



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: September 9, 2025

DATE: August 4, 2025

TO: Board of County Commissioners

FROM: Abbe Yacoben, Chief Financial Officer, Finance
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THROUGH: Kate Thomas, Interim County Manager

SUBJECT: Discussion and possible action by the Board of County Commissioners on approval of a Special Improvement District (SID) policy. A SID is a defined geographical area within Unincorporated Washoe County in which a developer proposes to construct eligible infrastructure that otherwise would not be constructed or installed by Washoe County using tax-exempt bonds. While the bonds are not obligations of the County, the Board must approve their issuance. This proposed policy addresses the terms and conditions under which the Board of County Commissioners will consider a Special Improvement District. Finance (All Commission Districts.) FOR POSSIBLE ACTION

SUMMARY

Staff requests that the Board of County Commissioners approve the creation of a Special Improvement District (SID) policy. This report provides an overview of the proposed policy, which establishes the framework for evaluating and approving SIDs within unincorporated Washoe County. The policy is designed to ensure that eligible infrastructure projects, which would not otherwise be constructed by the County, can be financed through the issuance of tax-exempt bonds, with the understanding that such bonds are not obligations of the County and require Board approval for issuance in accordance with NRS Chapter 271. The purpose of this report is to outline the terms and conditions under which the Board will consider SID proposals, including requirements for public benefit, financial security (limiting risk and liability to the County wherever practical), and consistency with County plans for future infrastructure. Washoe County Strategic Objective supported by this item: Stewardship of Our Community.

PREVIOUS ACTION

A review of Board of County Commissioners meeting records indicates that, prior to the current consideration of a formal Special Improvement District (SID) policy, the Board has taken a series of actions related to the creation, administration, and enforcement of SIDs

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within unincorporated Washoe County. These actions have primarily focused on the establishment of individual SIDs, the approval of related bond issuances, and the management of delinquent assessments, rather than the adoption of a comprehensive policy governing SID approval.

In recent years, the Board has routinely approved resolutions directing the County Treasurer to initiate collection proceedings for delinquent special assessments in existing districts, such as WCAD 32 (Spanish Springs Valley Ranch Rd) and WCAD 37 (Spanish Springs Sewer Phase 1A). For example, on May 23, 2023, the Board approved a resolution authorizing the Treasurer to give notice of the sale of properties subject to the lien of a delinquent special assessment in these districts. The motion was made by Commissioner Alexis Hill, seconded by Commissioner Clara Andriola, and passed unanimously. No parcels were ultimately sold at the scheduled sale, as all delinquencies were cured prior to the sale date. Similar actions were taken on May 24, 2022, and December 8, 2020, with the Board consistently following statutory procedures outlined in NRS 271.545 to NRS 271.630 for the collection of delinquent assessments. These actions have been presented by staff including Linda Jacobs, Deputy Treasurer, and Lauren Yantis, Collections Analyst, with oversight from the County Treasurer (most recently Justin Taylor and previously Tammi Davis).

Additionally, the Board has approved the creation of SIDs and the issuance of special assessment bonds for specific infrastructure projects, as required by NRS Chapter 271. For instance, on October 25, 2011, the Board adopted Ordinance No. 1473, establishing Special Assessment District No. 32 (Spanish Springs Valley Ranches Roads) and authorizing the assessment of costs against benefited properties. The ordinance was adopted following a public hearing, with testimony from property owners and association representatives, and was supported by a motion from Commissioner Bob Larkin, seconded by Commissioner David Humke, passing unanimously.

Earlier actions include the adoption of resolutions and ordinances for the creation of SIDs and the approval of related financing agreements, as seen in the establishment of Special Assessment District No. 23 in 1997 and the initiation of negotiations for a STAR Bond District in 2004. These actions were taken in accordance with the County's special assessment guidelines and state law, with the Board requiring detailed financial and feasibility information from petitioners prior to authorizing district formation or bond issuance. Notably, on February 10, 2004, the Board authorized staff to negotiate a financial agreement for the establishment of a special assessment district within the planned annexation area of the City of Sparks, subject to the posting of security by property owners to cover due diligence costs. The motion was made by Commissioner Jim Galloway, seconded by Commissioner David Humke, and carried with Commissioner Pete Sferrazza voting in opposition.

Throughout these proceedings, the Board has received presentations from staff, legal counsel, and, where applicable, outside consultants or bond counsel. Public comment and input from affected property owners have been integral to the Board's deliberations, particularly in cases involving the creation of new districts or the imposition of assessments.

In summary, while the Board has a history of actions related to the administration and enforcement of SIDs and the approval of individual district formations and bond issuances, there is no record of the Board previously adopting a comprehensive policy establishing uniform terms and conditions for SID approval. The current proposal represents the first formal effort to codify such a policy framework for future Board consideration of SID petitions and related bond issuances.

BACKGROUND

Special Improvement Districts (SIDs) have long served as a mechanism for financing public infrastructure in unincorporated areas of Washoe County, particularly where traditional funding sources or County-initiated projects are not feasible. The establishment of SIDs enables property owners or developers to initiate and finance the construction of eligible public improvements such as streets, water, sewer, and flood control facilities—through the assessment of benefited properties and the issuance of special assessment bonds. This approach is intended to address infrastructure needs that support new development or provide regional benefit, while ensuring that the financial responsibility for such improvements rests with those who directly benefit from them, rather than the general taxpayer base.

The legal authority for the creation and administration of SIDs in Washoe County is derived from Chapter 271 of the Nevada Revised Statutes (NRS), known as the Consolidated Local Improvements Law. NRS 271.265 authorizes counties to establish special assessment districts within their boundaries for the purpose of acquiring, improving, equipping, operating, and maintaining public projects that confer special benefit to assessed properties. The statute further provides for the issuance of bonds to finance these improvements, with repayment secured by assessments levied on the benefited properties. Notably, NRS 271.710 to 271.730 set forth the procedures for the formation of SIDs, the issuance of bonds, and the collection of assessments, including requirements for public notice, public hearings, and opportunities for property owner input or protest.

Washoe County's policy framework for SIDs, as articulated in the current draft policy, builds upon these statutory requirements by establishing additional criteria and procedural safeguards. The policy specifies that only publicly owned infrastructure is eligible for SID financing, and that improvements must be consistent with the County's Comprehensive Plan or Capital Improvement Program. It also requires that proposed projects demonstrate a regional or off-site benefit, and that property owners provide evidence of financial capacity, environmental due diligence, and compliance with all applicable land use and permitting requirements. The policy further outlines the need for financial guarantees, such as letters of credit or surety bonds, to mitigate risk to the County, and mandates that the County's general fund or taxing power shall not be pledged to SID bonds.

In addition to statutory and policy requirements, the SID process is influenced by broader County planning and strategic objectives. The Washoe County Comprehensive Plan and Capital Improvement Program serve as guiding documents for evaluating the eligibility and priority of proposed infrastructure projects. Alignment with these plans ensures that SID-financed improvements contribute to the County's long-term goals for growth management, public service delivery, and fiscal sustainability. The policy also supports the

County's strategic objective of "Stewardship of Our Community" by promoting responsible infrastructure development and safeguarding public resources.

Environmental assessments and indemnification provisions are included to address potential risks to the County caused by fluctuating land values and other factors. The County retains discretion to impose additional requirements or modify or waive specific provisions on a case-by-case basis, provided that such actions are determined to be in the best interest of the County and its residents.

Legal notice requirements for SID formation and bond issuance are governed by NRS Chapter 271, which mandates publication of notices in a newspaper of general circulation within the County and direct notification to affected property owners. The timing and content of such notices are prescribed by statute to ensure adequate opportunity for public awareness and participation in the decision-making process.

In summary, the development and implementation of a formal SID policy in Washoe County reflects a commitment to statutory compliance, prudent financial management, and alignment with community values and strategic plans. The policy framework is designed to facilitate the delivery of essential public infrastructure in a manner that is equitable, transparent, and consistent with the County's long-term vision for sustainable growth and fiscal stewardship.

FISCAL IMPACT

The fiscal implications of adopting the proposed Special Improvement District (SID) policy are primarily procedural and administrative in nature, as the policy establishes the framework for evaluating SID petitions and does not, in itself, authorize the issuance of bonds or the expenditure of County funds. The policy requires that all direct costs associated with the review, formation, and administration of a SID, including but not limited to consultant fees, staff time, legal review, engineering, and financial analysis be borne by the property owner or developer seeking SID approval. These costs must be paid in advance of bond issuance and are eligible for reimbursement from bond proceeds only if the bonds are ultimately issued. In the event that a SID does not proceed to bond issuance, the applicant remains responsible for all incurred costs, ensuring that the County does not assume financial risk for preliminary activities related to SID formation.

The source of funds for SID-financed improvements is limited to special assessments levied on the benefited properties within the district, as prescribed by NRS Chapter 271. The County's general fund, taxing power, or credit is not pledged to support SID bonds for undeveloped land, and the policy requires that adequate financial guarantees such as letters of credit or surety bonds be provided to further insulate the County from potential fiscal exposure. Additionally, the policy mandates that the property owner demonstrate the marketability of the proposed bonds and provide evidence of financial capacity to complete the project, thereby reducing the likelihood of project failure or assessment delinquency [NRS 271.265].

Administrative fees for the County's oversight and management of each SID are set at a minimum of one percent and a maximum of two percent of the bond amount, consistent with statutory limits. These fees are intended to offset the County's ongoing costs for

administering the district and are collected from the SID, not from the general taxpayer base.

In the broader context of the County's financial strategy, the SID policy is designed to align with existing debt management practices and statutory requirements. The policy does not impact the County's legal debt capacity or general obligation debt profile, as SID bonds are secured solely by assessments on benefited properties and are not considered general obligations of the County. The County's annual debt management policy, as required by NRS 350.013, will continue to provide a comprehensive overview of all outstanding and proposed debt, including any SID-related obligations, to ensure transparency and fiscal oversight [NRS 350.013].

In summary, the fiscal impact of adopting the SID policy is limited to the administrative costs of policy implementation and ongoing oversight, all of which are recoverable from applicants or through SID assessments. The policy is structured to prevent any adverse effect on the County's general fund or debt capacity, and to ensure that the financial responsibility for SID improvements remains with the parties who directly benefit from those improvements [NRS 271.265][NRS 350.013].

RECOMMENDATION

Discussion and possible action by the Board of County Commissioners on approval of a Special Improvement District (SID) policy. A SID is a defined geographical area within Unincorporated Washoe County in which a developer proposes to construct eligible infrastructure that otherwise would not be constructed or installed by Washoe County using tax-exempt bonds. While the bonds are not obligations of the County, the Board must approve their issuance. This proposed policy addresses the terms and conditions under which the Board of County Commissioners will consider a Special Improvement District.

POSSIBLE MOTION

Should the Board agree with the staff's recommendation, a possible motion would be: "Move to approve the Special Improvement District (SID) policy establishing the terms and conditions under which the Board of County Commissioners will consider the formation of Special Improvement Districts within unincorporated Washoe County, as set forth in the proposed policy and in accordance with the requirements of NRS Chapter 271." [NRS 271.265]