



Carson City Community Development

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MEMORANDUM

Board of Supervisors meeting of January 7, 2016

TO: Board of Supervisors
FROM: Lee Plemel, Community Development Director
DATE: January 6, 2016
SUBJECT: Late Material for January 7, 2016, Item 19(A), NID Ordinance

The following items are attached as late information for the above-noted item:

- 1) Revised staff report. Changes were made to three of the bullet points in the staff report to more accurately explain the provisions of the ordinance for the official record. Changes are shown in Track Changes format.
- 2) Revised ordinance. Additional clarifications were made based on discussion with the Treasurer pursuant to direction by the Board of Supervisors during first reading of the ordinance. Changes are shown in Track Changes format.
- 3) Revised ordinance Exhibit A, NID Map. The map was corrected to identify the Children's Museum property as public property (in City ownership) and remove the property from the NID area. The property was not listed in the assessment table and the revision makes the map consistent with the assessment table, Exhibit C.

LATE MATERIAL
MEETING DATE 1/7/16
ITEM # 19A



Late Material revisions are shown in Track Changes format.

STAFF REPORT

Report To: Board of Supervisors

Meeting Date: January 7, 2016

Staff Contact: Lee Plemel (lplemel@carson.org)

Agenda Title: For Possible Action: To adopt, on second reading, Ordinance No. 2016-___, an ordinance creating the Downtown Neighborhood Improvement District pursuant to Chapter 271 of Nevada Revised Statutes for the purpose of paying for maintenance of the Downtown Streetscape Enhancement Project, which includes improvements to Carson Street between Fifth Street and William Street, improvements to Third Street between Carson Street and Curry Street, and improvements to Curry Street between Musser Street and Robinson Street.

Staff Summary: The purpose of establishing the NID is to assess the private property owners within the area for the cost of ongoing maintenance of the Downtown Streetscape Enhancement Project improvements to provide for consistent maintenance of the improvements. The proposed NID includes private properties generally located along Carson Street and Curry Street between Fifth Street and William Street, and on Plaza Street between Proctor Street and William Street.

Agenda Action: Ordinance - Second Reading

Time Requested: 10 minutes

Proposed Motion

I move to adopt, on second reading, Ordinance No. 2016-___, an ordinance creating the Downtown Neighborhood Improvement District pursuant to Chapter 271 of Nevada Revised Statutes for the purpose of paying for maintenance of the Downtown Streetscape Enhancement Project.

Board's Strategic Goal

Economic Development

Previous Action

The Board of Supervisors introduced the ordinance on December 17, 2015, by a vote of 4 ayes and 1 nay, with recommended modifications.

Background/Issues & Analysis

Adoption of an ordinance is required to establish a Neighborhood Improvement District per NRS 271. The purpose of the NID is to help cover the cost of maintenance of the Downtown Streetscape Enhancement Project improvements. In adopting the ordinance, the Board of Supervisors must determine that public convenience and necessity require the NID's creation, and that its creation is economically sound and feasible. This is identified within the ordinance in compliance with NRS 271.

Attached is the ordinance establishing the NID. The ordinance includes exhibits showing the area proposed to be included within the NID, a list of specific properties within the NID with the proposed assessment for each property in the first year of its implementation, a cost estimate for project maintenance, and other provisions and conditions related to the NID. Following is a summary of the general provisions of the NID:

- The property owners within the NID are assessed for maintenance of the improvements along the property frontages of the private properties only. The City and State will continue to pay the full cost of maintenance for the improvements fronting their respective properties.
- The assessment may not be used by the City for any other purpose than Downtown Streetscape Enhancement Project maintenance *subject to permitted changes requested by the NID membership*.
- The NID pays for maintenance of sidewalk improvements and amenities within the sidewalk areas only. The City will continue to maintain the street improvements from curb to curb.
- The assessment to property owners in the first year ("Year One") will be a total of \$49,736, based upon the maintenance cost estimate and split detailed within the Petition and the proposed ordinance. That assessment will be split up among property owners based on the size of each property owner's building relative to the total square footage of buildings within the NID. The Year One assessment for each individual property is identified within the ordinance exhibits.
- If the actual cost of maintenance is less than the assessed amount in any given year, once a 20% reserve balance is accrued, the assessment for that year will be reduced to the actual estimated cost of maintenance. Until a 20% reserve balance is accrued, the maintenance ~~cost~~ *assessment* will be increased annually by the Consumer Price Index (CPI) but in no case shall that increase be more than 5%.
- The maintenance of the sidewalk and amenities will include snow removal, which is currently the responsibility of each property owner, in addition to sidewalk power washing, trash removal, landscape maintenance, and general cleaning. This is a higher level of maintenance than currently occurs in order to protect property values within the NID as well as protecting the City investment in the infrastructure.
- The base assessment cannot be increased *beyond allowed annual CPI increases* unless requested by property owners within the NID representing at least ~~50%-66-2/3%~~ of the basis of assessment and approved by the Board of Supervisors.

After adoption of the ordinance, remaining actions to implement the NID include:

- Establishment of a non-profit organization by the property owners within the NID.
- Approval by the Board of Supervisors of an agreement between the City and the NID regarding the operational details and roles of the City and NID in ongoing project maintenance.
- Confirmation of the annual assessment at the first Board of Supervisors meeting in June each year.

Contact Lee Plemel, Community Development Director, at lpemel@carson.org if you have any questions regarding this item.

Attachments:

- 1) Ordinance with exhibits.
- 2) Ordinance with revisions since first reading shown

Applicable Statute, Code, Policy, Rule or Regulation

NRS 271 (Local Improvements).

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: Property tax assessment.

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: The NID is intended to assess the property owners to cover the additional cost of downtown improvement maintenance to the City, alleviating the City of additional maintenance costs that would otherwise be incurred.

Alternatives

- 1) Adopt the ordinance to implement the NID.
- 2) Do not adopt the ordinance and determine other funding for downtown maintenance.

Board Action Taken:

Motion: _____	1) _____	Aye/Nay
	2) _____	_____

(Vote Recorded By)

BILL NO. 115

ORDINANCE No. 2016-__

AN ORDINANCE CREATING THE DOWNTOWN NEIGHBORHOOD IMPROVEMENT DISTRICT PURSUANT TO CHAPTER 271 OF THE NEVADA REVISED STATUTES FOR THE PURPOSE OF PAYING FOR A PORTION OF THE COSTS REQUIRED TO MAINTAIN THE DOWNTOWN STREETScape ENHANCEMENT PROJECT, WHICH INCLUDES IMPROVEMENTS TO CARSON STREET BETWEEN FIFTH STREET AND WILLIAM STREET, IMPROVEMENTS TO THIRD STREET BETWEEN CARSON STREET AND CURRY STREET, AND IMPROVEMENTS TO CURRY STREET BETWEEN MUSSER STREET AND ROBINSON STREET.

The Board of Supervisors of Carson City do hereby ordain:

SECTION I:

1. This ordinance creates the Downtown Neighborhood Improvement District (hereinafter "NID") pursuant to Chapter 271 of the Nevada Revised Statutes (hereinafter "NRS") based upon a petition submitted by property owners representing at least fifty percent of the assessed valuation of the properties within the NID. The NID's purpose is to cover that portion of the cost of ongoing maintenance for those off-street improvements first constructed along the frontages of private properties within the NID as part of the Downtown Streetscape Enhancement Project (e.g. sidewalks, landscaping, benches, etc.) that exceeds the maintenance costs already borne by Carson City for the frontages of those private properties.

2. Pursuant to NRS 271.325, the Board of Supervisors has determined that public convenience and necessity require the NID's creation, and that its creation is economically sound and feasible.

SECTION II:

The NID comprises only the area depicted on EXHIBIT A, including only the Assessor Parcel Numbers set forth on EXHIBIT C.

SECTION III:

The Downtown Streetscape Enhancement Project improvements that are to be maintained, in part, through NID-derived funds are graphically shown on Exhibit B, all of which front private properties within the NID's geographical boundaries. Maintenance of improvements fronting the public properties identified on Exhibit A are hereby expressly excluded from the NID and any NID-funded maintenance obligation.

SECTION IV:

1. The property owners within the NID shall respectively be assessed for fiscal tax year 2016-2017 ("Year One") the amounts shown on Exhibit C for each such property.

2. The City currently spends approximately \$37,284 per year on maintenance of the areas where Downtown Streetscape Enhancement Project's improvements will be constructed. The City will hereafter continue to contribute at least that amount toward the maintenance of those improvements.

3. The present annual maintenance cost estimate for the Downtown Streetscape Enhancement Project's improvements, including those on Carson Street, Curry Street, and the Third Street Plaza, is \$107,335. That estimate includes improvements that front properties owned by the State of Nevada ("State") and Carson City ("City"), respectively. The State and City will continue to maintain all improvements along their building frontages (as they do currently). The State and City properties occupy 29% (2,600 feet of a total of 8,950 feet) of the property frontage where Downtown Streetscape Enhancement Project improvements will be constructed. The difference between the current maintenance expenditure by the City (\$37,284) and the Year One estimated maintenance cost (\$107,335) is \$70,051. The private property owners' annual maintenance cost share (71% of \$70,051) is therefore estimated to be \$49,736. This is the amount that will be assessed to property owners in Year One, as further detailed below in Section V of this Ordinance.

4. The Curry Street improvements under the Downtown Streetscape Enhancement Project are scheduled for construction two years after the Carson Street and Third Street improvements. It is the intent of this Ordinance to hereby establish a maintenance assessment for all of those improvements under the Downtown Streetscape Enhancement Project, including those made to Curry Street.

5. The NID Maintenance Plan, attached to this ordinance as Exhibit D, details the improvements to be maintained, the anticipated schedule and levels of maintenance of those improvements, and the estimated time and expense of that maintenance. The NID Maintenance Plan further provides for the power washing of sidewalks, garbage removal, general cleanup, landscape maintenance, and sidewalk snow removal.

SECTION V:

1. The NID's purpose is to ~~have the City self-~~ assess its members in an amount equal to Carson City's increased maintenance costs for the portions of the Downtown Streetscape Enhancement Project that are constructed within the NID's geographic boundaries. No portion of any funds received from the NID, through assessment or otherwise, shall be used to pay all or any portion of an expense previously obligated for, or which has traditionally been borne by, the City.

2. This NID's geographic boundaries will include all non-excluded real property depicted on Exhibit A, with those included properties being assessed based upon the commercial building square footage of a property relative to the total commercial building square footage of all properties included within the NID. Generally,

properties that directly front on the Downtown Streetscape Enhancement Project improvements are assessed at a 100% assessment rate, and properties that are elsewhere within the NID (i.e., are located on a side or adjacent street), are assessed at a 75% rate. All properties within the NID that are zoned exclusively residential (e.g., private homes and all private residences included within a mixed-use property) will be excluded from the NID and the resulting NID assessments. Where a change in use occurs for a property within the NID from commercial to residential or residential to commercial and that change becomes effective in the Assessor's records, the assessment will be adjusted with the next full assessment year as established at the time the Board of Supervisors confirms the assessment. No pro-ration by Carson City will be required for assessed NID properties sold during a tax year; rather, all such pro-rations will be privately addressed, if at all, by the buyer and seller to each such respective transaction. A Notice of NID Annual Assessment will be recorded against title to each and every assessed NID property.

3. The NID assessment shall be paid by each property owner in conjunction with such owner's property taxes for the year. Penalties and interest for delinquent amounts will be calculated in the same manner as for real property taxes. The assessment amount shall constitute a lien upon an assessed property and have the same priority as a lien for property taxes.

4. The total Year One assessment to all non-excluded property owners within the NID shall be \$49,736, collectively. The assessment shall be pro-rated each year among the NID's property owners based on the distribution method described in detail below.

5. The assessment shall increase each year by the Consumer Price Index for All Urban Consumers ("CPI") – All Items (1982-1984=100), as published by the U.S. Department of Labor, Bureau of Labor Statistics for the twelve month period ending December 31 next preceding the year for which the increase is being calculated, but in no event more than 5% on a year-over-year basis. An assessment shall not decrease from the prior year if the CPI goes negative for an evaluated period; provided, however, that once a credit balance of twenty percent (20%) above the projected cost of maintenance is established in the maintenance account for unexpected expenses (e.g. unanticipated heavy snow removal), the City shall reduce the assessment amount to the actual projected maintenance cost (if that cost is less than the base assessment amount plus CPI increases). If the credit balance decreases below 20% of the projected cost of maintenance, the assessment shall be increased that year to cover the projected cost of maintenance plus the additional cost to reestablish the 20% credit balance, but in no case shall the assessment be more than the base assessment plus CPI increases described above. If the cost of maintenance in any given year exceeds the assessed amount plus any available credit balance and the City incurs the cost to meet contractual maintenance obligations, the assessment shall be increased the following year to reimburse the City for those additional maintenance expenditures and replenish the credit balance but in no case shall the assessment be more than the base assessment plus CPI increases described above.

6. The City shall prepare the annual assessment estimate to be considered by the Board of Supervisors at or prior to its first meeting in June each year, at which time the Board of Supervisors may confirm the assessment by resolution and levy the assessment for the following tax year. In confirming the assessment, the Board of

Supervisors shall direct the Clerk to submit the list of parcel numbers and the assessed amount for each property to the Carson City Treasurer. The Board of Supervisors authorizes the Treasurer to *collect assessments and to reduce or waive penalties and interest* for good cause ~~pursuant to~~ *in the same manner as prescribed in* NRS 361.483 and NRS 361.4835.

7. In Year One and all subsequent years, Carson City must itemize and document the alleged increased maintenance costs by spreadsheet and corroborating documentation, which may include actual costs of maintenance or the cost of contracting the maintenance to a private company, as applicable.

8. All NID assessments shall be allocated, and all NID member voting shall be weighted, in the proportion to the square footage of each Member's NID building(s) bear(s) to the total square footage of all buildings within the NID, as reduced by 25% for each 75%-assessed NID Member, as detailed above and on Exhibit C. Square footage will be determined based upon the Carson City Assessor's Records.

9. Carson City and the State are not a part of the NID, and will be solely responsible for the maintenance of all improvements fronting their respective properties.

10. Upon request from the NID's board of directors, the Board of Supervisors may decrease the base assessment based upon an actual reduction in maintenance costs or other special considerations. The Board of Supervisors may further consider a request from the NID's board of directors for an increase in the base assessment to pay for other improvements or activities (such as marketing, advertising, equipment purchases, etc.), requests for increases in the levels of maintenance, or to modify the assessment percentages of property owners within the NID, as permitted by law, based on levels of service agreed to between the NID and City, so long as such a request is approved in writing by no less than those property owners within the NID that collectively represent at least 66-2/3% of the basis for assessment.

11. The City shall establish a procedure for obtaining a hardship determination on the basis of a property owner's ability to pay the assessment pursuant to NRS 271.357.

SECTION VI:

1. Pursuant to NRS 271.325(6), upon adoption of this Ordinance, the Board of Supervisors shall cause to be recorded in the office of the Carson City Recorder a certified copy of a list of the ~~tracts~~ *parcels* to be assessed and the amount of maximum benefits estimated to be assessed against each ~~tract~~ *parcel* in the assessment area, as shown on the assessment plat, as revised and approved by the governing body pursuant to NRS 271.320 (the area and the list of assessed properties). Neither the failure to record that list nor any defect or omission in that list shall affect the validity of any assessment, the lien for the payment thereof, or the priority of that lien.

2. In addition to the specific provisions of this ordinance, the NID shall be subject to all applicable requirements of NRS Chapter 271, Local Improvements.

SECTION VII:

EXHIBIT LIST. This ordinance contains the following exhibits:

- A. NID Map.
- B. Downtown Improvements Plan.
- C. NID Property List and Year-One Assessment
- D. NID Maintenance Plan and Cost Estimate

PROPOSED on _____, 2015.

PROPOSED by _____.

PASSED _____, 2016.

VOTE: AYES: SUPERVISORS: _____

NAYS: SUPERVISORS: _____

ABSENT: SUPERVISORS: _____

Robert Crowell, Mayor

ATTEST:

SUE MERRIWETHER
CLERK/RECORDER

This ordinance shall be in force and effect from and after the _____ day of _____, 2016.

PROPOSED DOWNTOWN NEIGHBORHOOD IMPROVEMENT DISTRICT

Exhibit A

