Public Purpose/Impact Analysis

City Council/Redevelopment Agency Meeting
February 3, 2010

Title of Project: Entertainment Visual Improvement Agreement (EVIP) between the LV Redevelopment Agency and 7th Street Properties, LLC (Property Owner) and Las Palmas Entertainment, Inc., d/b/a Azul Tequila (EVIP Participant & Tenant) (111 North 7th Street)

Project Description: Exterior renovations and improvements to an existing building.

Sponsor/Developer: Francisco Lara, Owner of Las Palmas Entertainment, Inc.

Assistance Provided by: Redevelopment Agency. Total Exterior project cost is approximately $178,155.00. Agency will reimburse the EVIP applicant on a 1:1 basis for pre-approved qualified exterior improvements. The Agency will reimburse the EVIP applicant up to a maximum of $75,000.00, 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: Seven (7) Full-time jobs, four (4) part-time jobs and one (1) contract job will be created.

Number of Indirect Jobs Created: Not Applicable

Number of Direct Jobs Retained: Not Applicable

Pertinent Statutes Used for Public Purpose:

In accordance with NRS 279.486, the EVIP 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:

Las Palmas Entertainment, Inc. is leasing a property (approximately 8,000 sf) from 7th Street Properties, LLC. This property has been vacant for over five years and had been previously used as an office for an internet service provider and a print shop. The owner of the property has continued to be proactive in attracting an entertainment venue to be located within the Fremont East Entertainment District. This project is located in the Fremont East Entertainment District (FED). This newly formed entertainment district was formed in 2002 to attract nightclubs/bars,

restaurants and live entertainment venues to the area as a way to revitalize the surrounding neighborhood. In addition, the FED had $5.1 million worth of streetscape improvements installed. These improvements, along with 4 new nightclubs, have revitalized the area and lessened blighting conditions.

The City and Redevelopment Agency are focusing financial and staff resources to the continued development of this area as an entertainment destination for local residents and visitors to downtown Las Vegas. As the FED grows and other projects are completed with the FED and surrounding neighborhood, a renewed interest by property owners and business owners to renovate their property or expand their business will increase.

This project will help stabilize and increase positive economic activity within the surrounding neighborhood. Las Palmas Entertainment, Inc. has a proven entertainment concept that will encourage the creation of new business and/or appropriate development, and creates jobs or other business opportunities for nearby residents and increases local revenues from desirable sources.

Quantitative Economic Benefits:

Total project cost for the project is approximately $425,000 and is being fed into the local economy through the employment of qualified contractors for the rehabilitation of the building. As for the nightclub (Azul Tequila), seven (7) full-time jobs and four (4) part-time jobs and one (1) contract job will be created. The economic benefit, via wages, comes out to $35,521/month, or **$426,250 per year** at this location. Wages over a five year period would amount to **$2,240,510.**

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 **$95,930.**

Private Investment**:**

Applicant will be funding this project cost of approximately <u>$425,000.00</u> through cash on hand.

Public Investment:

The EVIP program requires a 1:1 match from the applicant for all pre-approved exterior improvements. For this project, the public investment will be $75,000.

Total Direct Economic Impact:

Total Wages adjusted 2.5% annually, for 20 years = **$10,888,410.00**
Total Tax Increment received over 20 years = **$171,372.00**
Total Direct Economic Impact = $11,059,782.00 (Total Wages + Total Tax Increment over 20 years)

Total Indirect Economic Impact:

Not Applicable

Economic Impact Study Performed: Yes ☐ No ☒

Return on Investment Analysis Performed: Yes ☐ No ☒