

STAFF REPORT

Date: May 22, 2024

To: Mayor and City Council

Through: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Public Hearing on the intent of the City Council of the City of Reno to issue 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. (Sewer Fund)

From: Vicki Van Buren, Director of Finance

Department: Finance

Summary:

The American Flat Advanced Purified Water (APWF) Project will provide the effluent disposal solution for the Reno-Stead Water Reclamation Facility's (RSWRF) four million gallons per day (4MGD) expansion. The City proposes to issue the City of Reno, Nevada, General Obligation (Limited Tax) Sewer Bonds with a maximum principal amount not to exceed \$70,000,000 (the "Bond") to finance the project. This is a request to hold a public hearing on the intent to issue the Bond. Staff recommends Council open the public hearing, take public comment, then close the public hearing.

Alignment with Strategic Plan:

Infrastructure, Climate Change, and Environmental Sustainability
Fiscal Sustainability

Previous Council Action:

April 24, 2024: Council adopted the resolution of intent to issue a general obligation bond additionally secured by pledged net sewer revenues. The resolution of intent authorized the publication of notices and called a public hearing for May 22, 2024, at 10:00 am in the City Council Chambers.

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 DMC 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 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 to hold a public hearing pursuant to Nevada Revised Statute (NRS) 350.020(3). The notice of public hearing was published April 26, 2024; May 3, 2024; and May 10, 2024, pursuant to NRS 350.020(3).

Discussion:

This public hearing is the next step in the authorization process for the Bond. Additional authorization proceedings include the 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 open the public hearing, take public comment, then close the public hearing.

Proposed Motion:

Other than to hold the public hearing, no action is required of Council.

Attachments:

Notice of Public Hearing