

STAFF REPORT

Date: May 22, 2024

To: Mayor and City Council

Through: Doug Thornley, City Manager

Subject: Staff Report (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) 24/25.

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, 2024, 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) 24/25 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 22, 2024.

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 currently does not have any Ad Valorem revenues available for its General Fund. Any 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. RDA #1 will repay the loan with tax increment as revenues increase. The loan for \$1.2 million was received from RDA #2 in FY 21/22.

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. The RDA #2 Debt Fund includes a bond for improvements at Cabela's. The FY 24/25 budget includes the addition of two new positions, a Business License Technician and a Code Enforcement Officer II. Funding in the amount of \$10 million is also included for the new fire headquarters facility.

Financial Implications:

Adopting the budget provides expenditure authority for Redevelopment Agency operations during FY 24/25.

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 24/25 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

FY25 Final RDA1 State Document

FY25 Final RDA2 State Document

Tentative Budget - Letter from Dept. of Taxation

Affidavit of Posting