Item # 9D

City of Carson City
Agenda Report

Date Submitted: October 9, 2007

Agenda Date Requested: October 18, 2007
Time Requested: 10 minutes

To: Redevelopment Authority

From: Joe McCarthy, Office of Business Development

Subject Title: Action to direct staff to return next month with a negotiated Owner Participation Agreement with City Management Services, doing business as Carson Southgate, LLC, detailing a multi-year revenue-sharing commitment of the sales tax capture produced by a national sporting goods retailer that would lease approximately 55,000 square-feet in the Southgate Shopping Center.

Staff Summary: City Management Services is actively negotiating with several national sporting goods retailers to lease space in his building, the former Wal-Mart, in the Southgate Shopping Center. Adding a quality sporting goods retailer to the critical mix will balance the retail amenities within the Center and yield the highest productivity levels and sales tax capture for Carson City. To fill the gap between the market lease rate needed by City Management Services to satisfy development financing requirements and the tenant's lease expectations in an aging shopping center and a second generation, blighted building, the Redevelopment Authority has the opportunity to reimburse a portion of new sales tax to the property owner to ensure this highly productive retail occupancy.

Type of Action Requested: (check one)

(____) Resolution (____) Ordinance
(X) Formal Action/Motion (____) Other (Specify) - None

Does This Action Require A Business Impact Statement: (___) Yes (X) No

Recommended Board Action: I move to direct staff to return next month with a negotiated Owner Participation Agreement with City Management Services, doing business as Carson Southgate, LLC, detailing a multi-year revenue-sharing commitment of the sales tax capture produced by a national sporting goods retailer that would lease approximately 55,000 square-feet in the Southgate Shopping Center.

Explanation for Recommended Board Action: This Owner Participation Agreement will insure highly productive sales tax generation, eliminate blight in redevelopment district and add a much needed retail amenity to our narrow retail base. Based on national productivity projections of quality sporting goods retailer sales, we estimate that this new store will produce approximately $25,000,000 in annual taxable sales revenues in a 55,000 square-foot store, approximately $450 per square foot. For the life of the lease, this productivity will capture a net of approximately $225,000 in new sales tax for Carson City after reimbursement. This net sales tax capture will exceed the potential sales tax generated by any unsubsidized soft goods retailer in an equal sized store.

Applicable Statue, Code, Policy, Rule or Regulation: NRS 279

Fiscal Impact: An annual reimbursement of an agreed upon amount over a specific term

Explanation of Impact: Growth in revenues intended to stimulate sales tax generation throughout our commercial redevelopment district.

Funding Source: Reimbursement of new sales tax capture

Alternatives: Alternative direction to staff

Supporting Material: Presentation at the meeting

Prepared By: Joe McCarthy

Reviewed By: Joe McCarthy Date: 10-8-07
(Department Head)

Date: 10-9-07
(City Manager)

Melanie Bruketta Date: 10-9-07
(District Attorney)

Date: 10-9-07
(Finance Director)

Board Action Taken:

Motion: ______________________ 1) ______________ Aye/Nay
2) ______________

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(Vote Recorded By)