



May 12, 2023

TO: CADA Board of Directors

**SUBJECT: May 19, 2023, Board Meeting
AGENDA ITEM 5
CADA FINANCIAL FORECAST (FY 2023-2024 THROUGH FY 2032-2033)**

CONTACT: Noelle Mussen, Finance Director

RECOMMENDED ACTION: For information only. This report provides CADA's annual Ten-Year Financial Forecast for discussion as CADA plans its business priorities for Fiscal Year 23-24 through Fiscal Year 32-33.

BACKGROUND

Each year, CADA updates its ongoing Ten-Year Financial Forecast that analyzes and reflects changes in financial and economic conditions that affect CADA's general operations and development projects. Development projects require advance funding, and the timing of the resulting tax increment is uncertain. The Forecast analyzes the impact of all development projects on CADA's overall operations, including General Operations and Major Construction, and conservatively estimates future funding needs for development projects and resulting tax increment. The Forecast is a tool that aids in the preparation of the annual CADA budget proposal made by staff for approval by the Board in June.

POLICY ISSUES

CADA is charged with implementing the residential and commercial components of the State's Capitol Area Plan and the City of Sacramento's R Street Corridor Master Plan in a manner that is fiscally, socially, and environmentally sustainable, and that results in an attractive urban neighborhood that is affordable to a diverse population.

To accomplish its mandate, CADA must ensure that its property management activities are cost-effective and that its urban development activities are fiscally prudent. As a tool for ensuring that it is pursuing its mission in a fiscally responsible manner, CADA prepares a Ten-Year Financial Forecast each year. The Forecast enables CADA to consider the needs of its aging housing stock and the implications of development and neighborhood investments on its long-term fiscal stability. The Forecast also provides the basis for CADA's annual budget, which is presented to the CADA Board of Directors each June.

Because Capitol Area tax increment (TI) cannot be used in the R Street Area without prior approval from the Department of General Services (DGS) and the two areas have different restrictions with regard to the use of 20% affordable housing set-aside funds, separate Forecasts are provided for the Capitol Area (**Attachment 1**) and the R Street Area (**Attachment 3**). **Attachment 2** provides detailed assumptions regarding planned development projects in the Capitol Area.

CAPITOL AREA FORECAST (ATTACHMENT 1)

This Forecast presents CADA operations and fiscal responsibilities in the Capitol Area in three segments: General Operations, Major Construction, and Development. With regard to Tax Allocation Bond activities, CADA's on-going bond debt service is reported as an expense within General Operations. Bond proceeds are used to reduce project expenditures. These funds are not sources for General Operations. Therefore they are only reflected in the Development project section of this Forecast.

CADA has established a threshold for the Capitol Area below which its cash reserves should not fall. This threshold represents six months of expenses, or approximately \$5 million. This is an increase from the \$4.9 million threshold in the prior Forecast. That Forecast, which was prepared in 2022, projected a gradual decline in available funds from Year 1 through Year 3, with a more gradual decline from Year 4 through Year 10, and reflected starting reserves at \$18.9 million, ending with a projected available cash balance of \$6.6 million.

This year's Forecast has a similar gradual decline in available funds from Year 1 through Year 10, with starting reserves at \$18.9 million. Similar to the prior year Forecast, the current Forecast projects a continued decrease over the 10-year period with a projected available cash balance of \$8.7 million, an increase of \$2.1 million over the prior year Forecast.

The differences from the prior year are due to net changes in assumptions in General Operations, Major Construction, Development, project completions, economic changes, and changes in development project requirements and funding needs.

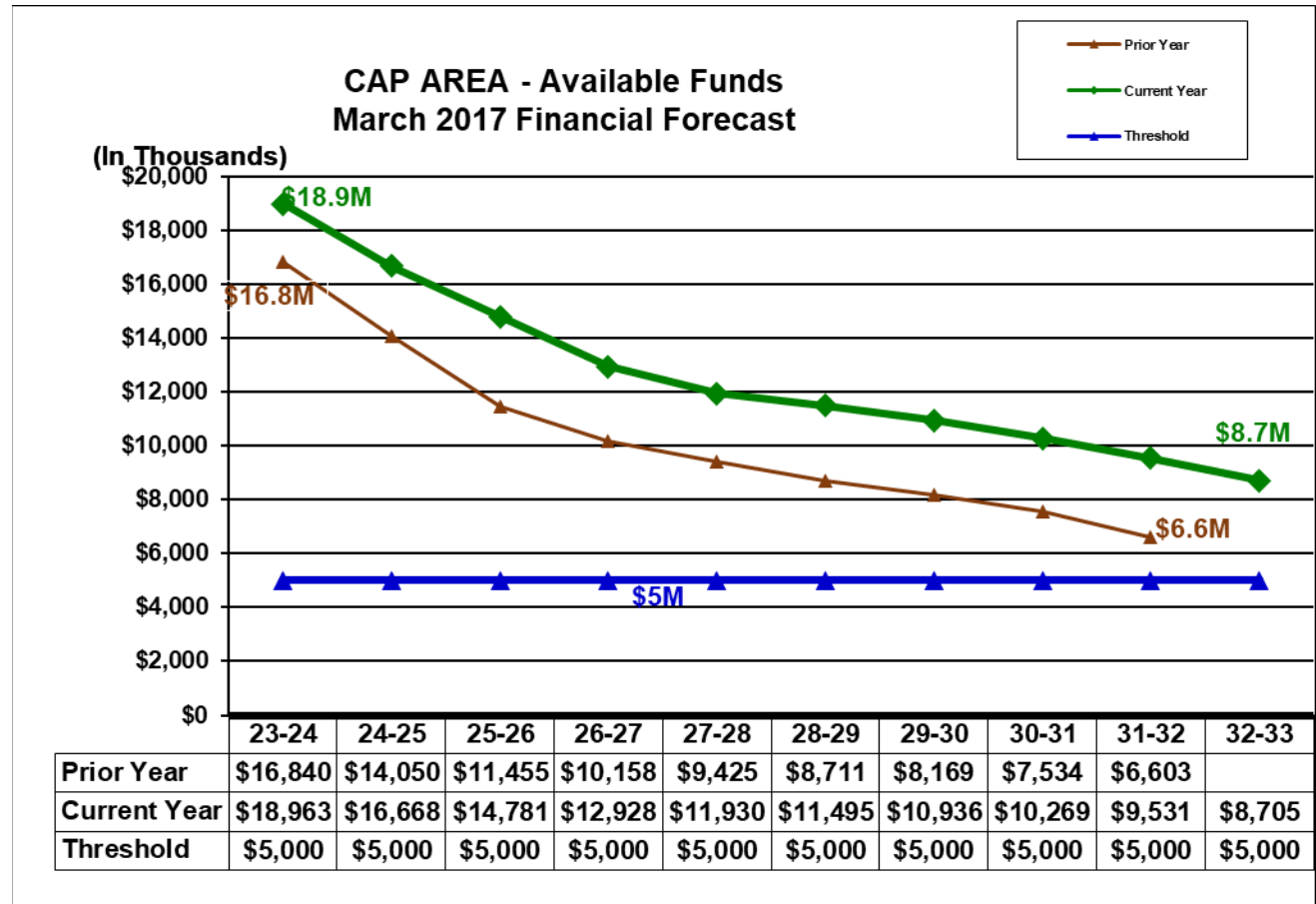
Compared to the prior year, Year 1 in the current Forecast starts with a beginning balance of approximately \$2.1 million more in available reserves. This is mostly due to the change in assumptions regarding the sale of land for the Cypress project.

Changes in assumptions were made to General Operations in regards to revenue and expense growth. Rental Revenue in the current year now assumes a 2% increase per year as compared to the prior Forecast which assumed slower growth in Years 1 and 2, along with the removal of commercial rental credits CADA provided during COVID. The assumption of higher growth in expenditures was kept for Year 1 and extended to Year 2, leading to higher expenses over the ten-year period, especially when compared to revenue. This trend, coupled with the continued large funding needs for major construction, leads to a possible negative cash flow in each year.

For Tax Increment (TI), collection has been steady, with lower growth in the past several years, but in the current Forecast we have assumed the usual 2% increase per year, which has increased the projected revenue growth over the whole ten-year period.

For Development, the assumptions have continued to have an overall positive effect on cash flow. The proceeds of the sale of the Cypress property for \$2.4 million occurred in the current fiscal year which increased the available cash reserves. For the East End Gateway Site 5/6/7 project, this change had a slight negative effect on cash flow as the current Forecast assumes the project will use operational funding for predevelopment expenses as compared to the prior Forecast which assumed the use of 2020 bond proceeds. Unlike the East End Gateway project, Sonrisa's remaining expenses are being funded by the 2020 bond proceeds in the current year, with no additional expenses. In addition to these project assumptions, other projects' use of bond proceeds instead of Tax Increment continues to reduce the need for operational funding sources for Development.

While the Forecast projects a decline in available cash over the 10-year period, it still remains above the threshold throughout the Forecast period, with available funds in year 10. This is due to the previously mentioned changes within Development, together with the \$300,000 Eviva TI pledge maturing in Year 3; the DGS East End Gateway projects notes maturing in Year 6; no new development projects in later years; projected additional TI from the Cypress project, and projected positive affordable housing impacts in the last half of the Forecast, offset by operational expenses increasing faster than revenue growth; and continued large expenditures for major construction in Year 1 through Year 5.



The Capitol Area Forecast covering the period of FY 23-24 (Year 1) through FY 32-33 (Year 10) is presented in **Attachment 1**. In keeping with past Forecast practices, this Forecast does not include the operation of CADA's Special Management properties. As reported in Attachment 1, the Forecast overall remains positive across the ten-year period.

Key assumptions, by segment, having a financial impact on Capitol Area cash reserves during the Forecast period of FY 23-24 through FY 32-33 are as follows:

GENERAL OPERATIONS

General Operations consists of property management revenue and expenses (residential and commercial activity), tax increment revenue, and administrative and development support activities for the organization. General Operations can be impacted by major construction and development projects, increases or decreases in tax increment and property management revenue, and changes in the number of affordable housing units maintained within CADA-managed properties.

Key Assumptions

- The Forecast assumes Rental Income will increase 2% per year, with the estimated rental income increased in Year 1 and Year 2 for the two new commercial tenants at the new 16th and T property, offset by a decline in Year 2 reflecting the potential loss of Commercial revenue from Simon's Bar & Café when the Site 5,6 & 7 project commences and demolition of the site must occur. The revenue loss for the Enterprise site has been recognized in current rental revenue.
- The Forecast assumes CADA's Low Income Subsidy Program will remain in place during the entire 10-year period, with the subsidy balance increasing 2% per year.
- Tax Increment (TI) revenue in the Capitol Area in Year 1 is increased to reflect FY 22-23 estimated levels and review of the current tax assessor's reports, followed by a 2% increase each year thereafter.

TI revenue generated by development projects that are in progress is not included in this segment of the Forecast, but is reported by project in the Development segment of the Forecast. The Eviva Midtown TI pledge payment, however, has been included in this section at \$300,000 annually until Year 3, after which the subsidy ends.

- Investment Earnings have stayed flat over the last few years, but we have seen a rise in interest rates in the last year. Consequently, the Forecast still assumes a decrease in the anticipated annual investment earnings over the 10-year period due to the decline in projected cash reserves but is offset by an assumed higher interest rate per year. In addition to interest earned on operating reserves, the Forecast reflects investment earnings from the 2020 unspent bond proceeds to fund major construction and development needs. This also declines over the first four years with the anticipated uses of these funds.
- All Notes Receivable to CADA have been paid off, so no receivables have been incorporated into this Forecast. The Residual Receipt notes are not considered collectable for the purpose of the Forecast and were not included.
- The Forecast assumes Salaries and Benefits will increase 3% per year with the exception of Retirement Benefits and Other Post Employment Benefit (OPEB) liabilities. Those have been adjusted based on information from CalPERS and current actuarial reports from CADA's consultants. There are no staffing changes assumed over the Forecast period.
- For retirement benefits, according to the latest CalPERS actuarial report, CalPERS is billing CADA for the normal cost, or "retirement cost", for active employees estimated to vest in a given year as a percentage of payroll, but any unfunded liability is being billed at the calculated annual dollar value, which currently is amortized over 25 years.

In this Forecast, staff has incorporated assumptions from CalPERS actuarial reports pertaining to the normal cost rates and the annual unfunded liability payment. As new staff members have come on board, the number of PEPRA (Public Employees' Pension Reform Act) employees has increased over Classic employees, and now comprises approximately 62% of CADA staff. As a result, this Forecast considers both pools of employees. This is important because the employer normal cost rate and the unfunded accrued liabilities are

different for the two classifications, with the PEPRA employees being lower in both categories.

For Classic members, the normal cost rate assumed in the CalPERS actuarial report is 13.36% in Year 1, with an assumed increase of .5% each year thereafter. The unfunded liability amount is based on an adjusted 10-year amortization schedule. This cost rate is higher than the 11% rate in the prior year and the unfunded liability was adjusted from a 15-year amortization schedule to a 10-year amortization schedule to recognize and address the need to increase funding for pension costs to bring CADA's trust into a fully funded status. For PEPRA members, the normal cost rate assumed in the CalPERS actuarial report is 8% in Year 1, with an assumed increase of .5% each year thereafter. The current unfunded liability for PEPRA members is \$0. The CalPERS actuarial report has no unfunded liabilities for this classification over the period of this Forecast.

- OPEB Liabilities are projected to continue to be fully funded in a trust fund established through CalPERS. CADA's current OPEB annual amount is calculated by using the FY 21-22 actuarial report estimated Annual Required Donation (ARD) for Year Ended 2024 and growing the liability 3% per year. The Forecast assumes CADA will continue to reimburse current retirement health benefits from the trust, starting at \$189,000 per year and increasing by 3% per year thereafter.
- The Forecast assumes all the expense categories in Year 1 and Year 2 will be increased by 5% per year to reflect increases in inflation excepted through 2024.
- From Year 3 through Year 10, this Forecast assumes expenses will increase 3% per year. There is one exception within Overhead for CADA's Administrative Office lease. This lease was renegotiated in 2017 as part of the renovation of the space. DGS approved tenant improvements done by CADA and they are being reimbursed through a rent reduction over 10 years totaling \$200,000. This Forecast reflects the negotiated lease terms with rent at the negotiated term of \$87,340 from Years 1 to 2, then from Year 3 to Year 6 rent will increase to \$89,600, the Forecast assumes a 3% increase from Year 7 to Year 10.
- CADA Debt will decrease in Year 1 from the current fiscal year reflecting that the debt payments CADA is making on the first Capitol Lofts Brownfield Loan have ceased in FY 22-23. Thereafter, CADA's continuing debt will consist of the I-Bank loan, the 2017 private placement bond, and the land loan debt paid by CADA to DGS for the East End Gateway Sites 1- 3 projects, until Year 5 when the DGS loans will be paid off.
- Tax Allocation Bond Debt Service includes the debt service payments from the 2020 taxable bond issued in December 2020. This will be a constant expense over the whole ten year Forecast period based on the Bond debt service schedules.
- Also included in the Forecast is the debt service reserve for two Special Management properties, Somerset Parkside and Biele Place. The existing annual reserves contributions are assumed to be \$212,000 and will be set aside to pay the deferred debt CADA will owe to HCD at the end of the revised regulatory periods for these projects. The Forecast assumes the debt reserve will be fully funded to pay the total debt due including interest and estimated accrued HCD fees by FY 27-28 or Year 5.

As reported in **Attachment 1**, the net cash flow of this segment of the Forecast has negative ending balances across the ten-year period.

MAJOR CONSTRUCTION

For Major Construction, the CADA Maintenance Department continues to review and update its needs assessment documentation for CADA's whole portfolio. These assumptions have been incorporated into this Forecast along with the assumption that the currently-budgeted Major Construction projects will be completed in Years 1 and 2.

Typically, Special Management construction projects are funded through those properties' operations or Replacement Reserves. In this case, three of CADA's Special Management buildings (Somerset Parkside, Biele Place and 17th Street Commons) will use Replacement Reserves to fund anticipated capital improvements projects over the ten-year period.

Major Construction budgets remain active and open for three years and the cash flow for these expenditures is usually expensed over a three-year period. Therefore, from Years 3 to 10, to better reflect the cash flow of CADA's major construction projects, total estimated project expenditures in each Forecast year are expended over a three-year period, generally with 25% expended in the first year, 50% in the following year, and 25% in the 3rd year. These assumptions yield a total Major Construction outlay of \$12.5 million over the ten-year period, with \$8.4 million of these expenditures occurring between Years 1 through 5. This is a similar total construction outlay as estimated in the prior year Forecast.

DEVELOPMENT

In this Forecast, Development projects are categorized as either "Current" or "Neighborhood and Infrastructure Improvements Projects." While the Forecast includes some of the same projects as in prior years, some projects have had modifications due to various issues including timing delays, project restructuring, and restructuring of financing.

For the current Forecast, assumptions for each development project are estimates based on information received from CADA project managers as of the end of April 2023. Therefore, changes to development project assumptions that have occurred since April may not be reflected in the Forecast.

Bond proceeds are not included in the general available cash but are used to fund expenses by project in the Development segment of the Forecast. This is because they are assumed to be funds available for development projects and not funding for general operations. This Forecast also assumes all available bond proceeds have been spent by FY 25-26.

Key assumptions for development projects (timing, revenues, and expenditures) reflected in the current Forecast are shown below. Further detail for each development project is provided in **Attachment 2**.

Current CADA Development Projects

Current CADA Projects consist of the Cypress - Site 21 (14th & N), East End Gateway Site 5/6/7, and Sonrisa (Courtyard) projects.

For these projects, the Forecast projects \$311,000 in additional cash outflow needed from CADA in Years 1 through 4; this is a \$1.6 million reduction in cash inflow from the prior Forecast. This is due to a net change in the assumptions for purchase of the Site 21 property, which occurred in the current year, and an increase in funding resources from the use of Tax Increment (TI) revenue for the East End Gateway projects.

This is increased by \$3.8 million in the potential Tax Increment to be generated from completed projects and the positive affordable housing impact from new low-income units not managed by CADA, with almost all of this being generated in Years 5 through 10.

Site 21 (the Cypress)

- This Forecast assumes completion of a rental condominium project consisting of 97 market rate units with a small retail component at the northwest corner of the building, at 14th and N Streets.
- Similar to the prior Forecast, tax increment is calculated using annual Net Operating Income (NOI) multiplied by a 5% cap rate. The estimated NOI is unchanged from the prior Forecast.
- The Forecast assumes that construction will be completed in the summer of 2025, the same timing as in the prior Forecast, and assumes the full annual amount of tax increment will begin in FY 26-27.
- The prior Forecast assumed the developer would purchase the land at closing and would pay CADA \$2.4 million. This occurred in the current fiscal year and the funds are incorporated in the available cash balance.
- The negative affordable housing impact resulting from construction of an all-market rate project is assumed to be 26 units, yielding an annual impact of \$118,000 per year increasing at 2% per year starting in FY 24-25. The impact reflects the cost to CADA of having to subsidize 25 market rate units elsewhere in its portfolio down to a below-market rate rental level.
- The Forecast continues to assume a \$400,000 CADA offsite subsidy to be paid in FY 23-24 to the developer from CADA as part of this project.

East End Gateway Site 5/6/7

- The Forecast assumes additional predevelopment expenses of \$200,000 over the next three years for predevelopment expenses for an affordable project potentially financed through tax credit financing.
- There is no assumption for land acquisition as it is assumed this property would fall under the Governor's executive order and will be leased to CADA for \$1.

Sonrisa

- This project is now complete and in the process of conversion to permanent mortgage financing. Sonrisa is a 100% affordable housing project using tax credit financing and bond funds from CADA through the CACDC. This project will meet its own affordable housing requirement and create an additional 42 affordable units in excess of this requirement. The Forecast assumes this positive impact will phase into revenue over the ten-year period.
- In the current fiscal year, this Forecast assumes CADA will contribute \$1,825,000 in additional funding for increases in costs during construction as a loan to the partnership. The gap in financing for construction of the project will be funded through the 2020 bond proceeds.
- There is no assumption for land acquisition because this property falls under the Governor's executive order and will be leased by the State to the project partnership (CFY Development/CACDC) through the CACDC.

Neighborhood and Infrastructure Improvement Projects

Neighborhood and Infrastructure projects currently consist of Roosevelt Park, O Street Streetscape, 16th Street and Fremont Park, the Dean, and the 10th Street Streetscape projects. For these projects, approximately \$582,000 in CADA net resources will be expended during the ten-year period, which is a similar estimate to the prior Forecast.

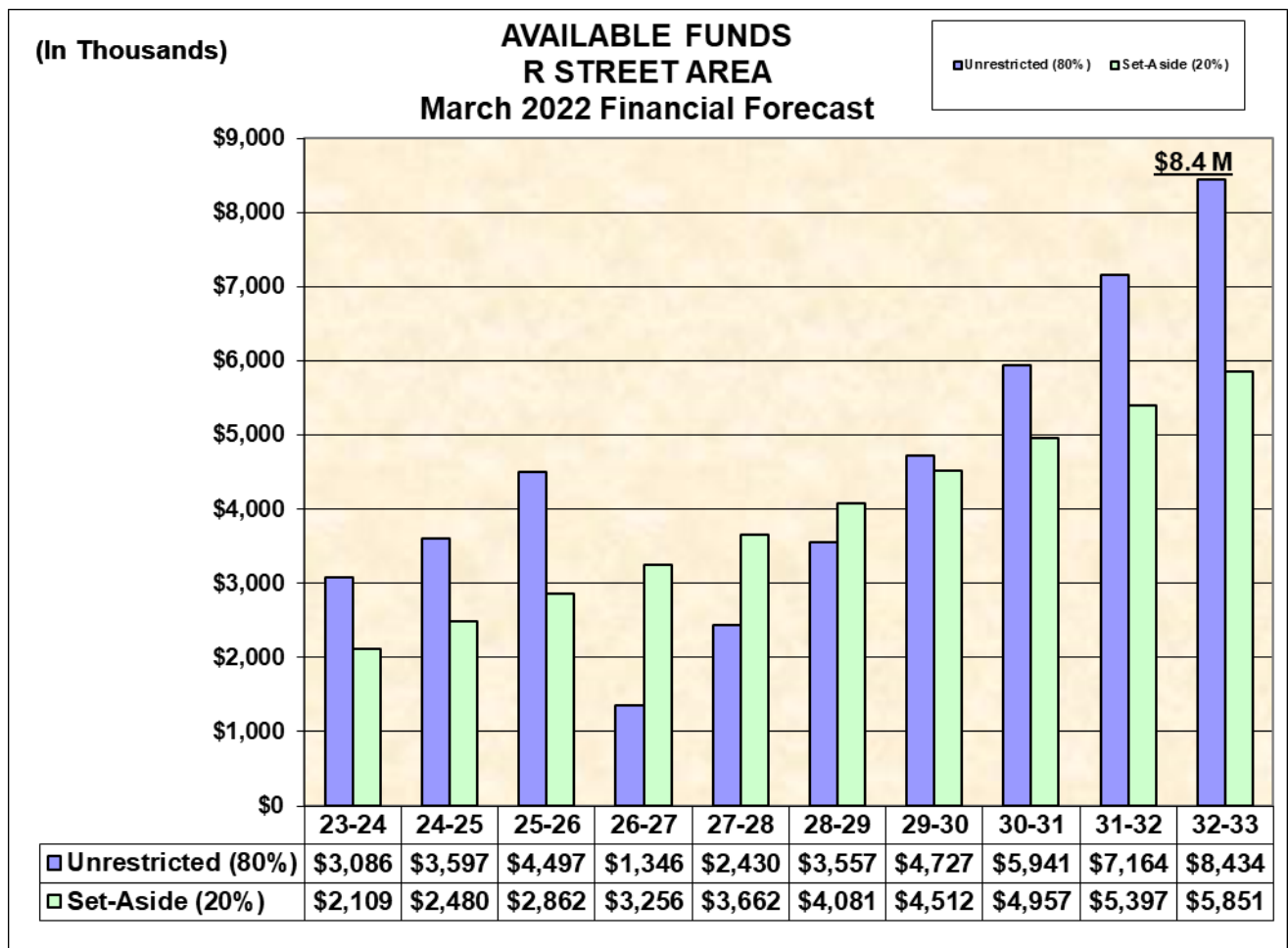
- The infrastructure improvement projects in the Capitol Area – Roosevelt Park, 16th Street and Fremont Park, and 10th Street improvement – are collectively projected to require a \$308,000 investment for potential infrastructure and site improvement costs, expended in Year 1 and Year 2.
- The O Street project's total estimated cost is assumed to be \$4.4 million, with \$2 million funded with the 2020 bond proceeds, and \$2.4 million in possible grant funding.
- The project at the Dean is assumed to expend the current budget in Year 1 for upgrades to the building's exterior electrical service to the transformer.
- The 10th Street Streetscape project reflects site improvements to CADA's commercial buildings on 10th Street to complement improvements planned within and around Roosevelt Park. This project is expected to be completed in Year 1.

R STREET FORECAST (ATTACHMENT 4)

Due to restrictions on CADA's utilization of Tax Increment generated within the R Street Area, the R Street Area Forecast is presented separately from the Capitol Area Forecast. The R Street Forecast includes two segments -- Unrestricted Funds (80% of TI) and Set-Aside Funds (20% of TI).

As illustrated in the table below, the net result of the activities planned on R Street in this year's Forecast is a positive cumulative fund balances in both the Unrestricted and the Affordable Housing Set-Aside segments throughout the ten-year period.

The R Street Forecast presented in **Attachment 3** provides the revenue and expenses projected for this ten-year period. Project-specific detail for R Street Area Development Projects is provided in **Attachment 4**.



UNRESTRICTED SEGMENT ASSUMPTIONS

- For Tax Increment (TI), revenue in Year 1 is increased to reflect FY 22-23 estimated levels, followed by 2% increase each year thereafter.
- Similar to the prior Forecast, R Street Unrestricted Funds have been incorporated for streetscape improvements at the 900 Block for \$523,000 expended in Year 1, FY 23-24.
- Tax Allocation Bond Debt Service reflects the continuing debt service payments from the 2020 taxable bond issued in December 2020 allocated to R Street's unrestricted funds. This will be a constant expense over the whole ten year Forecast period based on the 2020 Debt Service schedules.
- In this Forecast, two pre-development projects were included in this segment. With both projects in pre-planning, it is assumed they will be funded through 2020 Bond Proceeds and unrestricted TI. They are affordable housing projects, so set-aside funds can become possible funding sources if the project needs additional funding.
 - With the purchase of property at 16th and T Street, the Forecast assumes \$700,000 in predevelopment expenses during the next two fiscal years with possible gap financing in Year 4 for \$4.1 million. These expenditures, including the gap financing, are assumed to be funded through R Street unrestricted TI. No project revenue has been incorporated into the Forecast.

- The 805 R Street project, in partnership with Mutual Housing, assumes \$900,000 in predevelopment expenses will be expensed during the next two fiscal years with gap financing of \$8 million expensed in Years 3 and Year 4. This project is assumed to be funded by 2020 Bond proceeds.
- A new catalyst affordable housing project for the R Street area is proposed in this Forecast at a total cost of \$16.3 million over the next three years for the purpose of securing property in the R Street Area for possible affordable housing projects sites. This would allow CADA to meet its R Street Area mandatory affordable housing requirements.
- Included in the Forecast is possible affordable housing project support to be funded through R Street TI for a total of \$450,000 over the next four years.
- In a change from the prior Forecast, because CADA's reimbursement to the City of Sacramento for the funds it advance f to the R Street Streetscape project for Phase III streetscape improvements has concluded, the annual payment of \$132,550 has been removed from this Forecast.

AFFORDABLE HOUSING SET-ASIDE SEGMENT ASSUMPTIONS

- Tax Increment (TI) revenue in Year 1 is increased to reflect FY 22-23 estimated levels, followed by 2% increases each year thereafter.
- Tax Allocation Bond Debt Service reflects the continuing debt service payments from the 2020 taxable bond issued in December 2020 and allocated to R Street's set-aside funds. This will be a constant expense over the whole ten-year Forecast period based on the 2020 Debt Service schedules.
- For the 1717 S Street project, the Forecast assumes no additional predevelopment or gap financing for this affordable housing project.
- Aside from the Development expenses and assumptions previously mentioned above, the Forecast assumes no other major CADA projects will be funded through the set-aside for the next ten-year period. As a result, remaining funds in the reserve should be approximately \$5.8 million by Year 10.

CONCLUSIONS

The Capitol Area Forecast indicates there will be sufficient funds to meet the projected needs of CADA's General Operations and Development Projects during the ten-year Forecast period. It is important to note that, with the decrease in available funding over the Forecast period, available resources for larger expenditures in the near future are limited for any new projects or additional project subsidies funded through operational sources.

However, with the current assumptions for Operations, Development, and infrastructure projects, continued major construction improvement needs for CADA's aging buildings, and no new development or infrastructure projects planned to occur during the last five years of the Forecast period, it appears that expenses will start to grow faster than revenue, but the available funds still remain above our required minimum reserve balance at Year 10. This is similar to what we have seen in prior years.

With the continued and anticipated fund balance decline throughout the Forecast period, CADA still needs to remain fiscally viable, so it is imperative that CADA continue to carefully consider its current and future commitments in both the Capitol and R Street Areas, that it secure infrastructure grants and outside development funding whenever possible, and that it undertake actions to continue to keep revenue and expenses aligned to maintain a positive reserve balance into the future.

The R Street Area Forecast indicates the affordable housing set-aside funds will be available for additional funding to current or new projects beyond those that are assumed in this Forecast. Unrestricted funds are available, but will be reduced in Year 1 through Year 4 due to assumption for the 16th and T project.

With much of the current R Street Area project expenses funded through the 2020 Bond proceeds, there still could be funds available to assist new and current projects alike, so it is crucial that careful consideration and discussions occur regarding how the R Street Area resources should be utilized in the future.

STRATEGIC PLAN

The Strategic Plan value that is most directly pertinent to this action is "Fiscal Responsibility." However, analyzing CADA's cash needs through an annual financial Forecast will assist in the fulfillment of all of CADA's other Strategic Plan goals.

FINANCIAL IMPACT

The purpose of the Financial Forecast is to provide the Board and staff with a broad understanding of the overall impact of currently envisioned projects and programs on CADA's financial well-being. As with any Forecast, the impacts will be subject to refinement as projects are finalized and conditions change. Accordingly, while this document serves as a valuable reference, the specific financial impacts of proceeding on any project or program will be analyzed at the time decisions are made.

ENVIRONMENTAL REVIEW

Not applicable. The action before the Board is an administrative matter and is not a project subject to the guidelines of the California Environmental Quality Act.

CONTRACT AWARD CONSIDERATIONS

Not applicable. The action before the board does not involve contract awards.

Attachments:

1. Capitol Area Forecast
2. General Fund Development Detail
3. R Street Area Forecast
4. R Street Development Projects

CAPITOL AREA (exclusive of Special Management Operations)	1 to 5 Year Forecast					6 to 10 Year Forecast				
	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-22
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
GENERAL OPERATIONS										
Operation Revenue	\$ 7,954,218	\$ 8,213,212	\$ 8,377,322	\$ 8,544,712	\$ 8,715,447	\$ 8,889,595	\$ 9,067,223	\$ 9,248,401	\$ 9,433,200	\$ 9,621,693
Low Income Subsidy (General Fund Only)	(435,254)	(443,959)	(452,838)	(461,895)	(471,133)	(480,556)	(490,167)	(499,970)	(509,969)	(520,168)
Tax Increment Revenue	4,177,800	4,267,356	4,358,703	4,451,877	4,846,915	4,943,853	5,042,730	5,143,585	5,246,456	5,351,386
Interest Income (from operations & unspent bond proceeds)	532,799	402,076	315,356	237,215	189,112	165,396	149,806	130,435	109,835	87,024
Notes Receivable Repayment	-	-	-	-	-	-	-	-	-	-
Total Revenue	12,229,563	12,438,685	12,598,543	12,771,909	13,280,341	13,518,288	13,769,592	14,022,451	14,279,522	14,539,935
Operation Expense	(10,584,166)	(11,073,813)	(11,395,306)	(11,724,058)	(12,062,675)	(12,411,449)	(12,773,378)	(13,146,163)	(13,530,131)	(13,925,620)
Continuing Debt Service	(172,878)	(172,782)	(172,683)	(172,581)	(172,477)	(39,769)	(39,659)	(39,546)	(39,429)	(39,309)
2016 & 2017 TAB Debt Service	(791,031)	(784,365)	(766,532)	(758,512)	(764,855)	(765,373)	(760,246)	(774,874)	(773,051)	(731,759)
2020 Bond Debt Service	(509,199)	(507,834)	(508,934)	(507,894)	(507,652)	(506,744)	(506,761)	(506,382)	(456,346)	(455,178)
Special management debt reserve	(212,000)	(212,000)	(212,000)	(212,000)	(100,000)	-	-	-	-	-
Total Expenses	(12,269,275)	(12,750,794)	(13,055,455)	(13,375,046)	(13,607,659)	(13,723,335)	(14,080,043)	(14,466,965)	(14,798,957)	(15,151,867)
Annual Net Cash Flow - General Operations	\$ (39,712)	\$ (312,108)	\$ (456,911)	\$ (603,136)	\$ (327,318)	\$ (205,047)	\$ (310,451)	\$ (444,514)	\$ (519,435)	\$ (611,932)
MAJOR CONSTRUCTION										
Annual Net Cash Flow - Major Construction	\$ (2,327,865)	\$ (1,726,066)	\$ (1,479,927)	\$ (1,756,794)	\$ (1,196,458)	\$ (775,330)	\$ (813,847)	\$ (807,132)	\$ (823,158)	\$ (839,692)
Annual Net Cash Flow after Major Construction	\$ (2,367,577)	\$ (2,038,174)	\$ (1,936,838)	\$ (2,359,930)	\$ (1,523,776)	\$ (980,377)	\$ (1,124,298)	\$ (1,251,646)	\$ (1,342,593)	\$ (1,451,624)
DEVELOPMENT (FN 1 - includes revenue loss and/or new debt service)										
CADA Projects										
Site 21 (14th & N)	(400,000)	(118,560)	(120,931)	461,850	471,087	480,509	490,119	499,921	509,920	520,118
East End Gateway - Site 5/6/7, Hand in Hand, Enterprise Site & Simon	50,000	100,000	150,000	-	-	-	-	-	-	-
Courtyard Site 16A	-	9,120	18,605	27,907	37,210	46,512	55,814	65,117	74,419	83,722
	(350,000)	(9,440)	47,674	489,757	508,297	527,021	545,934	565,038	584,339	603,840
Neighborhood and Infrastrcttrue Improvement Projects										
Roosevelt Park	-	(88,700)	-	-	-	-	-	-	-	-
Infrastructure improvements	(70,000)	(150,000)	-	-	-	-	-	-	-	-
The Dean Improvement	(190,000)	-	-	-	-	-	-	-	-	-
	(260,000)	(238,700)	-	-	-	-	-	-	-	-
Interest Expense - Opportunity Cost	(21,350)	(8,685)	1,669	17,142	17,790	18,446	19,108	19,776	20,452	21,134
	(21,350)	(8,685)	1,669	17,142	17,790	18,446	19,108	19,776	20,452	21,134
Annual Net Cash Flow - Development	\$ (631,350)	\$ (256,825)	\$ 49,343	\$ 506,899	\$ 526,087	\$ 545,467	\$ 565,042	\$ 584,814	\$ 604,791	\$ 624,974
ANNUAL NET CASH FLOW										
	(2,998,927)	(2,294,999)	(1,887,496)	(1,853,031)	(997,689)	(434,910)	(559,257)	(666,832)	(737,802)	(826,650)
(IN THOUSANDS)										
ANNUAL NET CASH FLOW	-\$2,999	-\$2,295	-\$1,887	-\$1,853	-\$998	-\$435	-\$559	-\$667	-\$738	-\$827
CUMULATIVE IMPACT ON AVAILABLE OPERATING RESERVES										
Available Operating Reserves -Beginning of Forecast	\$21,962									
Available Bond Funds	\$0	\$0								
Available Operating Reserves - End of Year	\$18,963	\$16,668	\$14,781	\$12,928	\$11,930	\$11,495	\$10,936	\$10,269	\$9,531	\$8,705
Less: Operating Reserve Threshold	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Target Operating Reserve Excess <Shortfall>	\$13,963	\$11,668	\$9,781	\$7,928	\$6,930	\$6,495	\$5,936	\$5,269	\$4,531	\$3,705

Capitol Area Development Authority
2023 Financial Forecast
GENERAL FUND DEVELOPMENT DETAIL

		Current Yr.										
		21-22	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
CADA Projects												
	D223-01 - Site 21 (14th & N) (D08 Project)											
	FUNDING SOURCES											
2.00%	Affordable Hsg Negative Impact Adj -26 units @ \$380/mo.		(118,560)	(120,931)	(123,350)	(125,817)	(128,333)	(130,900)	(133,518)	(136,188)	(138,912)	
	Tax Increment				585,200	596,904	608,842	621,019	633,439	646,108	659,030	
	TOTAL FUNDING SOURCES	-	-	(118,560)	(120,931)	461,850	471,087	480,509	490,119	499,921	509,920	520,118
	USES OF FUNDS											
	Developer Subsidy - offsite subsidy		(400,000)	-								
	TOTAL USES OF FUNDS	-	(400,000)	-	-	-	-	-	-	-	-	-
	DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses	-	(400,000)	(118,560)	(120,931)	461,850	471,087	480,509	490,119	499,921	509,920	520,118
	- Assuming the requirements in the Capitol Area Plan, this would be a condo project with 98 unit with some commercial income											
	- Old project closed with Cerilsih, new neogeated agreement with D&S											
	- CADA has purchased the Site and D&S paid \$2.4M in FY 22-23											
	- Construction beginning FY 12.25.22 24 month construction completed 100% in FY 24-25											
	D233-02 - EEG Site 5, 6 & 7 (D07 Project)											
	FUNDING SOURCES											
	TOTAL FUNDING SOURCES	-	-	-	-	-	-	-	-	-	-	-
	USES OF FUNDS											
4775	Miscellaneous	15,500	50,000	100,000	150,000	-						
	TOTAL USES OF FUNDS	15,500	50,000	100,000	150,000	-	-	-	-	-	-	-
	DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses	15,500	50,000	100,000	150,000	-	-	-	-	-	-	-
	- A potential 100% Affordable Tax Credit project, including Site 5 (hand-in-hand), Site 6 (Enterprise/Simons) and now Site 7 (Mercury Cleaners site)											
	- Possible 154 unit tax credit project; 25% of 154 units = 39 affordable units required - creates 115 extra affordable units.											
	- AHSC funding award Oct 2020; Tax Credit award - Feb/Apr 2022; Const start Aug 2022 - Oct 2022, Fin Dec 2024 - Mar 2025											
	- Revenue loss Enterprise, Simons Site) starts in the year Const starts FY 21-22; Mercury Cleaners and Hand in Hand revenue has been removed.											
	- This project assume to be a 4% tax credit like 1717 S, there may be deveopment fees and on going rental revenue, Since the project is still preliminary these revenue items are to uncertain											
	- Will create 115 additional affordable - will phase the revenue over mulit years- 2 additional each year											
	- Land acq follows the excutive order there the land will be leased to CADA and not sold.											
	- Assume use Bond funds for predev, then at close exp refunded to be used as part of a total \$7 mill soft loan											

Capitol Area Development Authority
2023 Financial Forecast
GENERAL FUND DEVELOPMENT DETAIL

		Current Yr.										
		21-22	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
	D224-25 - Sonrisa (Courtyard) (D19)											
	FUNDING SOURCES											
2.0%	Offset for Affordable Hsg Positive Impact Adj - 17 units @ \$380/mo. Covers it's ownen requirement with no extra		-	9,120	18,605	27,907	37,210	46,512	55,814	65,117	74,419	83,722
	TOTAL FUNDING SOURCES	1,825,000	-	9,120	18,605	27,907	37,210	46,512	55,814	65,117	74,419	83,722
	USES OF FUNDS											
	CADA Soft GAP Loan	(1,825,000)	-	-			-					
	TOTAL USES OF FUNDS	(1,825,000)	-	-	-	-	-	-	-	-	-	-
	DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses	-	-	9,120	18,605	27,907	37,210	46,512	55,814	65,117	74,419	83,722
	- Assume CACDC would develop this project with contributions from CADA.											
	- Assume this would be 100% affordable with funding from tax credits with 57 units - one manager											
	- Affordable units for the building is 15 (57*25%) will create 42 additional affordable units - phase in 26 units for the affordable uniteds need for the Cypress project. Then will phase the remaining over mul year - 2 per year for attrition											
	-											
	- There is no acq - under excutive order these will be ground leases to CADA for a \$1											
	10th Street Commerical (D19 Proposed Project)											
	FUNDING SOURCES											
	TOTAL FUNDING SOURCES	-	-	-	-	-	-	-	-	-	-	-
	USES OF FUNDS											
4703	Site Improvements - new awnings	(54,401)				-	-					
4758	Other Professional Services - concept drawings	(6,097)	-									
4775	Miscellaneous	(66)	-			-	-					
5343	Permit and Fees	(22,806)	-	-	-	-	-					
	TOTAL USES OF FUNDS	(83,370)	-	-	-	-	-	-	-	-	-	-
	DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses	(83,370)	-	-	-	-	-	-	-	-	-	-
	- For improvements to CADA's commerical units along 10ths street with proposed new metal awnings and signage; small artistic directory and other streetscape improvments											

Capitol Area Development Authority
2023 Financial Forecast
GENERAL FUND DEVELOPMENT DETAIL

		Current Yr.										
		21-22	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
Neighborhood and Infrastructure Improvement Projects												
	D807-00 - Roosevelt Park (D15 Project)											
	FUNDING SOURCES											
	TOTAL FUNDING SOURCES	-	-	-	-	-	-	-	-	-	-	-
	USES OF FUNDS											
4758	Site Improvements - Streetlights	-	-	(55,000)	-	-	-	-				
4758	Other Professional Services	-	-	(30,700)								
4775	Miscellaneous	-	-	(3,000)	-	-	-					
	TOTAL USES OF FUNDS	-	-	(88,700)	-	-	-	-	-	-	-	-
	DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses	-	-	(88,700)	-	-	-	-	-	-	-	-
- In partnership with the City assume CADA will completed baseball field improvments in FY 19-20 and additional improvments of planitngs strip on the SE edge (\$50k) and Q st (\$50k) and a new entry on the south Side (\$75)												
- Assume the City will improve the ball field lighting, sidewalks on 9th and P Stree, and new fencing along the park												
- Project improvements to the pedestrian spaces, athletic field and other improvements for signage; landscaping; and walkways												
D801-00 - O Street Streetscape (D09 Project)												
	FUNDING SOURCES											
	Bond Funds		-	1,030,000	960,000	10,000	-					
3872	D&A Grant Proceeds - infrastructure grant		-	1,200,000	1,200,000		-					
	TOTAL FUNDING SOURCES	-	-	2,230,000	2,160,000	10,000	-	-	-	-	-	-
	USES OF FUNDS											
4703	Site Improvements - CADA funded - murals	-	-	(500,000)	(500,000)	-	-					
4703	Site Improvements - grant funded			(1,200,000)	(1,200,000)							
4709	Fundraising	-	-	(5,000)	(5,000)	(5,000)						
4751	Legal (Review of RT agreements	-	-	(5,000)	(5,000)	(5,000)						
4758	Other Prof. Svcs - CADA funded - Const concept and drawings	-	-	(350,000)	(300,000)	-	-					
4775	Miscellaneous Expense		-	(170,000)	(150,000)	-	-	-				
	TOTAL USES OF FUNDS	-	-	(2,230,000)	(2,160,000)	(10,000)	-	-	-	-	-	-
	DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses	-	-	-	-	-	-	-	-	-	-	-
- Assume CADA receives grant funding of \$2.4 mill for Site Improvements with CADA covering predevelopment expenase												
- Project improvements to the pedestrian spaces and other improvements for signage; landscaping; Murals, and walkways.												

Capitol Area Development Authority
2023 Financial Forecast
GENERAL FUND DEVELOPMENT DETAIL

		Current Yr.										
		21-22	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
	D804-00 - 16th Street Streetscape (D10 Project)											
	FUNDING SOURCES											
	TOTAL FUNDING SOURCES	-	-	-	-	-	-	-	-	-	-	-
	USES OF FUNDS											
4703	Site Improvements - refresh stormwater plant	-	(70,000)	(150,000)	-		-	-		-	-	-
	TOTAL USES OF FUNDS	-	(70,000)	(150,000)	-	-	-	-	-	-	-	-
	DEVELOPMENT CIP PROGRAM - Funding Sources, net of Uses	-	(70,000)	(150,000)	-	-	-	-	-	-	-	-
	- Funds for improvements to Fremont Park \$20k for protection around plantings;\$50k replanting;\$150k for restroom improvements											

Capitol Area Development Authority (CADA)
2023 Long-Range Forecast
R STREET AREA FORECAST

		22-23	1 to 5 Year Forecast					6 to 10 Year Forecast					
			23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	
		Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	Cash Flow Projection	
R STREET AREA (80% Unrestricted Portion)		2,230,000											
Unrestricted (80%)													
Revenue			-										
Tax Increment Revenue (2% annual increase)			2,274,600	2,320,092	2,366,494	2,413,824	2,462,100	2,511,342	2,561,569	2,612,800	2,665,056	2,718,358	
			-										
Expenses													
2016 Bond Debt Service			(34,885)	(35,238)	(34,904)	(34,012)	(33,611)	(33,928)	(33,954)	(33,698)	(34,429)	(34,338)	(34,430)
2020 Bond Debt Service			(983,250)	(984,452)	(981,812)	(983,938)	(981,929)	(981,461)	(979,704)	(979,737)	(979,006)	(1,014,103)	(1,011,507)
1% Assistance to General Fund (Staffing Salaries & Benefits)			(216,000)	(216,000)	(222,480)	(229,154)	(236,029)	(243,110)	(250,403)	(257,915)	(265,653)	(273,622)	(281,831)
General R Street Projects			-	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
R Street Improvement - 900 Block		-	(523,000)	-	-	-	-	-	-	-	-	-	
16th & T Street Possible Housing Project		-	(350,000)	(350,000)	-	(4,093,000)	-	-	-	-	-	-	
Affordable Housing Project Support		-	(150,000)	(100,000)	(100,000)	(100,000)	-	-	-	-	-	-	
		(1,234,135)	(2,378,690)	(1,809,196)	(1,467,105)	(5,564,569)	(1,378,499)	(1,384,062)	(1,391,350)	(1,399,088)	(1,442,063)	(1,447,768)	
Cash Flow		995,865	(104,090)	510,896	899,389	(3,150,746)	1,083,601	1,127,281	1,170,219	1,213,713	1,222,994	1,270,590	
Cash Reserves Available - July 1, 2017		2,194,610											
CUMULATIVE YEAR END FUNDS AVAILABLE		3,190,475	\$ 3,086,385	\$ 3,597,281	\$ 4,496,670	\$ 1,345,925	\$ 2,429,526	\$ 3,556,806	\$ 4,727,025	\$ 5,940,738	\$ 7,163,731	\$ 8,434,321	
R STREET SET-ASIDE (20% Portion)		558,000											
Affordable Housing Related													
Revenue													
Tax Increment Revenue (2% annual increase)			569,160	580,543	592,154	603,997	616,077	628,399	640,967	653,786	666,862	680,199	
Expenses													
2016 Bond Debt Service			(6,977)	(7,047)	(6,981)	(6,803)	(6,723)	(6,786)	(6,791)	(6,740)	(6,886)	(6,868)	(6,887)
2020 Bond Debt Service			(203,431)	(203,680)	(203,134)	(203,573)	(203,158)	(203,061)	(202,697)	(202,704)	(202,553)	(219,722)	(219,160)
			(210,408)	(210,727)	(210,115)	(210,376)	(209,881)	(209,847)	(209,488)	(209,444)	(209,439)	(226,590)	(226,047)
Cash Flow		347,592	358,433	370,429	381,778	394,116	406,230	418,910	431,522	444,347	440,271	454,152	
Cash Reserves Available - July 1, 2017		1,403,412	-										
CUMULATIVE YEAR END FUNDS AVAILABLE		1,751,004	\$ 2,109,437	\$ 2,479,866	\$ 2,861,644	\$ 3,255,760	\$ 3,661,990	\$ 4,080,900	\$ 4,512,423	\$ 4,956,770	\$ 5,397,041	\$ 5,851,193	

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