

## STAFF REPORT

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**Date:** May 10, 2023

**To:** Mayor and City Council

**Thru:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Public Hearing on any complaint, protest or objection to the assessment roll for a City of Reno, Nevada Neighborhood Improvement Project, otherwise known as the Downtown Reno Business Improvement District, will be heard; and the determination of Hardship Applications.

**From:** Amy Pennington, Special Projects and Outreach Coordinator

**Department:** Public Works

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### **Summary:**

In March 2018, Council adopted Ordinance No. 6455 creating a Neighborhood Improvement Project, otherwise known as the Downtown Reno Business Improvement District (BID). On or before June 30 of each year, Council shall hold a public hearing to hear and determine any written complaint, protest or objections concerning the proposed assessment roll. Council is requested to adopt a resolution confirming the assessment roll after hearing and determining all written and spoken objections and protests to the validity of the roll used for the levying of assessments. Prior to the levying of assessments, Council is requested to consider and act on the hardship applications. Once considered and with the approval of any hardship requests, Council can proceed with finalizing the form of the assessment roll. With the protests and hardships determined and the assessment roll confirmed, Council will be asked to refer the ordinance confirming the proceedings taken in assessing the cost of said improvements for the BID, and all matters related thereto, for subsequent adoption. Staff recommends Council determine protests and hardships, adopt the resolution confirming the assessment roll in its original or modified form, and to refer the ordinance for adoption.

### **Alignment with Strategic Plan:**

Economic and Community Development

### **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 NRS 271.380. Generally, noticing is completed in the month of April with the public hearing being held in May. The basis for the assessment roll is the ensuing fiscal year BID Operating Plan and Budget, which Council generally accepts in the month of February, also on an annual basis. As part of the annual public hearing, 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 will levy the assessments in the roll by ordinance.

**Background:**

In April 2016, Council approved a professional services contract with PUMA of Denver, Colorado. PUMA was retained by the City to lead efforts to create a Downtown Action Plan aimed at identifying and recommending methods to address blight and blight-related issues in downtown Reno and creating a playbook for downtown revitalization. In April 2017, Council unanimously accepted the Downtown Action Plan and authorized a second contract with PUMA for assistance in dissolving the previous Police and Maintenance Special Assessment Districts (SADs) and creating a newly formed Business Improvement District (BID) that would be managed by a private, nonprofit Downtown Management Organization (DMO). Like the SADs, the cost for services would be funded through assessments from property owners within the BID who receive special benefits within the district.

This process required a petition drive needing approval from at least one-half of the basis used for computation of assessments from those property owners within the BID. This threshold was reached and in March 2018, Council adopted Ordinance No. 6455 creating a Neighborhood Improvement Project, otherwise known as the Downtown Reno Business Improvement District and approved the levying of assessments.

While creation of the district is a singular action, the levying of assessments is an annual event that must be completed by June 30.

**Discussion:**

Subsequent to the creation of the BID, Council entered into a Professional Services Agreement (PSA), with a private, nonprofit Downtown Management Organization (DMO), better known as the Downtown Reno Partnership (DRP), to manage and operate the various services provided within the BID. These services are provided at various levels and include:

- a. *Standard Services* 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, but not be limited to “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 for employees, visitors, and residents.

- b. *Premium Services*, in addition to Standard Services, 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. The Virginia Street corridor will receive daily maintenance services and properties along this corridor will pay a higher “premium-plus” service rate.
- c. *Premium-Plus Services*, in addition to Standard and Premium Services, will provide along the Virginia Street corridor expanded and daily maintenance services and if needed, any public restrooms; facilities for outdoor lighting and heating; decorations; fountains; landscaping; facilities or equipment, or both, to enhance protection of persons and property within the improvement district; ramps, sidewalks and plazas; and rehabilitation or removal of existing structures. Properties along this corridor will pay a higher “premium-plus” service rate.

On a yearly basis, prior to June 30, a public hearing is required on the proposed assessment roll to fund the above-mentioned services. During the public hearing, complaints, protests and objections made in writing or verbally concerning the assessment roll, by the owner of any tract or any person interested, will be heard.

The assessments are based upon a proposed assessment role that is approved by the city engineer and filed with the City Clerk’s Office (attached). The following table summarizes the proposed assessment roll:

### FY 23/24 ASSESSMENT ROLL SUMMARY

PARCEL GROUP	PARCEL COUNT	Standard	Premium	Premium Plus	TOTAL	PERCENT OF TOTAL
Commercial	647	\$ 2,393,747.25	\$ 348,318.80	\$ 97,497.18	\$ 2,839,563.23	77.01%
Residential	1224	\$ 501,736.51	\$ 26,088.68		\$ 527,825.19	14.31%
City of Reno	46	\$ 155,555.63	\$ 29,802.14	\$ 2,962.36	\$ 188,320.12	5.11%
Washoe County	13	\$ 34,867.63	\$ 1,285.15		\$ 36,152.78	0.98%
Non-Profit & RHA	21	\$ 68,220.99	\$ 2,051.45		\$ 70,272.44	1.91%
University	29	\$ 11,710.79	\$ 2,030.89		\$ 13,741.68	0.37%
RTC	1	\$ 5,631.24	\$ 5,795.92		\$ 11,427.16	0.31%
<b>Totals</b>	<b>1981</b>	<b>\$ 3,171,470.04</b>	<b>\$ 415,373.03</b>	<b>\$ 100,459.54</b>	<b>\$ 3,687,302.61</b>	<b>100.00%</b>

The basis for how these assessments are calculated are contained within the Management Plan and Engineer's Report that was created during the acquisition of the BID and since modified. The methodology for the calculation of the assessments has not changed and the assessment role for Fiscal Year (FY) 23/24 was prepared in accordance with these documents (attached). In accordance with the management plan, the Board of Directors for the DRP can adjust the rates applied against properties up to five percent per year and for FY 23/24, the DRP instituted no rate changes this year. The table below provides the rate history since inception:

Zone	Rate History						Rate Applied To
	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	
Standard	\$ 0.005061	\$ 0.005027	\$ 0.005027	\$ 0.005027	\$ 0.005027	\$ 0.005027	Assessed Value
Premium	\$ 10.87	\$ 10.87	\$ 10.92	\$ 10.98	\$ 10.98	\$ 10.98	Linear Foot
Premium Plus	\$ 18.88	\$ 18.88	\$ 18.88	\$ 18.88	\$ 18.88	\$ 18.88	Linear Foot

Given that the rates have stayed the same, any changes in the BID assessment to a property will be driven by changes to the value of the property. The chart below provides a top-level review of the impacts to Standard Assessments based on parcel group.

### FY23/24 Parcel Group Summary – Average Increase

PARCEL GROUP	PARCEL COUNT	TOTAL ASSESSMENTS	PERCENT OF TOTAL	AVERAGE \$ INCREASE	AVERAGE % INCREASE
Commercial	647	\$ 2,839,563.23	77.01%	\$ 818.93	17%
Residential	1224	\$ 527,825.19	14.31%	\$ 53.23	13%
City of Reno	46	\$ 188,320.12	5.11%	\$ 566.96	11%
Washoe County	13	\$ 36,152.78	0.98%	\$ 278.58	16%
Non-Profit & RHA	21	\$ 70,272.44	1.91%	\$ 506.18	19%
University	29	\$ 13,741.68	0.37%	\$ 34.32	8%
RTC	1	\$ 11,427.16	0.31%	\$ 921.54	8%

After consideration of any objections made at the hearing, and of any other information reasonably known to it, Council is requested to adopt a resolution confirming the assessment roll and dispensing with any remaining written and spoken objections and protests to the validity of the roll used for the levying of assessments.

Part of this ratification process will also address any hardships that may exist. In accordance with Ordinance No. 5385 adopted November 5, 2002, hardship applications are to be brought before the Council for consideration. If Council approves any hardship applications, the owners of those properties will pay the interest only on their assessments with the assessment being postponed until the earlier of the following occurrences:

- a. The property is sold or transferred to a person other than one to whom a hardship determination has been granted;
- b. The term of the bonds expires;
- c. The property owner's application for renewal of the hardship determination is disapproved;
- d. The property owner fails to pay the interest on the unpaid balance of assessments in a timely manner; or
- e. The property owner pays all previous and current assessments.

Once all determinations have been made, Council may vote on passing resolutions and referring the ordinance for subsequent adoption to levy. Upon the adoption of the ordinance, staff will notice all property owners of the levy. In addition, the City Clerk and Clerk of the City Council of the City of Reno will record the assessments levied in said ordinance in the office of the County Recorder of Washoe County, Nevada.

### **Financial Implications:**

The expected operating expenditures for the Downtown Reno BID are set at \$3,687,302.61 of which all costs will be assessed to the benefitting properties through Council's future approval of a levy of assessments totaling \$3,687,302.61.

As a property owner of parcels within the BID, the City and RDA are subject to a proposed assessment of \$188,320.12. Given that the costs of services provided to the BID are fully assessed to the BID property owners, there are no other significant financial implications to the City.

### **Legal Implications:**

The City is empowered under NRS 271.265, et. Seq. and NRS 271.270. et. Seq., to acquire Neighborhood Improvement Projects and to levy assessments to defray all or a portion of all costs associated with acquiring or improving any project authorized under the statute. The public hearing is required by NRS 271.377 and NRS 271.385 as it relates to the proposed

assessments. Per NRS 271.360, hardship applications are to be considered and City Ordinance No. 5385 provides for the process in which those determinations are made.

**Recommendation:**

Staff recommends Council approve the Hardship Determinations for the applicants meeting the required conditions and direct the engineer to postpone the assessments per City Ordinance No. 5385.

**Proposed Motion:**

I move to approve staff recommendation.

**Attachments:**

Downtown Reno BID Management Plan  
DRP - Operating Plan  
BID Assessment Role Certification FY 24  
Engineers Report – Assessment Role  
Public Noticing