City of Las Vegas

Agenda Item No.: **6.**

AGENDA SUMMARY PAGE

REDEVELOPMENT AGENCY MEETING OF: FEBRUARY 4, 2009

DEPARTMENT: OFFICE OF BUSINESS DEVELOPMENT
DIRECTOR: SCOTT D. ADAMS

SUBJECT:
Report and possible action regarding the City of Las Vegas Redevelopment Agency Economic Impact Analysis report prepared by the consulting firm Applied Analysis - Wards 1, 3 and 5 (Tarkanian, Reese and Barlow)

Fiscal Impact

☐ **No Impact** ☐ **Augmentation Required**
☐ **Budget Funds Available**

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:
The Redevelopment Agency (RDA) retained Applied Analysis (AA) to do an independent study on the economic and fiscal impacts of RDA projects. Projects included those that are under or recently finished construction, pending regulatory approvals and in the pipeline within the RDA area. AA also included a review of tax increment financing (TIF) and best practices comparing the RDA to other major cities.

RECOMMENDATION:
Receive report.

BACKUP DOCUMENTATION:
Submitted at Meeting PowerPoint Presentation by Applied Analysis

Motion made by GARY REESE to Accept the report

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0
RICKI Y. BARLOW, LOIS TARKANIAN, STEVE WOLFSON, OSCAR B. GOODMAN, GARY REESE, STEVEN D. ROSS, DAVID W. STEINMAN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:
CHAIRMAN GOODMAN stated that that the firm of Applied Analysis is not affiliated with the City and had prepared this independent report after being awarded the contract. He noted that three other companies had submitted proposals for this contract.

SCOTT ADAMS, Operations Officer of the Redevelopment Agency (RDA), concurred and stated that this report was the result of the Request for Proposal process started in November 2008. He stated that Applied Analysis selection was based on a committee evaluation and

REDEVELOPMENT AGENCY MEETING OF: FEBRUARY 4, 2009

explained that this report is an important tool in helping the public understand the RDAs activities.

BRIAN GORDON, Applied Analysis, gave his report using a PowerPoint presentation which was submitted for the record. He explained that the economic and fiscal impacts of the RDA had been evaluated from several standpoints. The tax revenues collected since the City's inception to the RDA's inception were used as the baseline reference for the analysis. He clarified that the specific impacts from direct investment were analyzed and not the overall price appreciation resulting from the RDA's efforts.

Regarding the economic impact from one-time construction projects, MR. GORDON stated that direct investment of almost $2.7 billion had resulted in nearly $4.4 billion in economic output and nearly 40,000 jobs with salaries and wages totaling nearly $1.9 billion.

Regarding future project impacts, MR. GORDON explained that the study focused on projects, investment and construction activities that were currently taking place. Projects currently under construction will have an economic output of almost $1.3 billion and over 12,000 jobs with salaries and wages of $685 million. The recurring economic impact of projects currently underway will generate approximately $391 million with over 5,000 permanent jobs and $166 million in salaries and wages.

Addressing the fiscal impact of the RDA, MR. GORDON noted that the funds set-aside for public housing has significantly increased since the RDA's inception. He stated that 87 percent of the RDA budget goes towards public investment with about 13 percent allocated to operating expenses.

In the Cost-Benefit Analysis, MR. GORDON pointed out that since the inception of the RDA, 24,348 construction jobs had been created. He stated that every one dollar of public funding had created $16 in economic output and $8 in wages paid in one-time economic impacts and $35 of economic output and $15 in wages in recurring impacts. The industry standard range for the public-to-private investment ratio is for one dollar of public investment is matched with eight to twelve dollars of private investment. He noted that the RDA averages a match of $15 for every dollar of public investment, well above the industry standard.

MR. GORDON explained in detail the RDA tax impact since its inception using several graphs. The tax base has reversed its downward trend and revenues have increased modestly. The tax increment for other agencies and public housing as well as the funds for public re-investment has also increased tremendously. ACTING DEPUTY CITY MANAGER MARK VINCENT clarified that the increase in revenues is a direct result of the RDAS efforts.

MR. ADAMS stated he would provide a detailed list of all the agencies benefiting from the RDAs efforts to the Council and the public. He noted that as property values continued to

REDEVELOPMENT AGENCY MEETING OF: FEBRUARY 4, 2009

increase, the monies going toward education and public safety would also increase. CHAIRMAN GOODMAN observed that the tax base would probably have declined without the actions of the RDA and pointed out that all taxing jurisdictions would share the substantially improved tax revenues when the RDA expires. He also suggested that, without the RDA, no major projects would have come into the downtown area and the reinvestment by the downtown casinos would not have taken place.

MEMBER ROSS pointed out that the RDA is an economic driver, which is crucial in the current economic environment. He stated that the RDA needs to reach out to the community so people understand its economic impact. MEMBERS TARKANIAN and BARLOW concurred.

MEMBER BARLOW emphasized that the RDA has been integral to the redevelopment of Ward 5. MR. ADAMS observed that natural market forces would not have brought any development to Ward 5, noting that the market forces are driven toward the suburbs. He stressed that the RDA had to work very hard to bring development to Ward 5. If the RDA ceased to function, the City would be giving up approximately $50 million in new tax revenues and the core of the City would resume its decline.

MEMBER BARLOW asked MR. ADAMS to explain the RDA'S impact on jobs, stating many of his constituents were struggling due to layoffs, foreclosures and the recession. MR. ADAMS explained that the RDA uses incentives as leverage to encourage businesses to locate in blighted areas where jobs will be close to people that need them. He pointed out that State law dictates that any developer who takes advantage of RDA incentives explain how they will reach out to area residents with those employment opportunities. He added that the RDA works closely with companies to sponsor job fairs to make sure the surrounding community has access to those jobs. He emphasized that the RDA is a revenue-generating machine and a job-creation mechanism.

MEMBER TARKANIAN recalled recently touring several areas in Los Angeles, California, that have been successfully redeveloped. She explained that she has come to understand the importance of the RDA and appreciates its efforts.

MEMBER REESE stated that many projects and businesses are currently struggling and stressed that a new City Hall is a project that has to move forward. He thanked MR. GORDON and his group for their work on the study and expressed his hope that it would make the RDA and how it works easier to understand.