



# WASHOE COUNTY

Integrity Communication Service

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## STAFF REPORT

BOARD MEETING DATE: July 16, 2024

**DATE:** May 29, 2024

**TO:** Board of County Commissioners

**FROM:** David Solaro, Assistant County Manager, [dsolaro@washoecounty.gov](mailto:dsolaro@washoecounty.gov)

**THROUGH:** Eric Brown, County Manager

**SUBJECT:** Recommendation to approve a request from the Greater Reno Community Ice Skating Association (GRCISA) to allow the association to secure financing on the ice arena building, (financing will not include Washoe County land), for Phase 2 of their project as outlined in Paragraph 21 of the executed License Agreement for Operation and Maintenance dated February 14, 2023, contingent on analysis of financing documents and conditions that may be applied by the Washoe County Bond Counsel. (Commission District 2.)

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### SUMMARY

Staff is requesting that the Board of County Commissioners (Board) approve a request from Greater Reno Community Ice Skating Association (GRCISA) to allow the association to secure financing on the existing ice arena building, not county land for phase 2 of their project as outlined in Paragraph 21 of the executed License Agreement for Operation and Maintenance dated February 14, 2023.

After review by County staff from the District Attorney's Office, Community Services Department, and Finance there are limited risks associated with granting the request as outlined in Exhibit A.

**Washoe County Strategic Objective supported by this item:** Economic Impacts: Support a thriving community.

### PREVIOUS ACTION

February 14, 2023-The Board approved Amendment No. 1 to the Ice Arena Development Agreement and a License Agreement for Operation and Maintenance, which facilitated GRCISA's operation and maintenance of the community ice skating facility.

March 8, 2022-The Board authorized a grant of \$10,000.00 to GRCISA to support scholarships for youth interested in learning ice sports but facing financial hardships.

January 26, 2021-The Board granted \$10,000.00 to GRCISA to support the funding of the organization's Washoe County sewer connection fees.

**AGENDA ITEM #** \_\_\_\_\_

November 21, 2019-Interim County Manager Solaro executed the Ground Lease with GRCISA following board authorization from 2017.

September 12, 2017-The Board executed an Ice Arena Development Agreement with GRCISA and authorized the County Manager to execute a Ground Lease.

April 25, 2017-The Board acknowledged a status report on the proposal and directed staff to complete stage two of the unsolicited proposal policy and bring back necessary documents for the construction and operation of the proposed facility.

April 26, 2016 -The Board acknowledged an update on GRCISA's unsolicited proposal for an ice-skating facility and directed staff to continue evaluating GRCISA's proposal and negotiate with GRCISA to develop a Memorandum of Understanding.

January 12, 2016-The Board approved an updated Unsolicited Proposal Policy and Guideline to be included in the Rules and Procedures for the Board of County Commissioners.

### **BACKGROUND**

The Greater Reno Community Ice Skating Association (GRCISA) embarked on a project to develop an ice arena, envisioned to provide indoor ice-rink-based recreation to Northern Nevada and neighboring communities. The project was planned to be completed in two phases: Phase One involving the construction of a National Hockey League-sized ice rink, and Phase Two, the construction of an Olympic-sized ice rink.

GRCISA's intent was to complete the project using its own resources, without financial contributions from Washoe County for the project's costs. A Ground Lease was established between Washoe County and GRCISA, where Washoe County expressed interest in GRCISA using county property for the project. The Development Agreement outlined the terms of the project, including the construction, operation, and maintenance of the ice arena.

The plan for the project included securing the necessary financing and ensuring the project aligned with county strategic objectives and legal frameworks. Opportunities presented by the project include enhancing community resources and recreational opportunities, which align with Washoe County's strategic goals of community stewardship.

The authorities involved include Washoe County as the lessor and GRCISA as the lessee, with legal considerations governed by Nevada Revised Statutes (NRS) and county codes. Ethical considerations involved the commitment to use the property in a manner that would not diminish its value or usefulness and to maintain the ice arena to county standards. Community considerations included providing a year-round recreational facility that would benefit residents and visitors, contributing to the quality of life and potentially providing economic benefits.

### **Legal and Regulatory References**

The Ground Lease and Development Agreement between Washoe County and GRCISA are governed by NRS 244.286, which allows counties to lease property for the

development of projects like the ice arena. The agreements required GRCISA to adhere to NRS 338.013 through NRS 338.090, which include provisions for prevailing wage rates and other construction-related regulations.

### **Master Plans and Strategic References**

The ice arena project aligns with the South Valleys Regional Park Master Plan, which describes the property and its intended use for the project. The project supports Washoe County's stewardship of the community by enhancing community resources and providing recreational opportunities that improve the quality of life for residents and visitors.

The project's contribution to the goals and objectives of the county's strategic and master plans is evident in its focus on community development, recreational opportunities, and the potential for economic growth through increased tourism and local spending. The operation and maintenance of the ice arena, as outlined in the Operation and Maintenance Agreement dated February 14, 2023, further solidifies GRCISA's commitment to these strategic goals by ensuring the facility's long-term sustainability and accessibility to the community.

### **FISCAL IMPACT**

There is no fiscal impact to Washoe County.

Washoe County Bond Counsel will need to be retained by Washoe County for analysis of any financing documents. The costs associated with the review by Bond Counsel will be reimbursed by GRCISA.

The financial implications of the request from the Greater Reno Community Ice Skating Association (GRCISA) to secure financing on the ice arena building for phase 2 of their project, as outlined in the Operation and Maintenance Agreement, are multifaceted. According to the documents provided, GRCISA intends to complete the project using its own resources, without financial contributions from Washoe County for the project's costs. This approach has several financial implications:

1. **Self-Financing:** GRCISA's commitment to self-finance the project means that the association would be responsible for securing the necessary funds to cover the costs of phase 2 of the ice arena building. This could involve obtaining loans, attracting investors, or fundraising efforts.
2. **No County Funds:** The agreement that Washoe County will not contribute funds to the project's costs ensures that the financial burden of the project does not fall on the county or its taxpayers. This is beneficial for the county's budget, as it would not need to allocate resources to this project.
3. **Financial Instruments:** The documents mention that GRCISA is to provide a letter of credit equal to 110 percent of the estimated cost to maintain and operate Phase One for one year, in the event GRCISA defaults under the Ground Lease. A similar financial guarantee is required for Phase Two, ensuring that the County has some financial security in the event of a default.

4. **Risk Management:** By allowing GRCISA to secure financing on the building and not the land, Washoe County is mitigating the risk of being financially liable for the project while still facilitating the development of a community resource.
5. **Strategic Alignment:** The project aligns with Washoe County's strategic objectives by enhancing community resources without incurring financial risk or responsibility for the county. This strategic alignment ensures that the project contributes to the county's goals without negatively impacting its financial strategy.
6. **Operational Costs:** GRCISA has estimated the cost to maintain and operate Phase One of the Project at \$600,000 per year. These operational costs will need to be covered by GRCISA's financing strategy, which may include revenue from the ice arena's operations, such as facility rentals, events, and programs.
7. **Long-Term Financial Strategy:** The financial strategy for the ice arena must consider not only the construction costs but also the long-term sustainability of the facility. This includes generating sufficient revenue to cover operational expenses, maintenance, staffing, and potentially future expansions or improvements.

In summary, GRCISA's request to secure financing on the ice arena building for phase 2 of their project, while not encumbering county land, is a strategic financial decision that aligns with Washoe County's objectives. It places the financial responsibility on GRCISA, requires financial guarantees to protect the county, and fits into a larger financial strategy that aims for the long-term sustainability of the ice arena without burdening the county's finances.

### **RECOMMENDATION**

It is recommended the Board of County Commissioners approve a request from the Greater Reno Community Ice Skating Association (GRCISA) to allow the association to secure financing on the ice arena building, (financing will not Washoe include County land), for Phase 2 of their project as outlined in Paragraph 21 of the executed License Agreement for Operation and Maintenance dated February 14, 2023, contingent on analysis of financing documents and conditions that may be applied by the Washoe County Bond Counsel.

### **POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be: "Move to grant the request from the Greater Reno Community Ice Skating Association (GRCISA) to allow the association to secure financing on the ice arena building, (financing will not Washoe include County land), for Phase 2 of their project as outlined in Paragraph 21 of the executed License Agreement for Operation and Maintenance dated February 14, 2023, contingent on analysis of financing documents and conditions that may be applied by the Washoe County Bond Counsel."