

STAFF REPORT

Date: September 13, 2017

To: Mayor and City Council

Thru: Sabra Newby, City Manager

Subject: **J.7.1. Staff Report (For Possible Action): Public Auction of and potential acceptance of highest bid by Resolution No. _____ for the sale of certain City owned real property identified as Assessor Parcel Number 165-060-01 located at the intersection of Veterans Parkway and Long Meadow Drive, Reno, NV.**

From: Bill Dunne, Revitalization Manager

Summary: Council is asked to open sealed bids and ask for oral bids and either reject all bids or accept the highest bid in accordance with NRS 268.062.

Previous Council Action:

August 9, 2017 – Council held a Public Hearing and set Fair Market Value and adopted Resolution 8405- Resolution that it is in the best interest of the City to sell certain City owned property identified as Assessor Parcel Number 165-060-01 located at the intersection of Veterans Parkway and Long Meadow Drive at public auction for a minimum price of \$2,100,000 plus certain costs and an agreement to develop the property within 12 months from close of sale in accordance with NRS 268.059 – 268.062 and Title 15 of the Reno Municipal Code.

January 11, 2017 – Council instructed staff to move forward with obtaining a new appraisal of the site as required under NRS 268.059. Council also instructed staff to research and bring back other allowable land use options per the Bella Vista Ranch Planned Unit Development (PUD) for it to consider before moving forward with a sale.

October 24, 2012 – Council approved an Assignment and Assumption of Fire Station Development Agreement and First Amended and Restated Public Facility Site Agreement between City of Reno, Corona Cyan LLC, and Centex Homes at Bella Vista Ranch PUD and Bella Vista Ranch Phase II PUD.

February 14, 2007 – Council approved the Fire Station Development Agreement with Centex Homes for the Bella Vista Ranch PUD, which was executed on March 17, 2007.

Background: This property was deeded to the City (without compensation) under an agreement which provided that if the site was not used for a public safety facility, it could be sold but the City would have to split the proceeds with the Grantor. However, the Grantor, Corona Cyan, LLC, approached the City with an offer to waive its rights under the agreement to receive 50 percent of the proceeds of a sale, and instead directly purchase the site from the City for \$500,000. In October 2016, Corona Cyan had an independent appraisal of the site completed, and the site appraised for \$1,800,000. As a result, Corona Cyan offered to purchase the site from the City for \$900,000 and at the January 11, 2017 Council meeting, Council directed staff to obtain a new appraisal. At the August 9, 2017 Council meeting, Council held a public hearing on the matter of fair market value of the property and, taking into consideration the appraised value, public testimony and staff's comments and other information, Council determined the fair market value of the property to be \$2,100,000. Corona Cyan had determined that they were no longer interested in the property at the higher value and as such Council directed staff to notice and advertise a public auction. In addition to noticing and advertising a public auction, other government agencies, Truckee River Flood Management Authority, Washoe County, Reno Housing Authority, State of Nevada, Bureau of Land Management and Reno Sparks Indian Colony, were notified of the upcoming public auction and to advise staff if they were interested in the property prior to the public auction.

Discussion: Pursuant to Resolution No. 8405, adopted August 9, 2017, the subject property has been determined that the sale of the City owned property, identified as Assessor Parcel Number 165-060-04 located at the intersection of Veterans Parkway and Long Meadow Drive is in the best interest of the City and declared its intention to sell the Property by public auction to the highest bidder for a minimum price of \$2,100,000 plus certain costs and an agreement to develop the property within 12 months from the close of sale. The Notice of Adoption of Resolution No. 8405 was posted, in accordance with NRS 268.062(2)(a), in three public places on August 23, 2017, at Reno City Hall, 1 E. First Street; Washoe County Central Library, 301 S. Center Street; and Washoe County Administration Building, 1001 E. Ninth Street. The Notice of Adoption of Resolution No. 8405 was also published, in accordance with NRS 268.062(2)(b), once a week for three consecutive weeks in the Reno Gazette Journal on August 23, August 30 and September 6, 2017. Any and all sealed bids which have been received must, in public session, be opened, examined and declared by City Council. The highest approved sealed bid must be at a minimum of the highest appraised value of \$2,100,000 and will be the minimum starting bid at the public auction. Before accepting any written bid, there shall be a call for oral bids. Any and all oral bids must be at least five percent higher than the highest written bid. Upon completion of the auction, City Council may accept the highest responsive bid or may reject any or all bids and withdraw the property from the sale. In the event that the subject property does not sell at public auction, staff will return to Council and seek further direction for disposition of the property.

If the Council decides to accept a bid, the Mayor should be instructed to sign the bid form and

the City Manager should be instructed to enter into a written purchase and sale agreement with the accepted bidder. If a contract cannot be negotiated, the City Manager should be instructed to return to this Council for further instructions. If a contract is entered into, the Mayor is authorized and instructed to execute and deliver to escrow a deed for the Property when the conditions of closing have been met, and the City Manager, or her designee, is authorized to execute closing documents.

Financial Implications: The expense of the appraisals, noticing and advertising the auction was approximately \$1,935. The amounts so expended for appraisals, advertising and noticing and any escrow fees if any will be paid for by the successful bidder. There is potential that the sale of the property could generate a minimum of \$1,050,000 after the City splits the proceeds with Corona Cyan.

Legal Implications: Chapter 268 of the Nevada Revised Statutes requires that, absent an applicable exemption, the sale or lease of city owned real property is subject to certain appraisal and public auction requirements. See NRS 268.059 – NRS 268.062, and Title 15 of the Reno Municipal Code. If the governing body by its resolution finds that the real property to be sold is worth more than \$1,000, the governing body shall, as applicable, conduct an appraisal or appraisals pursuant to NRS 268.059 to determine the value of the real property. See NRS 268.061(c). Upon determining that it is in the best interest of the City to sell a certain parcel, the City is required to adopt a resolution of its determination and its intent to sell the subject parcel. See NRS 268.061 – 268.062, and RMC 15.01.100. Thereafter, a Notice of the adoption of the Resolution of Intent to Sell must be posted and published for three consecutive weeks. After the Notice has been sufficiently posted and published, staff will return to City Council (which in this case has been anticipated to be September 13, 2017) to proceed with the public auction, accept the highest bid, and complete the sale of the property.

Recommendation: Staff recommends Council conduct the sale of the Property and either reject all bids or accept the highest bid as provided in NRS 268.062 and adopt a resolution accepting the bid.

Proposed Motion: I move to approve staff recommendation.

Attachments:

- Aerial Photo (PDF)
- Property Description(PDF)