



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: February 2, 2017

Staff Contact: Darren Schulz, Public Works Director

Agenda Title: For Possible Action: Discussion and possible direction to Staff regarding future maintenance of the Northgate Complex located at 2621 Northgate Lane, also known as APN 002-062-05. (Stephanie Hicks; SHicks@carson.org)

Staff Summary: Discussion may include future options for the retention or disposal of the real property located at 2621 Northgate Lane.

Agenda Action: Formal Action/Motion

Time Requested: 5 minutes

Proposed Motion

I move to provide direction to staff to: _____.

Board's Strategic Goal

Efficient Government

Previous Action

April 18, 1996. Board of Supervisors approved the sale of 2621 Northgate Lane at public auction.

May 1, 1997. Board of Supervisors approved action to allow the Nevada Department of Transportation to put the property up for auction.

Background/Issues & Analysis

The City acquired the building located at 2621 Northgate Lane on November 4, 1982. The Board of Supervisors approved the sale of this property at public auction on April 18, 1996. Then, again, the Board approved an action to allow the Nevada Department of Transportation to put the property up for auction on May 1, 1997. The Auction took place on August 12, 1997 and there were no bidders. The Board approved entering into sales agreements with licensed real estate brokers or agents on October 16, 1997 so as to provide the sale greater exposure. The property did not sell.

The City leases this building to non-profit organizations and to the Board of Regents, University of Nevada System for its Extension program. The non-profits pay a dollar a year for rent. The UNR Extension rent is paid from the City Cooperative Extension Fund to the General Fund.

Annual maintenance costs are approximately \$25,250 per year. Over the next 5 years, approximately \$274,000 will be needed for other major projects in addition to the annual maintenance costs.

Applicable Statute, Code, Policy, Rule or Regulation

NRS 244.2795, NRS 244.281, and NRS 244.282

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number:

Is it currently budgeted? Yes No

Explanation of Fiscal Impact:

Alternatives

N/A

Board Action Taken:

Motion: _____

- 1) _____
- 2) _____

Aye/Nay

(Vote Recorded By)



CARSON CITY NEVADA
Consolidated Municipality and State Capital
PUBLIC WORKS
MEMORANDUM

TO: Nick Marano
FROM: Darren Schulz
SUBJECT: 2621 Northgate Complex
DATE: January 19, 2017

History:

The City acquired the building located at 2621 Northgate Lane on November 4, 1982. The Board of Supervisor's approved the sale of this property at public auction on April 18, 1996. Then, again, the Board approved an action to allow the Nevada Department of Transportation to put the property up for auction on May 1, 1997. The Auction took place on August 12, 1997 and there were no bidders. The Board approved entering into sales agreements with licensed real estate brokers or agents on October 16, 1997 so as to provide the sale greater exposure. The property did not sell.

Current Use:

The City leases this building to non-profit organizations and to the Board of Regents, University of Nevada System for its Extension program. The non-profits pay a dollar a year for rent. The UNR Extension rent is paid from the City Cooperative Extension Fund to the General Fund. Lease information is provided in the attached appendix.

Maintenance Costs:

Ron Reed reports that Facilities Management has expended nearly 1.7 million dollars for major maintenance projects on this building between 1982 and 2015. He estimates that 350.5 man hours and \$6,000 in materials are needed annually to maintain this facility. I was provided an average hourly wage of \$45.00 for Facility Maintenance employees to estimate \$15,772.50 per year in labor costs.

Curtis Horton reports that annual costs for parking lot re-stripping are approximately \$350. Parking lot drainage improvements were completed in March 2015, at a cost of \$5,210. A crack fill and slurry seal was applied in 2004 and, if reapplied in the near future would cost \$15,000.

David Navarro reports that the Parks Department provides spring cleanup, mowing and edging, turf aerification, monthly inspections, irrigation maintenance, and tree pruning. The expenditures required for this work is 62 man hours (Full Time Employee) at \$32.56 per hour, 14 man hours (Seasonal Employee) at \$15.60 per hour, and 84 hours (Inmate Laborer) at \$1.50 for a total of \$2363.12.

Additionally, there are several major maintenance projects that should take place in the next five years. A table with estimated maintenance costs is provided in the attached appendix.

Utility Costs:

The leases are set up so that Carson City pays for electrical power, gas, water, sewer, and garbage service and then is reimbursed a proportional share by each tenant. The proportion on which the payment is based is determined by taking the tenant's gross leasable area divided by the total gross leasable area of the building for which the tenant is a part. If there is a vacancy, then the City must pay that portion of the costs.

Future Options:

1. Continued current use. This option comes with continued maintenance costs. Current continued use supports the non-profit activities taking place at this location and lends the greatest support to the UNR Extension program.
2. The Board may exercise its option to sell this building. There are comparables on the market listed that are more centrally located for \$91-\$145 per square foot. An appraisal must be performed and, for the best exposure, the property should be listed with a real property professional as was done in 1997. It should be noted that NDOT has held auctions for the sale of surplus properties over the past several years which have not resulted in any sales. Additionally, NDOT has been approached by interested buyers and, after being presented with the appraised market value, the buyer has lost interest. It is clear that buyers are hoping for "fire sale" prices and do not participate when having to pay market value. Current Taxable Valuation is \$875,529. This computes to \$56 per square foot which is less than the current listed properties. The comparables in slightly better locations are listed for square foot values around \$91. This property could list for, perhaps, \$80 per square foot setting the approximate market value at \$1,267,280.
3. The Board may wish to consider deeding the property to the Regents at no cost, subject to the current leases. The City is obligated to provide office space to UNR's Extension program and the Board of Supervisors are committed to supporting non-profit organizations. Part of this support is demonstrated by providing office space for their operations at no cost.

Recommendation:

Public Works recommends that if the current use is continued, approximately \$80,051 per year for the next five years will need to be budgeted to cover time and materials for ongoing maintenance.

Appendix

Lease Information

Lessee	Suite No.	Appx Sq Ft	Commenced	Ext Term End Date	Rental Rate
Nv Rural Co Program, Inc (RSVP)	6	3540 sq. ft.	9/17/09	9/17/29	\$1.00 per year
Capital City Circles Initiative	10	960 sq. ft.	9/1/16	9/1/2021	\$1.00 per year
Ron Wood Family Resource Center*	34-64	7080 sq. ft.	8/1/10	7/30/30	\$1.00 per year
UNR Extension	15	2580 sq. ft.	N/A	N/A	\$21,363**

*Ron Woods has incorporated WIC and C.A.R.E. within its premises.

** Rent is paid from the City Cooperative Extension Fund to the General Fund.

Major Projects Since 1982

Item	Annual Estimated Costs	Total estimated costs since 1982
Major Projects	Varies	\$1,660,033
Parking Lot Drainage Improvements	Varies	5,210
	Total Costs	\$1,665,243

Average Annual Maintenance Costs

Item	Annual Estimated Costs	Total
Facilities Maintenance Man Hours	350.5 hours per yr. x 45.00 per hour	\$15,772.50
Parking Lot Maintenance	3.0 hours per yr. x \$45.00 per hour	\$135.00
Landscape Maintenance Man Hours	62 hours per yr. x \$32.56 per hour; 14 hours per yr. x \$15.60 per hour; 84 hours per yr. x \$1.50 per hour	\$2,363.12
Materials		\$6,080.00
Pest Control	2 visits	\$900.00
	Total Cost	25,250.62

Major Projects Needed in Next 5 years

Item	Total
Carpet	\$100,000
Painting (exterior & interior) and block seal	\$40,000
Roof Restoration	\$115,000
Parking Lot Crack Fill and Slurry Seal	\$15,000
HVAC – Repairs to 2 disabled units	\$4,000
	Total Cost
	\$274,000