



WASHOE COUNTY

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FY09/10 #40

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STAFF REPORT

BOARD MEETING DATE: December 8, 2009

DATE: November 23, 2009
TO: Board of County Commissioners
FROM: David Childs, Assistant County Manager
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Doug Doolittle, Director, Regional Parks & Open Space
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SUBJECT: Presentation and discussion of options for the possible funding of a portion of the cost of the acquisition of the Northgate Golf Course; to include a request by the Reno City Council that the Board of County Commissioners discuss the sale of a portion of Washoe County's water rights which were formerly used at the Northgate Golf Course; and possible direction to staff. (Requested by Commissioners Weber and Breternitz) Commissioner Districts 1 and 5.

SUMMARY

Immediately prior to this agenda item, on December 8, the Washoe County Board of County Commissioners will be considering the possible extension of the option agreement with RJB Development, Inc. relative to the purchase of the Northgate Golf Course for a purchase price of \$2.85 million. A petition drive to create a Special Assessment District (SAD) in the City of Reno which would assist with the cost of this purchase is currently underway. If successful, the SAD would raise about \$2 million toward the purchase price through special assessments levied on property that is either abutting or very close to the Northgate Golf Course. This amount would still leave the available funding for the acquisition about \$850,000 short (not including the costs of conversion of the property to open space which has been estimated to be at least \$500,000, and likely closer to \$1 million).

This agenda item is in response to a request from Commissioner Weber (which was prompted by communication from the Reno City Council) to have the BCC discuss the sale of a portion of Washoe County's water rights formerly used at the Northgate Golf Course to raise the additional \$850,000 needed for the purchase of the property. In addition, as requested by Commissioner Breternitz this report also presents options for the BCC to consider other ways that these funds can be acquired for use in purchasing the 228 acres in question.

County priorities: Promote financial accountability of Washoe County.

PREVIOUS ACTION

August 25, 2009 – The BCC acknowledged receipt of appraisal and took no action to terminate the Option Agreement between RJB Development, Inc. and Washoe County for potential acquisition of approximately 228 acres of property commonly known as Northgate Golf Course

June 23, 2009 – The BCC approved an Option Agreement between RJB Development, Inc. and Washoe County for potential acquisition of approximately 228 acres of property commonly known as Northgate Golf Course.

May 12, 2009 – The BCC directed that Washoe County would not operate Northgate as a golf course, and directed staff to:

- continue negotiations with RJB Development in an effort to work toward an option agreement;
- identify potential funding sources;
- develop a schedule of critical timelines knowing that time was of the essence for securing State Question 1 grant funds and matching funds;
- work with the City of Reno (staff, Commissioners and concerned Council members) to identify and define roles and responsibilities;
- proceed with a property appraisal, preferably with costs to be shared; and
- proceed with an application to secure State Question 1 grant funding and determine options for securing matching funds.

April 14, 2009 – The BCC discussed a timeline for action regarding Northgate Golf Course and directed staff to negotiate with RJB Development Inc. regarding an option to purchase.

March 3, 2009 – The BCC acknowledged a status report on Northgate Golf Course.

BACKGROUND

Northgate Water Rights

Washoe County owns 210.8 acre-feet of water rights that were purchased for use at the Northgate Golf Course operated by the RSCVA beginning in the 1980's. RSCVA also provided 255.2 acre-feet of water that it owns to use in the operation of the Course.

In June of 2008 both entities (Washoe County and RSCVA) transferred those water rights from the Northgate Golf Course to the Nevada Land Conservancy (NLC). The agreement for this transfer contained certain criteria relating to use of the water for NLC beneficial use projects, transfer and holding costs and also relating to the conditions for return of the water to RSCVA and Washoe County respectively.

The Reno City Council has requested that the BCC consider the sale of a portion of these water rights to assist with the purchase of the Northgate Golf Course property.

The following are key facts relating to this water:

- At a current estimated market value of \$10,000 to \$15,000 per acre-foot, these water rights have a value in the range of \$2,108,000 and \$3,162,000.

- To raise \$850,000 toward the purchase of the Northgate Golf Course, the County would need to sell somewhere in the range of 56.7 to 85 acre-feet of this water.
- Washoe County has previously identified at least one critical use for this water. As part of the settlement agreement for the Truckee River Operating Agreement (TROA) the entities of Reno, Sparks and Washoe County are responsible for providing 6700 acre feet of water to the Truckee River. As part of an agreement in February 2007 the estimated breakdown for the 6700 acre-feet is that Reno would provide 4020 acre-feet of water and Washoe County and Sparks would each be responsible for 1340 acre-feet. Based on the price range of \$10,000 to \$15,000 per acre-foot of water, Washoe County's liability is somewhere between \$13,400,000 and \$20,100,000. To date it appears that Washoe County has found 341.03 acre-feet of water toward our required contribution by analyzing the ownership records of various street rights-of-way and perfecting ownership of the underlying water rights. That leaves the County about 1000 acre-feet short. Staff is working diligently to identify other water rights but it is clear that the County will be several hundred acre-feet short and possibly as much as 600 acre-feet. Any water rights that are sold for other purposes than the TROA settlement would ultimately need to be acquired on the open market and there are zero dollars allocated toward purchase of the water rights needed for Washoe County's commitment to the TROA Settlement. Thus if \$850,000 is diverted from the water rights formerly used at the Northgate Golf Course the funds required for the purchase of water rights under TROA would need to come directly from the County's general fund or some other funding source.

Options for finding \$850,000 toward the cost of acquisition of the Northgate Golf Course

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| Washoe County 1 Funds (WC-1) | The BCC was presented with this information at their November meeting. Essentially, use of WC-1 Open Space funding for the Northgate Golf Course would mean pre-empting funding for projects that were on the approved list as part of public's vote on this bond measure. |
| State Question 1 Funds (SQ-1) | Staff has diligently pursued this option, but due to the current financial markets the State has delayed sale of the bonds for this program and the earliest that a project could be funded would be sometime after January 2011, and likely later. |
| Washoe County General Fund | With \$62 million in budget cuts for the 2009-10 budget and reduction in the County's workforce and cuts of over 50% for parks and libraries over the past two years, the BCC has previously stated that use of the County's General Funds would not be considered for this purchase. |
| Restricted Funds | The County has restricted and enterprise funds which are not available for this use. These include bond funds, enterprise funds and funds restricted to specific purposes (Animal Services, Fire, Regional Communications, Child Protective |

Services, etc.) These types of funds are clearly not available for the purchase of the Northgate Golf Course.

Sierra Sage Water Rights Proceeds	There is an agreement with the City of Reno that these funds would be used at the North Valleys Regional Park. Currently, there is approximately \$7 million in that fund and any proposed use of the funds would require BCC and Reno City Council approval.
Residential Construction Tax	Washoe County has no Residential Construction Tax available for recreational use in this area but the City of Reno may have some funds. Status of the amount of any Reno funds and whether those funds have been earmarked for any other purpose would need to be explored.
Possible state funds for wildlife protection.	Maybe Audubon Society for bird sanctuary. These funds would most likely only be available for use in upgrading the property once acquisition of the Northgate property has been completed.
Private funding sources	Adjacent property owners wanting to expand their individual properties might be a source of funding.
Possible sale of excess property	Sale of the Northgate Clubhouse and maintenance building are is an option. This acreage might prove to be a good location for a new church or the expansion of an existing church property.

There may be other options available, but at this point County staff feels that the above options are the most relevant and available options for the BCC to consider. What is clear from this list is that there are no easy answers.

FISCAL IMPACT

The fiscal impact for this item is dependant on the Board's decision to exercise one of the financial options listed above.

RECOMMENDATION

Receive the staff presentation and discuss options for the possible funding of a portion of the cost of the acquisition of the Northgate Golf Course; to include a request by the Reno City Council that the Board of County Commissioners discuss the sale of a portion of Washoe County's water rights which were formerly used at the Northgate Golf Course; and possible direction to staff.

POSSIBLE MOTION:

A possible motion would be: "Receive the staff presentation and discuss options for the possible funding of a portion of the cost of the acquisition of the Northgate Golf Course; to include a request by the Reno City Council that the Board of County Commissioners discuss the sale of a portion of Washoe County's water rights which were formerly used at the Northgate Golf Course; and possible direction to staff."