

STAFF REPORT

Date: July 27, 2022

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Presentation, discussion and potential direction to staff regarding the purchase of two properties located at 9390 N. Virginia Street (APN: 570-271-07) and 9446 N. Virginia Street (APN: 570-271-05) to secure land for City Maintenance Yard to support satellite operations in the amount of \$2,870,000. (Sewer Enterprise Fund/Street Fund)

From: Ryan Bird

Department: Maintenance and Operations

Summary: The Maintenance and Operations team has found a suitable site located at 9390 North Virginia Street and 9446 North Virginia Street that is geographically ideal for a City Maintenance Yard to support satellite operations. The surrounding commercial zoning will enable maintenance operations 24 hours per day, seven days per week. The satellite office will provide a workspace, shop area, storage, office space, restrooms, breakroom, etc., all of which better locates both staff and supporting equipment closer to serve critical infrastructure needs, while keeping pace with Reno's growing community. The immediate need is to purchase land for the Sewer/Storm and Streets operations. Facilities, Fleet, Traffic, Parks, and other operational needs will subsequently be added and proportionately funded as sections come online. Staff requests Council direct the City Manager to negotiate the purchase agreements, substantially in the form attached hereto, based on the accepted terms within the Letters of Intent and approve the acquisition of the properties. The total cost of the land is \$2,870,000. The funding for this purchase is Sewer Enterprise Fund and Street Fund, equally split.

Alignment with Strategic Plan: Infrastructure, Climate Change, and Environmental Sustainability

Previous Council Action: There is no recent Council action relevant to this item.

Background: In order to keep pace with Reno's growing community, Council approved funding for FY23 to find real property and build a satellite facility to support Maintenance & Operations in the North Valleys. Council approved \$1.5M in Sewer Enterprise Fund and \$1M in the Street Fund for this purchase. Maintenance and Operations staff in conjunction with the City's Property Agent began looking for parcels in early 2022. It was determined most available land did not meet the needs of a satellite facility given the nature of the 24-hour, seven days a week operations. The two parcels recommended immediately meet the need to support a satellite facility for the Sewer and Storm and Street Sections. Other departments with operational needs in the North Valleys will have an opportunity to be subsequently added and proportionately funded as those sections come online.

Discussion: Council approved \$1.5M and \$1M with the Sewer Enterprise Fund and Streets Fund, respectively, during the 2023 Fiscal Year budget Capital Improvement Plan to secure a satellite facility in the North Valleys. The City's Corporation Yard headquarters located on Commercial Row currently occupies approximately 10 acres. The headquarters is landlocked by the Truckee River, freeway, rail road, and a petroleum Distribution Company. To serve the North Valleys, satellite offices will help to provide timely emergency response, save fuel costs, help extend the life cycle of the fleet, provide an alternative operating location in the event of a natural disaster, as well as to accommodate trends around flexible working hours, help reduce commutes and reduce the number of workers in the main office at any one time. The North Valleys Satellite Facility will support buildings with HVAC, communications, office space, restrooms, storage, outside wash racks, salt and sand operations, and space to support additional operations in the future. This satellite facility will enhance employee efficiency with less commuting times, provide a second location in the event of natural disaster, curtail fuel costs, and extend life cycle costs for the Fleet, all of which improve the customer experience with

readily available response times. Servicing the north valleys during poor weather or infrastructure failure has increasingly become problematic, especially, during high commute times. The newly proposed facility recognizes the need to keep pace with Reno's growing community. On June 23, 2022, Letters of Intent (LOI) were signed to begin a "due diligence period." Because suitable commercial real estate that will allow Sewer and Streets operations is very limited, this is the first step to immediately secure both parcels. Council direction and approval is requested to authorize the City Manager to finalize negotiations of the purchase and sale agreements, substantially in the form attached hereto, and to complete the purchase of these parcels. Staff will return to Council at a future date(s) for authorization of needed capital (i.e. tenant improvement) project contracts and agreements. If Council does not approve the land acquisition, the earnest money deposits shall be refunded.

Financial Implications: The purchase is estimated at \$2,870,000 and would be split equally between the Sewer Enterprise Fund (\$1,435,000) and Street Fund (\$1,435,000) for Sewer and Streets operations. This project was approved in the FY23 CIP and funding is available in the Sewer fund of \$1.5M and \$1M in the Street Fund. The remaining funding gap of \$435,000 in the Street Fund would be covered with unallocated fund balance and leaves an estimated ending fund balance in the Street Fund of \$13.2M.

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

Recommendation: Staff recommends Council direct the City Manager to negotiate the purchase and sale agreements for the two parcels substantially in conformance with the accepted terms set forth in the Letters of Intent for Mayor's signature and approve acquisition of the properties.

Proposed Motion: I move to approve staff recommendation.

Attachments:

NV Satellite Parcel - Map

NV Satellite Parcels – Vicinity Map

LOI 9390 N. Virginia Street

LOI 9446 N. Virginia Street

PSA 9390 N. Virginia Street

PSA 9446 N. Virginia Street