

## STAFF REPORT

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**Date:** July 27, 2022

**To:** Mayor and City Council

**Thru:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Resolution concerning the financing of sewerage projects for the City of Reno; directing the Director of Finance to apply for a loan from the State of Nevada's Clean Water State Revolving Loan Fund through the purchase of the City's general Obligation Sewer Bonds additionally secured by pledged revenues in the maximum principal amount of \$45,000,000; providing certain details in connection therewith; and providing the effective date hereof. (Sewer Fund)

**From:** Vicki VanBuren

**Department:** Finance

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**Summary:** The American Flat Advanced Purified Water Project (APWF) will provide the effluent disposal solution for the Reno Stead Water Reclamation Facility's 4MGD Expansion that is currently under construction. The RSWRF 4MGD expansion and associated APWF project will serve continued development in the North Valleys. In order to complete the project, the City proposes applying for a loan from the State of Nevada's Clean Water State Revolving Loan Fund through the purchase of the City's general Obligation Sewer Bonds with a maximum principal amount not to exceed \$45,000,000 (the "Bond") to finance the project. The first step is to complete an application to request the State of Nevada Revolving Fund (SRF) purchase the Bond. The next step in issuing the Bond is obtaining approval from the Washoe County Debt Management Commission (DMC).

**Alignment with Strategic Plan:**

Infrastructure, Climate Change, and Environmental Sustainability  
Fiscal Sustainability

**Previous Council Action:**

May 18, 2022 – Council adopted the FY2022/23 City of Reno Budget including the Capital Improvement Plan.

November 10, 2021 - Council approved an interlocal agreement with Truckee Meadows Water Authority (TMWA) for design and implementation of the OneWater Nevada Advanced Purified Water Project at American Flat, providing cost sharing splits for design, construction, and ongoing costs.

**Background:** The American Flat APWF project is a joint project with the Truckee Meadows Water Authority (TMWA) with cost sharing per an executed Interlocal Agreement, dated December 7, 2021. The city's costs are included in the City's Capital Improvement Plan for FY23 and FY24. In order to finance the City's portion of the project, the City anticipates issuing General Obligation (Limited Tax) Sewer Bonds with a maximum principal amount not to exceed \$45,000,000 (the "Bond"). The City needs to complete an application to request the State of Nevada Revolving Fund (SRF) purchase the Bond and has discussed the calendar of events with State staff to meet the project timeline. TMWA is currently pursuing a Construction Manager at Risk (CMAR) contractor and construction and or procurement of materials is anticipated to commence in 2023.

Through the SRF program, principal will be drawn from Bond proceeds as needed for construction. Nevada Revised Statutes (NRS) requires that the City seek approval from the DMC before any formal action may be taken to incur any general obligation debt.

A presentation on this item was given to the Financial Advisory Board (FAB) on July, 14, 2022 at their regularly scheduled meeting.

**Discussion:** This resolution is the first step in the process for the Bond. Additional authorization proceedings include the DMC notice resolution, the DMC resolution, publication of various notices, holding a public hearing and consideration of a bond ordinance. After completion of all legal proceedings, the bond is expected to be issued in the spring 2023 and will mature in 2043.

**Financial Implications:** Annual debt service on the Bond with a maximum principal amount not to exceed \$45,000,000 is estimated to be approximately \$3,800,000 per year. All debt service would be paid from the Sewer Fund. There will be no costs outside of the Sewer Fund

**Legal Implications:** The City will be in compliance with NRS regarding seeking approvals from various entities for the issuance of the Bond. Legal review completed for compliance with City procedures and Nevada Law.

**Recommendation:** Staff recommends Council adopt the Resolution.

**Proposed Motion:** I move to approve staff recommendation.

**Attachments:**

Initial Resolution