



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: February 26, 2019

DATE: Friday, February 22, 2019

TO: Board of County Commissioners

FROM: Christine Vuletich, Assistant County Manager, Finance and Administration
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THROUGH: John Slaughter, County Manager
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SUBJECT: Recommendation to adopt a Resolution of Intent, proposing the issuance of, and authorizing the publication of notices relating to General Obligation (Limited Tax) Sewer Bonds (additionally secured by pledged revenues) in the maximum principal amount of \$50,000,000 to acquire, construct, improve and equip sewerage projects as defined in NRS 244A.0505 within the County; providing the manner, form and contents of the notices thereof; providing other matters properly related thereto; and providing the effective date hereof. (All Commission Districts.)

SUMMARY

Staff is recommending that the Board of County Commissioners ("the Board") adopt a Resolution of Intent to issue general obligation sewer bonds in the maximum principal amount of \$50,000,000 for construction of needed sewer utility projects as identified in the South Truckee Meadows Water Reclamation Facility (STMWRF) Facility Plan. The Resolution of Intent is the next step in a series of steps in the financing process for this project, which requires a future public hearing, and Board of County Commissioners' adoption of a Bond Ordinance and approval of a State Revolving Fund loan contract with the State of Nevada.

Washoe County Strategic Objective supported by this item: Stewardship of our community.

PREVIOUS ACTION

On December 11, 2018, the Board of County Commissioners directed staff to submit an application for a \$50 million loan from the State of Nevada Clean Water State Revolving Fund (SRF) loan program.

On January 15, 2019 the Board of County Commissioners adopted a resolution directing the Clerk to notify the Washoe County Debt Management Commission of the County's proposal to issue its Washoe County, Nevada General Obligation (Limited Tax) Sewer Bonds (additionally secured by pledged revenues) in the maximum principal amount of \$50,000,000 for sewer projects; providing certain details in connection therewith; and providing the effective date hereof.

AGENDA ITEM # _____

On February 15, 2019, and as required per NRS 350.14, the Washoe County Debt Management Commission (DMC) approved a resolution concerning the submission to the Washoe County Debt Management Commission of a proposal to issue Washoe County, Nevada General Obligation Sewer Bonds (additionally secured by pledged revenues) in the maximum principal amount of \$50,000,000; and approving certain details in connection therewith.

BACKGROUND

The Board is being asked today to adopt a Resolution of Intent to issue bonds as a necessary step in the application process for a State SRF loan. SRF loans are issued in the form of a bond, in accordance with the provisions of NRS Chapter 350. All steps to sell a bond on the open market must be followed, except that the bond is sold to the State Treasurer at a below market rate, which would provide the County with the lowest cost financing available for this project. With the DMC's approval of the proposed bond issuance, the next step in the process is for the Board of County Commissioners to adopt a Resolution of Intent and Sale Resolution. Upon adoption, a Public Notice of Intent will be published and a 90-day petition period begins. During that period a public hearing will be held, and the Board of County Commissioners may adopt a Bond Ordinance, to be effective at the end of the 90-day period. Finally, the State would set the interest rate, the Revolving Fund Loan contract would be executed, and the bonds would be issued.

The Sewer Bonds/State Revolving Fund Loan of \$50 million would provide 78% of the financing for three projects, the balance would be paid for from existing cash in the County's Utilities Fund. The total cost is estimated at \$63.9 million, and 90% would be paid from sewer connection fees. Projects to be financed with this proposed bond issuance include the STMWRF Facility Expansion 2020 Expansion Phase I Project (\$49.5 million funded by connection fees), the Pleasant Valley Reach 3 Sanitary Sewer Interceptor Project (\$9.8 million funded by connection fees), and the Huffaker Hills Reservoir Lining Improvements Project (\$6.4 million funded by user rates). The County would repay the proposed bonds/SRF loan with pledged revenues. The County would pledge in the bond ordinance, to maintain rates and connection fee charges of its sewer utility at levels that will provide for payment of operation and maintenance of the facilities, and for payment of principal and interest on the currently outstanding 2015 Sewer Bond and the proposed bond issuance.

FISCAL IMPACT

The maximum principal amount of proposed Washoe County, Nevada General Obligation (Limited Tax) Sewer Bonds (additionally secured by pledged revenues) to be sold is \$50,000,000. The proposed Sewer Bonds are expected to be issued in two phases, with approximately \$35 million to be issued in 2019 and the remaining \$15 million to be issued in 2022. Maximum annual debt service of approximately \$4.5 million, is expected to occur in Fiscal Year 2024. Pledged revenues are expected to be sufficient to pay the required principal and interest on the bonds/loan, and to meet debt service coverage requirements. Attached to this staff report is the Financial Information Presented to the Debt Management Commission of Washoe County, Nevada.

RECOMMENDATION

It is recommended that the Board, adopt a Resolution of Intent, proposing the issuance of, and authorizing the publication of notices relating to General Obligation (Limited Tax) Sewer Bonds (additionally secured by pledged revenues) in the maximum principal amount of \$50,000,000 to acquire, construct, improve and equip sewerage projects as defined in NRS 244A.0505 within the County; providing the manner, form and contents of the notices thereof; providing other matters properly related thereto; and providing the effective date hereof.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be: "Move to adopt a Resolution of Intent, proposing the issuance of, and authorizing the publication of notices relating to General Obligation (Limited Tax) Sewer Bonds (additionally secured by pledged revenues) in the maximum principal amount of \$50,000,000 to acquire, construct, improve and equip sewerage projects as defined in NRS 244A.0505 within the County; providing the manner, form and contents of the notices thereof; providing other matters properly related thereto; and providing the effective date hereof."