Public Purpose/Impact Analysis

Titles of Projects:

1. Real Estate Lease with Purchase Option Agreement between the City and 601 Fremont, LLC) for 601 Fremont Street.

Project Descriptions:

1. The City proposes to lease the vacant 48, 740 square foot, 3-story building located at 601 Fremont St. for $233,000 per year for a term of 30 years with one 15 year extension option. There is a one percent annual rent escalation scheduled to begin at the 7th year of the lease. The rental rate will be abated during the tenants construction phase (approx. 2 years) and then for an additional 5 years subsequent to the construction period. The tenant is required to develop the 16,000 square foot ground floor of the property with retail, restaurant and entertainment businesses to promote economic development in the Fremont East Entertainment District. Once the ground floor businesses are fully operational, the tenant may exercise the purchase option so they may begin the development process for a potential hotel/condo located on the existing parking lot of the property.

Sponsor/Developer: City and 601 Fremont, LLC

Assistance provided by City and or RDA? City

Cite Pertinent Statutes for Public Purpose: N.R.S. 268.063

How does the projects benefit the public?

- The property at 601 Fremont St is located in the city's Redevelopment Area and in the center of the Fremont East Entertainment District. The building is ideally suited for retail, restaurant and entertainment venues that will enhance the existing businesses in the immediate area. In addition the rehabilitation of the building will provide construction jobs and the new businesses will provide permanent jobs that currently do not exist.

Quantitative Economic Benefits:

- The existing 601 Fremont occupancy rate is: 0%

- The existing number of full-time equivalent (FTE) employees is: 0

- The redevelopment of the 601 Fremont St. building into a retail and entertainment venue is expected to generate new direct and indirect jobs, as well as, increase demand for space in the Fremont East District and supply of retail and entertainment opportunities for locals and tourists to engage in.

  - Considering only the first floor of the building which is approximately 16,000 sf to be occupied with general retail operations the occupancy rate would immediately increase

		by 32.8 % and could potentially generate employment for 14.5 FTE employees with estimated annual gross wages of $346,275. This only represents the minimum, there is a great potential to increase these numbers once the percentage of retail, restaurant and entertainment space allocation is finalized.

No. of direct jobs created: 14.5
No. of indirect jobs created: 10.86

Private investment: The tenant has estimated approximately $10 million in construction and rehabilitation in phase one of this project.

Public investment: $0***

Total direct economic impact: TBD

Total indirect economic impact: _Ancillary._

Economic impact study performed (yes/no)? __no_
Return on Investment Analysis performed (yes/no)? __no_

*** City is not required to supplement any hard costs for this project however the city will forego rental payments for a number of years that would be considered revenue.