

STAFF REPORT

Date: May 21, 2025

To: Mayor and City Council

Through: Jackie Bryant, City Manager

Subject: Ordinance Introduction – Bill No. ____ (For Possible Action): An Ordinance Authorizing the Issuance by the City of Reno, Nevada of its General Obligation (Limited Tax) Sewer Bonds (Additionally Secured By Pledged Revenues), Series 2025A in the Maximum Aggregate Principal Amount of \$69,599,200 and Series 2025B in the Maximum Aggregate Principal Amount of \$400,800 (Principal Forgiveness) for the Purpose of Financing the American Flat Advanced Purified Water Facility (APWF) Sewerage Project for the City; Providing the form, terms and conditions of the bonds and other details in connection therewith; and providing other matters relating thereto.

From: Vicki Van Buren, Director of Finance

Department: Finance

Summary:

The American Flat Advanced Purified Water Facility (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 the City of Reno, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally Secured By Pledged Revenues), Series 2025A in the Maximum Aggregate Principal Amount of \$69,599,200 and Series 2025B in the Maximum Aggregate Principal Amount of \$400,800 (Principal Forgiveness) (collectively, the "Bonds") to finance the project. This is a request to adopt an ordinance authorizing the issuance by the City of Reno, Nevada of its General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series 2025A and Series 2025B (Principal Forgiveness), to be sold to the State of Nevada Department of Conservation and Natural Resources acting by and through the Nevada Division of Environmental Protection in connection with a loan through the State of Nevada Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects (the "State Revolving Fund") and providing other matters relating thereto. Staff recommends Council refer Bill No. ____ for a second reading and adoption.

Alignment with Strategic Plan:

Infrastructure, Climate Change, and Environmental Sustainability

Previous Council Action:

May 22, 2024: The Council held a public hearing on the intent to issue the Bond as required by NRS 350.020(3).

April 26, 2024, May 3, 2024, and May 10, 2024: The City published notice of the public hearing to be held on May 22, 2024.

April 26, 2024: The City published notice of intent to issue the Bond.

April 24, 2024: The Council adopted the resolution of intent to issue the Bond with a maximum principal amount not to exceed \$70,000,000.

April 9, 2024: The Washoe County Debt Management Commission approved the City's proposal to issue the Bond with a maximum principal amount not to exceed \$70,000,000.

March 13, 2024: The City Council adopted a resolution requesting the Washoe County Debt Management Commission to consider the proposal to issue the Bond with a maximum principal amount not to exceed \$70,000,000.

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. In order to finance the City's portion of the project, the City anticipates issuing the 2025A Bond in a maximum principal amount not to exceed \$69,599,200 and the Series 2025B Bond in the maximum principal amount not to exceed \$400,800. The 2025B Bond will be a principal forgiveness loan whereby the principal amount forgiven by the State of Nevada Department of Conservation and Natural Resources acting by and through the Nevada Division of Environmental Protection (the "Department") pursuant to the Department's loan forgiveness program on the date of issue of the 2024B Bond under the 2024B Loan Contract. The repayment of the Bonds is additionally secured by the net revenues of the City's municipal sewer system. The final step in the legal proceedings is the adoption of this Bond Ordinance.

Discussion:

This ordinance authorizes the issuance of the Bonds to finance sewerage projects for the City. The adoption of the bond ordinance is the final step in the legal proceedings. After completion of all legal proceedings, the bond is expected to be issued in July 2025.

Financial Implications:

Annual debt service on the 2025A Bond with a maximum principal amount not to exceed \$69,599,200 is estimated to be approximately \$5,574,000 per year. The 2025B Bond is a principal forgiveness bond. No debt service is due on the 2025B Bond. All debt service would be paid from the Sewer Fund. There will be no costs outside of the Sewer Fund. The Bonds are general obligation bonds of the City and 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 move to refer Bill No. _____ for a second reading and adoption.

Proposed Motion:

I move to refer Bill No. _____ for a second reading and adoption. The Bill shall include the ordinance as specified.

Attachments:

2025 Bond Ordinance
2025A Loan Contract

2025B Loan Contract