

STAFF REPORT

Date: November 15, 2023

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Presentation of the status report regarding the Neon Line District Development Agreement. [Ward 5 & Ward 1]

From: Angela Fuss, Assistant Director of Development Services

Department: Development Services

Summary:

On October 13, 2021, the Reno City Council adopted Ordinance No. 6610, approving the Neon Line District Development Agreement. The Agreement officially recorded and became effective on November 21, 2022. The Agreement outlines certain financial incentives and regulatory adjustments to create a mixed-use entertainment area in the western portion of downtown Reno. The Agreement outlines that the Developer shall appear before the City Council within one year of the effective date of the Agreement to review compliance with the terms of the Agreement. This is the one year review and update.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

October 13, 2021 – Council adopted Ordinance No. 6610, approving DVA20-00001 Neon Line District Development Agreement with Reno Real Estate Development, LLC and Reno Property Manager, LLC regarding financial incentives and development standards.

April 14, 2021 – Council authorized staff to continue discussions and negotiations of the terms of the Neon Line District Development Agreement with the Developer.

Background:

The Neon line District Development Agreement is a 20 year agreement between the City of Reno and Reno Real Estate Development LLC and Reno Property Manager LLC. The agreement provides the Developer with various financial incentives and development standards to create a mixed-use entertainment area in the western portion of Downtown Reno, generally

extending from the entertainment core to Keystone Avenue. The Agreement generally contemplates that any development occurring within the District on property owned by the Developer or transferred to other developers shall be in accordance with the applicable zoning and municipal code requirements at the time of permit application. Specific incentives include:

- Pedestrian amenity credits
- Sewer connection fee credit extensions
- Fee deferrals for building permit and sewer connection fees
- Expenditure of residential construction tax

The Agreement specifies that the Developer shall appear before the City Council to review Developer's compliance with the terms. The first review shall occur no later than twelve (12) months after the effective date of the Agreement, and the Developer shall provide an updated report every twenty-four (24) months on the anniversary date of that first review. The Agreement recorded on November 21, 2022, making this the one year compliance review by Council.

Discussion:

The Neon Line District Development Agreement provides a number of financial incentives and regulatory adjustments. The table below summarizes the activity that has taken place within the first year of the Agreements effective date.

Neon Line District Development Agreement		
Topic	Section Summary	Status Summary
3.02(a) - Streetlights	A separate streetlight standard was approved for the lighting on the north and south sides of West Fourth Street, between the limits of Keystone Avenue and West Street.	No new streetlights have been installed. This is pending future RTC work on Fourth Street.
3.02(b) - Pedestrian Amenity Credits	The City will credit the Developer for the cost of existing and future concrete pedestals, landscaping, fencing and art installations along West Fourth Street toward the pedestrian amenities requirement, set forth in RMC Section 18.08.1003(a)(6), for any development that occurs on the Property. The total amount of qualifying pedestrian amenity credits is \$2,327,534.18.	Approximately \$352,533.64 has been approved and used for the pedestrian amenity credits. This includes building permits associated with the Sands (J Resort) permits, festival ground permits and the apartment project at 303 W. 2 nd Street. There is a remaining balance of \$1,975,000.54 in pedestrian amenity credits.

3.02(c) – Sewer Connection Fee Credits	The City will extend the life of the Developer’s sewer connection fee credits under RMC 12.16.155 for the duration of agreement (20 years) as opposed to the existing expiration of five years from demolition; and will allow credits to be used anywhere in the District. The total amount of qualifying sewer connection fee credits is \$1,568,261.	Approximately \$468,002.00 of the sewer connection fee credits has been applied. There is a remaining balance of \$1,100,259.00 in sewer connection fee credits.
3.02(d) – Pedestrian Walkway	The Develop anticipates construction of a pedestrian walkway to connect the J Resort Sands with the proposed buildings located on the block south of ReTRAC bounded by Arlington to the east, West Second Street to the south and Ralston Street to the west.	There are no active applications in review for a pedestrian walkway.
3.02(e) – Area Identification Signs	Three area identification signs are proposed within the Neon Line District.	The area identification signs are currently pending legal proceeding’s related to Case No. CV21-02086.
3.02(f) – Street Closures	Developer request to allow for the temporary closure of streets within the District during construction and special events.	All street closures, either for construction or for special events, are required to be permitted through the normal review process.
3.02(g) – Fee Deferral	Building permit and sewer connection fee deferrals for building permits on property owned by the Developer or transferred to other developers during a 10-year development period. Deferrals will be placed on a 5-year payment schedule from the issuance of a Certificate of Occupancy with 1/5th of the	No building permit fees have been deferred. No sewer connection fees have been deferred.

	<p>entire deferral amount being paid annually.</p> <p>No more than \$1,500,000 in fees may be held in deferral at any given time in accordance with this Agreement.</p> <p>To maintain the validity of fee deferrals, construction shall commence within 18 months of building permit issuance and Certificates of Occupancy shall be issued within 42 months of building permit issuance.</p>	
3.02(h) - Residential Construction Tax	<p>Residential construction tax that is collected for the construction of any residential unit on the Property can be expended for the establishment or expansion of neighborhood parks, improvements, and facilities within the District. Within the first five years following the effective date of the Agreement, the Developer may propose expenditures and improvements for Residential Construction Tax to be located on Property to be provided by the Master Developer or alternative property owner, without compensation, for public use.</p>	<p>The Developer has not requested any separate expenditures of the collected Residential Construction Tax.</p>
3.02(i) - Sustainability	<p>Projects shall provide electric vehicle charging station(s) with dedicated 40-amp, 208/240-volt dedicated branch circuits. At a minimum, projects shall provide one (1) charging station for every fifty (50) parking spaces, with a</p>	<p>Both the J Resort and the multifamily development at 245 N. Arlington Ave. are under construction and will be required to include EV charging stations.</p>

	minimum of one space provided on each project that has ten (10) or more parking spaces.	
3.02(j) – Historic Preservation	Prior to approval of any demolition permit on Property subject to this Agreement, the Master Developer (or alternative property owner) shall seek to preserve or relocate valued historic resources to be demolished. If preservation or relocation is not feasible, historic resource documentation shall be completed to City standards that are in place at the time of application.	Prior to the effective date of the Development Agreement, the Nystrom house at 333 Ralston was moved to 700 W. 4th Street and the Borland-Clifford house at 339 Ralston was moved to South Arlington Ave.
3.02(k) – Public Safety	Development on the Property subject to this Development Agreement shall participate in impact fee programs, or alternative funding programs, for Police and/or Fire services that are applicable at the time of permit application.	Building permits are subject to the existing City of Reno Police Facility Impact Fee.
5.02(a)(i) - Default	Within the first 12 months of the effective date of the Agreement, the Developer must submit a building permit for a 63-unit condominium project to be built within the District.	A tentative map for 63 condominium units was submitted to the City on October 25, 2021 and the application (LDC22-00028) was later withdrawn on March 15, 2022 when the project was converted to apartments. A building permit (BLD22-11992E) for a five-story multifamily building consisting of 60 units was submitted in June of 2022.

Financial Implications:

This is the one year review of the Neon Line District Development Agreement and has no fiscal implications.

Legal Implications:

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

Recommendation:

Staff recommends that Council accept the status report of the Neon Line District Development Agreement.

Proposed Motion:

None.

Attachments:

Reno's Neon Line District Development Agreement Review Letter.10.23.2023 Neon Line District Development Agreement (11 21 2022)