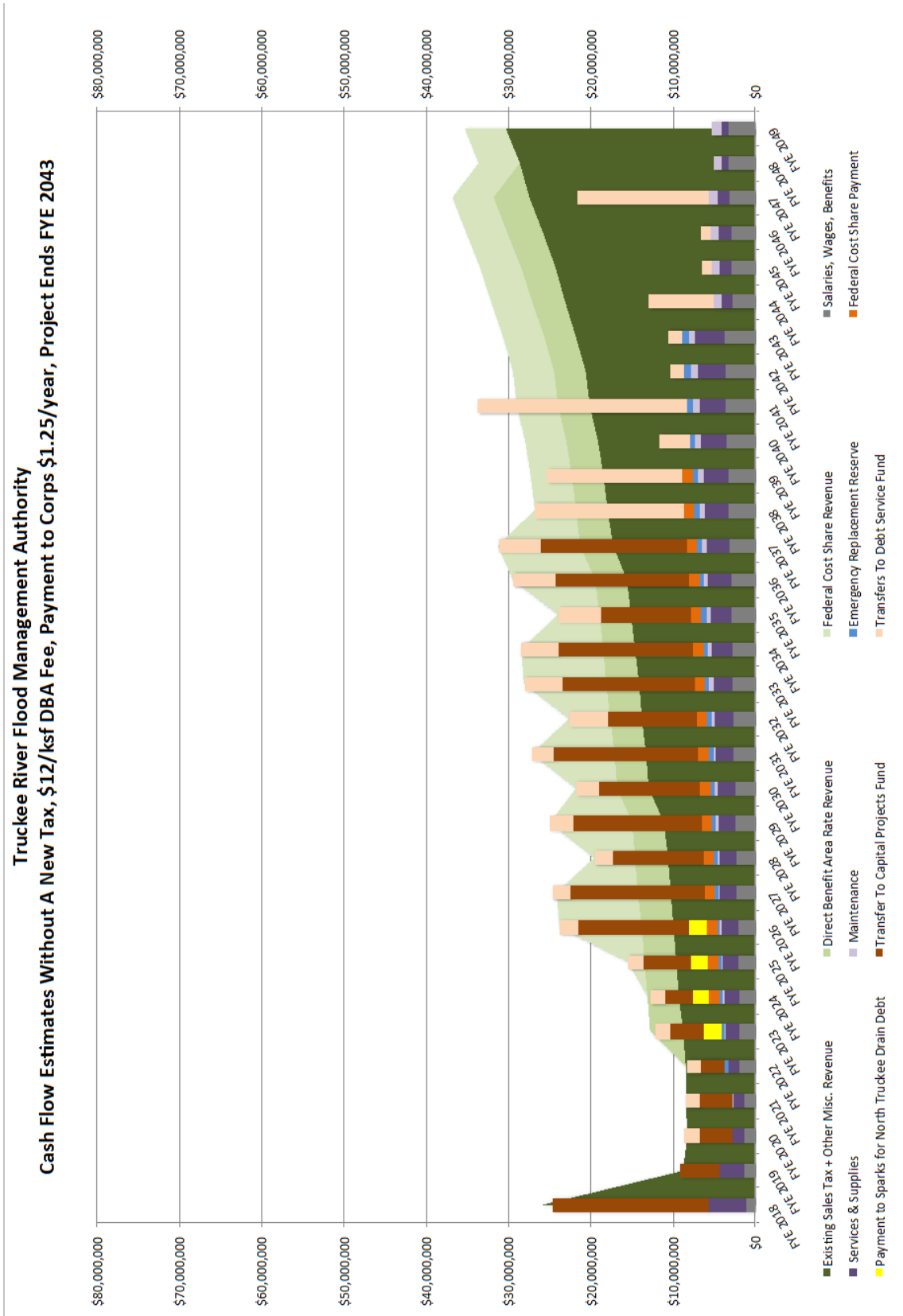
Total Project Costs (2018 \$) 224,810,067
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Existing Sales Tax Revenue Supported Debt Issues						
Series	Term	Rate	Par	Issuance Cost	Debt Service Reserve	To Capital Fund
2020	30	5%	27,929,882	236,722	1,816,879	25,876,281
2023	30	5%	1,974,896	18,064	128,470	1,828,363
2026	30	5%	6,297,477	57,602	409,660	5,830,215
2029	30	5%	6,887,669	63,000	448,053	6,376,616
2032	30	5%	29,280,709	248,171	1,904,752	27,127,786
2035	30	5%	8,132,631	74,387	529,039	7,529,204
2038	30	5%	19,877,383	168,472	1,293,052	18,415,859
Subtotals			100,380,646	866,418	6,529,905	92,984,323

A graph of Scenario 1 cash inflows and outflow is shown on the following page.

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Scenario 2 Details

General Fund		
Cash Outflows Thru Debt Repayment In FYE 2035		
	Amount	% of Total
Operations & Maintenance	79,920,291	23.60%
Federal Cost Share Payment	20,000,000	5.91%
Payment to Sparks For NTD Debt	8,401,600	2.48%
Transfers To Capital Project Fund	202,436,751	59.78%
Transfer To Debt Service Fund	23,144,981	6.83%
Transfers To Emergency Replacement Fund	4,747,389	1.40%
Total Cash Outflow	338,651,012	100.00%

General Fund		
Sources of Cash Transferred to Capital Fund Thru Debt Repayment in FYE 2035		
	Amount	% of Total
Existing Sales Tax Revenue	122,370,840	60.4%
New Tax Revenue	-	0.0%
Direct Benefit Area Rate Revenue	27,089,389	13.4%
Federal Cost Share Revenue	52,160,680	25.8%
Other Revenue	162,463	0.1%
Interest Income	653,379	0.3%
Totals	202,436,751	100.0%

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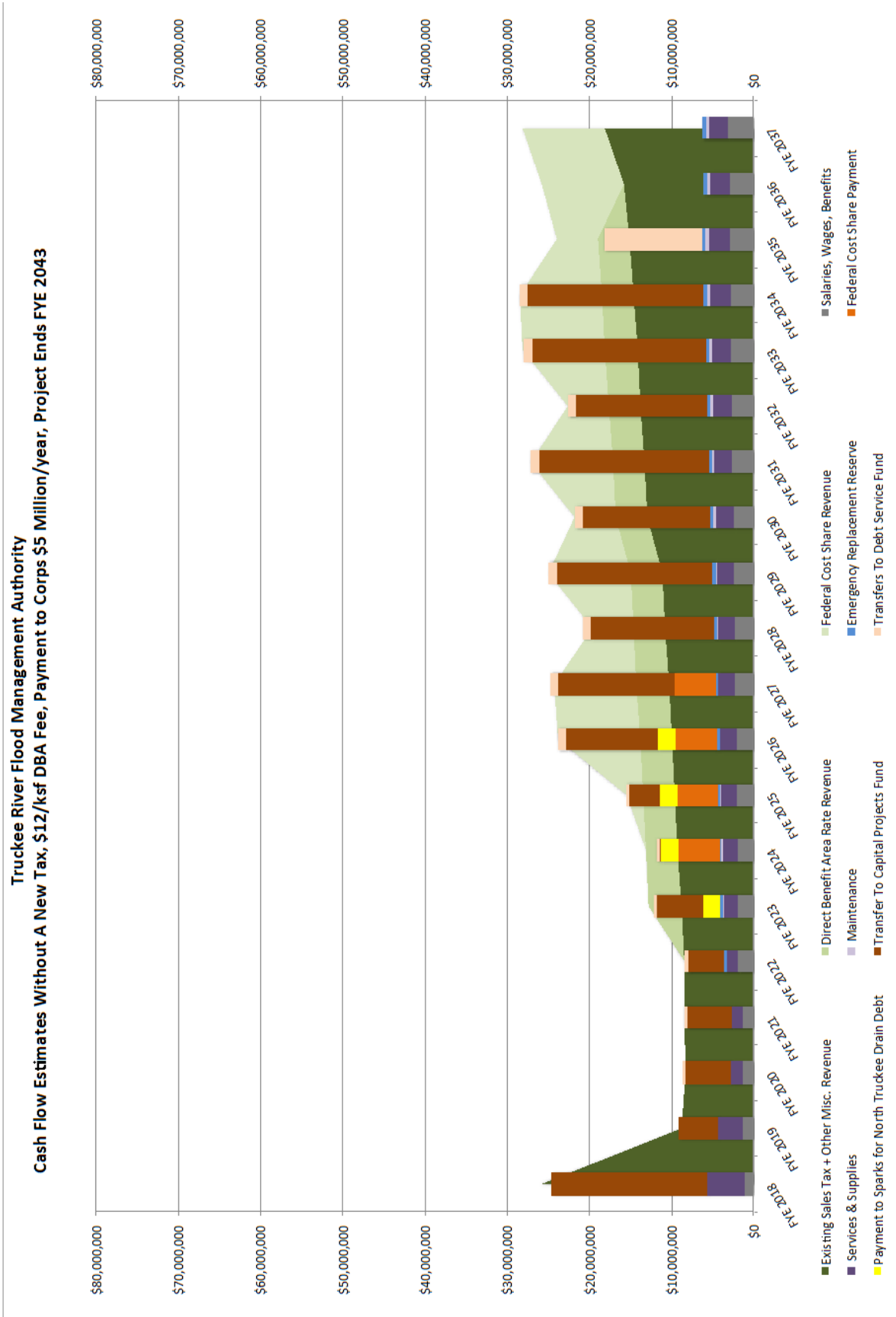
Capital Project Financing		
Source of Funds	Amount	% of Total
Debt Financed (Deposit to Capital Project Fund)	14,706,950	5.97%
General Fund (Transfer to Capital Project Fund)	202,436,751	82.12%
Capital Project Fund - Beginning Fund Balance	7,074	0.00%
Capital Project Fund Interest Income	29,349,516	11.91%
Capital Project Fund - Other Income	-	0.00%
Total Project Cost (Nominal \$)	246,500,291	100.00%

Total Project Costs (2018 \$) 162,075,133

Existing Sales Tax Revenue Supported Debt Issues						
Series	Term	Rate	Par	Issuance Cost	Debt Service Reserve	To Capital Fund
2020	30	5%	5,760,189	52,687	374,709	5,332,793
			-	-	-	-
2026	30	5%	10,123,612	90,900	658,555	9,374,157
			-	-	-	-
			-	-	-	-
			-	-	-	-
			-	-	-	-
		Subtotals	15,883,801	143,587	1,033,264	14,706,950

A graph of Scenario 2 cash inflows and outflow is shown on the following page.

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City of Sparks
Flood Control Bonds 2016
North Truckee Drain Project

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2017	1,490,000	606,711	2,096,711
2018	1,565,000	535,600	2,100,600
2019	1,625,000	473,000	2,098,000
2020	1,710,000	391,750	2,101,750
2021	1,795,000	306,250	2,101,250
2022	1,885,000	216,500	2,101,500
2023	1,920,000	178,800	2,098,800
2024	1,960,000	140,400	2,100,400
2025	2,000,000	101,200	2,101,200
2026	2,060,000	41,200	2,101,200

The Interlocal Cooperative Agreement establishing the Truckee River Flood Management Authority requires TRFMA to begin paying to the City of Sparks the annual debt service for the North Truckee Drain beginning on the date that a flood management fee is imposed.