

STAFF REPORT

Date: October 11, 2017

To: Mayor and City Council

Thru: Sabra Newby, City Manager

Subject: **B.3. Staff Report (For Possible Action): Approval of Waiver and Release Agreement between the City of Reno, Washoe County and High Sierra Industries-Washoe Ability Resource Center, which will terminate the Interlocal Agreement for purchase of real property located at Ninth and Sutro Streets dated December 22, 1980.**

From: Elaine Wiseman, Management Analyst

Summary: The City of Reno received Housing and Urban Development (HUD), Community Development Block Grant (CDBG) funding in June of 1980 and subsequently sub-granted \$100,021 for the purchase of real property to the Washoe Association of Retarded Citizens (WARC) through an Interlocal Agreement for purchase of real property located at Ninth and Sutro Streets dated December 22, 1980, between the City of Reno, Washoe County, and WARC. During the term of this agreement WARC merged with High Sierra Industries (HSI) and changed its name to HSI-Washoe ARC.

The Interlocal agreement had a 99-year term during which time the property could not be sold without consent of the City of Reno and Washoe County plus each entity's proportionate share of any appreciation realized from such sale or disposition. The 99-year term was standard practice at that time; however, now five-year terms are a more modern practice today. The property was used for its intended purpose for 35 years until HSI-Washoe ARC sold the property in 2015. HSI-Washoe ARC still provides similar services at a different location. The City of Reno and Washoe County are aware of the 2015 sale and have no objections of such sale; therefore, HSI-Washoe ARC has fulfilled its obligations under said Interlocal Agreement.

City of Reno Attorney's Office along with Washoe County District Attorney's Office drafted a Waiver and Release Agreement, which terminates the original Interlocal Agreement dated December 22, 1980, and releases HSI-Washoe ARC from any duty or obligation to repay to the City of Reno or Washoe County any proportionate share of any appreciation realized from such sale of said property in 2015. Additionally, the Waiver and Release Agreement releases the City of Reno and Washoe County of any liability arising out of the Interlocal Agreement. Staff recommends Council approve the Waiver and Release Agreement.

Previous Council Action:

December 22, 1980 Council approved an Interlocal Agreement between the City of Reno, Washoe County, and WARC.

Background: WARC is a nonprofit organization established to provide services to mentally disabled children and adults. WARC received CDBG funding from the City of Reno (\$100,021) and Washoe County (\$59,000) through an Interlocal Agreement dated December 22, 1980. The funds were used to purchase real property on Sutro Street to expand a workshop for the mentally disadvantaged.

In 2009 WARC merged with High Sierra Industries (HSI), but retained the WARC name for community recognition purposes. On or around January 4, 2012, WARC changed its name to The Washoe Ability Resource Center (Washoe ARC) and conveyed all of the property to HSI-Washoe ARC.

HSI-Washoe ARC continued to use the property consistent with the purposes of grant funding for 35 years until its sale in 2015 and continues similar services at a different location.

Discussion: As an entitlement jurisdiction, the City of Reno receives an annual allocation of CDBG funds which may be used for a variety of activities, such as property acquisition as with the funds provided to HSI-Washoe ARC in 1980. These funds were provided to HSI-Washoe ARC through an Interlocal Agreement for the purpose of acquiring real property located at Ninth and Sutro to expand the WARC operations.

The Interlocal Agreement entered into on December 22, 1980 had a 99-year term during which time the property could not be sold without consent of the City of Reno and Washoe County. Ninety-nine year terms were a standard practice at the time of this Interlocal Agreement; however, the HUD recommended modern practice is now five years. HSI-Washoe ARC provided services at this location for 35 years and still continues to provide similar services at a different location. Therefore, HSI-Washoe ARC has fulfilled its obligations under said Interlocal agreement.

Financial Implications: None at this time.

Legal Implications: Legal review completed for compliance with City procedures and Nevada Law.

Recommendation: Staff recommends Council approval of Waiver and Release Agreement between the City of Reno, Washoe County and High Sierra Industries-Washoe Ability Resource

Center (HSI-Washoe ARC), terminating the Interlocal Agreement for Purchase of Real Property Located at Ninth and Sutro Streets dated December 22, 1980.

Proposed Motion: I move to approve staff recommendation.

Attachments:

- WARC Release-Nevada United Industries_FINAL(PDF)
- WARC original agreement (PDF)
- WARC original agreement (PDF)