



CITY OF FERNLEY

CITY COUNCIL AGENDA REPORT

Meeting Date: May 20, 2020

REPORT TO:	Mayor and City Council
REPORT FROM:	Daphne Hooper, City Manager
REVIEWED BY:	Brandi Jensen, City Attorney
REVIEWED BY:	Denise Lewis, City Treasurer

FINANCIAL IMPACT: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	CURRENTLY BUDGETED: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	FUND/ACCOUNT:
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ACTION REQUESTED: Consent Ordinance Resolution Motion Receive/File

AGENDA ITEM: Staff Report (For Possible Action): Direction to staff regarding the Fernley Convention and Tourism Authority (FCTA) funding distribution for July 1, 2020 – December 31, 2020.

Agenda Item Brief: Staff is requesting direction regarding the distribution of Transient Lodging Tax funds by the Fernley Convention and Tourism Authority for July 1, 2020 – December 31, 2020.

Recommended Motion:
“I move to direct staff to move forward with developing an application, criteria, a timeline for the distribution of funds to eligible businesses affected by COVID-19.”

Business Impact (per NRS Chapter 237):

A Business Impact Statement is Attached.

A Business Impact Statement is not required because this is not a rule (term excludes vehicles by which legislative powers are exercised under NRS Chapters 271, 278, 278A, or 278B).

See attached report for background, analysis, alternatives.

ALTERNATIVES:

Council may determine to not providing support to local businesses and direct staff to continue with the standard grant guidelines for local events.

BACKGROUND:

COVID-19 has caused a rapid decline in viability for many local businesses especially in the retail, hospitality, and personal service sectors. In less than two months, unemployment rates have increased from historic lows to the highest levels in generations. Nevada has been impacted more severely than many states, with 22.4 percent of the workforce filing initial jobless claims in a five-week period.

At the Council Meeting on May 6, 2020, a suggestion was submitted regarding using Transient Lodging Tax to assist local businesses in re-opening and moving forward to “get back on track.” The Fernley Chamber of Commerce and the City of Fernley have been sharing information with the public regarding financial assistance and resources for businesses struggling during this time.

Council may direct staff to move forward with identifying a strategy regarding financial assistance to local businesses. While the City has little money, there may be an opportunity to utilize Transient Lodging Funds to provide a one-time stimulus to assist businesses that have been negatively impacted by this pandemic.

This process would require the development of an application, criteria, a timeline, and the amount of funds allowed per eligible business for distribution. This initiative would be temporary in nature and focused on maximizing economic vitality over the long run, which would also benefit the City of Fernley. If businesses remain closed, there is a fiscal impact to the City’s revenue including the loss of business license fees and continued unemployment.

Previously, Transient Lodging Funds have been used to promote local events. Since this pandemic is unprecedented in modern times, there is no information on the significant financial impact and what the new normal will be in the absence of the relief and recovery programs. Further, no final determination has been made regarding events for this year. Regionally, events such as the Lyon County Fair, Night in the Country, and Artown have been cancelled. Until the Governor establishes the full re-opening of the State, it is difficult to determine when local events will continue.

Pursuant to the Fernley Municipal Code Section 2.09.33 – City convention and tourism authority board. The City Council sitting as the city convention and tourism authority board is authorized to take the following actions:

- (1) On behalf of the city, encourage, conduct, sponsor or cosponsor programs to encourage tourism and economic development.
- (2) To analyze the viability, feasibility and appropriateness of funding requests from applicants for funds from the city or sponsorship by the city for activities to encourage tourism within the city.
- (3) Allowable uses for the requests for funds from the city council sitting as the city convention and tourism authority board by outside agencies shall be considered and used for:
 - a. Advertising the resources of the city;
 - b. Advertising available accommodations (hotels, motels, restaurants, etc.) within the city;
 - c. Advertising available transportation (bus, air, etc.);
 - d. Advertising special events;
 - e. Advertising natural resources and climate; and
 - f. Reimbursement of budgeted expenses for special events, which have been approved by the board.
- (4) Leftover funds remaining at the end of the calendar year shall transfer to:
 - a. Next calendar year for the next grant cycle; or
 - b. Roll-over to the convention/civic center fund.
- (5) To take such other actions as the city council may direct from time to time.

Section 2.09.35 – Budget

- (a) City convention and tourism authority board programs and operating expenses shall be funded from the city’s special revenue fund generated by the transient lodging tax, grants, donations and admission

charges. The city manager's office shall be responsible for submitting the annual operating budget to the city treasurer, mayor, and city council.

- (b) Disbursement of funds. Disbursement of funds to outside agencies shall not exceed 40 percent of the revenue generated by the transient lodging tax.
- (c) Convention/civic center. At least 60 percent of the funds generated by the transient lodging tax will be used for the construction, operating, and maintenance of the city convention/civic center.
- (d) The distribution of funds and allowed uses of funds generated by the transient lodging tax may be amended by resolution of the City Council.

Currently, the announcement for Grant Applications has been posted. Applications are being accepted through May 31, 2020. To date, no applications have been received. A FCTA Board meeting is scheduled for June.

Staff is requesting direction from Council on how to proceed.

FINANCIAL IMPLICATIONS:

For FY 2020-2021, the budgeted amounts for Round 1 Grants (July – December) is \$44,000, with an additional \$22,000 for other potential grants.