

STAFF REPORT

Date: February 12, 2020

To: Mayor and City Council

Thru: Sabra Newby, City Manager

Subject: **B.2. Staff Report (For Possible Action): Acceptance of the Downtown Reno Partnership's (DRP) FY2020/2021 Downtown Reno Business Improvement District (BID) Operating Plan and Budget, submitted by Alex Stettinski, Executive Director of the Downtown Reno Business Improvement District doing business as the DRP.**

From: Jeff Limpert, Management Analyst

Summary: As required by State law and the Professional Services Agreement between the City of Reno and the Downtown Reno Business Improvement District, better known as the Downtown Reno Partnership (DRP), the DRP is presenting Council with their FY 2020/2021 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.

For additional information related to how the BID was setup and intended to operate, please refer to the attached Downtown Reno BID Management Plan.

Previous Council Action:

- 08/14/19 Council approves and directs the Mayor to sign Amendment No. 1 to the Professional Services Agreement between the City of Reno and the Downtown Reno Business Improvement District (DMO) doing business as the Downtown Reno Partnership (DRP) for the management and operation of the Downtown Reno Business Improvement District (BID).
- 05/22/19 Council adopts Ordinance No. 6518 levying assessments against assessable properties within the Downtown Reno Business Improvement District (BID).
- 02/13/19 Council is presented with the Downtown Reno Partnership's FY 2019/2020 BID Operating Plan and Budget.
- 05/23/18 Council approves and directs the Mayor to sign the Professional Services Agreement between the City of Reno and the Downtown Reno Business Improvement District (DMO) doing business as the Downtown Reno Partnership

(DRP) for the management and operation of the Downtown Reno Business Improvement District (BID).

04/25/18 Council designates the Downtown Reno Business Improvement District (DRP), as the nonprofit Downtown Management Organization (DMO) responsible for the oversight of the Downtown Reno Business Improvement District (BID).

03/14/18 Council adopts Ordinance No. 6455 forming the Downtown Reno Business Improvement District (BID) and levy assessments against assessable properties.

Discussion: 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 BID services. Pursuant to NRS 271.472 and section 2.3.2 of the amended PSA, the DRP, by February 1st of each year, shall prepare and file with the City Clerk for review and approval by the City Manager and City Council, an Operating Plan and Budget for the subsequent fiscal year. 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 include adjustments in the rate, limited to a maximum of five percent (5%) per year, methodology of BID assessments, and modifications of the BID services and geographical area.

The DRP's FY 2020/2021 BID Operating Plan and Budget shall outline 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;
- (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

Once this report has been reviewed and approved and is in its final form, City staff will then begin the process for Council to levy assessments during a public hearing and in accordance with the budget that is set. As provided in the report, the DRP:

- Did **not** change the BID boundaries or change the method or basis of levying assessments.
- Did **not** change the services provided or the approach to how those services are delivered.
- Implemented a slight increase in the Standard Assessment Rate from the previous fiscal year; yet, will be equal to the rate from their initial year of existence (FY 2018/2019). The increase from the previous fiscal year, FY 2019/2020, is 0.67%.
- Implemented a 0.50% increase in the Premium Assessment Rate from the previous fiscal year.
- Did **not** increase the Premium-Plus Assessment Rate and held it at the same rate as the previous two fiscal years.

| Zone | Rate History ¹ | | | Rate Applied To |
|--------------|---------------------------|-------------|-------------|-----------------|
| | FY18/19 | FY19/20 | FY20/21 | |
| Standard | \$ 0.005061 | \$ 0.005027 | \$ 0.005061 | Assessed Value |
| Premium | \$ 10.87 | \$ 10.87 | \$ 10.92 | Linear Foot |
| Premium-Plus | \$ 18.88 | \$ 18.88 | \$ 18.88 | Linear Foot |

1. All rates are rounded figures

The maximum rates that the DRP Board of Directors could have set, as allowed by the Downtown Reno BID Management Plan, are:

- Standard - \$0.005279
- Premium - \$11.41
- Premium-Plus - \$19.82

The increase in the Standard Assessment Rate was set in accordance to the services that the DRP needs to not only continue, but to expand upon, its successful mission of making Downtown Reno a cleaner, safer and more vibrant community.

The primary driver behind the increase in the Premium Assessment Rate is that several parcels included in the Premium Services zone were transferred to the Regional Transportation Commission of Washoe County (RTC) thus reducing the available budget due to the fact they receive a reduction in the rate as other government agencies do. In order to maintain the current service levels in this zone, an increase was necessary.

The total budget for FY 2020/2021 will increase to \$2,874,110.19, as compared to the FY2019/2020 budget of \$2,696,657.00. 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.

| Parcel Group | Standard Assessment | Premium Assessment | Premium Plus Assessment | Parcel Group Total |
|-------------------------|------------------------|----------------------|-------------------------|------------------------|
| City of Reno | \$ 134,315.37 | \$ 30,654.20 | \$ 3,413.69 | \$ 168,383.26 |
| Commercial | \$ 1,740,817.69 | \$ 332,155.78 | \$ 96,586.31 | \$ 2,169,559.78 |
| Non-Profit & RHA | \$ 52,781.63 | \$ 2,040.44 | \$ - | \$ 54,822.07 |
| Residential | \$ 395,635.71 | \$ 26,086.55 | \$ - | \$ 421,722.26 |
| RTC | \$ 8,078.85 | \$ 7,784.78 | \$ - | \$ 15,863.63 |
| University | \$ 10,561.89 | \$ - | \$ - | \$ 10,561.89 |
| Washoe County | \$ 31,919.05 | \$ 1,278.25 | \$ - | \$ 33,197.30 |
| Assessment Total | \$ 2,374,110.19 | \$ 400,000.00 | \$ 100,000.00 | \$ 2,874,110.19 |

Please refer to the attached FY2020/2021 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 implications still exist in that the City will be subject to property assessments at the 50% discounted rate and bears the risk of any non-collection of donations from community partners to help alleviate the loss of revenue during the three year transitioning period from the Police and Maintenance Special Assessment Districts (SADs) to the BID model.

The assessment for the City of Reno in FY 2020/2021 is anticipated to be \$168,383.26.

The transition from the SADs to the BID created an annual revenue shortfall totaling \$875,000 and our community partners agreed to raise \$625,000 of this amount for 3 years, leaving FY 2020/2021 the last year for this commitment. The DRP successfully raised the \$625,000 in FY 2018/2019 and anticipate meeting this goal for FY 2019/2020 and FY 2020/2021, as well. Assuming the DRP is successful in its fundraising efforts, the City of Reno would be liable for its agreed upon portion of \$250,000.

Legal Implications: Legal review completed for compliance with City procedures and Nevada Law.

Recommendation: Staff recommends Council accept the Downtown Reno Partnership's FY2020/2021 BID Operating Plan and Budget.

Proposed Motion: I move to approve staff recommendation.

Attachments:

- Downtown Reno BID Management Plan (PDF)
- DRP - Operating Plan and Budget - FY21 (PDF)