

## STAFF REPORT

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**Date:** March 22, 2023

**To:** Mayor and City Council

**Thru:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Presentation and acceptance of the Downtown Reno Partnership's FY 2024 Downtown Reno Business Improvement District Operating Plan and Budget.

**From:** Bryan McArdle, Revitalization Manager

**Department:** City Manager's Office

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**Summary:** On an annual basis, the Downtown Reno Business Improvement District, better known as the Downtown Reno Partnership (DRP), is required to present to Council their operating plan and budget for the ensuing fiscal year. This staff report summarizes their FY 2024 Downtown Reno Business Improvement District (BID) Operating Plan and Budget. This plan and budget will become the basis of levying the assessments by Council during a public hearing at a future date.

Generally, the same level of services will be provided by the DRP for the BID and the assessment methodology and the rates applied will not change from the previous fiscal year. The overall assessment budget will increase from \$3,058,702.13 for FY 2023 to an estimated \$3,675,282.21 for FY 2024. The approximate increase of \$616,580.08 is due to the increase in the assessed values of property in the BID, as determined by the Washoe County Assessor's Office. 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 their organization. Staff recommends Council accept the Downtown Reno Partnership's FY 2024 BID Operating Plan and Budget.

**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 presented at the public hearing is the ensuing fiscal year BID Operating Plan and Budget. This report is submitted to the City by February 1 of each year. Subsequently, Council is presented with the plan for approval during a meeting of the Reno City Council.

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 2018, the City entered into, and subsequently amended, a Professional Services Agreement (PSA) with the Downtown Reno Partnership (DRP) to provide the daily oversight and management of the Downtown Reno Business Improvement District (BID) services. Pursuant to NRS 271.472 and section 2.3.2 of the amended PSA, the DRP, by February 1 of each year, 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. Per the PSA, such approval will not be reasonably withheld.

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 five percent per year), the methodology of BID assessments, and/or modifications of the BID services and geographical area.

**Discussion:** The DRP's FY 2024 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 by ordinance after holding a public hearing. Additionally, changes to the boundaries should consider the costs to 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 Association from sources other than assessments levied pursuant to NRS Chapter 271

As provided in the report attached, the DRP in FY 23/24:

- Will **not** change the BID boundaries or change the method or basis of levying assessments.
- Does **not** intend to change the Standard, Premium, or Premium-Plus Assessment Rates from the previous fiscal year.
- Will add to the Ambassador Services to include an overnight patrol.
- Will be conducting tentative improvements to Pavilion B and general improvements to “Partnership Plaza”.

The following table provides the rate history since inception of the BID:

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
Zone	Rate Increase %						
Standard	0%	-0.66%	-0.01%	0.00%	0.00%	0.00%	
Premium	0%	0.00%	0.50%	0.54%	0.00%	0.00%	
Premium Plus	0%	0.00%	0.00%	0.01%	0.00%	0.00%	

*1. For simplicity, all rates are potentially subjected to rounding*

As outlined in the Downtown Reno BID Management Plan, the total assessments are calculated as follows:

### Total Assessment Calculation Methodology

**Total Assessments =**

Standard Costs + Premium Costs + Premium Plus Costs

**Standard Costs =**

Rate \* Assessed Valuation of Property as Determined by Washoe County  
All properties within the BID will be assessed for Standard Services

**Premium Costs =**

Rate \* Linear Footage of Parcel along Street to Receive BID Maintenance  
Only those properties along maintenance corridors will receive Premium Services

**Premium Plus Costs =**  
Rate \* Linear Footage of Parcel along Street to Receive Additional BID Maintenance  
Only those properties along the Virginia Street Corridor will receive Premium Plus  
Services

The total assessment budget for FY 2024 will increase to an estimated \$3,675,282.21, as compared to the FY 2023 budget of \$3,058,702.13. 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 presents to Council, at a later date, for the levy of assessments for properties within the BID.

The following table provides the total assessments by parcel group and service level:

Parcel Group	Parcel	Standard	Premium	Premium Plus	Total
Commercial	647	\$2,393,923.80	\$336,121.80	\$97,497.20	\$2,827,542.80
Residential	1224	\$501,736.50	\$26,088.70	-	\$527,825.20
City of Reno	46	\$155,555.60	\$29,802.10	\$2,962.40	\$188,320.10
Non-Profit & RHA	21	\$68,221.00	\$2,051.50	-	\$70,272.50
Washoe County	13	\$34,867.60	\$1,285.20	-	\$36,152.80
University	29	\$11,710.80	\$2,030.90	-	\$13,741.70
RTC	1	\$5,631.24	\$5,795.92	-	\$11,427.16
<b>Total</b>	<b>1981</b>	<b>\$3,171,646.54</b>	<b>\$403,176.12</b>	<b>\$100,459.60</b>	<b>\$3,675,282.26</b>

Please refer to the attached FY2023/2024 BID Operating Plan and Budget for additional information as the above only highlights the components critical to future actions required by Council to levy assessments on property located within the BID.

**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 percent discounted rate. The anticipated assessment for the City of Reno in FY 2024 is \$188,320.10.

**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 2024 BID Operating Plan and Budget.

**Proposed Motion:** I move to approve staff recommendation.

**Attachments:**

- DRP FY 23/24 Operating Plan
- DRP FY 23/24 Operating Budget