

STAFF REPORT

Date: October 23, 2024

To: Chair, Redevelopment Agency Board

Through: Jackie Bryant, Interim City Manager

Subject: Staff Report (For Possible Action): Presentation, discussion, and potential direction to staff to proceed with the formal review, due diligence, and third-party feasibility analysis and participant agreement negotiations of a Catalyst Project application for Tax Increment Financing (TIF) by Power Sports Development, LLC for the Grand Sierra Resort arena development project. (Tax Increment - RDA #2)

From: Bryan McArdle, Revitalization Manager

Department: Reno Redevelopment Agency

Summary:

Power Sports Development, LLC has submitted a Catalyst Project application for tax increment financing (TIF) to support their proposed \$1 billion arena development project at the Grand Sierra Resort (GSR). The project plan includes a 10,000 seat arena, satellite ice rink, parking garage, 800 new hotel rooms, and 300 affordable housing units on the 140 acre site (APN 012-211-28). The project is being pursued as a "Catalyst Project" through the Reno Redevelopment Agency's new participation program. City staff has reviewed the application and determined that it meets the necessary criteria to proceed to review and negotiation of a participation agreement.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

August 14, 2024 - Council adopted the Redevelopment Agency Participation Program and Application Form.

Background:

Power Sports Development, LLC, is proposing to build a state-of-the-art, 10,000-seat arena at the Grand Sierra Resort (GSR), which will serve as the future home of the University of Nevada's men's basketball team. The Nevada men's basketball team has played in the Lawlor Events Center since the 1983-84 season, the Nevada women's basketball team will continue to

use the Lawlor Events Center.

The project plan will include additional amenities such as a satellite ice rink and a dedicated parking garage to support arena visitors. The arena will not only host Wolf Pack basketball games but will also be designed to accommodate concerts, major sporting events, and entertainment performances, making it a versatile facility for Northern Nevada. A new hotel tower with 800 rooms and a new housing development for their workforce consisting of 300 residential units are also proposed.

The estimated cost for this project is \$1 billion. The project is anticipated to serve as a significant economic driver for the city, promoting tourism, enhancing the local entertainment scene, and acting as a centerpiece for redevelopment while adding workforce housing.

Discussion:

Staff has reviewed the Power Sports Development, LLC application and determined it is complete and meets the "Catalyst Project" criteria established by the Redevelopment Agency participation program. As a major project expected to enhance economic development in the region, the proposed arena is projected to generate substantial long-term benefits, including:

- Job creation during both construction and operation phase
- Increased tax revenues for the city and region
- Improved infrastructure and public services in the surrounding area
- A boost to tourism, hospitality, and retail sectors
- Provide workforce housing

The application was reviewed and scored based on the following criteria outlined in the City of Reno's Catalyst Project Assistance Program:

- Project Viability (100 points): Assessed on factors including the developer's performance history, financial capacity, project vision, and a third-party market study.
- Area Benefit (100 points): Evaluated for catalyst impact, job and revenue generation, density, placemaking features, construction labor impact, social benefits, community input, and fiscal benefits.

The next steps in the Catalyst Project process involve initiating a formal review and due diligence phase. A third-party consultant will be engaged to conduct an independent analysis of the following:

- Project feasibility and financial projections: A detailed evaluation of the project's financial assumptions, including revenue forecasts, funding sources, and long-term viability.
- Economic and regional impact: An assessment of the project's influence on the local

economy, surrounding businesses, and broader regional development.

- Public-private partnership and participation agreement: Negotiation of the terms and conditions for a public-private partnership between the City of Reno Redevelopment Agency and Power Sports Development, LLC, including a TIF deal structure.

This third-party consultant's findings will be critical in shaping the public-private partnership and final development agreement, ensuring that the project aligns with the city's long-term redevelopment and financial objectives. The negotiated participation agreement, along with the TIF deal structure, will be presented to the Redevelopment Agency Board for review and approval once completed.

Financial Implications:

The fiscal impact, including the structure of the TIF deal, will be determined during the due diligence process. The tax increment financing will be structured to ensure that the project is financially beneficial to the City of Reno and will minimize fiscal risk. Agency funds will be expended to conduct the due diligence and negotiation process; however, those funds will be recouped via the 1% agency administration fee at the completion of the project out of the first tax increment reimbursement.

Legal Implications:

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

Recommendation:

Staff recommends Council direct staff to proceed with the formal review, due diligence process, and third-party feasibility analysis, and to negotiate a Catalyst Project participation agreement with Power Sports Development, LLC for tax increment financing for future Board approval.

Proposed Motion:

I move to approve staff recommendations.

Attachments: