



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: April 14, 2020

DATE: Wednesday, April 08, 2020

TO: Board of County Commissioners

FROM: Dwayne Smith, P.E., Division Director, Engineering and Capital Projects,
Community Services Department, 328-2043, desmith@washoecounty.us

THROUGH: Dave Solaro, Arch., P.E., Assistant County Manager
Community Services Dept., 328-3600, dsolaro@washoecounty.us

SUBJECT: Recommendation to approve an Indemnification Agreement between Di Loreto South Truckee Meadows, Inc. and Washoe County and approve disbursement to Di Loreto South Truckee Meadows, Inc; [in the amount of \$133,000.00] funding to come from the Washoe County Sewer Utility. (Commission District 2.)

SUMMARY

In 1984 Washoe County entered into an Agreement for Sale of Waste Water Treatment Facility between CDB Service, Inc. (CDB) and Washoe County (Sale Agreement) to sell their sanitary sewer assets and to provide CDB \$400,000.00 in cash credits for future sanitary sewer connections in the planned South Truckee Meadows Water Reclamation Facility (STMWRF).

The cash credits were specifically identified for use as "hookup fees" for sewer connections within the STMWRF service area and could only be used for one-half (1/2) of a connection fee with payments due at final map approval. Per the Sale Agreement, the cash credits were fully assignable by CDB to any transferee.

In 1990 CDB assigned all of its rights to the cash credits to the shareholders of CDB as follows: i) \$133,000 to Ben Caramella Family Trust; ii) \$133,000 to the Bianco Family Trust, and iii) \$133,000 to Ben Damonte and the estate of Eva Damonte. As required by the Sale Agreement, the assignments were documented to the County in a letter dated June 26, 1990.

With the development of the Curti Ranch residential development, the Bianco Family Trust credits were fully utilized. A review of Washoe County Utility records revealed that the Ben Caramella Family Trust and the Ben Damonte credits have not been utilized as of the date of this staff report and are in good standing.

On July 12, 2016, Di Loreto South Truckee Meadows, Inc. (DSTM) acquired the Caramella credits and have requested a disbursement of their portion of the available cash credits. Staff fully concurs with this request and has worked with DSTM's attorney to develop an indemnification agreement for the benefit of Washoe County. Staff recommends that the Board of County Commissioners approve the Indemnification

AGENDA ITEM # _____

Agreement and direct staff to disburse \$133,000 to DSTM which fully exercises DSTM's benefits under the agreement. Following this action, DSTM will no longer have cash credits associated with their 2016 acquisition of the Carmella credits.

Staff recognizes that the Ben Damonte credits remain uncommitted at this time and through initial discussions with his attorney anticipates a separate indemnification agreement and recommendation for disbursement to be brought to the Board for their consideration in the future.

Strategic Objective supported by this item: Stewardship of our Community.

PREVIOUS ACTION

On November 20, 1984, the Board approved an Agreement for Sale of Waste Water Treatment Facility with CDB Service, Inc.

BACKGROUND

In 1984 Washoe County entered into an Agreement for Sale of Waste Water Treatment Facility between CDB and Washoe County to sell their sanitary sewer assets to Washoe County including a sewage treatment building and equipment as well as two evaporation ponds and collection system piping. In addition, the County acquired CDB's customers and the operation/discharge permit from the State of Nevada. As part of the sale agreement, the Washoe County Utility provided CDB \$400,000.00 in cash credits for future sanitary sewer connections in the planned STMWRF. The cash credits were specifically identified for use as "hookup fees" for sewer connections within the future STMWRF service area and could only be used for one-half (1/2) of a connection fee with payments due at final map approval. Per the Sale Agreement, the cash credits were fully assignable by CDB to any transferee. In 1990 CDB assigned all of its rights to the cash credits to the shareholders of CDB as follows: i) \$133,000 to Ben Caramella Family Trust; ii) \$133,000 to the Bianco Family Trust, and iii) \$133,000 to Ben Damonte and the estate of Eva Damonte. As required by the Sale Agreement, the assignments were documented to the County in a letter dated June 26, 1990.

On July 12, 2016, DSTM acquired the Caramella credits and have requested a disbursement of their portion of the available cash credits. Staff worked with DSTM's attorney to develop an indemnification agreement for the benefit of Washoe County. During the extensive review of available records, it was confirmed that all the Bianco Family Trust credits were used for the Curti Ranch residential development and only the Caramella and Damonte credits had not been used.

With the understanding that the Ben Damonte credits remain uncommitted staff anticipates a separate indemnification agreement and recommendation for disbursement will be brought to the Board for their consideration in the near future.

FISCAL IMPACT

Sufficient funds and budget authority for the proposed disbursement exist in the Utilities Fund (566), STM Sewer Construction (668600).

RECOMMENDATION

It is recommended that the Board of County Commissioners to approve an Indemnification Agreement between Di Loreto South Truckee Meadows, Inc. and Washoe County and approve disbursement to Di Loreto South Truckee Meadows, Inc; [in the amount of \$133,000.00] funding to come from the Washoe County Sewer Utility.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be: "Move to to approve an Indemnification Agreement between Di Loreto South Truckee Meadows, Inc. and Washoe County and approve disbursement to Di Loreto South Truckee Meadows, Inc; [in the amount of \$133,000.00] funding to come from the Washoe County Sewer Utility."