

## STAFF REPORT

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**Date:** February 26, 2025

**To:** Mayor and City Council

**Through:** Jackie Bryant, City Manager

**Subject:** Staff Report (For Possible Action): Presentation, discussion, and potential acceptance of the Downtown Management Company, LLC, Marketing Plan, Annual Operating Budget and Capital Improvement Plan for the Ballroom Facility for the Fiscal Year ending December 31, 2025.

**From:** Vicki Van Buren, Director of Finance

**Department:** Finance

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**Summary:**

On December 14, 2011 Council approved the Amended and Restated Ballroom Facility Management Agreement (Agreement). This agreement provides for the Marketing Plan, Annual Operating Budget and Capital Improvement Plan (CIP) to be approved each year by Council. The Marketing Plan, Capital Expenditure Schedule and annual budget are attached. Staff recommends Council accept the Marketing Plan, Capital Expenditure Schedule and Annual Operating Budget for 2025.

<b>Consent Review</b>	<b>Yes</b>	<b>No</b>
1. Is this item an annual or standard item that comes before Council for regular approval?	X	
2. Is this item an agreement required based on an item previously approved by Council?	X	
3. Is this item included in the current budget approved and adopted by Council?	X	
<b>Other Considerations</b>		
What percent of the total City budget does this item represent?	n/a	

**Alignment with Strategic Plan:**

Fiscal Sustainability

Economic and Community Development

**Previous Council Action:**

February 14, 2024 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2024 for the Ballroom Facility. Council has accepted these items annually since February 22, 2012.

**Background:**

Council approved the Amended and Restated Ballroom Facility Management Agreement on December 14, 2011. The term of this agreement extends until February 2028. The agreement provides for the Marketing Plan, Annual Operating Budget and Capital Improvement Plan (CIP) to be approved each year by Council. The Downtown Management Company, LLC representatives have prepared the Marketing Plan, Capital Expenditure Schedule and annual budget for Council and public review.

**Discussion:**

Staff has reviewed the Sales and Marketing Plan and the annual budget for Fiscal Year (FY) 2025. It should be noted that the fiscal year for the Ballroom Facility does not match the City's fiscal year. This facility is managed using a calendar year as its fiscal year period. The FY 2025 annual budget reflects an anticipated net profit of approximately \$319,360. Capital expenditures in the amount of \$100,000 are being proposed for the calendar year. The capital proposed includes funding for roof replacement (\$75,000) and HVAC (\$25,000).

For 2024, there was a net profit of \$249,719 and there were no capital expenditures. The adjusted balance in the Ballroom Capital Account as of December 31, 2024 is \$523,479. The agreement allows for a 50/50 sharing of net revenue between the City and the management company. Per the agreement, \$100,000 of the net revenue will be placed in the capital account for future capital until the balance is at least \$500,000. If at any time the gross revenues are insufficient to meet the \$100,000 annual deposit to the capital account, the management company shall contribute the difference. A copy of the agreement has been attached for reference. Contributions to the capital account were not required as the balance is above \$500,000.

**Financial Implications:**

If operations of the ballroom facility result in a net profit in the budget for FY 2025, the operating profit will be distributed according to Article 4 of the Amended and Restated Ballroom Facility Management Agreement. Losses are covered by the Downtown Management Company.

**Legal Implications:**

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

**Recommendation:**

Staff recommends Council accept the Marketing Plan, Annual Operating Budget and Capital Improvement Plan for Fiscal Year 2025 for the Ballroom Facility.

**Proposed Motion:**

I move to approve staff recommendation.

**Attachments:**

2025 Annual Operating Budget

2025 Capital Improvement Plan

Ballroom Facility Management Agreement

2025 Ballroom Reconciliation