



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** July 15, 2021

Staff Contact: Darren Schulz, Public Works Director

Agenda Title: For Possible Action: Discussion and possible action regarding direction to staff on the initiation of due diligence and the commencement or completion of any other preparatory tasks for the disposal of 0.12 acres with over 9,000 square feet of office space of City-owned property at 108 E Proctor Street, APN 004-215-07 ("City Property"), and the acquisition of 1.52 acres of privately owned property with over 30,000 square feet of office space at 600 E. William Street, APN 002-145-01 ("William Street Property"). (Robert Nellis, rnellis@carson.org and Randall Rice, rrice@carson.org)

Staff Summary: Staff has learned of a potential opportunity to acquire the William Street Property, with all or part of the purchase price offset by exchanging the City Property. The office space at the William Street Property is significantly larger than at the City Property. That additional space could offer new opportunities for growth and improve public service by consolidating the City's most visited offices into one location. If the City were to acquire the William Street Property, offices currently housed at the City Property, and perhaps other City offices, could be moved to the William Street Property. Staff currently recommends initiating diligence to dispose of the City Property under NRS 244.2815 while simultaneously acquiring the William Street Property under NRS 244.275.

Agenda Action: Formal Action / Motion **Time Requested:** 20 minutes

Proposed Motion

I move to direct staff to proceed with all preparatory tasks required to lawfully dispose of the City Property and acquire the William Street Property in the manner discussed on the record.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

March 21, 2013 – Board of Supervisors approved the first reading of Bill No. 105, an ordinance authorizing the City to enter into an Installment Purchase Agreement and Deed of Trust for the purpose of acquiring and improving the City Property.

April 4, 2013 – Board of Supervisors adopted Bill No. 105 on second reading, creating Ordinance No. 2013-10, which authorized the City to enter into an Installment Purchase Agreement and Deed of Trust to acquire and improve the City Property.

Background/Issues & Analysis

On April 24, 2013, the City purchased the City Property for \$1,102,299 from Fireside Investments, LLC. The City and Capital One Funding, LLC ("Lender") entered into an Installment Purchase Agreement ("Loan") and Deed of Trust granting the Lender a security interest in the City Property until the Loan was repaid.

The City fully repaid the Loan with proceeds from a bond sale (Refunding), and on June 10, 2020, at which time the Lender released its security interest in the City Property. The refunded bonds payable as of June 30, 2021 is \$607,000 plus interest, and is scheduled to be fully repaid by FY 2028. If approved, Staff will work with the City's Bond Consultant on ways to avoid prepayment penalties, if necessary, establishing an escrow account to pay the remaining debt.

The City Property currently provides offices for the Department of Community Development and its divisions of Building & Safety, Business License, and Code Enforcement. Additionally, Public Works' Development Engineering staff and the Board of Supervisors have offices at this location.

Exchanging the City Property for the William Street Property requires the City to exercise two powers: its power to acquire new property and its power to dispose of its existing property.

As to acquiring property, NRS 244.275 provides that the Board has the power to "purchase any real or personal property necessary for the use of the county," provided it gets at least one appraisal. See NRS 244.275(2). In 1947, the Attorney General issued an opinion concluding that a county's power to purchase real property under NRS 244.275 also includes the power to acquire property as part of a land exchange. Therefore, NRS 244.275 allows the City to acquire the William Street Property, even if all or part of the consideration paid by the City is exchanged property.

As to disposing of the City Property to facilitate an exchange, the City Property can be sold at public auction pursuant to NRS 244.281 with the intent to utilize auction proceeds to purchase the William Street Property. Doing so would initially require appraisal of the City Property, a resolution from the Board declaring its intent to sell the Property based on the best interests of the City, a publication period, and an actual public auction.

Alternatively, NRS 244.2815 would allow the Board to convey the City Property for the purposes of redevelopment (as defined at NRS 279.408) or economic development (as defined at NRS 244.2815(4)(a)) without a public auction, provided the City first procures an appraisal and the Board adopts a resolution declaring that the conveyance is for redevelopment or economic development; it is in the City's best interest to convey without a public auction; and if the City Property is being conveyed for less than fair market value, that disposition below fair market value is also in the City's best interests.

Yet another option, under NRS 279.470, would be utilizing the Redevelopment Authority to facilitate the City Property exchange. Both the William Street Property and the City Property are situated within Redevelopment Area #1. If the City determines that disposal of the City Property would be for the purposes of redevelopment, it can transfer ownership of the City Property to the Redevelopment Authority. The Redevelopment Authority has expansive authority to dispose of property it owns within a redevelopment area, including the express power to exchange property. The Redevelopment Authority could do so without an appraisal or auction, but it would require notice of intent to sell to be published and a public hearing on the proposed disposal.

Staff is seeking guidance and authority to commence diligence. Appraisals for the properties at issue are needed to perform meaningful diligence and/or comply with statutory requirements for the acquisition or disposal of property. In addition, many options require draft resolutions containing information that staff cannot provide without further diligence.

Additional options for acquiring the William Street Property include simply purchasing it without disposing of the City Property, although such an option is probably not the most cost effective nor the most efficient use of the City's real property assets.

Applicable Statute, Code, Policy, Rule or Regulation

NRS 244.275, 244.281, 244.2815 and 279.470

Financial Information

Is there a fiscal impact? Yes

If yes, account name/number: 1013012-500309 to pay for the necessary title reports and appraisals

Is it currently budgeted? Yes

Explanation of Fiscal Impact: The funds required to pay for the necessary title reports and appraisals are currently budgeted. In the event of a future exchange, the City may need to contribute cash to equalize any difference between the agreed upon values of the City Property and the William Street Property. These amounts and the appropriate funding sources, if applicable, will be determined by the Board after appraisals for both properties have been completed.

Alternatives

Do not direct staff to proceed with any means of Property disposal or acquisition and/or provide alternative direction.

Attachments:

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)