



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 building 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 capital improvement bonds additionally secured by pledged revenues, in the aggregate principal amount not to exceed \$8.1 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 capital improvement bonds in an amount not to exceed \$8.1 million, pursuant to NRS Chapter 350 and NRS 360.600 to 360.740, inclusive, in order to acquire, construct, improve and equip building projects as defined in NRS 244A.019.

Agenda Action: Resolution **Time Requested:** 15 Minutes

Proposed Motion

I move to adopt Resolution # _____.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

None

Background/Issues & Analysis

The Emergency Operation Center/ Fire Station/ Backup Emergency Dispatch Center total project budget is \$11.1 million. The amount of \$3 million is available through the current Fiscal Year ("FY") 2022 capital improvement plan budget and American Recovery Plan Act (ARPA) funding. In addition, the City has applied for federal funding of \$2 million, leaving a balance of \$6.1 million unfunded.

The project is for a dedicated building that would have the size, layout and communications necessary to operate as a functional Emergency Operation Center, Fire Station, and Back-up or Alternate Dispatch Center which combined into one building would bring incredible efficiency during emergencies as well as reduce overall costs.

The current Emergency Operating Center is a single room 30' x 25' in size that has limited communication and IT connectivity requiring 1 to 2 hours to become fully functional when staff activate the Emergency Operation Command. Over the last 5 years, the City has struggled with floods, fires, the COVID-19 pandemic, and civil disorder and the current Emergency Operation Center was overwhelmed. Response times for Fire on the East

side of Carson City are not in line with national recommendations of 4 minute response times, as the City does not have a fire station in this area of town, City population growth is anticipated on the East side of the City, and a new fire station has been included in the City's Strategic Plan for several years. Lastly, the City does not have a secondary location for dispatch in the event the primary center is not able to operate, requiring assistance from neighboring counties, who may be too busy with their own emergencies to aid Carson City.

This proposed Resolution is the first step toward issuing general obligation capital improvement 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 must approve a Resolution of Intent,
- (3) a 90-day waiting period must be completed,
- (4) the Board of Supervisors must hold a public hearing on the proposed bonds, and
- (5) the Board of Supervisors must enact a bond ordinance.

The interest rate on the proposed bonds was estimated by the City's municipal advisor, JNA Consulting Group, 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 General Fund. The bonds are secured by a lien on 15% of the City's distribution of Consolidated Taxes. The attached affordability analysis compiled by JNA shows the pledged Consolidated Tax revenues are sufficient to repay the proposed bonds.

The City is requesting a general obligation bond not to exceed amount of \$8.1 million at this time, and simultaneously applying for a federal appropriation of approximately \$2 million for the Emergency Operations Center. 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: General Fund Transfer to Debt Service 1010279-507205 and Debt Service Fund, Principal and Interest 4107000-50XXXX.

Is it currently budgeted? No

Explanation of Fiscal Impact: As of FY 2023 Debt Service pledged from Consolidated Taxes is reduced by \$740,000, from \$3.36 million debt service in FY 2022, to \$2.62 million in debt service in FY 2023. The estimated annual debt service payments for these bonds is approximately \$605,000 for 20 years. Final amounts of bond proceeds, issuance costs, debt service and capital projects will be added to the General Fund and the Debt Service Fund budgets 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 \(C-Tax\) \(53784748v2\).DOC](#)

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

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

RESOLUTION NO. _____

A RESOLUTION CONCERNING THE FINANCING OF BUILDING PROJECTS; DIRECTING THE CLERK-RECORDER TO NOTIFY THE CARSON CITY DEBT MANAGEMENT COMMISSION OF THE CITY'S PROPOSAL TO ISSUE GENERAL OBLIGATION CAPITAL IMPROVEMENT 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 building projects as defined in NRS 244A.019 (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 capital improvement bonds additionally secured by a pledge of the revenues to be received by the City from 15% of all income and revenue distributed to the City pursuant to NRS 360.680, 360.690 and 360.700 and pledged to secure the payment of the Bonds pursuant to NRS 360.698 (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 general obligation capital improvements bonds (the "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 Carson City Debt Management 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 CAPITAL IMPROVEMENT 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 capital improvement bonds, in one series or more, in the aggregate principal amount of not exceeding \$8,100,000 for the purpose of acquiring, constructing, improving and equipping building projects as defined in NRS 244A.019, such bonds to mature not later than twenty-one (21) 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”

2.

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 . . .”

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 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 \$8,100,000.

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.

Mayor

Attest:

Clerk-Recorder

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.

Clerk-Recorder

EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Revenue Study)

Carson City, Nevada
General Obligation (Limited Tax)
Capital Improvement Bonds, Series 2022C
Affordability Analysis

FY Ending June 30	Pledged Revenues 1/	Existing Debt Service	Proposed Bonds			Combined Debt Service	Excess/ (Deficiency)
			Principal	Interest 2/	Total		
2022	\$6,193,146	\$2,971,300				\$2,971,300	\$3,221,846
2023	6,193,146	2,229,000	\$200,000	\$405,000	\$605,000	2,834,000	3,359,146
2024	6,193,146	2,233,250	285,000	316,000	601,000	2,834,250	3,358,896
2025	6,193,146	2,226,000	295,000	304,600	599,600	2,825,600	3,367,546
2026	6,193,146	2,177,550	310,000	292,800	602,800	2,780,350	3,412,796
2027	6,193,146	2,181,800	320,000	280,400	600,400	2,782,200	3,410,946
2028	6,193,146	2,186,800	335,000	267,600	602,600	2,789,400	3,403,746
2029	6,193,146	2,202,300	350,000	254,200	604,200	2,806,500	3,386,646
2030	6,193,146	2,205,713	360,000	240,200	600,200	2,805,913	3,387,234
2031	6,193,146	1,677,113	375,000	225,800	600,800	2,277,913	3,915,234
2032	6,193,146	1,677,113	390,000	210,800	600,800	2,277,913	3,915,234
2033	6,193,146	1,675,563	405,000	195,200	600,200	2,275,763	3,917,384
2034	6,193,146	0	425,000	179,000	604,000	604,000	5,589,146
2035	6,193,146	0	440,000	162,000	602,000	602,000	5,591,146
2036	6,193,146	0	455,000	144,400	599,400	599,400	5,593,746
2037	6,193,146	0	475,000	126,200	601,200	601,200	5,591,946
2038	6,193,146	0	495,000	107,200	602,200	602,200	5,590,946
2039	6,193,146	0	515,000	87,400	602,400	602,400	5,590,746
2040	6,193,146	0	535,000	66,800	601,800	601,800	5,591,346
2041	6,193,146	0	555,000	45,400	600,400	600,400	5,592,746
2042	6,193,146	0	580,000	23,200	603,200	603,200	5,589,946
		\$25,643,500	\$8,100,000	\$3,934,200	\$12,034,200	\$37,677,700	

1/ Represents 15% of unaudited FY2021 consolidated tax revenues.

2/ Interest rate estimated at 4.00%.