

STAFF REPORT

Date: August 14, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: **Staff Report (For Possible Action): Presentation, discussion, and direction to staff on the potential disposition of the properties generally located at 315 and 335 Record Street (Assessor's Parcel Numbers [APNs] 007-313-27, 007-313-28, 007-313-30, 007-314-14, 008-350-10 [Portion], and Portion of Record Street [No Parcel Number]), Reno, Nevada, in response to a public Request for Proposals (RFP) to include entering into an Exclusive Negotiating Agreement, and/or reversion of acreage; together with matters which pertain to or are necessarily connected therewith.**

From: Bryan McArdle, Revitalization Manager

Department: City Manager's Office

Summary:

Staff requests direction regarding the proposals to purchase or lease the properties located at 315 and 335 Record Street, formerly the Community Assistance Center (CAC), (Assessor's Parcel Numbers [APNs] 007-313-27, 007-313-28, 007-313-30, 007-314-14, 008-350-10 [Portion], & Portion of Record Street [No Parcel Number]), which consist of five parcels totaling approximately ±2.4 acres. The City of Reno Management Policy covering the Disposition of City-Owned Real Property (eff. 06-25-19), Section IX. C. requires Council to determine if and how the property should be disposed of.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

April 4, 2023 - Council was presented with a letter of interest and presentation from Bash Capital, LLC to purchase the CAC. Council directed staff to pursue proposals through a Request for Proposals (RFP) process in lieu of sale to Bash Capital, LLC.

Background:

In late 2003, Council identified Record Street for the co-location and expansion of homeless

services. The Men's Drop-in Center, Reno-Sparks Gospel Mission, and St. Vincent's Dining Facility were relocated, and a new women's shelter, family shelter, triage center, and community resource center were built circa 2008. The construction costs for both buildings exceeded \$20M with approximately \$3M in Community Development Block Grant (CDBG) funds used to cover the construction costs and bond debt. As the Nevada Cares Campus was completed in the spring of 2021, and operations ceased at the City-owned properties located at Record Street, the City no longer has a public need for the facilities and the City could dispose of these properties. The city-owned buildings are generally known as the CAC, which consists of two buildings, one being 47,992 square feet in size and the other 21,937 square feet. The general area is over 2.2 acres and will require an additional portion of Record Street to be abandoned.

Discussion:

On June 4, 2024, The City of Reno issued an RFP seeking proposals to partner with the City on the economic development of a City-owned parcel located at 315-335 Record Street. To achieve the desired objectives, the City may offer the Subject Site through a sale or long-term ground lease to the selected Respondent for a "fair market value," which considers the community, economic, and social benefits of the planned development. Two appraisals were provided with the RFP. One appraisal conducted by Johnson, Perkins, Griffin came to a \$3.35M value conclusion after the demolition of the existing structures was considered. The other appraisal conducted by John S. Wright & Associates came to a \$3.4M value conclusion after the demolition of the existing structures was considered. This makes the appraised fair market value of the properties \$3,375,000.

The RFP was designed to give all who may be interested and qualified an opportunity to suggest an economic development program or project that is both physically and financially feasible while meeting the City's goals. Depending upon the submissions, the City could directly enter into a Development/Sale or Lease Agreement with a selected Respondent based on Council approval with the possibility that title to the property would revert to the City if the project were not built within a specific time period.

Proposals were due on July 19, 2024, and four proposals were received.

- **Ulysses Development Group (UDG)** – 136-unit affordable housing development at or below 60% AMI. Offer Price: 15 yr. Seller Note for \$3.4M
- **Baxter Construction** – 118-unit mixed-income development. 90% workforce housing at 80% AMI, and 10% affordable housing at 60% AMI. Offer Price: \$600,000.
- **Marmot Properties:** Rehabilitation of existing structures for non-profit office space at reduced rents. Offer Price: \$1M
- **The Blocks:** Repurposed shipping containers as micro-business units. Offer Price: No Offer.

A review and selection committee has reviewed and will recommend proposals to Council which may, by motion, instruct staff to prepare a draft development agreement for sale, reject the

recommendation, or suggest different terms. The City reserves the right to conclude the selection process if it finds that none of the proposals meet the Council's expectations or Council desires to explore other opportunities for the site.

Project Scoring:

The full RFP proposals, as well as a brief summary of each proposal and the total score received by the review and screening committee, are attached. The final scores are summarized below. Staff recommends proceeding with Baxter Construction who received the highest ranking with a total score of 409, with an average score of 81.8.

Project Scoring Summary				
	Ulysses	Baxter	Marmot	The Blocks
Total	404	409	214	19
Av. Score	80.8	81.8	42.8	3.8

Financial Implications:

CDBG funds were utilized in the construction of the CAC in 2008. The construction costs of both facilities exceeded \$20M with approximately \$3M in CDBG funds used to cover the construction costs and bond debt. Sale proceeds shall be retained as program income for the City to use on other CDBG eligible projects if the selected proposal and intended use is not CDBG eligible.

Legal Implications:

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

Recommendation:

Based on the evaluation and scoring process, Staff recommends Council allow staff to negotiate and enter into a Purchase Sale Agreement with Baxter Construction and conduct a reversion to acreage of the properties.

Proposed Motion:

I move to approve staff recommendations.

Attachments:

- 315/ 355 Record Street Request for Proposal - Evaluation and Scoring Criteria
- Record Street RFP Project Summaries and Final Scoring
- Ulysses Development Group Proposal
- Baxter Construction Proposal
- Marmot Properties Proposal
- The Blocks Proposal

Vicinity Map Layout

JPG Appraisal

JSWA Appraisal

Request for Additional Information from Baxter

Marmot Supplement 7-30-2024