

STAFF REPORT

Date: April 10, 2024

To: Mayor and City Council

Through: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Presentation and acceptance of the Downtown Reno Partnership's (DRP) Fiscal Year (FY) 2025 Downtown Reno Business Improvement District (BID) Operating Plan and Budget, and Annual Assessment Adjustment.

From: Bryan McArdle, Revitalization Manager

Department: City Manager's Office

Summary:

On an annual basis, the Downtown Reno Partnership (DRP) which manages the Downtown Reno Business Improvement District (BID), is required to present to Council their proposed annual operating plan and budget, and assessment adjustment for the ensuing fiscal year (FY). This plan and budget will become the basis of levying the assessments by Council during a public hearing at a future date. The DRP's Operating Plan and Budget for FY 2025 is projected to be \$3,853,343.10. The DRP Board has approved a 5% decrease in the assessment rate for FY 2025. The increase of approximately 4.6% or \$169,418 in assessment revenue is primarily driven by updates to property values and changes in ownership groups that have varying rates. The assessment budget represents the revenue collected through property assessments only during the fiscal year and should not be confused with the DRP's operating revenue and expenses for the organization.

Alignment with Strategic Plan:

Public Safety

Economic and Community Development

Economic Opportunity, Homelessness, and Affordable Housing

Fiscal Sustainability

Previous Council Action:

Council adopted Ordinance No. 6455 on March 14, 2018, creating a Neighborhood Improvement Project, otherwise known as the Downtown Reno Business Improvement District (BID). Since then, on an annual basis, Council has held a public hearing at the time and place designated by

resolution and pursuant to Nevada Revised Statute (NRS) 271.380. Generally, noticing is completed in the month of April with the public hearing being held in May. As part of the annual public hearing held in May, Council, after considering all written and spoken objections and protests to the validity of the roll, adopts a resolution confirming the assessment roll in its original form, or as modified. Pursuant to NRS 271.390, Council levies the assessments in the roll by ordinance.

Background:

In March 2018, Council adopted Ordinance No. 7237 creating a Neighborhood Improvement Project, otherwise known as the Downtown Reno BID.

The BID operating budget is distributed on a cost allocation based on assessed valuations and linear street frontage for all assessable properties within each service zone. The three benefit zones provide three different levels of service. The benefits are delineated as follows:

- **Standard Services:** These will include a “clean and safe” program that deploys teams of safety ambassadors and maintenance patrols throughout the downtown. Ambassador services will include quality-of-life crime deterrence, engagement of the homeless population, on-demand safety escorts, ongoing public engagement, and hospitality services. These services will augment supplemental City of Reno police services, including foot and bike patrols that will be supported by BID funds. District-wide maintenance services will include “on-demand spot cleaning” throughout downtown. In addition, the program will include support for a downtown management organization providing leadership, economic development, communications, marketing services, and advocacy to advance issues and policies that benefit downtown and improve the area’s overall image and appeal to employees, visitors, and residents.
- **Premium Services:** These will add maintenance patrols concentrated within the core of downtown providing periodic removal of litter, weeds, and graffiti; cleaning of public furniture and fixtures; power washing; and special maintenance needs as they arise.
- **Premium-Plus Services:** The Virginia Street corridor will receive more frequent maintenance services and properties along this corridor will pay a higher “premium-plus” service rate.

In May 2018, the City entered into, and subsequently amended, a Professional Services Agreement (PSA) with the DRP to provide the daily oversight and management of the Downtown Reno BID services. Pursuant to NRS 271.472 and section 2.3.2 of the amended PSA, the DRP is required to prepare and file an Operating Plan and Budget for the subsequent fiscal year with the City Clerk for review and approval by the City Manager and Council.

As part of this process, the DRP may also adjust or modify aspects of the BID and/or existing Management Plan, which may include adjustments in the rate (limited to a maximum of 5% per

year), the methodology of BID assessments, and/or modifications of the BID services and geographical area. Per the PSA, such requests will not be unreasonably denied.

The DRP's FY 2025 BID Operating Plan and Budget outlines their authority and responsibility by providing the following information:

- (a) The name of the District;
- (b) The Fiscal Year to which the report applies;
- (c) Any proposed changes to the boundaries of the District for that Fiscal Year;
 - 1. Changes to the BID boundaries must be made by ordinance after holding a public hearing. Additionally, changes to the boundaries should consider the costs of providing services to an area related to the assessments generated.
- (d) The BID Services to be provided for that Fiscal Year;
- (e) An estimate of the projected Operating Expenses for that Fiscal Year, including the cost of providing the BID Services set forth pursuant to paragraph (d);
- (f) An estimate of the projected BID Revenues for that Fiscal Year;
- (g) The method and basis of levying each assessment to be levied for that Fiscal Year in sufficient detail to allow each property owner to calculate the amount of the assessment to be levied against his or her property for that Fiscal Year;
- (h) The amount of any surplus or deficit to be carried over from a preceding Fiscal Year; and,
- (i) The amount of any money received by the Association from sources other than assessments levied pursuant to NRS Chapter 271.

Discussion:

The DRP's Operating Plan and Budget for FY 2025 is projected to be \$3,853,343.10. The annual increase of approximately 4.6% or \$169,418 in assessment revenue is primarily driven by updates to property values and changes in ownership groups that have varying rates. The DRP Board has approved a 5% decrease in the assessment rate for FY 2025.

These figures could change slightly due to finalizing the assessed values of property by the Washoe County Assessor's Office and the Board of Equalization. Any changes would be noted at the time City staff present to Council, at a later date, for the levy of assessments for properties within the BID.

As provided in the report attached, the DRP in FY 24/25:

- Will not change the BID boundaries or change the method or basis of levying assessments.
- For FY 24/25, the DRP's 17-member board has voted to reduce the assessment formula by the maximum of 5% in response to ongoing economic challenges created by the pandemic and fluctuating interest rates. This move aims to provide relief to property

owners and stimulate further interest in downtown properties. The Premium and Premium-Plus Assessment Rates from the previous fiscal year will not change.

- Increased revenues will focus on the creation of a Security Ambassador program, reactivation of vacant spaces, expanded downtown vacant property beautification program, and expenses related to placemaking and programming of Partnership and Locomotion Plaza.

The Downtown Reno Partnership Budget Summary:

- Assessment Revenue: \$3,850,000 (est.)
- Expenses:
 - Ambassador Services: \$2,067,000 (includes security ambassadors)
 - Operating Expenses: \$950,000 (including marketing and economic development)
 - Supplemental Maintenance: \$415,000 (in process with the City of Reno)

Financial Implications:

While this action does not have any specific financial implications, the general financial implication still exists in that the City will be subject to property assessments at the 50% discounted rate. The anticipated assessment for the City of Reno in FY 2025 is \$196,982.83.

Legal Implications:

The Downtown Reno Business Improvement District is a Neighborhood Improvement Project created pursuant to NRS 271. The management, operations, and annual processes are completed pursuant to NRS 271 and the Amended Professional Services Agreement by and between the City of Reno and the Downtown Reno Business Improvement District, better known as the Downtown Reno Partnership, dated August 14, 2019.

Recommendation:

Staff recommends Council accept the Downtown Reno Partnership's FY 2025 Business Improvement District Operating Plan and Budget and proposed Assessment Rate, and direct staff to file the preliminary assessment role with the City Clerk.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

DRP FY 24/25 Operating Plan & Budget