

STAFF REPORT

Date: March 13, 2024

To: Mayor and City Council

Through: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Resolution concerning the financing of sewerage projects for the City of Reno; directing the City Clerk to notify the Washoe County Debt Management Commission (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 \$70,000,000; providing certain details in connection therewith; and providing the effective date thereof. (Sewer Fund)

From: Vicki Van Buren, Director of Finance

Department: Finance

Summary:

The American Flat Advanced Purified Water Project (APWF) will provide the effluent disposal solution for the Reno-Stead Water Reclamation Facility's (RSWRF) 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 General Obligation (Limited Tax) Sewer Bonds with a maximum principal amount not to exceed \$70,000,000 (the "Bond") to finance the project. The first step in issuing the Bond is obtaining approval from the Washoe County Debt Management Commission (DMC).

Alignment with Strategic Plan:

Infrastructure, Climate Change, and Environmental Sustainability
Fiscal Sustainability

Previous Council Action:

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 General Obligation (Limited Tax) Sewer Bonds with a maximum principal amount not to exceed \$70,000,000 (the "Bond"). The first step in the process is approval of a resolution to be considered at the next DMC meeting. The resolution directs the City Clerk to provide notice to the DMC of the City's proposal to issue general obligation sewer bonds additionally secured by the net revenues of the City's municipal sewer system.

Based upon a revenue study (Exhibit B to resolution) prepared by the City's municipal advisor, the resolution also makes a finding that the net revenues of the City's municipal sewer system will at least equal the amount required in each year for the payment when due of interest and principal on the Bonds and that no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of such Bonds for the term thereof.

Discussion:

This resolution is the first step in the authorization process for the Bond. Additional authorization proceedings include the consideration of a resolution of intent, publication of various notices, 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.

Legal Implications:

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

Recommendation:

Staff recommends Council adopt the Resolution.

Proposed Motion:

I move to adopt the Resolution.

Attachments:

DMC Notice Resolution

Exhibit B