



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** July 16, 2026

Staff Contact: Glen Martel, City Manager

Agenda Title: For Possible Action: Discussion and possible action regarding a lease-purchase agreement term sheet provided from the Hop & Mae Adams Foundation ("HMAF") to Carson City ("City") containing proposed, nonbinding terms for Carson City to lease approximately 45,000 square feet of office space on an approximately 25,600 square foot parcel for a new City Hall to be located in downtown Carson City for an amount not to exceed \$30,000,000, commencing 30 days following the issuance of a certificate of occupancy or upon the completion of improvements, at a fixed, non-adjustable rate and containing a buyout provision for the City to acquire the new City Hall at any time during the term of the lease without penalty. (Glen Martel, gmartel@carsoncity.gov, Stephanie Hicks, shicks@carsoncity.gov, Robert Nellis, rnellis@carsoncity.gov and Sheri Russell-Benabou, srussell@carsoncity.gov)

Agenda Action: Formal Action / Motion **Time Requested:** 60 Minutes

Proposed Motion

I move to approve the lease-purchase terms as presented and direct the City Manager to continue with all preparatory tasks to complete a draft lease-purchase agreement for the new City Hall and any other necessary or desirable documents, including a separate agreement for required parking accommodations for City Hall, all to be brought back to this Board for review and consideration at a future meeting, consistent with the direction provided on the record.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

March 19, 2026 (Item 18A) - The Board of Supervisors ("Board") directed the City Manager to initiate due diligence and commence preparatory tasks for entering into agreements with the HMAF for the new City Hall.

February 21, 2025 (Item 5B) – Board considered space, location, and building needs of various departments and elected officials, and a proposal from the HMAF to construct a new City Hall with a parking garage.

September 1, 2022 (Item 15A) – The Board was presented with an update of the City's space needs and options for addressing future space needs at the Courthouse and various other space needs of the City.

February 25, 2022 (Item 5D) – The Board considered space and building needs for the location of

various departments and elected officials. The Board directed staff to explore expanding the Courthouse to meet future space needs.

September 2, 2021 (Item 20B) – The Board adopted the Carson City Fiscal Year (FY) 2022-2026 Strategic Plan.

July 15, 2021 (Item 18B) – The Board directed staff to proceed with all preparatory tasks required to dispose of certain City property and acquire 600 E William Street.

Background/Issues & Analysis

During the development of the Carson City FY 2022 – 2026 Strategic Plan, the Board identified the need to complete a citywide space needs assessment, beginning with the courthouse. This included assessing the potential expansion of the Carson City Justice/Municipal Court to add more courtrooms for a population of 60,000, determining which departments or functions must remain at the courthouse, and planning all required relocations. Among the considerations was relocating the Clerk/Recorder/Public Administrator office to a space that can accommodate all divisions, meet the department's security, staffing, and storage requirements, and provide public parking and access, while also possibly serving as a polling location. Additionally, to enhance efficiency and customer service, the Board recognized the need to acquire or lease new office space to establish a centralized customer service center that will serve as the new City Hall. All of these items became tactics within the final Strategic Plan.

In response to the Board's direction, the City engaged in preliminary discussions to explore a variety of options regarding the lease or construction of a new City Hall. Additionally, several items have been brought to the Board for further consideration:

- On July 15, 2021, the Board directed staff to proceed with the preparatory tasks necessary to acquire 600 E William Street, a 30,000 square foot building to accommodate the City's increasing needs for office space. In December 2021, negotiations ceased when the building was appraised below the amount the owner was willing to accept.
- On February 25, 2022, the Board was presented with options to build a new City Hall, expand the existing City Hall, and sell buildings to generate capital. Current square footage utilization by City departments and elected officials was provided, along with estimated future growth needs. Options to lease or buy buildings were presented, including locations at 3850 Arrowhead and 3246 N Carson Street.
- On September 1, 2022, the Board was presented with options to reconfigure and expand the Courthouse to address both immediate and future needs. Alternatives were also presented to relocate certain City services to 3246 N Carson Street or to construct a new 44,000 square foot City Hall.
- On February 21, 2025, the Board considered space, location, and building needs of various departments and elected officials, which included a proposal from the Hop & Mae Adams Foundation to construct a new City Hall with a parking garage.
- On March 19, 2026, the Board was provided with the background of efforts over the preceding seven years to pursue locations for a new City Hall, expand the current City Hall, and reconfigure the Courthouse. The justifications for a new City Hall were presented, along with a financing plan.

The need to initiate due diligence for a new City Hall stems from a combination of operational,

economic, and community development factors that have evolved over several years, driven by the addition of a new courtroom in the courthouse and the staff needed for the planned expansion to three Justice Courts and potentially three District Courts. On June 5, 2025 the Board approved the design and construction support services contract with TSK Architects for the Courthouse Renovation Project, which necessitates the relocation of the Clerk-Recorder (CCCR) and the Department of Alternative Sentencing (DAS). Over the last four months, the City has made steady progress negotiating with HMAF to value the parties' contributions, perform financial analyses, and draft terms for both a Lease Purchase Agreement and a Development Agreement for the parking garage. Additionally, HMAF has been working with an architect, a surveying firm, and lenders in anticipation of the Board's future approval of these agreements.

The new City Hall is envisioned as a cornerstone of downtown revitalization, designed to enhance economic vitality, attract visitors, and improve lifestyle amenities for all Carson City residents. It will consolidate City administration, increase operational efficiency, and provide modern, accessible space for public engagement and City services. Constructing a new City Hall would enhance civic infrastructure and stimulate economic investment in a key redevelopment area. The proposal to construct the new City Hall on private property is being advanced in part due to the project's scale and complexity, as well as the City's desire to leverage private-sector expertise, resources, and property. The project directly supports Carson City's adopted Master Plan and Strategic Plan goals, including economic development, efficient government, quality of life, and sustainable infrastructure. The Master Plan specifically recommends seeking public-private partnerships for catalyst projects and prioritizes downtown revitalization as a key community goal.

Applicable Statute, Code, Policy, Rule or Regulation

NRS 244.286 and 354.740 et seq.

Financial Information

Is there a fiscal impact? Yes

If yes, account name/number: Revenue from Redevelopment Authority tax proceeds will be used to finance the facility, until the Redevelopment sunsets, at which time the General Fund will pay the debt.

Is it currently budgeted? No

Explanation of Fiscal Impact: If approved, the funding structure being explored is a lease with an option to purchase, which will have an option to buy out of the lease at any time. To buy out of the lease the City would likely issue a revenue bond, which is the most fiscally responsible financing method, as City Bonds are non-taxable and would have the lowest interest rate. To be conservative, Finance is projecting a payment of \$2,155,000 annually, based on a debt issuance of \$30,000,000 (Construction Costs are projected to be \$28 million), and debt service payments over a term of 30-years at 6% interest rate. Payments would not start until a certificate of occupancy is issued. The term sheet's, "long term payments" are based on estimated construction costs of \$28 million, at a 5% interest rate. Interest rate will not be available until debt issuance, therefore Finance has factored in Credit Rate Risk by using a high rate, to ensure the City can afford to move forward.

Debt Service in the General Fund, has hovered around \$3 million to \$3.5 million historically. In FY 2034 when the Redevelopment Fund sunsets, and the debt services shifts to the General Fund, the 2034 General Fund Debt Service is scheduled to be \$567,600. Therefore including the Courthouse issue, and New City Hall issue will bring Debt Service to \$3,447,600, just under the \$3.5 million.

Alternatives

Do not approve the proposed term sheet for a lease-purchase agreement, do not direct the City Manager to proceed with additional preparatory tasks to complete a draft lease-purchase agreement and other necessary documents and/or provide alternative direction to staff.

Attachment(s):

[2026-07-02 Term Sheet CACI 2026 City Hall Lease.pdf](#)

[2026-06-29_United_Federal_Credit_Union_Term_Sheet.pdf](#)

[Upcoming Projects - Available Dollars update 7-6-2026.pdf](#)

[Late Material - Public Comment Item 24a.pdf](#)

[Late Material - Item 24a.pdf](#)

Motion: _____

1) _____
2) _____

Aye/Nay

(Vote Recorded By)