

STAFF REPORT

Date: February 26, 2025

To: Mayor and City Council

Through: Jackie Bryant, City Manager

Subject: Staff Report (For Possible Action): Presentation, discussion, and direction to staff regarding the disposition of City-owned properties, including potential sales, leases, or transfers to the Redevelopment Agency.

From: Bryan McArdle, Revitalization Manager

Department: City Manager's Office

Summary:

The City of Reno owns 51 properties that are underutilized, no longer serve a municipal purpose, and could provide greater benefit by returning to the property tax roll and support the City's financial obligations. This report presents a comprehensive property disposition strategy, categorizing properties for sale, lease, or retention, and outlines financial and operational considerations. Staff seeks Council direction to proceed with appraisals, requests for proposals (RFPs), and negotiations as necessary.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

Previous Council actions

Background:

A review of City-owned properties identified 50 parcels without a defined long-term strategy, leading to inefficiencies in management and use. Staff has categorized these properties as follows:

- 12 parcels recommended for disposition
- 10 parcels proposed for purchase by the Redevelopment Agency (RDA)
- 3 parcels scheduled for sale to the Regional Transportation Commission (RTC)
- 2 parcels recommended for lease
- 8 parcels already under contract for disposition
- 16 parcels to be retained due to long-term agreements or funding obligations

Rather than handling property requests on a case-by-case basis, a proactive, strategic approach will allow for optimal use of City assets, ensuring alignment with financial goals and community needs.

Discussion:

Staff has compiled a list of properties, including their current status and proposed actions. The estimated value of each parcel is based on City-owned lease agreements and comparable sales. Properties identified for sale or lease will require appraisals to determine market value before final disposition.

The Reno Redevelopment Agency staff has expressed interest in retaining specific parcels for future redevelopment and economic development purposes. Instead of immediate disposition, the RDA could propose purchasing these properties and holding them until a more opportune time for sale or redevelopment. This approach would ensure that these assets remain available for strategic economic initiatives while still generating revenue in the short term.

Key considerations include:

- The trade-off between one-time revenue from sales and long-term lease income
- Potential increases in property tax revenue if properties are sold
- Market conditions affecting property values and sale timing
- Strategic retention of key parcels for future economic development
- Legal and financial obligations associated with each parcel
- Maintenance and management costs

Financial Implications:

A key consideration is whether selling these properties at this time is in the City's best long-term financial interest. The sale of properties would generate one-time revenue but would also mean the permanent loss of assets that could be leveraged or sold at a later date under potentially more favorable market conditions. However, returning certain properties to the tax roll may create long-term financial benefits through increased property tax revenues. Additionally, selling currently leased properties would reduce annual recurring revenue currently generated for the City.

Some of the lease revenues along the ReTrac corridor are utilized to support the maintenance of the ReTrac trench. The loss of these revenues may create an unfunded financial burden on the City for future maintenance costs. It is estimated that ReTrac repairs to the trench walls and associated structures and bridges will require \$7,000,000 in repairs through 2030 with a maintenance cost of \$500,000 per year starting in 2030. No funding source has been identified to support future repair and maintenance needs.

Legal Implications:

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

Recommendation:

Staff recommends Council provide direction on the proposed actions for the identified properties. This direction will enable staff to proceed with necessary steps, including obtaining appraisals, issuing Requests for Proposals (RFPs), and initiating negotiations as appropriate.

Proposed Motion:

“I move to approve staff recommendations and direct staff to proceed with necessary actions for property disposition and lease agreements.”

Attachments:

List of available properties and proposed staff recommendations