

Public Purpose/Impact Analysis

City Council/Redevelopment Agency Meeting
March 19, 2008

Title of Project: Commercial Visual Improvement Agreement (CVIP) between the LV Redevelopment Agency and 4 Charleston, LLC (CVIP Participant & Property Owner) (4 East Charleston Boulevard)

Project Description: Demolition of existing building and construction of new 2-story, 8,041 sq. ft. commercial building

Sponsor/Developer: 4 Charleston, LLC (CVIP Participant/Property Owner)

Assistance Provided by: Redevelopment Agency. Total project cost is approximately \$1.3 million. Agency will reimburse the CVIP applicant on a 1:1 basis for pre-approved qualified exterior improvements. The Agency will reimburse the CVIP applicant up to a maximum of \$50,000.00 for exterior improvements to the building. Agency will also record a Façade Easement and Building Maintenance Agreement against the property for a period of five (5) years, from date of completion of project.

Number of Direct Jobs Created: Approximately 22 – 30 for Three (3) Urban Lounges.

Number of Indirect Jobs Created: Based on the Economic Impact Model, an additional 10 jobs will be created.

Number of Direct Jobs Retained: Not Applicable

Pertinent Statutes Used for Public Purpose:

In accordance with NRS 279.486, the CVIP applicant has submitted a signed and notarized Participant Affidavit and Employment Plan which states that without the Redevelopment Agency's assistance, the proposed project would not be completed to a level that would be beneficial to the redevelopment area and the surrounding neighborhood. Any potential job creation opportunities will be advertised within the surrounding neighborhoods for qualified applicants.

How Does the Project Benefit the Public:

4 Charleston, LLC was considering an extensive remodel of the existing building, including the addition of a second floor. Testing was conducted on the building and it was discovered that the building was constructed in 1948 from un-reinforced masonry. Since the building was not structurally suitable for the new uses, i.e. Urban Lounges, the property owner decided to construct a new building.

This project is located in the Arts District, which the City and Redevelopment Agency are focusing financial and staff resources to the continued development of

this area as a cultural arts destination for local residents and visitors to downtown Las Vegas. As the Arts District has grown, a renewed interest by property owners and business owners to renovate their property or expand their business has increased.

This project will help stabilize and increase positive economic activity within the surrounding neighborhood. 4 Charleston has a high quality design, encourages the creation of new business and/or appropriate development, creates jobs or other business opportunities for nearby residents and increases local revenues from desirable sources.

Quantitative Economic Benefits:

\$1.3 million is being fed into the local economy through the employment of qualified contractors for the construction of the new building. Approximately 22 – 30 jobs will be created between the three (3) Urban Lounges. The economic benefits, via wages, would breakdown as follows: 20 wait staff employees at \$25,750/year; 2 Managers/Bartenders at \$65,000/year; and 5 Contract Workers (security and janitorial) at \$12,480/year. Economic Benefit, via wages, would equal **\$578,650/year** at this location. Based on the Economic Impact Model, an additional 10 in-direct jobs will be created (4 suppliers and 6 consumers) over the next 20 years. The monetary increase for these 10 additional in-direct jobs is approximately \$180,000/year.

Additionally, the amount of tax increment the Agency will receive will increase. The Net Present Value of the tax increment, over the next twenty (20) years, is estimated at **\$302,560**.

Private Investment:

Applicant will be funding this project cost of approximately \$1.3 million through cash on hand and a bank loan.

Public Investment:

The CVIP program requires a 1:1 match from the applicant for all pre-approved exterior improvements. For this project, the public investment will be \$50,000. The Return on Investment for the increase in tax increment is **605%** [$\$302,560/\$50,000$], or 30.25% per year for 20 years.

Total Direct Economic Impact:

Total Wages adjusted 2.5% annually, for 20 years = **\$14,781,416**.
Total Tax Increment received over 20 years = **\$302,560**
Total Direct Economic Impact = \$15,083,976 (Total Wages + Total Tax Increment)

Total Indirect Economic Impact:

10 indirect jobs with approximately \$180,000/year monetary impact. Over 20 years, this totals **\$3,600,000**.

Economic Impact Study Performed:

Yes

No

Return on Investment Analysis Performed:

Yes

No