

STAFF REPORT

Date: August 26, 2019

To: Mayor and City Council

Thru: Sabra Newby, City Manager

Subject: **B.5. Staff Report (For Possible Action): Acceptance of Report of Special Assessment District Lien Sale held on July 23, 2019, pursuant to NRS 271.565.**

From: Deborah Lauchner, Director of Finance

Summary: On June 12, 2019 Council approved Resolution No. 8686 directing the City Treasurer (Finance Director) to give notice of the sale of properties subject to the lien of a delinquent assessment. A certified notice of sale was mailed on June 28, 2019, to all owners and recorded parties of interest. A notice of sale was to be published in the local paper for three consecutive weeks. The publications occurred Wednesday, July 3, 2019, Wednesday, July 10, 2019, and Thursday, July 18, 2019. The sale was held on July 23, 2019.

In accordance with NRS 271.565, a report of sale is required to be presented to Council. The attached report of sale indicates that two parcels were sold. Staff recommends Council accept and file the attached report of sale labeled Exhibit A.

Previous Council Action: On June 12, 2019, Council approved Resolution No. 8686 directing the City Treasurer (Finance Director) to give notice of the sale of properties subject to the lien of a delinquent assessment and providing other matters properly relating thereto.

Discussion: The purpose of a special assessment district is to provide a funding mechanism for certain improvement projects that specifically benefit property owners within the district boundaries. The property owners who receive the special benefit are assessed the cost of improvements in annual increments as a special assessment on their parcels. This mechanism provides equity by ensuring that general taxpayers do not pay for improvements which only benefit a specific area.

The City's special assessment district collection policy was developed to ensure this equity by providing the ability to declare all outstanding assessments immediately due and payable if the annual installment is delinquent by four months or more, if desired by Council. Property owners are provided numerous monthly notices of delinquency and demand for payment on the annual

installment. At the end of the second month of delinquency, after Council has given authorization to proceed with sale, property owners are notified that the parcel will be sold at auction if the account is not brought current within 60 days.

Billing and collection functions of special assessment districts initiated prior to March 2003 are processed by Washoe County. Billing and collection functions of special assessment districts initiated after March 2003 are processed by Asset Management Group.

In accordance with the City's collection policy, a resolution is required directing the City Treasurer to provide a notice of sale to delinquent property owners, which initiates the foreclosure process to make the City whole. NRS 271.565 requires that the results of the foreclosure sales be presented to Council at a regularly scheduled meeting. The sale held on July 23, 2019 resulted in two certificates of sale being issued on the two parcels identified in the attached report of sale. The other delinquent parcels referenced in the sale resolution were brought current or paid off prior to the sale date.

Legal Implications: None.

Financial Implications: The amounts collected from the lien purchasers have paid off the property owners' assessments in full. These amounts will be either used to make prepayments on the associated bonds outstanding or maintained in the debt service fund for future principal and interest payments on the associated bonds. There is no adverse affect on the City or the bondholders as a result of the sale.

Recommendation: Staff recommends acceptance of the Report of Special Assessment District Lien Sale held on July 23, 2019.

Proposed Motion: I move to approve staff recommendation.

Attachments:

- Affidavit of Sale 2019-07-23 (PDF)