

STAFF REPORT

Date: February 14, 2024

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Approval of the Downtown Management Company, LLC, Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for the Ballroom Facility for the fiscal year ending December 31, 2024.

From: Vicki Van Buren, Director of Finance

Department: Finance

Summary:

On December 14, 2011, Council approved the Amended and Restated Ballroom Facility Management Agreement (Agreement). This agreement provides for the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule to be approved each year by Council. The Marketing Plan, Capital Improvement Schedule, and annual budget are attached, and the Downtown Management Company, LLC representatives have prepared a presentation to highlight the contents of those documents for Council and public review. Staff recommends Council accept the Marketing Plan, Capital Improvement Schedule, and Annual Operating Budget for 2024.

Consent Review	Yes	No
1. Is this item an annual or standard item that comes before Council for regular approval?	X	
2. Is this item an agreement required based on an item previously approved by Council?		X
3. Is this item included in the current budget approved and adopted by Council?	X	
Other Considerations		
What percent of the total City budget does this item represent?	0%	

Alignment with Strategic Plan:

Fiscal Sustainability

Economic and Community Development

Infrastructure, Climate Change, and Environmental Sustainability

Previous Council Action:

February 22, 2023 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for Fiscal Year (FY) 2023 for the Ballroom Facility.

March 9, 2022 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY22 for the Ballroom Facility.

March 10, 2021 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY21 for the Ballroom Facility.

March 4, 2020 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY20 for the Ballroom Facility.

February 13, 2019 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY19 for the Ballroom Facility.

March 14, 2018 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY18 for the Ballroom Facility.

February 22, 2017 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY17 for the Ballroom Facility.

February 24, 2016 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY16 for the Ballroom Facility.

January 28, 2015 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY15 for the Ballroom Facility.

January 29, 2014 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY14 for the Ballroom Facility.

February 27, 2013 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY13 for the Ballroom Facility.

February 22, 2012 - Council accepted the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for FY12 for the Ballroom Facility.

Background:

Council approved the Amended and Restated Ballroom Facility Management Agreement on December 14, 2011. The agreement provides for the Marketing Plan, Annual Operating Budget,

and Capital Improvement Schedule to be approved each year by Council. The Downtown Management Company, LLC representatives have prepared the Marketing Plan, Capital Improvement Schedule, and annual budget for Council and public review.

Discussion:

Staff has reviewed the Sales and Marketing Plan and the annual budget for FY24. It should be noted that the fiscal year for the Ballroom Facility does not match the City's fiscal year. This facility is managed using a calendar year as its fiscal year period. The FY24 annual budget reflects an anticipated net profit of approximately \$216,092. Capital expenditures in the amount of \$75,000 are being proposed for the calendar year.

For 2023, there was a net profit of \$204,038 and there were no capital expenditures. The adjusted balance in the Ballroom Capital Account as of December 31, 2023, is \$500,000. The agreement allows for a 50/50 sharing of net revenue between the City and the management company. Per the agreement, \$100,000 of the net revenue will be placed in the capital account for future capital until the balance is at least \$500,000. If at any time the gross revenues are insufficient to meet the \$100,000 annual deposit to the capital account, the management company shall contribute the difference. A copy of the agreement has been attached for reference.

Financial Implications:

If operations of the ballroom facility result in a net profit in the budget for FY24, the operating profit will be distributed according to Article 4 of the Amended and Restated Ballroom Facility Management Agreement. Losses are covered by the Downtown Management Company.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council approve the Marketing Plan, Annual Operating Budget, and Capital Improvement Schedule for Fiscal Year 2024 for the Ballroom Facility.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Ballroom Facility Management Agreement
2023 Ballroom Reconciliation
Ballroom PL 2024 Forecast vs Prior Years
Marketing Plan 2024 Reno Ballroom
Ballroom Capital Plan