

## **Northgate Status Update as of August 18, 2009**

### **Option Agreement with RJB Development.**

- In late June, Washoe County paid \$200,000 toward an option agreement with RJB Development that could potentially lead to the purchase of the Northgate property if certain factors come to pass.
- RJB also has an active previously-signed agreement to sell the property to a developer if the County and RJB are unable to reach agreement on a purchase of the Northgate property.
- An appraisal has just been completed which places the appraised value of the approximately 226 acres at \$2,850,000.
- RJB's asking price is \$4,500,000.
- Both of the parties have the right to cancel the option agreement by August 24 (RJB) and August 27 (County) if they do not agree on a purchase price. If the option is **not** canceled by one of the parties by their respective deadline, the purchase price becomes the appraised value of \$2,850,000.
- The County and RJB remain in discussions on this matter and as of August 15 RJB has not yet given notice of cancellation, but the appraisal is \$1,650,000 less than their asking price. This item is on the agenda for consideration by the Board of County Commissioners on August 25 and RJB's decision to cancel the option agreement would need to be received on August 24<sup>th</sup>.

### **State Question 1 Funding**

- If a successful application could be submitted the State Division of Lands that ultimately receives funding from State Question 1 (SQ-1), the grant program could possibly pay for up to ½ of the acquisition costs. The program also requires that any SQ-1 funds be matched on a dollar for dollar basis using local funds (which could include participation from the neighborhood).
- Recent conversations with senior staff at State Lands have resulted in the following understandings:
  - Funding for future rounds of SQ-1 funds has been significantly delayed due to unfavorable financial markets making it difficult to sell the bonds needed to fund SQ-1 projects.
  - State Lands' staff's best guess as to when the next round of funding might take place is the fall of 2010, at the earliest.
  - Even then, it is expected that the amount of funding that is available at that time will be much reduced from previous rounds of funding.
  - A preliminary review of the project to purchase Northgate shows that although it may meet the basic criteria for SQ-1 funding, the project itself would probably not be among the highest priority projects to be considered for funding based on past funding decisions within this process.
- Therefore, based on current information, SQ-1 funding is very uncertain as a source of funds for this project since the option agreement with RJB also requires that the purchase be completed by spring of 2010, well before any potential funding decision and well before we would know if we even have a chance of being funded.

## **Washoe County 1 (WC-1) Regional Parks Funding**

- There might be up to \$1,000,000 in WC-1 funds available to match the State Question 1 funding, but the Board of County Commissioners would have to put this project ahead of other projects that were on the list when the voters approved the measure...so it's certainly not a sure thing.

## **Next Steps**

- We expect to have a “go/no-go” decision on this possible purchase next week.
- If the purchase price is agreed upon at \$2,850,000, County staff will diligently work at the direction of the Board of County Commissioners to seek funding for a portion of the total purchase price.
- Under any scenario, successfully completing the purchase of this property will also require the financial participation of the residents on the neighborhood.
- It is imperative that the neighborhood begin immediately to organizing itself so that there is an agreed plan for raising the required contribution toward the purchase price.
- Reno staff can assist with the creation of a Special Assessment District (SAD) or a Park District approach.
- Funding issues include the purchase of the property, but funds will also be needed to restore it properly to open space (rough guess \$200,000 to \$500,000) and funding will also be needed to maintain the property on an ongoing basis.
- If the parties do not ultimately agree on a purchase price next week, there are still options available to the neighborhood including the possible consideration of purchasing a portion or all of the property or part of all of the “development rights” to the property directly from RJB. Organizing to do this would also suggest a similar need for the neighborhood to get organized around this issue.

Watch the Washoe County website for updates and things like staff reports, maps or a copy of the option agreement. [www.washoecounty.us](http://www.washoecounty.us) and click on the link to “**Read the Latest on Northgate Golf Course**”.

## **Washoe County's Current Financial Situation (just a little bit of background)**

- General fund cuts of about \$100 million over the past 24 to 30 months.
- Regional Parks and Open Space budgets has been cut by a total of 56% in the last 2 years.
- The County overall has 500 fewer employees.
- Washoe County's sales tax revenues have declined in 27 of the last 28 months. They are still showing double-digit declines month on month compared to the previous year.
- Property tax revenues are expected to decline by at least 7 to 10% in the next budget year.
- Regional Parks and Open Space construction projects (trailheads, etc.) have been placed on hold because although there may be bond funds to construct them, there is no money for operations and maintenance at this time.