

**WASHOE COUNTY BOARD OF COMMISSIONERS
AND
CITY OF RENO CITY COUNCIL**

TUESDAY

10:00 A.M.

APRIL 25, 2000

JOINT MEETING

PRESENT:

WASHOE COUNTY

Ted Short, Chairman

Jim Shaw, Vice Chairman

Joanne Bond, Commissioner

Jim Galloway, Commissioner

Pete Sferrazza, Commissioner

Katy Singlaub, County Manager

Paul Lipparelli, Deputy District Attorney

CITY OF RENO

Jeff Griffin, Mayor

Dave Aiazzi, Councilmember

Sherrie Doyle, Councilmember

Pierre Hascheff, Councilmember

Tom Herndon, Councilmember

Dave Rigdon, Councilmember

Charles McNeely, City Manager

Mike Melner, Reno City Attorney

Amy Harvey, County Clerk

Don Cook, City Clerk

ABSENT:

Bill Newburg, Councilmember

The Washoe County Board of County Commissioners and the City of Reno City Council met in a special joint session in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Following the pledge of allegiance to the flag of our Country, the Clerks called the rolls for their respective entities and the Board and Council conducted the following business:

The joint bodies held a moment of silence in honor of Assemblywoman Jan Evans who passed away on Monday.

AGENDA

In accordance with the Open Meeting Law, on motion by Commissioner Galloway, seconded by Commissioner Bond, on behalf of Washoe County, and on motion by Councilman Herndon, seconded by Councilwoman Doyle, on behalf of the City of Reno, which motions duly carried, it was ordered that the agenda for the April 25, 2000, joint meeting be approved.

PUBLIC COMMENTS

Councilman Dave Aiazzi stated that he cannot attend the meeting this afternoon so he wanted to take this opportunity to address the County Commissioners regarding the bond issue for parks. He advised that the memo from Protect Our Washoe is absolutely incorrect in their assumptions regarding Ballardini Ranch; that the Protect Our Washoe people are planning on having lots of people at the meeting; and that it is his hope that the Board will remember the people that won't be there, which are the people that actually use the ballfields and soccer fields. Councilwoman Doyle agreed and stated that ballfields are badly needed all over the County, but especially in the northwest.

00-312 JOINT COURT FACILITIES - RENO MUNICIPAL COURT AND WASHOE COUNTY COURTS COMPLEX

Dave Roundtree, Washoe County Public Works Director, and Steve Varela, City of Reno Public Works Director, prepared a joint staff report in response to questions brought up at the last joint meeting, which had been distributed to both bodies.

Councilmember Rigdon asked questions clarifying the difference in square footage costs of the NG site and the Pioneer Inn site.

Katy Singlaub, County Manager, advised that what the County is proposing and asking the City to consider is that the County would absorb the cost of the City's land acquisition for parking at the Pioneer Inn site so that a shared parking facility could be provided, which would represent an approximate savings of \$632,725 to the City.

Mayor Griffin stated that the City would need a positive vote from the Commission regarding that proposal. He further expressed his concern regarding the possibility that the Municipal Courts might be in the facility all alone for a decade and stated that the City needs some assurance on the County's commitment to move forward with or without a bond issue.

Commissioner Bond stated that sharing a parking facility only makes good sense and that she does not plan to purchase \$13-million worth of land and not move forward on it. Commissioners Shaw and Short agreed.

Councilmember Doyle asked what would happen if the bond issue does not pass. Ms. Singlaub replied that the County would then explore other options such as a lease-purchase for construction of facilities for the District Attorney and that, if the bond issue does not pass, implementation of the other phases would have to be extended radically.

In response to another question by Councilmember Doyle, Mr. Varela stated that there is enough space on the Pioneer Inn site for a future home for the Reno Police Department.

Mr. Varela also commented that he needs to review the numbers because he is not sure this proposal really saves the City any money. He further stated that they will not have the appraisals on the other sites until July.

Councilmember Hascheff noted that in order to make an apples-to-apples comparison of the sites, the appraisals and the master planning have to be accomplished and asked staff about the timelines. Mr. Roundtree stated that the master planning effort will probably take 90 to 120 days. Councilmember Hascheff further stated that he would need to see some certainty as to how the County would develop the Pioneer Inn site if the bond issue does not pass.

Commissioner Sferrazza stated that suggesting to the City that the County is going to buy the site even if the bond issue does not pass is premature. Mr. Roundtree responded that there has been no commitment to purchase the property; and that staff has been directed by the Board to attempt to negotiate a purchase on the property.

Councilmember Aiazzi stated that if the municipal courts can be built on the Pioneer Inn site for the same cost as on other sites, he does not have a problem, but the timing is critical to the judges and to the City.

Commissioner Galloway stated that it was his understanding that the County had the funds to acquire this land and the funds to do the Wittenberg Hall relocation and that is why the Board directed staff to obtain the appraisal and start negotiations on the Pioneer Inn site. Commissioner Galloway and Mr. Varela also discussed figures on the 30-year life cycle analysis and construction costs for parking structures.

Councilmember Herndon commented that the key is whether the County is going to purchase the Pioneer Inn site prior to knowing whether the bond issue is approved. Ms. Singlaub stated that the County also has a very tight timeline because the District Attorney's lease expires in 10 months.

Commissioner Bond stated that the County needs to move forward on the purchase of the land; that hopefully Reno will see merit in the County's proposal and a joint effort can be accomplished; that the appraisal probably needs some "tweaking;" and that the bottom line needs to

be determined. Councilmember Doyle asked if that was a motion. Commissioner Bond stated that it was a motion.

Commissioner Shaw noted that both entities are under time constraints and stated that he would second Ms. Bond's motion.

Commissioner Galloway clarified that the motion is to direct County staff to negotiate the purchase of the Pioneer Inn site at a fair value and asked whether that is contingent on the 17,000 square feet being purchased by the City of Reno. Commissioner Bond stated that it was not. Commissioner Galloway stated that he would support the motion.

Commissioner Sferrazza stated that he has questions about the appraisal that he would like to have answered before he votes on the motion; and that he thinks the motion should be to acquire all of the parcels including the bank parcel. He further stated that he is also concerned about employees of the Pioneer Inn being laid off and relocating the other existing businesses, including the wedding chapel. Commissioner Bond stated that she feels those are other details that will be addressed during the process and she does not think the County is heartless and will do what it can along those lines.

Ms. Singlaub advised that there is no relocation requirement to the sellers of the property, but there is a relocation assistance requirement for the tenants of a facility that is being acquired, which includes helping with moving expenses, new stationery, etc.

Chairman Short stated that he understood that the owners were not willing to sell the bank parcel for the appraisal. Commissioner Sferrazza stated that the offer should be a package deal. Mr. Roundtree stated that each parcel was appraised separately on its own merit and that the owners have agreed to sell parcels A, B and C for the appraised price, but not parcel D.

Reese Perkins, MAI, SRA, Principle in Johnson, Perkins and Associates, responded to Commissioner Sferrazza's questions stating that he had not appraised subject properties prior to this appraisal, nor has he appraised any other properties owned by subject's owners. Commissioner Sferrazza referred to a prior appraisal on subject property by William Kimmel, which was half of the current appraisal of approximately \$13.2-million, and asked Mr. Perkins to explain the differences. Mr. Perkins stated that the first thing to keep in mind is that the Kimmel appraisal was prepared over three years ago, in January 1997, and was for property tax appeal purposes specifically and that value was \$6,820,000. He explained that one of the major differences is that the Kimmel appraisal did not include the south parking lots, which is approximately 41,000 square feet; that the Kimmel appraisal was done at a time when there was considerable concern about the future of gaming in downtown Reno; that the property was experiencing a declining income stream at that time; and that the City has now made commitments for downtown redevelopment, which is improving the situation. Mr. Perkins explained in detail the difference in capitalization rates and other differences between the two appraisals. Commissioner Sferrazza stated that this property has been up and down and the historical average would more accurately reflect the value; and that Mr. Perkins is establishing a value based on the income method, but the revenues are based on projections rather than real numbers. A lengthy discussion ensued between Mr. Perkins and Commissioner Sferrazza concerning other differences between the two appraisals with Commissioner Sferrazza stating that the appraisal is questionable because the figures for the last two years are fictional.

Commissioner Bond stated that all the Board members have issues with the appraisal and that staff has been directed to address the concerns and try to get to the real number in negotiating the purchase. Commissioner Galloway noted that another appraisal could always be obtained. Ms. Singlaub agreed and further advised that staff is still waiting for other information also such as the structural analysis, environmental issues,

etc., that would all be covered under the due diligence requirement.

Councilmember Rigdon clarified that part of the motion is that the County would buy the property and sell the City the 17,000 square feet and asked that the City be held harmless for relocation costs, environmental issues, etc. Ms. Singlaub stated that until the due diligence is done, staff will not know what all the implications are.

Councilmember Doyle asked that the County keep the police station in mind when doing the master plan. Chairman Short expressed his hope that the master planning would also be a joint effort and that this would become "our" project rather than "their" project.

Commissioner Shaw asked if there was any possibility of including parcel D and offering a package deal as Commissioner Sferrazza suggested. Ms. Singlaub stated that staff could talk to the owners about that again, but that an analysis would have to be done to determine whether the lease income would cover the debt service for that additional \$4,000,000+.

Commissioner Galloway asked if the maker of the motion would be willing to include the additional property provided the debt service could be covered as suggested. Commissioner Bond stated that when she made the motion she was assuming that staff would examine all of those options. She restated the motion as follows: staff is directed 1) to go forward in negotiation on the purchase of the Pioneer Inn property, Parcels A, B, C, and D, and determine what kind of package can be put together; 2) to do the analysis on the appraisal; and 3) to get to the bottom line on the feasibility of purchasing this property, subject to Board approval.

Chairman Short called for the vote and the motion carried unanimously.

Mayor Griffin stated that this has been a great cooperative effort and the issue now before the City Council is whether they are ready to commit to the acquisition of the 17,000 square feet at the Pioneer Inn site. City Manager Charles McNeely suggested that it would be more appropriate for the County to make an offer to the City and the City to act on the offer, after the County has completed the negotiations with the property owners. The Mayor indicated that he thought the County was looking for an expression that the City is interested in colocating their courts at the site.

Councilman Rigdon stated that he wants to see what the exact prices and costs would be on all of the sites before he makes any decisions.

Councilmember Aiazzi stated that he would like to go ahead with the appraisals and evaluations on the other sites at least for comparison purposes, and noted that they could be looking at environmental issues on those sites as well. He also commented that the Pioneer Inn is worth more now than in 1996, which shows that redevelopment is working.

Councilmembers Hascheff and Herndon stated that they could support a motion to express interest in colocating, but are still waiting for some answers regarding costs and savings and the appraisals on the other parcels that were proposed to the City.

Councilmember Herndon moved that the Reno City Council express its strong interest in a colocation of the courts and in cooperation with the County on the Pioneer Inn site as the primary site, but not precluding the analysis of the other sites. He further stated that the motion envisions responses to all of the questions. The motion was seconded by Councilmember Aiazzi. Following discussion, Mayor Griffin called for a vote and

the motion carried unanimously by all members present.

A discussion ensued concerning scheduling another joint meeting in approximately 30 days.

BOND ISSUES

Mayor Griffin advised that the City of Reno is not interested in considering a bond issue for the Municipal Courts.

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There being no further business to conduct, the meeting adjourned at 11:25 a.m.

TED F. SHORT, Chairman

JEFF GRIFFIN, Mayor

Washoe County Commission

City of Reno

ATTEST:

ATTEST:

AMY HARVEY, County Clerk

DON COOK, City Clerk