

STAFF REPORT

Date: November 20, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: Resolution No. ____ (For Possible Action): A Resolution concerning the City of Reno, Nevada, 2024 Special Assessment District No. 1 (Quilici Ranch), accepting a petition for the formation of the district to finance certain water infrastructure improvements and approving the form of development and financing agreement related to the district for the project located within the Mortensen-Garson Overlay District which includes assessor's parcel numbers (APNs) 038-190-48, 236-011-04, 236-021-07, 236-021-09, 236-181-03, 236-191-01, 236-191-02, 236-191-03, 236-191-04, 236-191-05, 236-191-06, 236-191-07, 236-191-08, 236-191-09, 236-191-10, 236-191-11, 236-191-12, 236-191-13, 236-191-14, 236-191-15, 236-191-16, 236-191-17, 236-191-18, 236-191-19, 236-191-20, 236-191-21, 236-191-22, 236-191-23, 236-191-24, 236-192-01, 236-192-02, 236-192-03, 236-192-04, 236-192-05, 236-192-06, 236-192-07, 236-192-08, 236-192-09, 236-192-10, 236-192-11, 236-192-12, 236-192-13, 236-192-14, 236-192-15, 236-192-16, 236-201-01, 236-201-02, 236-201-03, 236-201-04, 236-201-05, 236-202-01, 236-202-02, 236-202-03, 236-202-04, 236-202-05, 236-202-06, 236-202-07, 236-202-08, 236-202-09, 236-202-10, 236-202-11, and 236-202-12.

From: Vicki Van Buren, Director of Finance

Department: Finance

Summary:

Staff requests authorization from Council to continue with the formation of the 2024 Special Assessment District No.1 (Quilici Ranch) ("the District"), the levy of assessments on the property in the District, and the issuance of special assessment bonds to finance certain water infrastructure improvements that benefit the properties in the District. This resolution accepts the petition for the District and approves a Development and Financing Agreement for the District between the City and Toll North Reno, LLC, a Nevada liability company (the "Developer"). On the date hereof, the City Council is also considering the introduction of Creation, Assessment, and Bond Ordinances relating to the District.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

December 13, 2023: Council adopted a resolution accepting the petition for the proposed Special Assessment District (the “District”) and directed staff to negotiate the form and terms of a Development and Financing Agreement for the District between the City and the Developer.

February 22, 2023: Council adopted a Resolution approving a Deposit and Reimbursement Agreement between the City and the Developer relating to a proposed Special Assessment District in the City.

Background:

Toll North Reno, LLC, a Nevada limited liability company (the “Developer”), on behalf of itself, proposes the formation of the District in the City to finance the costs of certain public improvements. The project site is +/- 1,026 acres located within the Mortensen-Garson Overlay District (MGOD). The general location of the property is south and east of U.S. Highway 80, southwest of the Boomtown Garson Road overpass of the Highway. The Developer owns all the property in the proposed assessment district.

The proposed assessments would be paid by the future homeowners within the “Quilici” project. The project will include approximately 1,211 total residential units. The public improvements would include water infrastructure and the anticipated costs for these improvements is approximately \$39.6 million. The bond request amount is \$26.11 million. This would result in an average annual assessment payment of \$1,400 per homeowner based on a 30-year bond.

Discussion:

The District is proposed to finance portions of the water infrastructure needed to support the development within Quilici Ranch. The District is comprised of 11 villages (Phases 1 and 2), which include a total of 62 assessable parcels and approximately 368 net assessable acres. The District is located southeast of Interstate 80 and east of Quilici Ranch Road and is intended to be developed into approximately 1,039 single-family residential units and 172 multi-family residential units. The development also includes a school site and two parks that will be dedicated to the City.

The District improvements will consist of the construction of certain water improvements as defined in NRS Chapter 271. The District projects are directly related to the development of the parcels within the District and will benefit the property within the District. The construction of the improvements will allow all assessed parcels to develop to their planned densities.

There are a total of seven District projects. A portion of the cost associated with these projects will

be paid for by District assessments and the remainder of the cost will be borne by the Developer. The proposed District will utilize the Alternate Procedure for Local Improvements, as outlined in NRS 271.700 through 271.730. These special assessment districts differ from standard special assessment districts that are commonly used in Reno for infrastructure improvements and for supplemental services in the Downtown area. Key differences include a requirement for 100 percent owner consent, provisions for developer funded expenses, security provided with encumbrances to the applicant's property, and additional financial contingencies. Under this framework, the assessment bonds are not a debt of the City, and the City has no repayment liability pursuant to NRS 271.500.

Pursuant to the Deposit and Reimbursement Agreement, which was approved by the Council on February 22, 2023, the Developer will advance moneys to the City to be used by the City to pay costs and expenses associated with the formation of the District, the levy of assessments, and the issuance of bonds, such advances being subject to reimbursement or credit upon a successful issuance of bonds or the termination or abandonment of proceedings relating to the District. The purpose of this resolution is to accept the petition for the formation of the District and to approve the Form of the Development and Financing Agreement for the District between the City and the Developer. If this resolution is approved by Council, the Council will next consider the introduction of the Creation, Assessment, and Bond Ordinances relating to the District at this meeting.

Financial Implications:

All costs of the City related to the proposed District will be reimbursed to the City from the money advanced by the Developer, or from proceeds of the Bonds issued to finance the public improvements in the District.

Legal Implications:

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

Recommendation:

Staff recommends Council adopt the Resolution accepting a petition for the formation of the district and approving a Development and Financing Agreement for the District between the City and the Developer.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Resolution

Development and Financing Agreement