

**City of Carson City  
Agenda Report**

**Date Submitted:** April 22, 2008

**Agenda Date Requested:** May 1, 2008

**Time Requested:** 10 minutes

**To:** Redevelopment Authority/Board of Supervisors

**From:** Joe McCarthy, Office of Business Development

**Subject Title:** Discussion and action to approve a \$50,000 development finance consultant contract to engage Jeremy Aguero, a principal with Applied Analysis, to complete a feasibility study, jointly owned by the Carson Nugget and the City, to facilitate public-private partnerships as they relate to current and future market demand within the Redevelopment Area of Downtown Carson City.

**Staff Summary:** As part of the recent settlement agreement between the Carson City Nugget, Inc. and Carson City regarding abandonment of streets, the City must present for approval within 30 days of the approved settlement agreement a contract to complete a feasibility study of Downtown Carson City. Mr. Aguero's highly respected, Nevada-based firm is experienced in economic impact analyses, socio-economic estimates and projections, mixed-use development absorption analysis and other services related to urban economics. These skills are directly related to ensuring that a well-designed, fiscally prudent redevelopment implementation strategy results in a possible complex containing casino/hotel/conference center/mixed-use parking garage that will anchor future civic, residential, retail, entertainment and food and beverage venue-type development throughout Downtown Carson City.

**Type of Action Requested:** (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

**Does This Action Require a Business Impact Statement:**  Yes  No

**Recommended Board Action:** I move to approve a \$50,000 development finance consultant contract to engage Jeremy Aguero, a principal with Applied Analysis, to complete a feasibility study, jointly owned by the Carson Nugget and the City, to facilitate public-private partnerships as they relate to current and future market demand within the Redevelopment Area of Downtown Carson City.

**Explanation for Recommended Board Action:** The Redevelopment Authority has long realized that its Downtown redevelopment district is an opportunity for additional revitalization efforts and a catalyst for private investment. Mr. Aguero will help Carson City create specific, identifiable public-private partnerships that will attract additional Downtown development. An economically diversified Downtown will lead to better job opportunities throughout the community, an essential element in our efforts to foster long-term fiscal stability.

**Applicable Statue, Code, Policy, Rule or Regulation:** NRS 279, Settlement Agreement between Carson City Nugget, Inc., Carson Nugget, Inc. and Carson City

**Fiscal Impact:** No greater than \$50,000 of budgeted CIP funds

**Explanation of Impact:** n/a

**Funding Source:** FY 2008 CIP funding

**Alternatives:** Not approved

**Supporting Material:** Applied Analysis' development finance proposal

**Prepared By:** Joe McCarthy, Director, Business Development

**Reviewed By:** Joe McCarthy Date: 4-21-08  
(Department Head)

Walter Sullivan Date: 4-22-08  
(City Manager)

Melanie Burkett Date: 4-22-08  
(District Attorney)

Darcy Paulson Date: 4-22-08  
(Finance Director)

**Board Action Taken:**

Motion: \_\_\_\_\_ 1) \_\_\_\_\_ Aye/Nay  
2) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)



10100 W. Charleston Blvd.  
Suite 200  
Las Vegas, Nevada 89135

t: 702.967.3333  
f: 702.314.1439

www.appliedanalysis.com

April 22, 2008

Mr. Joe McCarthy, Director  
City of Carson City  
Business Development  
201 North Carson Street, Suite #2  
Carson City, NV 89701

Sent via email (JMcCarthy@ci.carson-city.nv.us)

**RE: Feasibility Study | Market Assessment for a Mixed-use, Redeveloped  
Downtown Carson City**

Dear Mr. McCarthy:

Pursuant to our recent discussions, Applied Analysis ("AA") is pleased to submit this proposal to provide professional consulting services to the City of Carson City Business Development Office (referred to herein as "the City"). This letter represents our understanding of your objectives, our approach to the engagement and the general conditions of our retention.

**Our Understanding**

We understand that Carson City is a vibrant and growing community. As Nevada's capitol, it is not only the heart of state government but also home to nearly 58,000 full-time residents. The City is a mix of old and the new, rural and urban, modern and classic. It is this delicate balance that has made the region one of Nevada's most livable communities.

We further understand that the development of the region's downtown corridor is a critical part of its current growth trend. Revitalization and reinvestment in existing projects, combined with new undertakings, will almost certainly improve services for residents and visitors as well as increase property values and activity within this important corridor. Achieving this end, however, is no trivial pursuit.

In furtherance of this on-going effort, we understand that the City is interested in conducting a market feasibility study relative to a mixed-use redevelopment plan for the downtown corridor. This study would consider the viability of various commercial and residential uses in the area as well as how "special investments" (e.g., public-private partnerships or incentive-based programs) might stimulate continued investment in the region.

Finally, we understand that the City is interested in retaining the services of a qualified economic and fiscal consulting firm to assist its Business Development office in this undertaking. Having the requisite experience, AA is pleased to submit the approach that follows.

Urban Economics  
Market Analysis  
Financial Advisory Services  
Public Policy  
Hospitality & Gaming Industry  
Information Technology

### Our Approach

We believe that the multi-step approach outlined below is appropriate to meet the City's objectives.

1. **Preliminary Data Collection** – Any project of this nature begins with a thorough analysis of baseline data. Much of the groundwork to this end has been completed by the City (see <http://www.downtownanswers.com/>). In addition to a synthesis of this information, AA will compile additional data from our internal databases and third parties as necessary and appropriate.
2. **Identification of Mixed Use Alternatives** – The objective of this task is to identify potential mixed-use development alternatives for the downtown area. Based on our experience, we assume this will include, without limitation, residential, office, shopping centers, restaurants, parking facilities, convention or meeting space, and/or other civic components. The objective of this task is merely to identify potential alternatives, without respect to feasibility.
3. **Vetting of Alternatives** – This step will be a refinement process, AA will meet with local businesses, civic leaders and local government management and staff to discuss what is most needed and why. The intent of this task is not to rethink the downtown altogether, but rather to garner input from the community relative to those uses most likely to add value to existing investments and provide incremental gains in terms of future growth. Depending on the number of uses and variety of alternatives identified in Tasks 2 and 3, we may consider using a consumer-based survey to "test" the favorability of selected alternatives.
4. **Feasibly Analysis** – The question of feasibility turns on several factors. These include the demand for the use being considered as well as pricing, cost and timing dynamics. AA will develop a market feasibility model that will analyze the viability of various uses relative to these considerations. Economic "returns" will consider the direct impact of the use or uses programmed into each strategy as well as indirect impacts associated with improving accessibility to the region, providing a critical mass or critical mix of uses, increasing tourist visitation (and spending) or increasing productivity through complementary use integration.
5. **Analysis of Funding Options and Alternatives**. It is very possible that some uses identified as being highly desirable in Task 3 may not be feasible as standalone projects (Task 4). These alternatives may require some degree of financial assistance to make the project viable including, without limitation, the use of tax increment finance or other financial incentives. These options will be considered and analyzed as part of this task.
6. **Reporting** – The final step in this analysis will be to prepare an executive summary report outlining our approach, findings and recommendations. AA will provide specific recommendations relative to those mixed-use, redevelopment opportunities with the greatest likelihood of success and/or the most significant benefit to the community and, more specifically, the downtown corridor.



### **Confidentiality**

Our personnel understand that they are subject to and will abide by any reasonable confidentiality restrictions and protective orders. We will take appropriate steps to segregate all materials related to our work in this engagement from other files in our office where necessary and appropriate.

### **Conformance with the City's Standard Contract**

We understand that this proposal may become part of, or an attachment to, the City's standard professional services contract. We are familiar with this contract generally, and do not foresee any issues with such an integration. Additionally, AA routinely maintains all of the standard insurance coverage the City generally requires of professional services contractors.

### **Standard Assumptions and Limiting Conditions**

Market and economic information furnished to us and contained in any submission or report or utilized in the formation of the findings will be obtained from sources considered reliable and believed to be true and correct, including the City and its contractors. However, we will not perform any audit or other assurance procedures on the data; and as such, no representation, liability or warranty for the accuracy of such items is assumed by or imposed on AA, and all submissions will be subject to corrections, errors, omissions, and withdrawal without notice.

AA will design procedures and undertake analyses in response to your request. However, we make no representations as to the adequacy of these procedures for all your purposes. The City agrees to indemnify AA, its partners, principals and employees, and hold them harmless from and against any and all liabilities or obligations including, but not limited to, attorney's fees that arise directly or indirectly from the services that are the subject of this engagement letter, except to the extent that it is determined by an appellate court of competent jurisdiction that AA's conduct in connection with the services that are the subject of this engagement letter were grossly negligent or fraudulent, and that such conduct was the proximate cause of any injury for which AA is sought to be held liable.

Additional standard assumptions and limiting conditions are provided in the attachment to this letter and special assumptions and/or limitations may be included in the provided deliverables.

### **Timeframe, Deliverables and Budget**

The results of our efforts will be presented to you in a summary report ("the Report"). We expect the Report will include a text summary and appropriate supporting graphs, tables, maps and exhibits. Typically, the work effort will be completed three to four months from the date of our retention; however, we understand that time is of the essence and will do everything within our power to reduce the timeline.

Total professional services fees for this project shall not exceed \$50,000. Our fee is an hourly estimate and could vary depending on the scope of services, and efforts ultimately required by and rendered to you. If at anytime we believe our fees will



exceed this estimate, we will notify you in advance of incurring the additional time. Alternatively, if the level of effort required is less than that quoted above, AA will bill the City for only the actual time incurred. Any time incurred in addition to the scope outlined herein will be billed separately at the discounted hourly rates delineated below.

**Applied Analysis Hourly Rate Schedule**

<b>Staff</b>	<b>Standard Hourly Rate</b>	<b>Discounted Hourly Rate</b>
Jeremy Agüero, Principal	\$275	\$206
Brian Gordon, CPA, Principal	\$250	\$188
Senior Economic Analysts	\$150	\$113
Senior Market Analysts	\$150	\$113
Senior Financial Analysts	\$150	\$113
Financial and Research Analysts	\$85-\$100	\$64-\$75
Administrative Staff	\$40	\$30

We welcome the opportunity to discuss this proposal with you at any time. Should you have any questions or require additional information, please contact Jeremy Agüero or Brian Gordon at (702) 967-3333. If the foregoing is in accordance with your understanding, please sign one copy of this agreement in the space provided below and forward a second copy to us. Or, as appropriate, please integrate the necessary elements of this contract into the City's standard professional services contract. Thank you again considering Applied Analysis for this project.

Sincerely,

Applied Analysis

AGREED TO AND ACCEPTED BY THE CITY OF CARSON CITY:

\_\_\_\_\_  
Name/Signature/Title

\_\_\_\_\_  
Date



### Standard Assumptions and Limiting Conditions

The standard assumptions and limiting conditions pertaining to the tasks that are the subject of this contract are summarized below. If applicable, "special assumptions" will be cited elsewhere in our report.

1. Market and economic information furnished to us and contained in any submission or report or utilized in the formation of the findings will be obtained from sources considered reliable and believed to be true and correct, including the City. However, no representation, liability, or warranty for the accuracy of such items is assumed by or imposed on AA.
2. No change of any item in any reports or submissions shall be made by anyone other than AA and we shall have no responsibility for any such unauthorized change.
3. The working papers for this engagement will be retained in AA's files and will be made available for your reference upon request. Compiling, copying and providing these data will be done at additional expense.
4. Neither all nor any part of the contents of the any report or submission shall be disseminated or referred to the public through advertising, public relations, news, or sales media, or any other public means of communication or referenced in any publication, including any private or public offerings including but not limited to those filed with Securities and Exchange Commission or other governmental agency, without the prior written consent and approval of and review by AA and the City.
5. All maps, graphs, building diagrams, or photographs submitted will be provided for illustrative purposes only; they are not guaranteed to be exact. Dimensions and descriptions are based on public records and/or information furnished by the City or others and are not meant to be used as a reference in legal matters.
6. We take no responsibility for any events, conditions, or circumstances affecting the local or national economy, or its financial and real estate markets. We assume no liability for an unforeseen change in the economy.
7. We will not perform an audit, review, or examination or any other attest function regarding any of the historical or prospective third-party economic and real estate market information used or included in any report or submission, including that provided by the City. Therefore, AA will not express any opinion or any other form of assurance with regard to the same, in the context of any report or submission.
8. It is assumed that in the event a conflict of interest arises for AA, its partners, principals or employees with regard to the subject of this engagement, AA has City to withdraw from such engagement and fully refund any fees and/or out-of-pocket expenses incurred through the date of such determination. In addition, in the event of such withdrawal, the City agrees to release AA of all obligations outlined in this engagement letter, excluding the obligation of confidentiality. As of the date hereof, AA is not aware of any potential or actual conflicts of interest.



Mr. Joe McCarthy  
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9. This proposal will remain valid for 14 days from the date of this letter. Failure to manifest agreement to its terms and act as required, including providing the necessary retainer in full, constitutes a rejection of this proposal and renders it null and void. AA assumes no responsibility for any occurrence, including but not limited reporting delays, resulting from any act or omission by the City.

Urban Economics  
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Financial Advisory Services  
Public Policy  
Hospitality & Gaming Industry  
Information Technology