



# STAFF REPORT

**Report To:** Board of Supervisors                      **Meeting Date:** October 7, 2021

**Staff Contact:** Sheri Russell, Chief Financial Officer, (srussell@carson.org)

**Agenda Title:** For Possible Action: Discussion and possible action regarding a proposed resolution concerning the financing of water projects; directing the Carson City Clerk-Recorder ("City Clerk") to notify the Carson City Debt Management Commission of the City's proposal to issue general obligation water bonds additionally secured by pledged revenues, in the aggregate principal amount not to exceed \$7 million; providing certain details in connection therewith; and providing the effective date. (Sheri Russell, srussell@carson.org)

Staff Summary: The Resolution directs the Clerk-Recorder to give notice to the Carson City Debt Management Commission of the City's intent to issue general obligation water bonds in an amount not to exceed \$7,000,000, pursuant to NRS Chapter 350, in order to acquire, construct, improve and equip water projects as defined in NRS 244A.056.

**Agenda Action:** Resolution                                      **Time Requested:** 10 Minutes

**Proposed Motion**

I move to adopt Resolution #\_\_\_\_\_.

**Board's Strategic Goal**

Sustainable Infrastructure

**Previous Action**

None

**Background/Issues & Analysis**

Carson City's Quill Water Treatment Plant Upgrade project total is \$11 million. The amount of \$4 million will be paid by user rates and American Recovery Plan Act (ARPA) funding. In addition, the City has applied for federal funding of \$1.5 million, leaving a balance of \$5.5 million unfunded. The Quill Water Treatment Plant is a critical piece of the City's water infrastructure as it is the City's only surface water treatment facility. The City relies on numerous water sources to meet potable water demands for its over 55,000 residents. These sources include groundwater wells, Carson River induction wells, creek/lake surface water, and groundwater imports from regional interties with the Douglas County/Minden water systems. Carson City relies on the Quill Water Treatment Plant to treat water from Kings Creek, Ash Creek, and the historic Marlette Hobart Water System. However, due to technology-driven regulatory standards, combined with aging/outdated infrastructure (30-years old) the Quill Water Treatment Plant is currently struggling to produce the water for today's demands as well as future projected demands.

This proposed Resolution is the first step toward issuing general obligation water bonds additionally secured by pledged revenues. The authorization process below takes between four to six months to complete. If the Board of Supervisors approves this resolution, the following additional steps are required before the proposed bonds may be issued:

- (1) The Carson City Debt Management Commission approves a resolution,
- (2) the Board of Supervisors approves a Resolution of Intent,
- (3) a 90-day waiting period is completed,
- (4) the Board of Supervisors holds a public hearing on the proposed bonds, and
- (5) the Board of Supervisors enacts a bond ordinance.

The interest rate on the proposed bonds was estimated by the City's municipal advisor, JNA Consulting Group, LLC to be 4%. Based on current market conditions, JNA considers this estimate to be conservative. Prior to the adoption of the bond ordinance mentioned above, an updated estimate will be provided to the Board.

Annual debt service on the bonds will be paid from the City's Water Fund. The attached affordability analysis compiled by JNA shows the pledged Water Fund revenues are sufficient to repay the proposed bonds.

The City is requesting a general obligation bond not to exceed amount of \$7 million at this time, and simultaneously applying for a federal appropriation of approximately \$1.5 million as stated above for the Quill Treatment Plant. If successful, City staff anticipate reducing the amount borrowed based on the federal appropriation. The bond ordinance, which is the final required step before issuing the proposed bonds, will reflect the reduced borrowing due to any federal appropriation to this project.

**Applicable Statute, Code, Policy, Rule or Regulation**

NRS Chapters 244A and 350

**Financial Information**

**Is there a fiscal impact?** Yes

**If yes, account name/number:** Water Fund Principal and Interest Payments 5203505-50XXXX.

**Is it currently budgeted?** No

**Explanation of Fiscal Impact:** Estimated annual debt service payments of approximately \$516,600 for 20 years. Final amounts of bond proceeds, issuance costs, debt service and capital projects will be added to the Water Fund Budget through a budget augmentation in FY 2022.

**Alternatives**

Elect to not pursue the financing and accumulate funds for projects on a pay-as-you-go basis.

**Attachments:**

[DMC Notice Resolution \(Water\) \(53777189v3\).DOC](#)

[Revenue Study - Water Bonds.pdf](#)

**Board Action Taken:**

Motion: _____	1) _____	Aye/Nay
	2) _____	_____
		_____
		_____
		_____

\_\_\_\_\_  
(Vote Recorded By)

Summary - a resolution directing notice to the Carson City Debt Management Commission.

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION CONCERNING THE FINANCING OF WATER PROJECTS; DIRECTING THE CLERK-RECORDER TO NOTIFY THE CARSON CITY DEBT MANAGEMENT COMMISSION OF THE CITY'S PROPOSAL TO ISSUE GENERAL OBLIGATION WATER BONDS ADDITIONALLY SECURED BY PLEDGED REVENUES; PROVIDING CERTAIN DETAILS IN CONNECTION THEREWITH; AND PROVIDING THE EFFECTIVE DATE HEREOF.**

**WHEREAS**, Carson City, in the State of Nevada (the "City" and "State," respectively), is organized and operating pursuant to the provisions of Chapter 276, Statutes of Nevada 1971 (the "Charter") and the general laws of the State; and

**WHEREAS**, pursuant to Section 7.020 of the Charter (the "Project Act"), the City is authorized to borrow money for any corporate purpose and to evidence such borrowing by the issuance of bonds or other securities pursuant to the Local Government Securities Law (being cited as Nevada Revised Statutes ("NRS") 350.500 through 350.720 (the "Bond Act"); and

**WHEREAS**, the Board of Supervisors (the "Board") proposes to finance all or a portion of the cost of acquiring, constructing, improving and equipping water projects as defined in NRS 244A.056 (the "Project"); and

**WHEREAS**, pursuant to NRS 350.020(3) and subject to the approval of the proposal to issue general obligation bonds by the Carson City Debt Management Commission, the Board proposes to issue general obligation water bonds additionally secured by a pledge of the revenues of the City's water system (the "Bonds") of which the Project is a part (the "Pledged Revenues"); and

**WHEREAS**, based on the study presented to the Board, which is attached hereto as Exhibit B, the Board hereby finds and determines that the Pledged Revenues will at least equal the amount required in each year for the payment of interest and principal on such Bonds and that no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of such Bonds for the term thereof (collectively, the "Findings"); and

**WHEREAS**, subject to the approval of the proposal to issue the Bonds by the Commission the Board proposes to issue the Bonds without an election unless a petition signed by

the requisite number of registered voters of the City is presented to the Board requiring the Board to submit to the qualified electors of the City for their approval or disapproval the following proposal:

**GENERAL OBLIGATION WATER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) PROPOSAL:**

**Shall the Board of Supervisors of Carson City, Nevada, be authorized to incur a general obligation indebtedness (additionally secured by pledged revenues) on behalf of the City by the issuance at one time, or from time to time, of the City's general obligation water bonds, in one series or more, in the aggregate principal amount of not exceeding \$7,000,000 for the purpose of acquiring, constructing, improving and equipping City water projects as defined in NRS 244A.056, such bonds to mature not later than twenty (20) years from the date or respective dates of the bonds, payable from general (ad valorem) taxes (except to the extent pledged revenues and other monies are available therefor), and to be issued and sold at, above, or below par at an effective interest rate (including any sale discount) not exceeding the statutory maximum rate, if any, as shall be determined at the time of the sale thereof, and otherwise to be issued in such manner, upon such terms and conditions, with such covenants and agreements, and with such other detail as the Board may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?**

(the "Proposal"); and

**WHEREAS**, subsection 1 of NRS 350.014 provides, in relevant part, as follows:

"1. Before any proposal to incur a general obligation debt or levy a special elective tax may be submitted to the electors of a municipality . . . , or before any other formal action may be taken preliminary to the issuance of any general obligation debt, the proposed incurrence or levy must receive the favorable vote of two-thirds of the members of the commission of each county in which the municipality is situated . . . ."

and

**WHEREAS**, subsection 1 of NRS 350.0145 provides, in relevant part, as follows:

"1. The governing body of the municipality proposing to incur general obligation debt . . . shall notify the secretary of each appropriate commission, and shall submit a statement of its proposal in sufficient number of copies for each member of the commission . . . ."

2.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA:**

Section 1. Based on the revenue study presented to the Board, the Board hereby approves the Findings and requests the Carson City Debt Management Commission (the “Commission”) to approve the Proposal and the Findings. All action, proceedings, matters and things heretofore taken, had and done by the Board, and the officers thereof (not inconsistent with the provisions of this resolution) directed toward the Findings, the Proposal, the Project, and the financings thereof be, and the same hereby are, ratified, approved and confirmed.

Section 2. The City’s Clerk-Recorder (the “Clerk-Recorder”) be, and she hereby is, authorized and directed to notify the Secretary of the Commission of the City’s Proposal to submit to said Secretary a statement of the Proposal and Findings in sufficient number of copies for each member of the Commission; and to request the Commission to consider and approve the Proposal and the Findings. The Chief Financial Officer or her designee is authorized to file any of the information required by NRS 350.013 to the extent required to comply with NRS 350.013.

Section 3. In order to permit the City to reimburse itself for prior expenditures relating to the Project with the proceeds of the Bonds, the Board hereby determines and declares as follows:

(a) The City reasonably expects to incur expenditures with respect to the Project prior to the issuance of the Bonds for financing the Project and to reimburse those expenditures from the issuance of the Bonds; and

(b) The maximum principal amount of the Bonds expected to be issued to reimburse such expenditures is \$7,000,000.

Section 4. The officers of the City are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution, including without limitation, requesting the State to purchase the Bonds pursuant to one or more of its programs.

Section 5. All resolutions, or parts thereof, in conflict with the provisions of this resolution, are hereby repealed to the extent only of such inconsistency. This repealer shall not be constructed to revive any resolution, or part thereof, heretofore repealed.

Section 6. If any section, paragraph, clause or other provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such

section, paragraph, clause or other provision shall not affect any of the remaining provisions of this resolution.

Section 7. This resolution shall become effective and be in force immediately upon its adoption.

Passed and adopted this October 7, 2021.

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Mayor

Attest:

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Clerk-Recorder

STATE OF NEVADA        )  
  ) ss.  
CARSON CITY                )

I am the duly chosen, qualified and acting Clerk-Recorder of Carson City (the “City”), in the State of Nevada, and do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution of the Board of Supervisors (the “Board”) adopted at a meeting of the Board held on October 7, 2021.

2. The members of the Board voted on the resolution as follows:

Those Voting Aye:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Those Voting Nay:

\_\_\_\_\_  
\_\_\_\_\_

Those Absent:

\_\_\_\_\_

3. The original of the resolution has been approved and authenticated by the signatures of the Mayor of the City and myself as Clerk-Recorder and has been recorded in the minute book of the Board kept for that purpose in my office, which record has been duly signed by the officers and properly sealed.

4. All members of the Board were given due and proper notice of such meeting. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice of meeting (attached as Exhibit A) and excerpts from the agenda for the meeting relating to the resolution, was posted no later than 9:00 a.m. on the third working day prior to the meeting at the principal office of the Board, or if there is no principal office, at the building in which the meeting is to be held, on the City's website, on the State of Nevada's official website and at least three (3) other separate, prominent places within the jurisdiction of the Board.

5.

5. At least 3 working days before such meeting, such notice was delivered to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. The revenue study referred to in the attached resolution is attached as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand this October 7, 2021.

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Clerk-Recorder



EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Revenue Study)

**Carson City, Nevada**  
**General Obligation (Limited Tax)**  
**Water Bonds, Series 2022A**  
**Affordability Analysis**

FY Ending June 30	Pledged Revenues 1/	Existing Debt Service 2/	Proposed Bonds			Net Comb. Debt Service	Excess/ (Deficiency)
			Principal	Interest 3/	Total		
2022	\$9,013,527	\$3,798,591	\$0	\$0	\$0	\$3,798,591	\$5,214,936
2023	9,013,527	4,695,713	170,000	346,600	516,600	5,212,313	3,801,214
2024	9,013,527	4,690,955	245,000	268,300	513,300	5,204,255	3,809,272
2025	9,013,527	4,623,051	255,000	258,300	513,300	5,136,351	3,877,176
2026	9,013,527	5,299,239	265,000	247,900	512,900	5,812,139	3,201,388
2027	9,013,527	5,297,395	275,000	237,100	512,100	5,809,495	3,204,032
2028	9,013,527	3,497,945	290,000	225,800	515,800	4,013,745	4,999,782
2029	9,013,527	3,497,162	300,000	214,000	514,000	4,011,162	5,002,365
2030	9,013,527	3,495,805	310,000	201,800	511,800	4,007,605	5,005,922
2031	9,013,527	3,496,476	325,000	189,100	514,100	4,010,576	5,002,951
2032	9,013,527	2,499,409	335,000	175,900	510,900	3,010,309	6,003,218
2033	9,013,527	2,495,404	350,000	162,200	512,200	3,007,604	6,005,923
2034	9,013,527	2,499,843	365,000	147,900	512,900	3,012,743	6,000,784
2035	9,013,527	1,575,669	380,000	133,000	513,000	2,088,669	6,924,858
2036	9,013,527	1,573,066	395,000	117,500	512,500	2,085,566	6,927,961
2037	9,013,527	1,575,229	410,000	101,400	511,400	2,086,629	6,926,898
2038	9,013,527	1,575,770	430,000	84,600	514,600	2,090,370	6,923,157
2039	9,013,527	1,574,549	445,000	67,100	512,100	2,086,649	6,926,878
2040	9,013,527	0	465,000	48,900	513,900	513,900	8,499,627
2041	9,013,527	0	485,000	29,900	514,900	514,900	8,498,627
2042	9,013,527	0	505,000	10,100	515,100	515,100	8,498,427
		\$57,761,271	\$7,000,000	\$3,267,400	\$10,267,400	\$68,028,671	

1/ From the City's 2021-22 final budget.

2/ Excludes impact of anticipated refunding of the 2012A Bonds.

3/ Interest rate estimated at 4.00%.