# Public Purpose/Impact Analysis

**Titles of Projects:**

1. Lease Agreement between City and Redevelopment Agency (RDA) for Las Vegas Business Center (LVBC) at 1951 Stella Lake St.

2. Sub-Lease and Operating Agreement between RDA and Urban Chamber of Commerce (UCC) for office space in the LVBC

**Project Descriptions:**

1. The City proposes to lease the LVBC to the RDA for $12 per year for a term of 11 years. After leasing the LVBC, the RDA intends to utilize approx. 5,171 square feet of office space to establish a business incubator which will promote economic development in the Redevelopment Area and City.

2. The RDA proposes to sub-lease 623 square feet of office space in the LVBC to the UCC for $12 per year for a term of 5 years with an Option for an additional 5 years subject to UCC achieving a Performance Threshold.

   In return for less than fair market rent, the UCC will provide general office administration, building management, training and mentoring services to tenants of the business incubator to be established in the LVBC by the Agency.

**Sponsor/Developer:** City and RDA

**Assistance provided by City and or RDA?** City and RDA

**Cite Pertinent Statutes for Public Purpose:** N.R.S. 268.063 and 279.470

**How do the projects benefit the public?**

- The LVBC is located in the City's Redevelopment Area and contains approx. 5,171 square feet of office space ideally suited for the operation of a business incubator.

- The establishment of a business incubator in the LVBC will promote economic development and redevelopment in the Redevelopment Area and City by:
  - Encouraging the establishment of new commercial enterprises, as well as, retention support and expansion of existing start-up commercial enterprises;
  - Creating the opportunity for new jobs or other business opportunities for nearby residents;
  - Increasing local revenues from desirable diversified sources; and,
  - Increasing levels of human activity in the area around the LVBC.

- The UCC has agreed to sub-lease approx. 623 square feet of office space in the LVBC and, in return for less than market rate rent, to provide general office administration, building

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management, training and mentoring services to new and existing commercial enterprises that occupy the business incubator.

**Quantitative Economic Benefits:**

- The existing LVBC occupancy rate is: 0% Office and 44% Light Industrial with 3 tenants.
- The estimated number of current full-time equivalent (FTE) employees in the LVBC is 13 with total estimated annual gross wages of $613,683.
- The establishment of a business incubator in the LVBC is expected to generate new direct and indirect jobs, as well as, increase demand for lease space in the LVBC.
- Should the LVBC occupancy rate increase to the average Office and Light Industrial space occupancy rates in the LV Valley for 4th Qtr. 2009 of 80% and 90% respectively, the LVBC could potentially generate:
  - Employment for an additional 23 FTE employees with additional estimated annual gross wages of $997,290; and,
  - Employment for a total of 36 FTE employees total estimated annual gross wages of $1,610,973.

**No. of direct jobs created: 23**
**No. of indirect jobs created: 17**
**No. of direct jobs retained: 13**

**Private investment:** TBD - Based on value of tenant improvements made by future tenants.

**Public investment:** $192,927***

**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

*** RDA - Up to $150,000 annually for operations and maintenance costs of the LVBC. City – Opportunity cost of fair market rent in lieu of services to be performed by UCC - $42,927.

# LVBC Public Purpose/Impact Analysis - CALCULATIONS AND ASSUMPTIONS

## I. Estimated Employment and Wages - EXISTING OCCUPANCY: 0% Office and 44% Light Industrial-GLA (4,800 SF)

**NOTE: Based on best information available to NS Staff at time of lease. Existing tenants have no obligation to provide their staffing or wage data to the City.**

| Occ Code | Job Title | Hourly Median Wage | Annual Median Wage (1) | Stargate | ProServ | J&M | Annual Gross Wages |
|---|---|---|---|---|---|---|---|
| 43-1000 | Supervisor-Office/Admin | 20.13 | 41,870 | 1 | 0 | 0 | 41,870 |
| 43-9000 | Office/Admin Support | 13.42 | 27,914 | 2 | 0 | 1 | 83,741 |
| 47-2152 | Plumber | 25.79 | 53,643 | 4 | 0 | 0 | 214,573 |
| 47-3015 | Plumber-Helper | 13.91 | 28,933 | 2 | 0 | 0 | 57,866 |
| 11-3041 | Comp & Benefits Mgr | 31.42 | 65,354 | 0 | 0 | 2 | 130,707 |
| 11-3031 | Financial Mgr | 40.83 | 84,926 | 0 | 1 | 0 | 84,926 |

| | |
|---|---|
| Total Annual Gross Wages | 613,683 |
| Total Full Time Equivalent (FTE) Employees | 13 |
| Avg. Annual Gross Wages/FTE Employee (2) | 47,206 |
| Occupied GLA per FTE Employee | 369 |

## II. Estimated Employment and Wages - PROJECTED OCCUPANCY @ 80% Office and 90% Light Industrial-GLA

| Office-GLA | Occupancy | Occupied GLA | FTE Employees | Per Capita Personal Income (3) | Annual Gross Wages |
|---|---|---|---|---|---|
| 2,192 | 80% | 1,754 | 9.38 | 39,188 | 367,487 |
| **Light Industrial-GLA** | **Occupancy** | **Occupied GLA** | **FTE Employees** | **Gross Wages (2)** | |
| 10,800 | 90% | 9,720 | 26.34 | 47,206 | 1,243,486 |

| | |
|---|---|
| Total Annual Gross Wages | 1,610,973 |
| Total Full Time Equivalent (FTE) Employees | 35.72 |
| Avg. Annual Gross Wages/FTE Employee | 45,101 |

## III. Assumptions

LVBC Gross Leasable Area & Total SF:

| | |
|---|---|
| 2,192 | Office-GLA |
| 10,800 | Light Industrial-Gross Leasable Area (GLA) |
| 4,179 | Common Area |
| 17,171 | Total SF |

Permanent Jobs Created:

Direct:
Office = 1 job per 187 GLA (Based on the size of a small office space in the LVBC incubator section.)
Light Industrial = 1 job per 369 GLA (Based on existing number of employees per occupied GLA.)

Indirect:
.75 job per 1 direct job (Based on multiplier used by Applied Analysis for Mob Museum EIS.)

Wage Data Source:

(1) NV DETR Occupational Wages for LV-Paradise, NV MSA March 2010 (http://detr.state.nv.us/lmi/data/wages/)
(3) Nevada Work Force Informer, Data Analysis for LV-Paradise MSA BEA-NV
(http://www.nevadaworkforce.com/cgi/dataAnalysis/incomeReport.asp)

Occupancy Rate Source:

Colliers International 4th Qtr. 2009 Office and Industrial Market Statistics (West Central Sub Market) - Class C Office & Light Industrial

## IV. Fair Market Values (FMV) for LVBC (1951 Stella Lake St.)

Lubawy & Assoc. (report dated 3/8/10) - **Highest FMVs**

| | |
|---|---|
| **$1.15** | **Mo. Rent/SF - Office** |
| $1.00 | Mo. Rent/SF - Industrial |
| | |
| $1,700,000 | FMV "As Stabilized" |
| $1,540,000 | FMV LESS Lease-up Expenses |
| $1,470,000 | FMV "As Stabilized" LESS Lease-up Expenses **WITH deed restrictions** (4) |

Kent Appraisal Services (report dated 3/2/10) - Second appraisal per NRS 268.059 (AB 312)

| | |
|---|---|
| $1.10 | Mo. Rent/SF - Office |
| $0.55 | Mo. Rent/SF - Industrial |
| | |
| $1,495,000 | FMV "As Stabilized" |
| $1,360,000 | FMV LESS Lease-up Expenses |
| $1,330,000 | FMV "As Stabilized" LESS Lease-up Expenses **WITH deed restrictions** (4) |

(4) Both appraisal firms estimate that the effect of the EDA deed restrictions (specifically the Non-Relocation Provision) would be to lengthen the lease-up period needed to stabilize the property by 6-12 months. The reduction in FMV would be attributable to the amount of additional lease-up expenses incurred during lengthened lease-up period.

## V. Calculation of Benefit received by the Urban Chamber of Commerce (UCC) during Term of Sub-Lease

| | |
|---|---|
| $1.15 | Mo. Rent/SF - Office |
| 623 | SF - Office to be Sub-Leased by UCC |
| $716.45 | FMV - Mo. Rent |
| $1.00 | LESS: UCC Mo. Rent |
| $715.45 | Net: FMV - Mo. Rent |
| 60 | Term of Sub-Lease |
| **$42,927.00** | **Benefit received by UCC** |