

STAFF REPORT

Date: August 23, 2023

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Resolution of the Reno City Council pursuant to NRS 268.063, determining that it is in the best interest of the public to enter into an Economic Development Agreement to convey City-owned property located at 1610 and 1790 West Fourth Street (APN: 010-610-10 and 010-610-11) for full appraised value of \$870,000 to JM Ranches, LLC, a Wyoming Limited Liability Company, without first offering it to the public, because the property will be sold for an economic development project and will be sold for its Fair Market Value.

From: Bryan McArdle, Revitalization Manager

Department: City Manager's Office

Summary:

At the January 25, 2023 meeting, Council approved moving forward with negotiating an economic development agreement to sell the City-owned property located at 1610 and 1790 West Fourth Street to the City's current tenant, JM Ranches, LLC, and bring the development agreement back to Council for review and approval. In accordance with Council direction, this is the Economic Development and Purchase/Sale Agreement setting out the approved and agreed upon sale terms. Staff recommends approval of the Resolution and authorization of the City Manager to finalize the agreement and the City Manager and Mayor to execute all documents to complete the sale of the property for the appraised value of \$870,000.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

January 25, 2023 - Council approved to sell the property located at 1610 and 1790 West Fourth Street (APN 010-610-10 and 010-610-11) to JM Ranches, LLC.

Background:

The City obtained ownership of the land from the Union Pacific Railroad (UPRR) transfer as

part of the ReTRAC project in 2006 and later conveyed the property into joint ownership with the Redevelopment Agency when all of the ReTRAC parcels were re-parceled. JM Ranches is the current leaseholder, as well as the owner of the building located at 1790 West Fourth Street. As discussed in the January 25, 2023 meeting, JM Ranches is looking to invest upwards of \$170,000 in capital improvements in the building and wishes to secure the land to protect the investment. These improvements include the expansion of the current business, Eagle Window and Door, that operates and occupies half of the building, to the entire building to create a brand new show room. Staff reviewed the request and determined there was no need for any of the parcels along this portion of Fourth Street for redevelopment due to their shape, size and location, and Council approved the sale. Since these parcels are outside of the Redevelopment area, staff were directed to have RDA quitclaim its interest in the property to the City, which item is concurrently scheduled for today's Redevelopment Agency agenda.

Discussion:

As part of Council direction at the January 25, 2023 meeting, staff is returning to complete the sale of the parcels known as 010-610-10 and 010-610-11 to JM Ranches, LLC, under an economic development project that will be used for the retention of existing commercial enterprises to support new commercial enterprises or expansion of existing commercial enterprises that will create or retain opportunities for employment for residents of the City for five years and will be sold for the full appraised value of \$870,000. As part of NRS 268.063 requirements, City obtained two independent appraisals from Carter-Ott Appraisal Ltd., with an estimated fair market value of \$880,000; and Johnson Perkins Griffin, with an estimated fair market value of \$860,000, for an average fair market value of \$870,000.

The attached Economic Development and Purchase/Sale Agreement is a draft that covers the above terms and conditions for the sale of the property. After due diligence and discussions with the purchaser, it may need some adjustments to details, which the City Manager is authorized to complete, and the Mayor is authorized to execute any Deeds to transfer the property and City Manager, or designee, to execute and deliver all documents to close the sale.

Financial Implications:

Since the ReTRAC Revenue Bonds have been paid in full, the sale proceeds can be used for other financial needs of the City.

Legal Implications:

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

Recommendation:

Staff recommends Council adopt the Resolution.

Proposed Motion:

I move to adopt the Resolution.

Attachments:

- Economic Development and Purchase/Sale Agreement
- Appraisal Report - Julie Ott
- Appraisal Report - Griffin
- MAP 4th Street Tenant Land Purchase
- Resolution - Economic Development Agreement