

## STAFF REPORT

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**Date:** April 24, 2024

**To:** Mayor and City Council

**Through:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Resolution of Intent, proposing the issuance of, and authorizing the publication of notices relating to general obligation (limited tax) sewer bonds (additionally secured by pledged revenues) in the maximum principal amount of \$70,000,000 for the purpose of financing sewerage projects for the city; and providing other matters properly related thereto. (Sewer Fund) (Two-thirds Majority Vote Required)

**From:** Vicki Van Buren, Director of Finance

**Department:** Finance

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### **Summary:**

The American Flat Advanced Purified Water Project (APWF) will provide the effluent disposal solution for the Reno-Stead Water Reclamation Facility's (RSWRF) four million gallons per day (4MGD) expansion. The RSWRF 4MGD expansion and associated APWF project will serve continued development in the North Valleys. In order to complete the necessary expansion, the City proposes to issue the City of Reno, Nevada, General Obligation (Limited Tax) Sewer Bond with a maximum principal amount not to exceed \$70,000,000 (the "Bond") to finance the project. This is a request to adopt a Resolution of Intent to issue the Bond and provide other matters relating thereto. Staff recommends Council adopt this Resolution.

### **Alignment with Strategic Plan:**

Infrastructure, Climate Change, and Environmental Sustainability  
Fiscal Sustainability

### **Previous Council Action:**

April 9, 2024 – The Washoe County Debt Management Commission (DMC) approved the City's proposal to issue the Bond.

March 13, 2024 – Council adopted a resolution requesting the Washoe County DMC to consider the proposal to issue the Bond.

August 10, 2022 – Council approved a resolution concerning the financing of sewerage projects for the City of Reno, directing the City Clerk to notify the Washoe County DMC of the City's proposal to issue General Obligation Sewer Bonds additionally secured by pledged revenues with a maximum principal amount not to exceed \$45,000,000. The DMC approved the resolution on August 19, 2022.

July 27, 2022 – Council approved a resolution concerning the financing of sewerage projects and directing the Director of Finance to apply for a loan from the State of Nevada's Clean Water State Revolving Loan Fund through the purchase of the City's General Obligation Sewer Bonds in the maximum principal amount of \$45,000,000.

May 18, 2022 – Council adopted the fiscal year (FY) 2022/23 City of Reno Budget including the Capital Improvement Plan (CIP).

November 10, 2021 – Council approved an interlocal agreement with Truckee Meadows Water Authority (TMWA) for the design and implementation of the OneWater Nevada APWF Project at American Flat, providing cost-sharing splits for design, construction, and ongoing costs.

**Background:**

The American Flat APWF project is a joint project with TMWA with cost-sharing per an executed Interlocal Agreement, dated December 7, 2021. The City's costs are included in the City's CIP for FY23 and FY24. In order to finance the City's portion of the project, the City anticipates issuing the Bond in a maximum principal amount not to exceed \$70,000,000. The repayment of the Bond is additionally secured by the net revenues of the City's municipal sewer system. The next step in the process is approval of this Resolution of Intent to issue the Bond pursuant to Nevada Revised Statute (NRS) 350.020(3). The Resolution directs the City Clerk to publish notice of a public hearing to be held on May 22, 2024, at 10:00 a.m. and publish notice of intent to issue the Bond. Pursuant to NRS 350.020(3), the Bond may be issued without an election unless a petition requesting an election signed by 5% of the registered voters of the City is presented to the Council within 90 days after the publication of a notice of the adoption of this Resolution requiring the Council to submit to the qualified electors of the City for their approval or disapproval the proposal to issue the Bond.

**Discussion:**

This Resolution is the next step in the authorization process for the Bond. Additional authorization proceedings include the publication of various notices described in this Resolution, holding a public hearing, and consideration of a bond ordinance. After completion of all legal proceedings, the bond is expected to be issued in December 2024.

**Financial Implications:**

Annual debt service on the Bond with a maximum principal amount not to exceed \$70,000,000 is estimated to be approximately \$5,574,000 per year. All debt service would be paid from the Sewer Fund. There will be no costs outside of the Sewer Fund. The Bond is a general obligation bond of the City and is additionally secured by a lien on the net revenues of the City's municipal sewer system.

**Legal Implications:**

Legal review completed for compliance with City procedures and Nevada law.

**Recommendation:**

Staff recommends Council adopt this Resolution.

**Proposed Motion:**

I move to adopt the Resolution.

**Attachments:**

DMC Executed Resolution

Intent Resolution

Form of Notice of Public Hearing

Form of Notice of Intent