



Meeting Date: February 6, 2019
Agenda Item: # _____

Mission Statement

It is the mission of the City of Fernley to provide all municipal services in a proactive, innovative, and fiscally responsible way to continue to enhance the community's quality of life, provide a high level of responsive local government services, and promote future prosperity and the balanced growth of the community.

CITY OF FERNLEY CITY COUNCIL MEETING STAFF REPORT

REPORT TO: Mayor & City Council

REPORT THRU: Daphne Hooper, City Manager

REPORT BY: **Colleen Unterbrink, Assistant to the City Manager,
Tim Thompson, Planning Director,
Submitted on behalf of the City of Fernley Redevelopment Agency in
compliance with NRS Chapter 279 Section 528 and NRS Chapter 279 Section
578**

REVIEWED BY: Douglas Thornley, Outside Counsel

REVIEWED BY: Denise Lewis, Finance Director

AGENDA ITEM: **Public Hearing: Business Impact Statement for the Creation of
Redevelopment Project Area Number One** - Discussion and possible action to
accept the Business Impact Statement, relating to community redevelopment,
adopting a redevelopment plan, and establishing Fernley Redevelopment
Project Area Number One.

ACTION REQUESTED: Consent Ordinance Resolution Motion Receive/File

RECOMMENDED ACTION BY CITY COUNCIL

Staff recommends the following action: "I move to accept the Business Impact Statement, which concludes establishment of a redevelopment district, within the City of Fernley does not impose a direct and significant economic burden upon a business, nor does it directly restrict the formation, operation or expansion of a business."

Key Points:

Pursuant to NRS Chapter 279, Redevelopment of Communities, the City of Fernley City Council has accepted the following:

1. Preliminary Redevelopment Plan and the Preliminary Owner Participation Agreement (OPA)/Rules to the Planning Commission (November 2018).
2. Delivery and Presentation of the Preliminary Redevelopment Plan and the Preliminary Owner Participation Agreement/Rules to the City Council (December 2018).
3. Adoption of the Proposed Final Redevelopment Plan and OPA/Rules to the Planning Commission (December 2018).
4. Acceptance of Planning Commission's report and recommendation regarding the Proposed Final Redevelopment Plan and OPA/Rules by the City Council and direction to staff to prepare an Ordinance to adopt the Redevelopment plan and establishing Fernley Redevelopment Project Area Number One. (December 2018).
5. The next necessary step is the acceptance of a Business Impact Statement regarding an Ordinance adopting the Redevelopment plan and establishing Fernley Redevelopment Project Area Number One.

The City prepared a questionnaire that asked for input regarding the potential impact to small businesses. On December 26, 2018, this questionnaire was sent with a copy of the proposed regulations to all members of the Fernley Chamber of Commerce. The public notice was posted on the City website, www.cityoffernley.org, on December 26, 2018. The notice provided links to all information regarding the establishment of the Redevelopment Project Area No. 1.

Staff received one written response, indicating the proposed establishment of a Redevelopment District would not impose a direct and significant economic burden upon their business, or directly restrict the formation, operation or expansion of their business.

Staff also received two phone calls regarding the proposed Redevelopment District. One respondent was concerned about their travel center use being included in the Historic Downtown Sub-Area. Staff explained the names of the sub-areas were not intended to isolate certain businesses and that the City is proposing to create a single district comprised of multiple sub-areas. The second respondent was concerned the creation of the district would impact their current business operations. Staff explained the creation of a Redevelopment District did not constitute a rezoning of the property. Neither respondent commented that the proposed Redevelopment District would impose a direct and significant economic burden upon their business, or directly restrict the formation, operation or expansion of their business.

The proposed establishment of a Redevelopment District within the City of Fernley does not impose a direct and significant economic burden upon a business, nor does it directly restrict the formation, operation or expansion of a business. The proposed ordinance complements the strict regulatory structure set forth in Nevada Revised Statutes 279 and ensures the health, safety and general welfare of the citizens of the city is protected.

POLICY REFERENCE

Nevada Statutes: NRS 279

Fernley Municipal Code: N/A

Policies & Procedure Manual: N/A

Community Assessment: N/A

Other:

BUSINESS IMPACT STATEMENT REGARDING PROPOSED REDEVELOPMENT AREA

Pursuant to NRS 237.080, the City of Fernley requested input from all interested parties through the following methods: The City prepared a questionnaire that asked for input regarding the potential impact to small businesses. On December 26, 2018, this questionnaire was sent with a copy of the proposed regulations to all members of the Fernley Chamber of Commerce. The public notice was posted on the City website, www.cityoffernley.org, on December 26, 2018. The notice provided links to all information regarding the establishment of the Redevelopment Project Area No. 1.

Staff received one written response (see attached). The response indicated that the proposed establishment of a Redevelopment District would not impose a direct and significant economic burden upon their business, or directly restrict the formation, operation or expansion of their business.

Staff also received two phone calls regarding the proposed Redevelopment District. One respondent was concerned about their travel center use being included in the Historic Downtown Sub-Area. Staff explained the names of the sub-areas were not intended to isolate certain businesses and that the City is proposing to create a single district comprised of multiple sub-areas. The second respondent was concerned the creation of the district would impact their current business operations. Neither respondent commented that the proposed Redevelopment District would impose a direct and significant economic burden upon their business, or directly restrict the formation, operation or expansion of their business.

The estimated economic effect of the proposed rule on businesses, including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:

- Adverse effects: It is not anticipated the proposed legislation to establish a Redevelopment District will have any direct or indirect impact on current businesses.
- Beneficial effects: It is anticipated the Redevelopment District will help to alleviate blighted conditions within the project area. The tax increment can be reinvested in the project area to enhance property tax revenues. The establishment of the Redevelopment District will provide a funding mechanism to improve the areas included in the district.
- Direct effects: The proposed establishment of a Redevelopment District does not impose a direct economic burden upon a business nor restrict the formation or expansion of a business to comply with the proposed rules and regulations.
- Indirect effects: The passing of this measure may have indirect effects. However, those effects cannot be quantified at this time.

The following constitutes a description of the methods the local government considered to reduce the

impact of the proposed rule on businesses and a statement regarding whether any, and if so which, of these methods were used:

- Based on the written responses and staff's analysis and research, it does not appear that the proposed ordinance imposes a direct and significant economic burden upon a business nor directly restrict the formation or expansion of a business.

The governing body estimates the annual cost to the local government for enforcement of the proposed rule is:

- The proposed legislation does not require the local government to enforce any provisions within the ordinance. The tax increment generated by the creation of the district would provide a potential funding mechanism to provide any enforcement deemed necessary.

The proposed rule provides for a new fee or increases an existing fee and the total annual amount expected to be collected is:

- The establishment of a proposed redevelopment district is not a new tax. The establishment of the proposed redevelopment district would enable the proposed redevelopment agency to reinvest incremental property tax revenues, normally distributed to the City of Fernley, Lyon County, the Lyon County School District, and the State of Nevada, into the revitalization and development of property and new and existing businesses within the proposed redevelopment district. Other redevelopment agencies in Nevada (including, for example, Boulder City, Carson City, Douglas County, Elko, Ely, and Henderson) have used these incremental property tax revenues to fund a variety of business recruitment, expansion and retention efforts.

The money generated by the new fee or increase in existing fee will be used by the local government to:

- The establishment of the proposed redevelopment district would enable the proposed redevelopment agency to reinvest incremental property tax revenues, normally distributed to the City of Fernley, Lyon County, the Lyon County School District, and the State of Nevada, into the revitalization and development of property and new and existing businesses within the proposed redevelopment district. Other redevelopment agencies in Nevada (including, for example, Boulder City, Carson City, Douglas County, Elko, Ely, and Henderson) have used these incremental property tax revenues to fund a variety of business recruitment, expansion and retention efforts.

The proposed rule includes provisions that duplicate or are more stringent than federal, state or local standards regulating the same activity. The following explains when such duplicative or more stringent provisions are necessary:

- The proposed change is not duplicative, or more stringent than existing federal, state or local standards.

Business Impact Statement Conclusion

The proposed establishment of a Redevelopment District within the City of Fernley does not impose a direct and significant economic burden upon a business, nor does it directly restrict the formation, operation or expansion of a business. The proposed ordinance complements the strict regulatory structure set forth in Nevada Revised Statutes 279 and ensures the health, safety and general welfare of the citizens of the city is protected.

REDEVELOPMENT STUDY SUPPORTING INFORMATION

The Fernley City Council commissioned a study in 2015 to determine the existence of blight conditions

within the City. At the unanimous direction of the Fernley City Council the University Center for Economic Development in the College of Business at the University of Nevada, Reno, prepared a comprehensive study which describes blight conditions within the city and identifies the feasibility of redevelopment opportunities in the community. These identified areas could potentially be considered for inclusion into a future redevelopment project area as defined by Nevada Revised Statutes, Chapter 279 Redevelopment of Communities.

The UCED completed this study in January 2016. For a proposed study area to be eligible for inclusion into a redevelopment project area, the legislative body, (City Council) must, in part, determine that the project area is financially and economically feasible. In short, the City Council must find that, over the lifetime of the project area, the redevelopment district will generate enough incremental assessed value and gross tax incremental revenue to support the operations of the redevelopment agency. The financial and economic feasibility study provided a basic assessment of the current trends in total assessed value and total ad valorem (property tax) revenues being currently generated within the proposed redevelopment project area. Additionally, it also provided an estimation of potential future ad valorem revenues that could support redevelopment efforts within the proposed project area over the lifetime of the redevelopment district and agency.

In consultation with city staff, a series of five separate geographic areas were selected. These are:

- Historic Downtown
- Industrial Area
- Residential Area
- West Development Area
- East Development Area

On April 20, 2016 the City Council unanimously voted to “move forward with a request for proposal of a possible area within the City of Fernley that could potentially be included a possible redevelopment project area.” Staff prepared a request for proposal (RFP) for the “City of Fernley Redevelopment Planning Study.” The RFP was advertised on the City of Fernley’s webpage from October 24 through November 11, 2016. Only one entity submitted a proposal, the University Center for Economic Development at the University of Nevada, Reno.

On December 21, 2016, the City Council approved a contract with the University Center for Economic Development to conduct a redevelopment planning study for the City of Fernley. The UCED contract includes completion of the following: required comprehensive blight study for each of the five sub-areas of the proposed redevelopment project area; development and completion of a draft and final redevelopment plan for the proposed redevelopment project area; and development and completion of the draft and final Owner Participation Agreement/Owner Participation Rules for the proposed redevelopment agency. The duration of this study is estimated to be twelve months and for a cost of \$28,000.

On June 21, 2017, City Council unanimously adopted Resolution 17-008, a resolution to direct staff to examine, explore, and assess the feasibility of establishing a redevelopment area and a redevelopment agency for the City of Fernley as laid out in Nevada revised statute Chapter 279 Redevelopment of Communities, with the expectation that staff will reach out to key stakeholders to participate in the process. UCED staff mailed a letter of notification to impacted property owners to inform every property owner within the study area (3,975 parcels) of the future blight survey. UCED staff conducted the blight survey from July 13-16 and July 22-23, 2017.

On November 15, 2017, City Council received the summaries of the blight analysis, blight survey results, the assessed value analysis for the study area, and the socio-demographic and economic analysis. In addition, the UCED proposal included the completion of several community workshops to be developed and moderated by UCED faculty and staff. These community workshops were planned to engage both internal and external stakeholders during the formation process as well as to collect vital information from elected and appointed officials, city staff, private sector business interests, property owners, and private citizens. The community workshops were held on:

- August 18, 2017
- January 27, 2018
- February 5, 2018
- February 10, 2018
- February 26, 2018

In addition to the community workshops, the City reached out to external stakeholders and held a meeting on October 3rd, 2018. The purpose of this meeting was to seek input regarding the draft Redevelopment Plan and draft Owner Participation Agreement/Rules. Representatives from Lyon County, Lyon County School District, North Lyon Fire Protection District, Fernley Pool District, and the State of Nevada were all invited to the meeting.

On October 17, 2018, City Council unanimously adopted Resolution 18-013, a resolution relating to community development; creating a redevelopment agency pursuant to Nevada Revised Statute 279.428; providing for the functions and duties of said agency; providing for an effective date. This Resolution created the Redevelopment Agency, which allows the Agency to complete the required process as established in NRS 279.

NEXT STEPS

- Preliminary Redevelopment Plan and the Preliminary Owner Participation Agreement (OPA)/Rules to the Planning Commission (November 2018). **DONE**
- Delivery and Presentation of the Preliminary Redevelopment Plan and the Preliminary Owner Participation Agreement/Rules to the City Council (December 2018). **DONE**
- FIRST Adoption of the Proposed Final Redevelopment Plan and OPA/Rules to the Planning Commission (December 2018). **DONE**
- Acceptance of Planning Commission's report and recommendation regarding the Proposed Final Redevelopment Plan and OPA/Rules by the City Council and direction to staff to prepare an Ordinance to adopt the Redevelopment plan and establishing Fernley Redevelopment Project Area Number One. (December 2018). **DONE**
- ***Acceptance of a Business Impact Statement regarding an Ordinance adopting the Redevelopment plan and establishing Fernley Redevelopment Project Area Number One (February 6, 2019).***
- First Reading, Introduction of an Ordinance adopting the Redevelopment plan and establishing Fernley Redevelopment Project Area Number One (February 6, 2019).
- Second Reading, Public Hearing of an Ordinance adopting the Redevelopment plan and establishing Fernley Redevelopment Project Area Number One (February 20, 2019).
- IF adopted and approved, beginning of the mandatory 90-day Challenge Period (February through April 2019).

- IF adopted and approved, and IF the 90-day Challenge Period is successful, DAY 1 of the Fernley Redevelopment Agency (May 2019).

FINANCIAL INFORMATION

FISCAL IMPACT:

1. Is There A Fiscal Impact? No
2. Is it Currently Budgeted? N/A
3. If Budgeted, Which Line Item/Account?

FISCAL SYNOPSIS:

There will be no fiscal impact from the acceptance of the business impact statement.

PRIOR COUNCIL ACTION/REVIEW

On December 19, 2018, the City Council voted unanimously in favor of the following motions:

1. I move to accept the Planning Commission’s report and recommendation regarding the Rules Governing Participation and Assistance by Property Owners in the City of Fernley Redevelopment Project Area No. 1 and the City of Fernley Redevelopment Agency, Redevelopment Plan for Redevelopment Project Area No. 1 based on the Findings and the facts supporting those Findings as set forth in the staff report.
2. Based upon the presentation and analysis of physical, social, and economic blight, as defined by Nevada Revised Statute Chapter 279 Section 388, I move to make the Finding that there is sufficient blight (physical, social, and economic) within the existing redevelopment study area to merit creation of the Redevelopment District and establishment of the Redevelopment Agency by ordinance.
3. Based upon the language and analysis presented in both the Owner Participation Agreement/Rules and the Redevelopment Plan, I move to make the Finding that the Redevelopment Plan is consistent with the current City of Fernley Master Plan.
4. Based upon the presentation and analysis of the Redevelopment Agency’s economic and fiscal feasibility assessment, I move to make the Finding that it is economically and financially feasible to create the Redevelopment District and establish the Redevelopment Agency at this time.
5. I move to direct staff to prepare an Ordinance for the adoption a Redevelopment plan and establishing Fernley Redevelopment Project Area Number One and to take all steps necessary in that regard to comply with applicable law.

On December 12, 2018, the Planning Commission, based on the Findings and the facts supporting those

Findings as set forth in the Planning Commission staff report, determined:

1. There **IS** sufficient blight (physical, social, and economic) within the study area to merit creation of the Redevelopment District and establishment of the Redevelopment Agency.
2. The Redevelopment Plan **IS** consistent with the City of Fernley's current Master Plan.
3. It **IS** economically and financially feasible to create the Redevelopment District and establish the Redevelopment Agency.

Based on these Findings, the Planning Commission voted unanimously, by those members present, to forward a recommendation of approval to the City Council for the Rules Governing Participation and Assistance by Property Owners in the City of Fernley Redevelopment Project Area No. 1 and the City of Fernley Redevelopment Agency, Redevelopment Plan for Redevelopment Project Area No. 1.

On December 5, 2018, the City Council did ask that the fiscal and economic feasibility study, included in the draft Redevelopment Plan, be revised to reflect the removal of the West Development sub-area and the Residential sub-area as asked for in Question No. 1. This analysis has been completed and a summary of the analysis is presented in the included University Center for Economic Development technical memorandum dated December 6, 2018. A copy of this technical memorandum has also been provided to the City Council and will be reviewed during the December 19, 2018 City Council meeting. The City Council did not request any additional analysis presented in the draft redevelopment plan as asked in Question No. 2. The City Council did not have any additional general concerns or comments regarding the draft Owner Participation Agreement/Rules or the draft Redevelopment Plan as asked for, specifically, in Question No. 3.

On November 14, 2018, the Planning Commission did not have any suggested changes for the boundaries of the study area as asked in Question No. 1. The Planning Commission did not request any additional analysis presented in the draft redevelopment plan as asked in Question No. 2. The Planning Commission did ask for an analysis regarding the potential fiscal impact the establishment of the proposed Redevelopment District and proposed Redevelopment Agency may have on the Lyon County School District as asked for in Question No. 3. This analysis has been completed and a summary of the analysis is presented in the included University Center for Economic Development technical memorandum dated November 29, 2018. A copy of this technical memorandum has been provided to the City Council, Lyon County, and the Lyon County School District.

On October 17, 2018, City Council unanimously adopted Resolution 18-013, a resolution relating to community development; creating a redevelopment agency pursuant to Nevada Revised Statute 279.428; providing for the functions and duties of said agency; providing for an effective date.

On November 15, 2017, City Council received the summaries of the blight analysis, blight survey results, the assessed value analysis for the study area, and the socio-demographic and economic analysis.

On June 21, 2017, City Council unanimously adopted Resolution 17-008, a resolution to direct staff to examine, explore, and assess the feasibility of establishing a redevelopment area and a redevelopment agency for the City of Fernley as laid out in Nevada revised statute Chapter 279 Redevelopment of Communities, with the expectation that staff will reach out to key stakeholders to participate in the process.

On December 21, 2016, City Council approved a contract with the University Center for Economic Development to conduct a redevelopment planning study for the City of Fernley.

On April 20, 2016, the City Council unanimously voted to “move forward with a request for proposal of a possible area within the City of Fernley that could potentially be included a possible redevelopment project area.”

On July 15, 2015, Dr. Fred Steinman from the UCED presented and outlined the steps of creating a redevelopment agency. Council unanimously approved a motion for staff “to come back with a dollar figure on how much it will cost the City of Fernley to create a redevelopment district.”

ATTACHED INFORMATION

- Business Impact Statement
- Business Impact Questionnaire
- Public Comment