



# WASHOE COUNTY

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## STAFF REPORT

**BOARD MEETING DATE:** March 26, 2019

**DATE:** Wednesday, March 20, 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:** Public Hearing on the Intent of the Board of County Commissioners of Washoe County, Nevada, to issue General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues). (All Commission Districts.)

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### **SUMMARY**

Today's public hearing is the next in a series of steps in the financing process for the construction of needed sewer utility projects as identified in the South Truckee Meadows Water Reclamation Facility (STMWRF) Facility Plan. Subsequent steps required to complete this financing include a future adoption of a Bond Ordinance by the Board of County Commissioners, and approval of a State Revolving Fund (SRF) loan contract with the State of Nevada.

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

### **PREVIOUS ACTION**

On February 26, 2019, the Board of County Commissioners adopted 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.

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.

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

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

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.

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.

### **BACKGROUND**

The Board is being asked today to hold a public hearing on its intent to issue general obligation (limited tax) sewer bonds, in one series or more, in the aggregate principal amount of not exceeding \$50,000,000. Upon the Board's adoption of the resolution of intent to issue bonds on February 26, 2019, a Notice of Public Hearing on the intent to issue bonds was published, and a 90-day petition period began.

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. The Sewer Bonds/SRF 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 (\$8.0 million funded by connection fees), and the Huffaker Hills Reservoir Lining Improvements Project (\$6.4 million funded by user rates).

### **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 varying amounts and repayment terms, depending on project needs, and could be issued between June 2019 and February 2022. The bonds will be additionally secured by a pledge of the "Pledged Revenues," which include the net revenues of the County's municipal sanitary sewer, storm sewer and reclaimed water systems. Based upon the revenue study, presented to the Washoe County Debt Management Commission, Pledged Revenues will at least equal the amount required in each year for the payment of the interest on and the principal of the Bonds.

### **RECOMMENDATION**

It is recommended that the Board, hold a Public Hearing on the Intent of the Board of County Commissioners of Washoe County, Nevada, to issue General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues).

**POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be: "Move to hold a Public Hearing on the Intent of the Board of County Commissioners of Washoe County, Nevada, to issue General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues)."