

STAFF REPORT

Date: May 21, 2025

To: Mayor and City Council

Through: Jackie Bryant, City Manager

Subject: Resolution No's. _____ and _____ (For Possible Action): Public Hearing regarding the Redevelopment Agency #1 and Redevelopment Agency #2 tentative budgets, and approval of resolutions adopting the final budgets for the Redevelopment Agency #1 and Redevelopment Agency #2 of the City of Reno, Nevada, for fiscal year (FY) 25/26..

From: Vicki Van Buren, Director of Finance

Department: Finance

Summary:

Nevada law requires local governments to hold a public hearing on the tentative budget no sooner than the third Monday in May and no later than the last day in May. See Nevada Revised Statute (NRS) 354.596. Final adoption of the budget needs to occur before June 1, 2025, when the budget is due to the Nevada State Department of Taxation. Staff recommends holding the public hearing as required by state law and the Board's approval of a resolution adopting the fiscal year (FY) 25/26 final budgets for the Redevelopment Agency (RDA) #1 and RDA #2 of the City of Reno, Nevada.

Alignment with Strategic Plan:

Fiscal Sustainability

Economic and Community Development

Infrastructure, Climate Change, and Environmental Sustainability

Previous Council Action:

There is no recent Council action relevant to this item.

Background:

State law requires the Redevelopment Agency Board to hold a Public Hearing on the tentative budget no sooner than the third Monday in May and no later than the last day in May. As required, notice of the public hearing has been published in a newspaper of general circulation (Reno Gazette-Journal). Budget adoption is scheduled for Wednesday, May 21, 2025.

Discussion:**RDA #1**

RDA Area #1 is contained within the downtown area including the Parking Gallery and associated ground-floor retail space on Sierra Street. The garage property and retail spaces are currently managed by Colliers who is responsible for renting the space, collecting rent, and for maintenance/upkeep of the garage. Revenues from the garage are pledged to debt and any excess revenues received are transferred to the Debt Service Fund. RDA #1 receives MV Privilege tax and miscellaneous expenses in the RDA #1 General Fund are expenses associated with the parking garage.

The RDA #1 Debt Fund includes bonds issued for various projects downtown. The settlement agreement that ensured enough property taxes were available to meet the debt service payments ended on June 30, 2018. Since then, the debt service has been paid with a combination of revenues and cash balances. In order to continue meeting its obligations, on September 22, 2021, the Redevelopment Agency Board approved an extension of the RDA #1 area for an additional 15 years and a loan agreement from RDA #2 to RDA #1 in the near term. The loan for \$1.2 million was received from RDA #2 in FY 21/22. With increasing tax increment, RDA #1 is anticipated to repay the loan to RDA #2 in FY25.

RDA #2

RDA Area #2 includes seven different areas including Cabela's, the Baseball District and Park Lane Mall area. Property tax revenues have increased in this area and the RDA #2 General Fund covers the full payment of the baseball agreement as an outside services account. This agreement covered the construction of the stadium and associated retail development. On September 22, 2021, the Redevelopment Agency Board approved a loan agreement from RDA #2 to RDA #1 in the near term to cover debt obligations. The loan for \$1.2 million was given to RDA #1 in FY 21/22. With increasing tax increment, RDA #1 is anticipated to repay the loan to RDA #2 in FY25. The RDA #2 Debt Fund includes a small bond for improvements at Cabela's.

The FY 25/26 budget includes the addition of two new Management Analyst positions and associated operating expenses. The costs for staffing and operating expenses are split between the agencies 30% RDA #1 and 70% RDA #2. Capital projects include \$1 million in RDA #1 and \$6.6 million in RDA #2. The operating budget and capital projects are shown below.

Property Tax		Operating Expenses*	
RDA 1 Tax Increment	\$ 4,667,608	Salaries and Wages	\$ 1,086,298
RDA 2 Tax Increment	10,269,521	Benefits	634,021
		Professional Services	1,444,523
Parking Gallery Revenue	900,000	Supplies	5,000
		Travel	25,000
Other Revenues		Indirect Costs	149,634
Motor Vehicle Privilege Tax	128,024	Motor Vehicle Fleet	2,994
Other	200,000	Misc. Operating Expenses	50,000
		Debt Service	
		Bond Debt Service RDA 1	2,881,170
		Bond Debt Service RDA 2	50,344
		Capital Outlays	
		Capital Improvement Projects	7,600,000
		Contractual Obligations	1,000,000
		School Set Aside (18%)**	336,169
		Facilities Management	900,000
TOTAL REVENUES	\$ 16,165,153	TOTAL EXPENSES	\$16,165,153

*Operating expenses are split 30% RDA #1 and 70% RDA #2

**School Set Aside (18%) per NRS 279.6855

RDA 1 Capital Improvement Projects

Restore	\$ 500,000
Vandalism Improvement Program (VIP)	50,000
Small Walls Art Program	50,000
Placemaking Pilot	10,000
Historic Rail Depot Improvements	350,000
Banner Pole Upgrades	40,000
Total	\$ 1,000,000

RDA 2 Capital Improvement Projects

ReStore	\$ 500,000
Small Walls Art Program	50,000
4th Street Revitalization Plan	350,000
Property Purchases	4,500,000
Event Barricades	500,000
315/355 Record Street Demo	700,000
Total	\$ 6,600,000

Changes from the tentative budget include the addition of \$174,523 for professional services to be used for outside legal counsel and a River Service Plan. This cost is split 30% RDA #1 and 70% RDA #2.

Financial Implications:

Adopting the budget provides expenditure authority for Redevelopment Agency operations during FY 25/26.

Legal Implications:

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

Recommendation:

Staff recommends holding the public hearing as required by state law, and the Redevelopment Agency Board's approval of resolutions adopting FY 25/26 final budgets for Redevelopment Agency #1 and Redevelopment Agency #2 of the City of Reno, Nevada.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

RDA 1 Resolution

RDA 2 Resolution

FY26 Final RDA1 State Document

FY26 Final RDA2 State Document

Tentative Budget - Letter from Dept. of Taxation

Affidavit of Posting