

**City of Carson City
Agenda Report**

Date Submitted: December 8, 2009

Agenda Date Requested: December 10, 2009

To: Board of Supervisors

Time Requested: 2 hours beginning at 6 pm

From: Joe McCarthy and Tammy Westergard, Office of Business Development

Subject Title: Presentation by staff regarding the Nugget Economic Development Project and possible action to direct staff to return with specific Business Terms that form the basis for possible execution of a “Disposition, Development Agreement and approve two Letters of Interest for the management of the Business and Technology Incubator and the Sierra Digital Media Lab, the proposed finance plan and the Project’s schedules. (Office of Business Development)

Staff Summary: On November 5, 2009 the Board of Supervisors directed staff to return with specifics regarding the proposed Nugget Economic Development Project. The Board of Supervisors requested further justification of the Project’s underlying premise of job creation, details of the scale and possible uses of the proposed Project, a preliminary public-private finance plan, a complete fiscal and economic impact analysis, an intended work schedule, a summary of partnerships, community relationships and endorsements, and verification of sufficient master developer interest.

Type of Action Requested: (check one)
 Resolution Ordinance
 Formal Action/Motion Other (Specify) - None

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to authorize staff to return with specific Business Terms that form the basis for possible execution of a “Disposition, Development Agreement and approve two Letters of Interest for the management of the Business and Technology Incubator and the Sierra Digital Media Lab, the proposed finance plan and the Project’s schedules.

Explanation for Recommended Board Action: See Staff Report

Applicable Statue, Code, Policy, Rule or Regulation: N/A

Fiscal Impact: Staff involvement with the project

Explanation of Impact: Staff will be committing time to this project if approved by the Board.

Funding Source: The funding will be within existing department budget.

Alternatives: The alternative is to not authorize staff to proceed with working on the project.

Supporting Material: Staff Report, Meridian Business Advisors Economic Impact and Financial Analysis Study, two letters of interest, proposed finance plan, project critical path and market overview of Business Incubation and Digital Media.

Prepared By: Eva Chwalisz, Management Assistant

Reviewed By: _____ Date: _____
(Department Head)

_____ Date: _____
(City Manager)

_____ Date: _____
(District Attorney)

_____ Date: _____
(Finance Director)

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
2) _____ _____

(Vote Recorded By)



Office of Business Development

201 North Carson Street, Suite 2

Carson City, Nevada 89701

Date: December 10, 2009
To: Board of Supervisors
From: Joe McCarthy and Tammy Westergard
Subject: Staff report on the Nugget Economic Development Project

Last month, the Board of Supervisors directed staff to return with specifics regarding the proposed Nugget Economic Development Project. The Board of Supervisors requested:

- Further justification of the Project's underlying premise of job creation;
- Details of the scale of the development;
- Possible uses on the Carson Nugget's properties;
- A preliminary public/private finance plan;
- A complete fiscal and economic impact analysis;
- An intended work schedule;
- A summary of partnerships, community relationships and endorsements; and,
- Verification of sufficient interest from the master developer community.

Last month, the Carson Nugget, Inc. commissioned a market economic impact and financial analysis study by Meridian Business Partners to determine whether the goals of the proposed Nugget Economic Development Project are consistent with those of the community at large. These goals include:

1. Diversify our economy to offset our current declines;
2. Create jobs throughout the community, and;
3. Benefit our younger population with job opportunities, training and resources.

The Meridian Report clearly confirms that the Nugget Economic Development Projects benefit both the fiscal and economic health of Carson City and the region. It tells a profound story about why this project should be an imperative for the Board of Supervisors' consideration.

The scope of the Nugget Economic Development Project is multifold, but each component of the Project, both public and private, has a direct relationship to job creation. The Project's centerpiece is the construction of the Knowledge and Discovery Library. The Library will be home for civic engagement, a centrally located gathering place for all citizens to pursue continuous learning, conduct research and access the latest technology in pursuit of knowledge. The Library will be connected seamlessly to a Business and Technology Incubator. This incubator program is intended to speed up the successful maturation of local entrepreneurial ventures that will be invited to be part of the Project. The incubator will make available a myriad of business support services and resources, plus regional and national networking opportunities.

Approximately 2,700 incubators, mostly non-profits, currently operate in North America as they successfully graduate greater than 33,000 companies, of which 87 percent are still in business producing annual revenues exceeding 19.5 billion dollars and employing 142,000 workers. The focus of the Project's business incubator is to create new jobs to the area, encourage prudent growth and build a diversified local economy. Good jobs increase income levels, expand the tax base, and support local development, such as transportation, education, recreational amenities and create an entrepreneurial, lifelong learning culture.

The Project's scope also includes the addition of a Public Plaza. This public plaza could be an actively programmed town center with pedestrian, bicycle and public transit access, a landscaped gathering space with arenas for outdoor performances. Certain real estate interests looking at this project recognize the value added by a centrally located community retreat that highlights gardens, concert areas, panoramic views, public art, public markets, outdoor courtyards, a mix of crowds, centralized transit connections, outdoor movies on giant video screens. This public space will be adjacent to in-town residences, shopping, dining, civic institutions, and a concentration of public offices, city hall and the capital complex.

The scope of the Project proposes:

- Knowledge and Discovery Library, approximately 50,000 – 60,000 square feet
- Business and Technology Incubator, approximately 15,000 – 20,000 square feet
- Digital Media Lab, approximately 10,000 – 15,000 square feet
- A regional public transit center
- 60,000 - 80,000 square feet of Class A office
- 50,000 – 100,000 square feet of trend retail, new to the trade area
- 50 - 100 in-town housing units
- 500 parking spaces as part of a mixed use parking system to serve the entire project
- An entertainment and cultural component that may include an IMAX theater, a first-run, art-film house, or a repertory theater

The Preliminary Finance Plan addresses the costs to construct the assorted public and civic improvements that include the Knowledge and Discovery Library, the public plaza, the Business and Technology Incubator, the Digital Media Lab, the transit center, the public infrastructure and the parking system. In partnership with the City, the master developer will fund the private development: office buildings, retail, residential and entertainment.

Total project costs are projected to be approximately \$90,000,000. The allocation of public funding is exclusively for public and civic improvements, approximately \$40,000,000. Public revenues may come from several of the following possible sources: the incremental increase in property taxes generated exclusively by the project itself, a possible 0.125 percent increase in sales tax, a possible earmarking of a portion of the funds currently set aside for a future recreation center

or other City/RDA capital funds. No increase in real estate taxes is part of this funding plan. The master developer chosen for the Project will fund all the private development.

The list of active partners in the Project continues to grow and solid institutional and community-based relationships are forming, each expressing a profound understanding of the importance of this project. These stakeholders range from the Carson Nugget Inc., specifically the Hop and Mae Adams Trust, several members of the master developer community, business startups and early stage entrepreneurial ventures, educational institutions, varied business membership organizations, public institutions large and small and our active and involved service clubs.

Increasingly, communities throughout the country are turning to strategies that promote the growth of a critical mass of small businesses and new industries in their region to leverage competitive advantages and drive sustainable growth. At this time in Carson City, the newly formed Mae & Hop Adams Trust envisions a foundation that supports the job creation elements of the proposed Nugget Economic Development Project. This new charitable foundation has an ambition for Carson City to put together a regional knowledge and competency system, specifically emphasizing the formation of a critical mass of small business networks that will eventually lead to increased employment opportunities and wealth generation. Its mission is to promote inventive, smarter ways to deliver sustainable economic development, foster cutting-edge educational initiatives from pre-K to a lifelong learning, and look at unique ways of combining our existing technologies with the latest innovations, research capabilities and cultural initiatives.

High unemployment punishes the present and the future. The face of our region's depressed economy will hurt for years to come. The burdens of high unemployment fall disproportionately on our young workers causing permanent career damage and never allowing them catch up. This Project hopes to mitigate these conditions and give our community a project in which we will all take pride. Staff requests the Board of Supervisors take the following actions on Dec. 10, 2009:

1. Provide staff with the authority to return with specific Business Terms on February 18, 2010. These terms will form the basis for the execution of a "Disposition, Development Agreement (DDA) between the Redevelopment Authority, Board of Supervisors, Carson Nugget, Inc and Master Developer.
2. Approve the following Letters of Interest (LOI). (These LOI's empower the potential partners to begin work, spend their resources and start delivering their responsibilities within the project, e.g. finalizing media production contracts and signing up incubator participants.):
 - The management firm that will run the Business and Technology Incubator
 - The manager of the proposed Digital Media Lab
3. Approve the draft, proposed finance plan.
4. Approve the potential project schedule, including a draft schedule of future Board actions.
5. Approve the Meridian Business Advisors Report: Nugget Economic Development Project, Market, Economic Impact and Financial Analyses.

PRELIMINARY FUNDING PLAN

Revenue Estimate for Public Improvements

	P/V	Total	
		90% - PV	80% - PV
1 – 0.125% Sales Tax Increase (30 yr. P.V.)	\$15,500,000	\$13,950,000	\$12,400,000
2 – TIF	\$16,900,000	\$15,210,000	\$13,520,000
3 – CDBG	\$2,100,000	\$2,100,000	\$2,100,000
	\$34,500,000	\$31,260,000	\$28,020,000
4 – One time money			
♦ Q18	\$4,400,000		
♦ Transit Hub	\$2,000,000		
			\$6,400,000
5 – City/RDA Capital Funds			
\$1,000,000	\$12,000,000		
			\$12,000,000
	TOTAL:		\$46,420,000

- ♦NO Funding from sale of Library, (estimated at \$1,500,000)
- ♦NO New Sales Tax from site, (estimated at \$45,000 per year)
- ♦NO Grants or other one time money, (Estimated between \$2,000,000 and \$4,000,000)
- ♦Project Revenue estimated from the rental income from the Business & Technology Incubator and Digital Midia Lab is \$360,000 per year. (\$1 per sq ft x 30,000ft x 12).
- ♦ Sales Tax and TIF estimates are from Meridian Nugget Report.

PRELIMINARY EXPENDITURE PLAN

PUBLIC/PRIVATE PARTNERSHIP

PHASE I – Public Spending Plan

1 – Knowledge and Discovery Library		
50,000 sq ft x \$250.00 =	\$12,500,000	
FFE 50,000 sq ft x \$100 =	\$5,000,000	
	<hr/>	
Total:	\$17,500,000	
2 – Business and Technology Incubator		
15,000 sq ft x \$200 =	\$3,000,000	
3 – Digital Media Lab		
10,000 sq ft x \$200 =	\$2,000,000	
4 – Public Plaza		
30,000 sq ft x \$100 =	\$3,000,000	
Plus Additional Public		
Improvements Sound/Lights/ etc	\$1,400,000	
5 – Parking System		
500 spaces @ \$20,000 each	\$10,000,000	
6 – Transit Hub	\$2,000,000	
7 - Public Infrastructure 50/50	\$2,000,000	
	<hr/>	
TOTAL:		\$40,900,000

PHASE 1 PRIVATE SPENDING PLAN

1 – Office Building 80,000 sq ft x \$200 =	\$16,000,000	
2 – Retail Space 50,000 sq ft x \$200 =	\$10,000,000	
3 – Evening Entertainment Venue	\$4,000,000	
4 – Residential 80 x 1200 sq ft x \$150 =	\$14,400,000	
5 – Public Infrastructure 50/50	\$2,000,000	
	<hr/>	
TOTAL:		\$46,400,000
GRAND TOTAL:		\$87,300,000

**PROJECT SCHEDULE
(INCLUDING POSSIBLE BOARD ACTIONS)**

DECEMBER 10, 2009

- Review project status
- Review draft finance plan
- Review draft schedule

Action:

- Approve LOIs
 - ✓ Digital Lab
 - ✓ Business Incubator
- Authority to bring back draft business terms on February 18, 2010.

JANUARY 21, 2010

- Status Report

Action:

- Approve financial plan
- Approve schedule

FEBRUARY 18, 2010

- Complete business impact statement for 0.0125 % Sales Tax increase Ordinance
- Consideration of business terms

MARCH 4, 2010

Action:

- First reading of 0.0125 % Sales Tax increase Ordinance
- Review draft business terms of development agreements

MARCH 18, 2010

Action:

- Second reading of 0.0125 %Sales Tax Ordinance
- Approval of agreements with:
 - ✓ Developer
 - ✓ Digital Lab
 - ✓ Business Incubator
- Approval of management plan between Developer/Nugget/City
- Final authority to proceed

MARCH 19, 2010

- Begin implementation of development agreements
- Implement contract management plan
- Begin land use entitlement process, complete within 120 days

APRIL 1, 2010

- Board approval of Master Developer Project Design and Plan

JUNE 1, 2010

- Land use entitlement process complete

OCTOBER 1, 2010

- Project design complete

NOVEMBER 30, 2010

- Ground breaking

NOVEMBER 1, 2013

- **PROJECT PHASE 1a COMPLETE**

Business & Technology Center—Carson City, Nevada

This Letter of Intent (hereinafter, the "LOI") is effective December 1, 2009 and is

BETWEEN

--- the Center for Unique Enterprises (CUBE), a non-profit 501 (c) 3 enterprise, located at 300 East 2nd Street, Ste 1405, Reno, NV 89501 and its partners and the Carson City Redevelopment Authority(Authority), its partners and collectively the "parties" in this LOI. (ADDRESS)

RECITAL:

The parties agree to the CUBE as the exclusive management company for the facility that is being proposed to be built in Carson City, Nevada entitled, Carson City Business & Technology Incubator (hereinafter, the Property).

WARRANTIES AND REPRESENTATIONS:

The Carson City Redevelopment Authority warrants that it intends to make its best effort to build a Business & Technology Incubator.

The CUBE warrants and represents that it has the necessary skill, experience and ability to manage Business & Technology Incubator for its intended purpose.

CONDITIONS PRECEDENT

When the Authority has completed all the necessary agreements and received the necessary approvals, it shall provide to the CUBE all proof of financing and other pertinent agreements currently in place, in order for the CUBE to begin discussions with prospective partners, start-up companies, technology companies, venture capital and Angel groups in an effort to:

- 1.) Work in a collaborative effort with the Authority in the period following execution of this LOI to completion of the new facility to attract, incubate and assist with funding for companies in the agreed upon target markets (to be collectively determined) to fill the Carson City Business & Technology Incubator.
- 2.) The CUBE will make best efforts to represent the Carson City location to house potential and prospective incubator and technology companies.

GENERAL PROVISIONS

The CUBE intends to lease the Property from the Authority at market rate and provide at its own cost all equipment required to operate a successful Business & Technology Incubator.

Authority intends to seek grant or other financial resources for the CUBE to provide sufficient operating capital to cover lease operational costs for some agreed upon initial period of time to establish and manage the Business & Technology Incubator.

Each party acknowledges and agrees that this LOI represents an Exclusivity of dealing.

Parties will work together in releasing public information.Nothing in this LOI is intended to created or deemed to create a partnership, joint venture, agency or any form of business association between the parties.

In no event will a party hereto be liable to the other party(ies) for any special, indirect, incidental or consequential damages, or for any damages resulting from loss or use, data, or profit arising out of, or in connection with, this LOI whether an action is based in contract, tor, or criminal act, and even if the party was advised of the possibility of such damages or loss.

An amendment to this LOI is only valid if it is in writing and signed by the parties.

No party hereto has the power or authority to act for, bind or otherwise create or assume any obligation on behalf of the other party(ies) for any purpose whatsoever.

This is a nonbinding agreement and can be terminated by either party by giving the other party a thirty day notice (30).

ACCEPTED AND AGREED:

The Center for Unique Business Enterprises

Carson City Redevelopment Authority

By:

By:



Its: Lee C Good

Its:

Date: December 1, 2009

Date:

Carson City Project

Sierra Digital Media Lab

&

Business Technology Incubator

By: Robert Hartman
Carson City, Nevada
December 2010

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INTRODUCTION—

Carson City has a history steeped in authenticity and heritage dating back to the middle 1800's. Its City profile over the past few decades has given rise to attracting companies and building a number of businesses related to different industry sectors with primary dependence on revenues driven by the auto industry, gaming, some light manufacturing, the services industry and miscellaneous building trades. While these industries have supported a level of growth for the current population of approximately 60,000 people, there has been no evidence that new sectors of industry were forming that provided any single critical mass or cluster outside of this traditional base to stimulate real economic growth. Industry clusters provide is a dense, rich ecosystem of companies, competitors, suppliers, markets, and professionals, supported by policies, research, and education. Clusters are the basis of regional competitiveness and sustainable advantage in creating strong, vigorous communities.

The City has experienced many of the economic setbacks that have affected most of the cities throughout the United States over the past year with current unemployment statistics hovering at approximately 13% against the national average of approximately 10%. The current tax revenue base has been substantially decreased by this ripple of job loss which has been exacerbated by weakness within the sectors that have traditionally carried the City through difficult economic times. While there are some signs of economic recovery expected throughout the US in the years 2010 and 2011, there are no early signs that the sectors that have carried the City will return to previous prosperity. Most of the jobs and industries that have supported the City's tax base have been built upon lower paying jobs and while having contributed to providing revenue for the basic infrastructure for the community at large, these jobs have not contributed to building the City's intrinsic value in terms of sustainable economic prosperity.

City is considering embarking on a plan to overhaul its economic base by developing a critical mass or industry cluster to support higher paying jobs, increase tax revenues, and ultimately improve quality of life for the community. The objectives focus on implementing a strategy that targets building new, higher paying sectors related to knowledge-based jobs and industry, tied to education and job training, in an effort to create a more vibrant economic climate with an entrepreneurial engine focused on technology and sustainability into the next millennium.

With these goals and objectives in mind, a public and private partnership with the Carson City Nugget has been formed and a development plan has been submitted for consideration to build and construct a grouping of technology driven businesses. Located on approximately 9 acres of land adjacent to the Capital, the project will consist of a 60,000 sf. anchor state-of-the-art Knowledge and Discovery Library, a 15,000 sf Business and Technology Incubator, and a 10,000 sf. Digital Media Lab including an IMAX theater. Specific details and information pertaining to the Digital Media Lab and Business and Technology Incubator plan is presented on the following pages.

EXECUTIVE SUMMARY—

A plan to construct a town center plaza comprised of numerous buildings and businesses is under consideration in an effort to stimulate the Carson City economy, increase the quality of life for the community and become a catalyst for jobs. The plan calls for building several technology driven business entities totaling approximately 80,000 square feet to include the anchor Knowledge and Discovery Library, the Sierra Digital Media Lab and a Business and Technology Incubator.

Business incubators reduce the risk of small business failures, stimulate the economy and produce entrepreneurial jobs according to the National Business Incubator Association. Economic Development Association studies reveal that Incubators are approximately 20 times more effective in creating jobs than building bridges, roads, industrial parks and sewer and water projects. There are approximately 800 business incubators in the US today with 97% operating as a 501 (c) 3 charitable non-profit status to provide a platform for investment. The November 2009 issue of Business Week reports that during the first half of 2009, angel investors financed 24,500 new ventures, 6% more than during the same period last year according to the Center for Venture Research. This same report also states that 2009 will see 50,000 new companies birthed.

The Carson City Business and Technology Incubator offers technology synergies that will ultimately lead to creating an environment conducive to start-up ventures in technology, healthcare, medical devices, digital media and other markets that can achieve a beginning level of commercial success and then graduate the incubated company to grow and thrive in its market sector. An incubator provides different types of investors, Angels, VC's, including foreign ventures, with an opportunity and method to invest in start-up and early stage companies that have, through research and development, created a unique idea or product. As these types of ventures become successfully commercialized and spin out new companies, they offer employment for Nevada residents, accrue tax revenues and ultimately improve intrinsic value of Carson City and quality of life for the community. These facilities will collaborate with the WNC, UNR and DRI to provide technology transfers from R&D created by students into the Business & Technology Incubator for funding, business services and guidance in an effort to accelerate their efforts.

In an effort to establish these objectives, current discussions are underway to execute a Letter of Intent with an established Incubator, C4CUBE (the CUBE) located in Reno, Nevada, as the potential operator for Carson City's planned facility. The CUBE's management is comprised of a senior group of experienced and accomplished business leaders, has incubated and graduated numerous companies and has a qualified staff to engage the operation as a bridging endeavor eventually occupying the new Carson City facility. Their business model seeks start-up and early stage companies in the defense, technology, healthcare and medical industries with a new focus on the digital media markets.

The second technology-driven business planned is the new Sierra Digital Media Lab. This facility will provide a professional environment to specifically target different industries such as advertising, digital effects, film, video, television, motion graphics, animation, and interactive media for the purpose of creating the latest communication technologies and techniques i.e. a

community of web designers, online game producers, video game producers, and television and film producers. Combining these similar vertical markets in a single well-defined technology driven location to attract and address the entire digital media sector will generate a host of start-ups, attract other digital type companies, venture capital, and produce a myriad of successful digital products for many of the new high growth technology related industries.

As the globe is being transported from the industrial age to the knowledge age in all aspects of daily life, much of it is being created by our youth who for the most part were once consumers and are now considered producers of companies like Yahoo, Google, Facebook and YouTube. Old guard companies such as Hewlett Packard, Sony, Intel, Cisco and others are acquiring these companies and wealth is being transferred to these new digital markets. The animation industry alone is a \$25 billion dollar per year embryonic industry that hires 22 to 34 year olds with starting salaries averaging \$50,000 per year with many jobs in the six figure range. To illustrate the global market potential for the digital entertainment industry, nine of the top ten all-time top-grossing films at the worldwide box office are all richly imbued with digital effects, and the remaining one is an animation feature film. These include global box office hits like Spiderman and Harry Potter Transformers, Pirates of the Caribbean. In 2008 over 400 million computer and video games were sold in the US, or four games for every household. The growth in game software in 2009 accounted for more than \$15 billion worldwide and the growth of online games reached nearly \$8.0 billion. In November, 2009, Activision released its newest game with first day sales reported to be an eye-popping \$300 million dollars of revenue.

As evidenced by these significant numbers, the digital media industry vertical is experiencing prodigious growth and there is a huge potential for companies that can offer unique digital services to these markets. A recent article in Kiplinger's Personal Finance magazine ranked the city of Albuquerque No. 2 on its Best Cities 2009 list. The magazine ranked cities on employment in the face of recession and on potential job growth. Much of that growth in Albuquerque has been driven by the film and digital media industries. New Mexico has become a hotbed of digital media activity. Eight years ago, the city boasted only 100 film and media jobs. Today there are over 3000 which further highlight the importance of cities engaging in fostering the growth of jobs through involvement in the digital media industry.

In summation, both of these tech-driven facilities are intended to add to the anchor Discovery Knowledge Center as a means of stimulating the Carson City economy with a new entrepreneurial engine and developing a critical mass of companies within a specific vertical market sector. This new platform will be focused on creating high paying jobs, new businesses, work experience and education for youth, attracting new companies, capital investment and a critical mass that will build a new, stronger, sustainable economy targeting education and technology driven businesses in different markets to address the 21st century and the future and prosperity of Carson City.

SIERRA DIGITAL MEDIA LAB (the Lab)

BACKGROUND—

The Sierra Digital Lab (“the Lab”) in Carson City, Nevada, has been formed to become the leading production company for the next generation of digital entertainment. Digital entertainment refers to the use of digital technologies built upon specialized software, hardware, computer graphics, and interactive techniques including special effects, used in the production of films, videos, games, video-gaming, television programs, animation, edu-tainment software and other digital multimedia content. It is a newly evolving industry worldwide, cross-cutting various service and production sectors, cross breeding new and conventional media and spawning many recent technology companies entering this market space. This industry vertical is experiencing prodigious growth and huge potential exists for job creation, corporate growth and profits for companies that can tap into this burgeoning digital services industry. Venture capital company, Draper, Fisher, Jurvetson, reports that new media content space and specifically animation, is growing at an explosive rate where disruptive models are harnessing the power and reach of digital distribution to generate tremendous opportunities for animated content created by a massive network of independent professionals around the globe.

As Carson City attempts to target and tap into this explosive market through the Lab, it is conveniently located between Hollywood, California, the entertainment capital, and Northern California, home to Silicon Valley, computer epicenter for technology, video games and investment capital. By offering value added incentives such as preferential tax rates for individuals and corporations, Carson City is uniquely situated to capture new and emerging entertainment and digital technology properties from both of these spaces without the inconvenience of leaving the country or traveling a great distance.

The Internet and advent of newly developed software, computer and graphics technology products have created the catalytic backdrop for the rise of a new world of media in TV, movie, video, games and animated digital entertainment. The development of these revolutionary changes means traditional media is no longer the gatekeeper to entertainment and communication. These changes are globally attracting the capital markets to fund many of the new start-up companies that are focused on this nascent industry. Most recently Intel, Adobe, Cisco, Yahoo, Google, and a host of other notable technology companies have been actively pursuing mergers, acquisitions and investment in digital media companies that are creating new software, hardware and creativity focused on this vibrant sector.

The Carson City Lab facility targets and addresses this market as it builds a high-tech state-of-the-art building with a dedicated purpose to utilize many of these latest technologies attracting young technologists, highly trained people and specialized resources to produce the newest and best in movies, hi-definition television, animation and games for business, entertainment and education. As a virtual reality post-production company, it will provide an inspiring creative service for TV, open events and interactive media productions, specializing in 2D and 3D real-time broadcasting, and on request from clients, will construct a special made project design for larger scale interactive visual projects. The Lab’s unique services will deliver specialized virtual studio offerings, expertise

and technologies in virtual output of 2D and 3D real-time visual effects using a combination of cost effective PC's, graphics hardware and software incorporating many of today's newest and most advanced technology standards.

The Lab will use various digital effects technologies, driven by specialized hardware and software to create complex virtual studio environments in which live action can be integrated with a 3D digital backdrop for real-time broadcasts. In addition, the Lab can also perform cutting-edge live TV interaction techniques, from in-studio audience participation to remote gaming. Many of the Lab's other electronic devices will possess capabilities for displaying a highly complex 3 dimensional computer world live game show or other types of events/shows that utilize living characters that have the ability to interact with the virtual world of computer generated scenes including real-time video game production. The Lab will be producing a turn-key type approach that will include both live action (i.e game shows and scripted series) and live action animation TV type series. Additionally, the Lab will target DVD, visual effects, commercials, live-action, motion capture, Web/Internet, Webisodes, and certain plays that fit specific market profiles. Additional services will include; rental availability of the Lab as a virtual studio, extensive post editing work, visual effects and project management.

The Lab will become a virtual reality production company, providing an inspiring creative service file for TV, open events and interactive media productions specializing in 2D and 3D real-time broadcasting and on request from clients, will create special made project design for larger scale interactive visual projects. The Lab's unique services will deliver virtual video offerings, expertise and technologies in virtual output of 2D and 3D real-time visual digital effects using a combination of cost effective PC's/graphics hardware and software that meet or surpass today's standards of technology.

To achieve and address these goals and meet the current and future demands of the market, a deep level of media experience will be required through high level professional involvement from industry veterans to attract meaningful projects and to produce top quality digital content. Currently, a Letter of Intent is proposed to engage Eagleworld Media as the full-time Operator of the planned Sierra Digital Media Lab. This company has a long-standing history of involvement in the industry and a track record of important accomplishments that will provide credibility, management and professionalism as the infrastructure for launching a successful Lab. Executive management of the facility will be led by Mr. Paul Siegel, a 30 year skilled practitioner and authority on film distribution and production (see attached Bio).

The Market—

Early discussions with a number of potential clients from the Bay Area, Silicon Valley and Hollywood/Southern California underscore the high level of interest and need for the Lab in its strategic location between Northern and Southern California and closeness to Silicon Valley's technology rich environment.

Some facts and figures to illustrate the global market potential for the digital entertainment industry are described below:

- Nine of the top ten all-time top-grossing films at the worldwide box office are all richly imbued with digital effects, and the remaining one is an animation feature

film. These include recent global box office hits like Spiderman, Transformers and Harry Potter, Pirates of the Caribbean and others.

- The worldwide computer animation industry is estimated to be worth \$25 billion with more and more designs finding ways into film, television, multimedia, video games and merchandise.
- In 2008 over 400 million computer and video games were sold in the US..., four games for every household. For Americans aged 6 and over, 60% or about 150 million people, play console and computer games on a regular basis.
- New game consoles, like Sony's Playstation 2, Microsoft's Xbox and Nintendo's Wii, with audiovisual facilities to play CD and DVD and connection to the Internet, are evolving to become the future digital home entertainment center and hence have potential to become the next generation of networked entertainment servers to deliver Internet based, real-time and personalized digital entertainment services.
- The growth in console software in 2009 is forecasted to account for more than \$15 billion worldwide and the growth of online games is estimated to reach \$8.0 billion.
 - Activision's Modern Warfare 2 video games had first 5 day sales, November, 2009, totaling \$550 million dollars.

Products—

The Lab's platform of revenue generating services will include some of the following general categories:

- Virtual Studio
- Interactive TV
- Film
- Events and Presentations
- Advertising & Commercials
- Visual Effects, 2D and CGI
- Game Show technology and Graphics
- Project Management
- Misc. rental and outsourcing to Hollywood studios

Marketing, Sales & Revenue Model—

Initially, Mr. Paul Siegel, a well-known accomplished producer and film distributor and Mike Weinstein, a 20 year associate, will be responsible for staffing and sales of studio rental and projects for developing media content within the Lab. Currently, 2 to 4 animation projects are slated for 2011 and a possible additional project is under discussion at present.

Revenue Model—General Project Descriptions and Personnel numbers, number of episodes:

- The Lab intends to have two (2) full time productions every six (6) months or one full time for 12 months (i.e. Shakespeare production) and two (2) episodic TV shows each every six (6) months.
- Personnel required will be approximately 5—7 full time key personnel to run facility and during many productions will need an additional 20 personnel to assist the productions. It is estimated that a total of approximately 100 people per series or 200 people for both series to be working at the Sierra Digital lab at one time.
- There are a total of 26 half hour episodes per series. If four series are being produced per year = totals are 104 episodes per year.
- Several types of shows to produce are: Boys live action show – i.e. Goose Bumps or Girls Live Action show – i.e. Carly or pre-school show, i.e. Sesame or Blue’s Clues
- Local actors will be used whenever possible, many main actors will require lodging, rental cars and other general services use.

Partnerships—

The Lab has garnered support from many in the community who realize the potential ability for this new industry to attract capital, the corporate world and the creation of jobs to the Carson City area. The Lab’s manpower requirements will become the springboard for many new companies, youth involvement and those interested in gaining knowledge toward large-scale animation, feature films and large scale feature type TV series. Additional technological support activities will involve the Gi, a collaborative effort from a group of approximately 350 remote scientists, physicists, researchers, technologists and other academicians, led by Carson City resident and Founder of the Gi, Mr. Lee Darby, former engineer and holder of numerous gaming technology patents. For the past six years, The Gi has specialized in the development of intellectual property and technology development.

- Educational Partnerships

The Lab has extensive community support from business leaders and numerous politicians. Additional discussions have taken place with Ms. Carol Lucy Ph.D, President of Western Nevada College (WNC) to collaborate with the Lab to provide student assistance, internships, digital curriculum and initially offering a Certificate in Digital Media. A successful model will eventually offer possible degrees in Virtual Digital World development and Graphic Communications.

UNR’s Associate Professor Joseph DeLappe has offered to create a specific Bachelor of Fine Arts (BFA) Degree and potential Master of Fine Arts (MFA) Degree in Animation to collaborate with UNR’s Arts, Journalism and Gaming (social and casino type) departments that utilize digital media, animation and graphics. Lab internships and work experience on commercial projects will provide students with the practical skills, knowledge and on-the-job training preparing them for employment and better job opportunities following graduation.

UNR’s Vice President of Information Technology and Dean University of Libraries, Steven Zink Ph.D, has offered support in the Digital Lab’s efforts to bridge the students’ gap between education and practical experience through apprenticeships and the potential for some level of

technology transfers from UNR for the Business and Technology Incubator. UNR's supporting efforts and working in a collaborative partnership will be instrumental in meeting the objectives for Carson City to develop a platform for attaining critical mass in a particular technology sector ultimately leading to growth, attracting companies, sponsorships and investment capital.

Additional partnership activities include the support of UNR's Sam Males, State Director of Nevada Small Business Development Centers. Mr. Males views these enterprises as foundations for developing a more diverse and sustainable economic structure for the future of Carson City and will be assisting these businesses as they begin to form a new base for jobs and industry in the region.

It is anticipated that other educational partnerships will be developed with DRI, Sierra Nevada College and other learning institutions including K-12.

Competition—

Today television series of multiple episodes are outsourced to India and China because of the availability of competent talent technologists. The process is broken down into pre-production, production (the most computer intensive) and post production. The production requirements for TV series and film is enormous, between 80 and 100 computer animators per series and the US market has not made any significant effort to meet these demands, primarily due to cost. India's animation sector in particular is witnessing a major boom as an animation outsourcing destination due to its obvious benefits such as large English speaking base, availability of clustered animation studios throughout the country, price and presence of a successful entertainment industry. Outsourcing 3D animation to India and China has become very important to television and movie producers for these reasons, primarily due to the cost benefits related to affordable animation production. While these locations offer certain advantages for large-scale projects, some of the overseas benefits are outweighed by a different social and cultural vision, enormous distance and associated time zones.

Most all creative work is done in the US as these differences in culture are not able to capture the same gestures, plot, and language idiosyncrasies. Many of the major children's broadcasters such as Nickelodeon and Cartoon Network need to work with creative talent here in the US to develop and launch the TV series on their networks and overseas outsourcing also complicates and delays production.

While large production feature film, TV series and full animation is conducted abroad, most digital media work in the US market largely targets the small to mid-market pre-production and post production services for writing, storyboarding, voices, modeling, music and final compositing. These continue to be performed in the US to meet the creative demands of the worldwide marketplace and will be the target focus of the Lab.

Competition in the sector is fragmented with most studios in the 3,000 to 5,000 sq. ft. range. Two studios that are mentioned in the industry are profiled below.

US Competition

- **ZOIC STUDIOS CULVER CITY/ VANCOUVER, CANADA—**

- 16,000 sq. ft., 80 Employees, 100+ terabytes clustered storage, 1000+ processor rendering farm
- 4,000 sq. ft. in Vancouver, forty 2D and 3D artists on workstations.
- Has cutting edge proprietary Zeus system, which allows filmmakers to see actors on a real-time rendered virtual set, on the green screen stage. The technology is an aid to the director of photography, crew, and actors, who can see themselves interacting with the virtual set and can adjust their performances accordingly. Zeus incorporates Lightcraft Technology's pre-visualization system.
- They are considered as an expensive provider serving the larger feature film market sector. They are very advanced in technology with the ability to parse projects between both locations with some incentives provided by Canadian support for work produced in their Vancouver offices.

▪ **WAINSCOTT STUDIOS, EAST HAMPTON, LI, NEW YORK—**

- 10,000 sq. ft. digital facility equipped to meet all of your production needs. A central control room for two stages features full HD and Standard Definition capability with Ultimatte 9, two HD camera packages, as well as a complete Pro Tools audio recording system and Sound Booth for pre-records and ADR. Stage Two stages with 4,000 sq. ft. and 56 ft. ceilings. Stage Two is a sizable 1,200 sq. ft. with 25 ft. ceilings. Stage Two is acoustically fitted for the full range of audio recording including small orchestras or ensembles. Both stages include two green screen/blue screen stages.
- This company has developed a successful business enterprise with a strong following however their size and location inhibits them from future growth beyond their existing potential.

Digital Lab Management—

The Lab's Founder, Mr. Paul Siegel, is a 30 year veteran with a proven record in multiple sectors of the entertainment industry. Paul brings in-depth knowledge and experience in program distribution, worldwide entertainment programming to cable, DVD, film, TV, animation and home entertainment for digital content on the Internet. (For further background, refer to Appendices). He has produced and directed a variety of shows to include the following partial list.

- Co-Producer of the first ESPY Award Show, the first MTV Award Show, the World Music Awards and the Golden Trailer Awards.
- He distributed Family Feud and distributed the New Hollywood Squares, Smithsonian World Produced and distributed *This Island Earth*, the Emmy award winning documentary for the Disney Channel.
- Produced and directed Return to the Titanic, the second highest rated special of all-time
- Mysteries of the Pyramid with Omar Sharif, UFO Cover-up with James Earl Jones

- Distributed into syndication *Divorce Court* and *Guilty or Innocent*
- Produced and distributed new episodes of *Baywatch*
- Produced the animated series *Inspector Gadget*, *Police Academy*, *Heathcliff*
- Produced TV Series *Adventures of Merlin*, *Tarzan Epic Adventures*

Jobs & Staffing —

Employment in Digital Media is expected to grow rapidly in the US. Bureau of Labor Statistics estimates that of the 28 occupations within the film industry, from 2004 to 2014, multi-media artists and animators are expected to experience the highest rate of growth of employment, with a projected increase of 43.5% during the ten year period. Approximately 25,000 people are employed nationally in all industries as multi-media artists and animators. The employee base has average ages of 22 to 34 years old and the employer base includes such companies as Pixar, Dreamworks, Sony, Toei, Nickleodeon and numerous others with an average wage in California of \$76,000 per year.

According to the Bureau of Labor Statistics, the field of 3D animation is a growing field with many opportunities for expansion, so salaries are likely to rise. With the proliferation of video and new media, animation and other digital media skills are more needed now than ever before with the demand for qualified animators forecasted to rise consistently in the near future as computers, video, gaming, cell phones and mp3 players utilize more and more of this technology.

Many of the technical and repetitive tasks may be outsourced, but strategy, creative and conceptual work will not. Companies and individuals that value ideas above all else will thrive in the creative economy and individuals with design software knowledge, particularly web site design and animation experience will have the best opportunities.

As long as the need for online content and audio and video packages grows, so will the need for digital media producers. Using seven major U.S. cities as its samples, payscale.com shows a median annual salary range for digital designers of \$46,003 to \$90,524.

Average Salary of Jobs & Related Titles — Average age range in this sector is 22 to 34 years old.

In USD as of Oct 9, 2009

Film & Video Editor	\$62,000
Multi-media artist & animator	\$52,000
Digital <i>media</i> photographer	\$60,000
Digital Media Photographer	\$69,000
Director systems engineering	\$94,000
Software developer	\$70,000
3d software engineer	\$79,000
Junior software developer	\$58,000

Source: Salary.com

Equipment—

- The Sierra Digital Lab will be a state of the art 10,000 sq. ft. digital facility that will be equipped to meet all production needs.
- There will be a central control room with two stages featuring full HD and Standard Definition capabilities with Ultimatte 11, three HD camera packages, as well as a complete Pro Tools audio recording system and Sound Booth for pre-records and ADR. All stages to include green/ blue screen stages with hard cycloramas. Relying on Orad's HDVG video graphics rendering platform, ProSet is equipped with rendering power that allows for the most complex virtual sets to run in real-time.
- Stage One — 6,000 sq. ft. (100 x 80) with 27 ft. ceiling. Catwalk along side of the stage for ease of access of lighting etc. Window to green room and control room. Stage One will include a high-end HD/SD virtual studio system i.e. Orad's ProSet that can create any type of virtual studio production. ProSet is ideal for all types of productions including children shows, sports, filming of theatrical plays, entertainment shows and news.
- Stage Two & Three — 2,000 sq. ft. each, (50 x 80) with 15 ft. ceiling. Stage Two acoustically fitted for the full range of audio recording including small orchestras or ensembles and a motion capture control studio i.e. XSENS
- There will be 3 to 4 Final Cut Pro and Avid editing suites and additional workstations bays will be set up for software development, programming and content management for interactive videos and games.

Extras to include two dressing rooms, two bathrooms, a carpentry shop, a prop room, a wardrobe room, a puppetry shop, a make-up area, a client/talent lounge (“green room”), a built-in dark room, and kitchen facilities and ample office space with complete digital T1 interconnectivity.

Features:

- Green/Blue Green screen stages with hard Cycloramas
- Full Standard Definition capabilities w/Ultimatte 11
- Three (3) HD Camera Packages
- Pro Tools Audio Recording System
- Sound Booth for pre-records and ADR
- Orad HDVG video graphics rendering platform
- ProSet, equipped w/rendering power for complex virtual sets to run real time

Other Hardware

- Boom Mic, Wireless Lavs, Mixer, Audio Technica AT4073a Shotgun Mic,
- K-Tek Boom Pole, Alesis 16 channel MultiMix (FireWire) Mixing Board,
- 4 Sennheiser eW300 wireless transmitters and receivers w/ 3-MkE2 and
- 4-ME4 cardioid lavalier mics, Sound Devices 702T Field Recorder

LIGHT STANDS

Mathews	Medium Overhead with casters	4
Mathews	Sky High Triple Riser	2
Mathews	Hollywood Combo Double Riser	2
Mathews	Hollywood Beefy Baby Double Riser w/Rocky Mountain Leg	2
Mathews	40" C Stand w/sliding leg, 2.5" Grip Head & 20" Arm	2
Mathews	40" C Stand w/sliding leg, 2.5" Grip Head & 40" Arm	4
Arri	Lightweight Stands 050 ARF	8
Avenger	A630B Midi-Max Kit Stand 10'8"	3

HARDWARE

Mathews	2 1/2" Hollywood Grip Head	5
Mathews	20" Hollywood Arm	2
Mathews	40" Hollywood Arm	4
Mathews	Mafer & Pin	20
Mathews	Baby Plate 3"	6
Mathews	Right Angle	4
Mathews	TVMP Adapter	2
Mathews	Drop Ceiling Scissor Clamp with 5/8" Pin	18
ETC	C Clamps	8

LIGHTS

FloLight	Fluorescent FB2500 2500 watts, Tungsten, bankable	5
Kino Flo	Fluorescent Image 40	4

Kino Flo	Fluorescent Image 45	1
Kino Flo	Fluorescent Diva Lite 400	2
Kino Flo	Fluorescent 1-Lamp Fixture w/Ballast, BAL-105	2
Arri	650 PLUS w/4 leaf barn door	4
Arri	300 PLUS w/4 leaf barn door	3
Arri	150 w/4 leaf barn door	2
Arri	Airlite 1000 w/4 leaf barn door	1
Arri	1 K w/4 leaf barn door (1 chimera)	2
Arri	2 K w/4 leaf barn door (1 chimera)	2
Luxarc	HMI 2500 watts	1
Luxarc	HMI 4000 watts	1
Martin	Mania DC1 Aquatic Special Effects	1
Misc.	Gels, reflectors, lens, etc	
GREEN SCREEN		
	56'x16' left wall and 32'x16' right wall, Corner Green Screen Cyclorama by ProCyc Wash provided by 10 FloLight FB2500 Soft Boxes, 2500 watts each, bankable. Tungsten lamps Portable green screen floor approximately 20'x34'	1
DIMMING		
ETC	ETC 24/48 Dimming Console	1
LIFT		
GENIE	Genie GS 1930 Powered Scissor Lift, 25' working height	1

Canon XL-H1

The camera shoots in HDV formats, and has a resolution of 1080i. And, with its customizable open-architecture approach, selectable frame rates including 24F, and multiple output options.

Ultimate HD Station

Real-Time Compositing workstation includes 2 computers, 6 monitors and technician.

Additional Space Requirements:

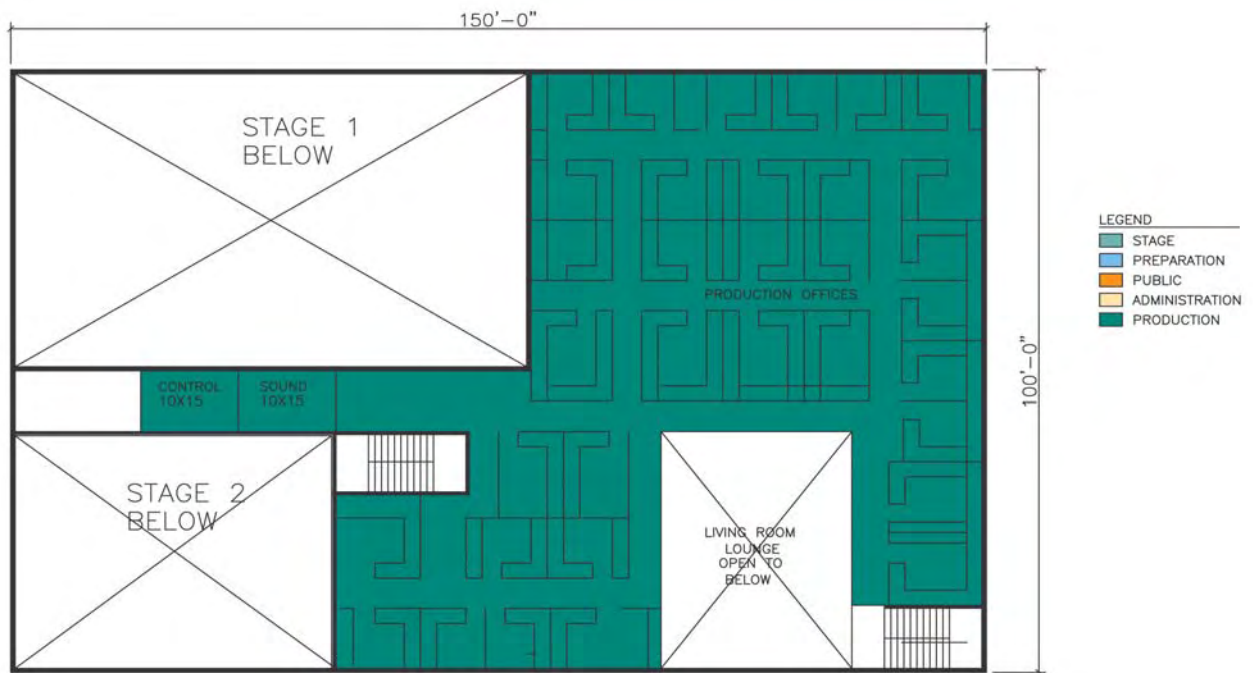
- Dressing rooms, carpentry shop, prop room, office space, digital interconnectivity using T1 lines and connection to fiber/backbone.
- Digital animation workstation bays
- 6 to 8 non-linear editing bays
- Final Cut and Avid editing suites
- Workstations for software development and programming for content management and interactive video on the Web.

A stage must be acoustically fitted for a full range of audio recording including small orchestras or ensembles. Both stages include two green screen/blue screen stages with hard cycloramas. Extras include dressing rooms, a puppet shop, a carpentry shop, and ample office space.

Design parameters for the Lab include the potential for additional expansion based on future demand in number of projects, size of larger stage requirements based on projects for large film work and the rental of studio and equipment.



CONCEPTUAL
FIRST FLOOR PLAN



CONCEPTUAL
SECOND FLOOR PLAN

Sierra Digital Media Lab Schematic

CONCLUSION

Digital entertainment is rapidly becoming a major value-added, creative industry. It also plays a major role in speeding up the development of IT applications and services and is instrumental in the deployment of high-speed, broadband network platforms, the arteries of a technology-driven city. The Lab will be well positioned in Carson City with its location near Silicon Valley, the Bay Area, Southern California studios and the Hollywood entertainment and film industry.

The Sierra Digital Media Lab's infrastructure is based on its expertly skilled management, deep connections within the media and entertainment industry, excellent facilities location and state-of-the-art equipment. With this starting foundation and proposed projects slated for the Lab's first year of operation, it is expected that the Lab will be successful in creating and producing numerous high profile follow-on projects and draw industry professionals from the media world to Carson City with other media services and companies drawn to this new media ecosystem. The creation of the new Sierra Digital Media Lab facility will garner respect from the media industry and gain recognition as a leading studio for Internet, gaming, animation, TV, and the film industry.

BUSINESS & TECHNOLOGY INCUBATOR

BACKGROUND—

Business Incubators are programs designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts. Incubators vary in the way they deliver their services, in their organizational structure, and in the types of clients they serve. Successful graduation and completion of a business incubation program increases the likelihood that a start-up company will stay in business for the long term.

In the past decade in particular, business incubators have attracted and assisted many early stage companies, referred to also as seed companies or early-stage start-ups. Many incubated companies that have graduated from the infrastructure have subsequently scaled to become large companies, have completed successful mergers and acquisitions, launched IPO's or are listed on the NASDQ exchange.

Business incubation programs catalyze the process and accelerate starting and growing companies by providing entrepreneurs with the expertise, networks and tools they need to make their ventures successful. The National Business Incubator Association estimates that in 2005 alone, North American incubators assisted more than 27,000 start-up companies that provided full-time employment for more than 100,000 workers and generated annual revenue of more than \$17 billion. Research has shown that business incubation programs reduce the risk of small business failures. Historically, NBIA member incubators have reported that 87 percent of all firms that have graduated from their incubators are still in business, and 84 percent of incubator graduates stay in their communities.

Unlike many business assistance programs, business incubators do not serve any and all companies. Entrepreneurs who wish to enter a business incubation program must apply for admission. Acceptance criteria vary from program to program, but in general only those with feasible business ideas that possess a unique idea or product and have the potential to scale including a workable business plan are admitted. Although most incubators offer their clients office space and shared administrative services, the heart of a true business incubation program is the services it provides to start-up companies.

Important research conducted by Grant Thornton for Economic Development Association (EDA) last year proves that business incubators provide communities with significantly more jobs at far less cost than do any other public works infrastructure projects. According to "Construction Grants Program Impact Assessment Report," business incubators provide up to 20 times more jobs than community infrastructure projects. In that study, researchers found that business incubators are the most effective means of creating jobs – more effective than roads and bridges, industrial parks, commercial buildings, and sewer and water projects, at a fraction of the cost.

The amount of time a company spends in an incubation program can vary widely depending on a number of factors, including the type of business and the entrepreneur's level of business expertise. Life science and other firms with long research and development cycles require more time in an incubation program than manufacturing or service companies that can immediately produce and bring a product or service to market. On average, incubator clients spend 31 months in a program. Many incubation programs set graduation requirements by development benchmarks such as company revenues or staffing levels, rather than time in the program.

- Incubators seek to integrate the incubator program and activities into the fabric of the community and its broader economic development goals and strategies
- Research has shown that for every \$1 of estimated public operating subsidy provided the incubator, clients and graduates of NBIA member incubators generate approximately \$30 in local tax revenue alone.

Incubator Services—

Most common types of incubator services include:

- Reduced rent, entrepreneurial environment with other start-ups and early stage companies
- Assistance with business basics, networking activities, marketing assistance
- High speed Internet access, funding assistance through Angels and VC capital, business plan assistance, intellectual property
- Management assistance, advisory boards, management team identification, strategic planning and partnership introductions.

While incubators are typically filled with these early-stage types of companies, it is not uncommon for many other companies that may have some level of funding and a commercial product to be housed within the same facility. This environment serves many different functions that include potential partnerships, peer association in sectors, cross pollinating technologies and sharing of certain resources.

Revenue Models—

Broadly speaking there are 3 revenue models for business incubation environments. Most business incubation environments will combine elements from each for generating income—

- Revenue from incubated enterprises
- Revenue from equity
- External donors

Rents and/or client fees account for 59% of incubator revenues, followed by service contracts or grants (18%) and cash operating subsidies (15%).

Taking a small proportion of equity, typically in the 3% to 5% or a royalty on gross sales, usually 2% to 3% for a period of time, can be a very good method to receive payment for a business incubation's value-added services once the company being assisted has succeeded, rather than up front when the company is short of cash. The royalty on gross sales model offers sharing in success and aligning the business incubator's mission with that of its clients.

More and more technology business incubation environments take a small equity position, or negotiate royalty agreements as described above as a condition of entry to the business incubation environment. Taking equity only realistically applies to high growth and generally IP driven companies, in situations where there are clear exit mechanisms (e.g. IPO, M&A) and does not make much sense with most service companies or where exit mechanisms are not clear, where royalties may be a better approach. Business incubators, which rely upon rent and other revenue streams for their self sufficiency, still enter into these arrangements as a way of sharing in the success of the companies they assist, but not as the main strategy for financial self sufficiency.

In many countries, incubation programs are funded by regional or national governments as part of an overall economic development strategy. In the United States, however, most incubation programs are independent, community-based and resourced projects. The U.S. Economic Development Administration is a frequent source of funds for developing incubation programs, but once a program is open and operational it typically receives no federal funding and few states offer centralized incubator funding.

Sponsorships—

Incubator sponsors – organizations or individuals who support an incubation program financially – may serve as an incubator's parent or host organization or may simply make financial contributions to the incubator. In some cases, multiple incubators may work together in developing a pool of capital to be used for funding and deal sharing, therefore, spreading the risk of the investment and opening the incubated company to larger opportunities for wider strategic partnering in industry capital and geography. Sponsorships represent both financial support type partnerships and, in the case of working with universities, technology transfers for spinning out R&D directly to the incubator as a method of collaborative partnering.

General sponsorship breakdown is as follows:

- About 31 percent of North American business incubators are sponsored by economic development organizations.
- 21 percent are sponsored by government entities.
- 20 percent are sponsored by academic institutions.
- 8 percent are sponsored by other types of organizations.
- 8 percent of business incubators are “hybrids” with more than one sponsor.
- 4 percent are sponsored by for-profit entities.
- 8 percent of incubators have no sponsor or host organization.

Incubator Selection Criteria—

On the investment side of the equation, specific criteria are used for determining the potential for investment and a long list of due diligence items are used (see angelsoft.net). Serious angels and VCs seek to invest in early stage companies that tend to have the following characteristics:

- Relatively low capital needs
- High scalability
- Disruptive technology or idea as opposed to sustainable ideas that include better quality, cheaper etc.
- Defensible market position
- Strong management; a unique selling point
- A clear potential exit for cash within 5-7 years
- A complete, well-thought-out business plan

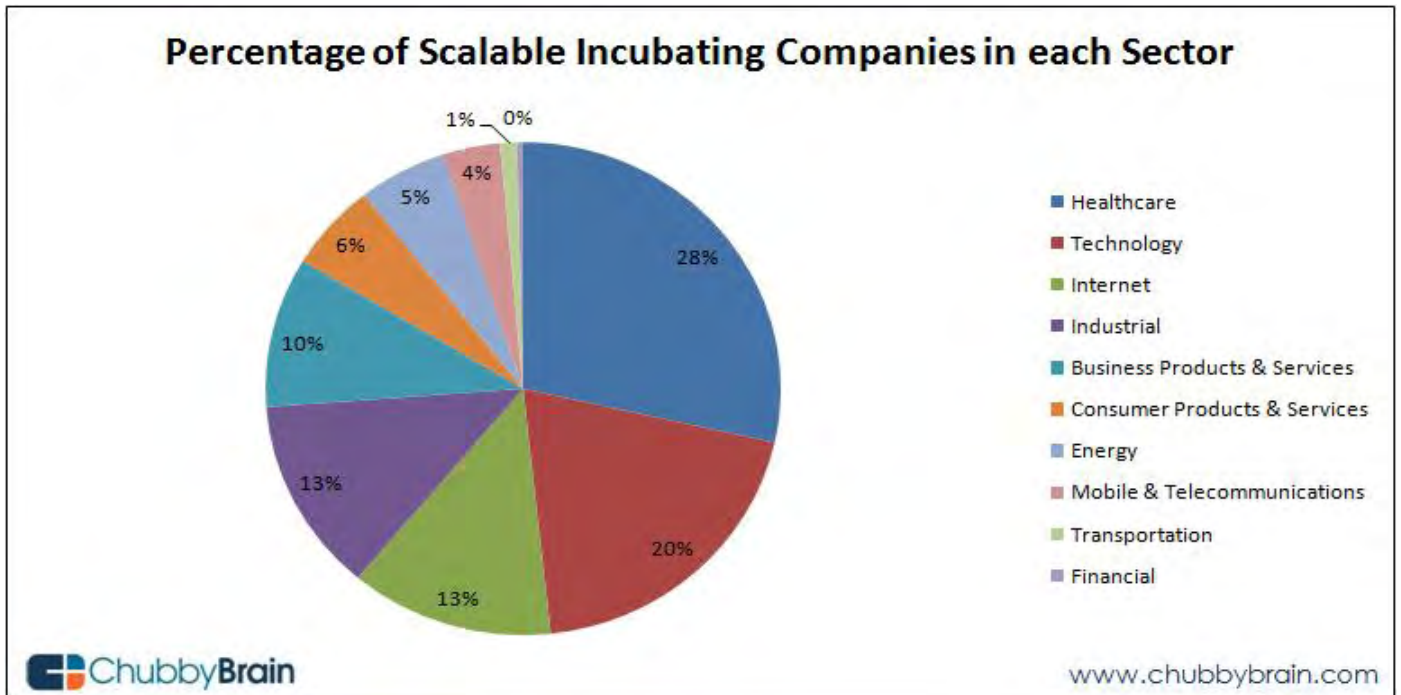
Market Sectors—

More than half of all business incubation programs are "mixed-use" projects; that is, they work with clients from a variety of industries. Technology incubators account for approximately 45% of incubation programs (some overlap may occur in healthcare technology outside of healthcare in general), technology and the Internet.

Most North American business incubators (about 95 percent) are nonprofit organizations, formed as 501 (c) 3 charitable entities focused on economic development and designed for investments by angels and VCs. About 6 percent of North American incubators are for-profit entities; usually set up to obtain returns on shareholders investments.

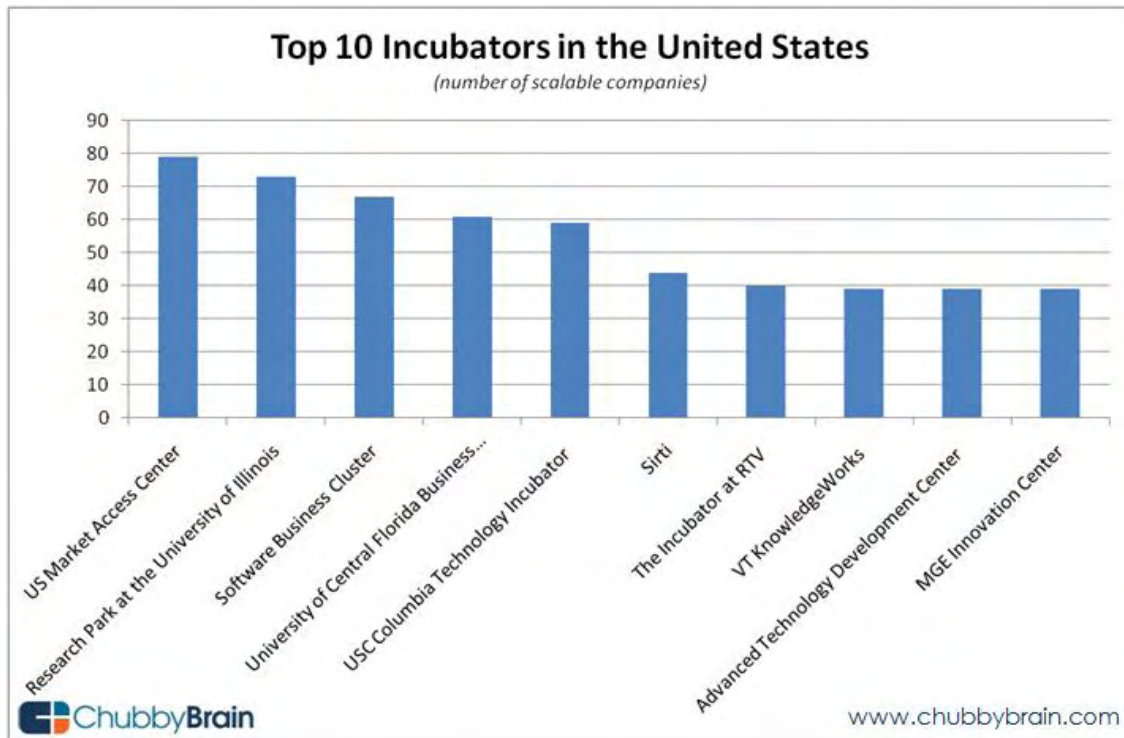
The term scalable incubator is used to describe incubated companies that have the ability to grow significantly in size to become successful within an industry. This is accomplished by becoming a leader in a vertical market, have a sustainable business opportunity based on a defensible product or idea, or developing a disruptive technology in a sector. Disruptive technology examples are ideas or products that dramatically change or affect an existing product, industry, market or technology. Examples are the Web, the Internet or home pregnancy tests.

Different benchmarks used by angel and VC investors for scalability will normally fall within a \$20 million to \$30 million dollar yearly revenue range which is highly sought in the merger and acquisition market as a target range for high deal flow due to ease of funding and the number of companies in this space to select from.



- 54 percent are “mixed-use,” assisting a range of early-stage companies.
- 39 percent focus on technology businesses.
- About 4 percent focus on service businesses, serve niche markets or assist other types of businesses.
- 3 percent serve manufacturing firms.
- About 53 percent of business incubators operate in urban areas, 28 percent operate in rural areas and about 19 percent operate in suburban areas.

US Incubator Metrics:



The US organization Angelsoft has formed a group of investors that is comprised of 477 angel groups and VC's that use the Internet with a network of 20,699 investors in the network for start-ups and early stage companies seeking investment. In the 2008, Angelsoft received 21, 562 submissions, 574 went into due diligence and 496 received funding. In the same year, 13.8% of the top industries seeking funding were in the consumer products and services group followed by the number two spot, media and entertainment industry with 12.9%

Incubator Management, Operations and C4CUBE—

The National Business Incubator Association serves a network of more than 1,900 members in over 60 nations. While incubator managers and developers make up a large share of NBIA's membership base, the association also represents other interested individuals and groups. Each incubator has its own management infrastructure and operations that serve specific markets and have developed partnership activities in their local communities.

In review of operations and organizing an incubator, many important factors come into play that can provide a catalyst in the initial development of a successful incubator. Not only do

the management, infrastructure and location play an important role, but much of the success of an incubator is weighed upon its connections to the funding community of angels and VC's. Precedence or history of the management team's involvement in completed deal flow, its ability to select the best candidate companies to fill an incubator and its partnership collaboration with other important community organizations and institutions of higher learning such as WNC, UNR, DRI will play a key role in the success of Carson City's Business and Technology Incubator.

The Carson City Business and Technology Incubator has selected the C4CUBE(the CUBE), the Center for Unique Business Enterprises, a Reno based incubator established in 2004 as its operator. The CUBE has an extensive network of investors, business leaders in the community, across the nation and throughout the world. Its executive management team is comprised of successful entrepreneurs in technology, communications, healthcare and the defense markets. Several of members of the executive management team have prior in-depth experience in deal flow, angel and venture capital investments and executive team memberships in other previous incubators in the Silicon Valley area.(see Appendix 1).

Approximately 5 to 7 full-time employees will be operating the Incubator that can potentially house 15 to 20 companies, with an employee base ranging from 3 to 15 people on average. Additionally, other tenants will be renting within the same facility that have on-going business, typically within related vertical market sectors and usually funded having achieved early commercialized success. Adding these to the base, it is expected that the Business and Technology Incubator will be home to approximately 150 people over a 24 to 36 month time period and adding tax revenue to the Carson City revenue base.

Community Partnerships—

A common goal for incubators is the transfer of technology from R&D in universities and major corporations. Incubator clients are at the forefront of developing new and innovative technologies – creating products and services that improve the quality of our lives in communities around the world.

Business incubation has been identified as a means of meeting a variety of economic and socioeconomic policy needs, which may include various types of state, city and community partnerships providing certain benefits to the community that include the following:

- Creating jobs and wealth
- Fostering a community's entrepreneurial climate
- Technology commercialization
- Diversifying local economies
- Building or accelerating growth of local industry clusters
- Business creation and retention
- Encouraging women or minority entrepreneurship
- Identifying potential spin-out business opportunities
- Community revitalization

Local Partnerships for Carson City Business & Technology Incubator

Currently the Carson City Business and Technology Incubator and Sierra Digital Media Lab have reached out in the spirit of working together as a community effort to achieve the desired goals and objectives by forging collaborative working relationships with the following partners:

- **Nevada Center for Entrepreneurship and Technology**
- **NSMDC**
- **Northern Nevada Development Authority**
- **Western Nevada Development District**
- **Western Nevada College**
- **University of Nevada Reno**
- **Desert Research Institute**
- **C4Cube**

CONCLUSION—

The global recession and its impact upon the US economy beginning in mid 2007 thru 2008 and 2009 has caused a significant number of job losses in many industries, not only in the US but globally. The lack of available jobs is forcing many Americans and those abroad to either look for other types of jobs, re-train and re-educate themselves for different careers through trade schools and universities, or start new businesses in hopes of some level of entrepreneurialism giving them the ability to tap into the current demands of a different economy. As these individuals pursue new business US opportunities, a key role will be played in driving entrepreneurial start-ups and early stage businesses in their respective cities through incubators located throughout the US and the planned Carson City Business and Technology Incubator.

Incubators have a 50 year history as major facilitators that provide the business experience and assistance to kick-start the transformation of ideas and research and development work into the formation of many successful companies. Without the presence of these types of facilitators, Carson City's ability to build and accelerate a new diversified economy may become severely limited.

The strategies forming these two new businesses in Carson City will provide a solution that will be built upon this entrepreneurial foundation as it develops the tools to form a critical mass or cluster that will aid in the creation of an ecosystem of new jobs and business, attract new companies, capital and necessary resources. Building a path from education and practical work experience to high paying jobs and careers for our youth and the Carson City community are at the forefront of the plans driving the principles of the Carson City incubator creation.

Carson City's proposed Business and Technology Center's goals and objectives address these problems in a very structured and similarly pragmatic approach that is being deployed in other progressive cities around the world—a cohesive plan built upon a knowledge and communication based economy, supported by technology for developing a skilled labor force to power innovation through the next millennium.

APPENDICES

APPENDIX 1:

APPENDIX 1—1

PAUL SIEGEL BIO

APPENDIX 1—2

C4CUBE BIOS

APPENDIX 1—1

PAUL SIEGEL BIO—

Paul Siegel has over thirty years of hands-on-experience in multiple sectors of the entertainment industry. His in-depth knowledge and experience in program distribution has made him a key decision maker for entertainment programming to the cable and broadcast networks worldwide, for DVD home entertainment and for digital content on the Internet. His proven record of achievement in distributing and producing a variety of shows has created a significant slate of programs for Paul's companies. The following is a partial list of some of the major entertainment projects that he has produced and distributed:

Reality Programs - Award Shows/Game Shows/Court Shows/Documentaries—

Award Shows—

Co-produced the first *ESPY Award Show*, the first MTV Award Show and recently the *World Music Awards* and the *Golden Trailer Awards* on MyNetworkTV

Game Shows—

Distributed *Family Feud* into syndication for 5 years and distributed 3 years of the *New Hollywood Squares*.

Documentaries—

Distributed *Smithsonian World*, one hour documentary series, into syndication after airing on WETA/ PBS and produced and distributed *This Island Earth*, the Emmy award winning documentary for the Disney Channel

Live Events—

Produced and distributed *Return to the Titanic* (second highest rated special of all time – 25.7 rating), *Mysteries of the Pyramid* with Omar Sharif (13.7 rating), and *UFO Cover-up* with James Earl Jones (10.3 rating) and 10 other live event specials

Court Shows—

Distributed into syndication *Divorce Court* and *Guilty or Innocent*.

Reality Shows—

Produced recent pilots for *America's First Crush* with Robin Leach, *Reality of Romance* (*Baywatch* meets *Love Connection*), and *K9 Fit Club* hosted by Dave Coulier.

TV Dramas/Sitcoms—

Dramas—

Helped MGM introduce new episodes of *Fame*, this very successful TV series into syndication and produced for syndication *Tales from the Dark Side*, the first sci-fi program. Also produced and distribute new episodes of *Baywatch* after this TV series was canceled by NBC. Distributed the 4 hour mini-series *Shaka Zulu II* and *Magnificent Ambersons* for cable

Sitcoms—

Produced *Too Close For Comfort*, the first off-network sitcom for syndication, followed by other off-network sitcoms that were produced exclusively for syndication - *You Can't Take it With You*, *What's Happening Now*, *New Gidget*, and *New Monkees*.

Sports Programs— Produced golf tournaments for General Motors i.e. *Westchester Buick Classic* and *Buick Open*, a series of boxing tournaments for ESPN called *Boxcino* and produced for ESPN the *Crunch TV* exercise series.

Children TV Shows/Animated Movies—

Produced the three animated Care Bears I, II, and III movies and the animated TV series Inspector Gadget, Sailor Moon, Dragon Ball, Police Academy, Heathcliff, Strawberry Shortcake, He-Man and *Masters of Universe*, and the live action TV series *Adventures of Merlin*, *Tarzan Epic Adventures* and *Super Samarai Syber Squad*.

TV Movies—

Produced and distributed into syndication *It Came Upon A Midnight Clear*, the highest rated TV Christmas movie of all time starring Mickey Rooney (17.2 rating) and two other Christmas Movies - *The Christmas Stallion* and *It Almost Wasn't Christmas* and 12 movies made for TV including three *Night Eyes* movies.

APPENDIX 1—2

C4CUBE EXECUTIVE MANAGEMENT TEAM BIOS

Lee Ky Good—

Ky co-founded C4CUBE in 2006 with a vision to establish an Incubator in Northern Nevada to help bridge the “gap” between entrepreneurs and industry and contribute to bringing start-up companies into the region. In 2003, Ky co-founded iN3 Partners, which is an on-going business development and consulting firm, that focuses at working with entrepreneurs and early stage growth companies. In addition, Ky currently serves in varying management capacities to 3D Armor Systems Inc. (advanced materials protection system developer), Eye-Com, Inc. (a biosensor and communications controller device developer), Center for Technical Investments (a venture fund currently being formed in Nevada), Scheelite Technologies LLC (a direct methanol fuel cell system developer), ETECHS (an engineering focused charter high school), and provides executive advisory to several other pre-Series A funded high technology startup companies.

Prior to 2003, Ky served in various executive and corporate officer roles for several start-ups including Research & Development Laboratories, Alidian Networks, Advanced Fibre Communications, and DSC Communications. During this time, Ky lived and worked overseas yielding a depth of business and personal contacts throughout the United States and international marketplaces, with a strong focus in Asia Pacific.

Prior to 1992, Ky spent five years in marketing and product management with Nortel Networks and 15 years with Verizon and South Central Bell (now BellSouth) holding a wide range of engineering and management positions. Ky brings his significant expertise in a number of technologies, US and International business development, entrepreneurship, and applied engineering to identify emerging markets, develop investment opportunities and business alternatives.

Norman Smith— Executive Director

Norman Smith has 30 years executive management experience specializing in startups and cutting edge innovations in retail, technology, manufacturing, and international business development. He founded 9 successful startups and raised over \$250 million in startup funding taking their annual revenue from startup to over \$100 million. His ability to assist young startups comes from his personal experience that includes: building world class management delivering world class services and products.

He spearheaded the management team of a failing U.S. manufacturing firm growing revenues from \$500,000 in sales to \$120 million while winning state awards for handling of

hazardous materials and waste water treatment. He started and managed international joint ventures in Hong Kong, Thailand and China, with an average annual growth of 1500%. His leadership in running a manufacturing technology services and consumer product retailing company grew the business from 43 locations to 216 locations with no change in cash flow tripled revenues and increased profits by 11%.

Mr. Smith is nationally recognized for innovative programs and job growth while serving on the board of the Contra Costa Software Business Incubator Board, as a University Regent for several Non Profit(s), and as a board member for Regional governance and Private industry.

Jim Holmes— Director of Investments

Mr. Holmes serves and has served on the board of directors of numerous public and private companies. He holds or has held positions of chief executive officer, chief financial officer providing management support in executive, administrative, financial and marketing functions. Currently he is president of Carson Capital Management, Inc., management, merger/acquisition and investment banking consulting firm. Mr. Holmes has formerly served as assistant controller of Bio Rad Labs(AMEX); CEO of Harvest Industries(OTC); vice-president of North Coast Investments, a venture capital firm and on the audit staff of Pricewaterhouse Coopers.

Mr. Holmes is a mentor and judge in the University of Notre Dame's business plan competition program. He has been a guest speaker at San Jose State-DeAnza College's Entrepreneurial Incubator program and guest lecturer at University of Nevada, Reno's Business Development, and Venture Capital program. He completed graduate studies at Golden Gate University's MBA program and holds a Bachelor's of Science degree in Business from San Jose State University, and has also completed Stanford's Advance Management College. Mr. Holmes is currently a Ph.D. candidate in Financial Economics at Rushmore University.

Larry Udell— Director, Industry Relations

Lawrence J. Udell co-founder of C4CUBE, is Executive Director of both the Center For New Venture Alliance and the California Invention Center. He has created and taught "New Ventures and Entrepreneurship" courses for over 30 years, plus a special course on, "Technology Marketing" at the Cal-State Hayward, School of Business and Economics. He served as a Lecturing Professor at U.C. Berkeley, teaching a course on Technology Transfer & Commercialization, and has also taught other courses for other universities in the U. S. and Canada.

He is an active member of the Licensing Executives Society, and is co-founder and managing director of the Silicon Valley Chapter of LES. Founder of over 20 corporations, he also provides consulting to both start-ups and Fortune 500 companies, plus lectures frequently at inventor, corporate and government functions throughout America and in other countries for the World Intellectual Property Organization .

**SIERRA DIGITAL LAB
CARSON CITY, NEVADA**

Letter of Intent

This Letter of Intent (hereinafter, the "LOI") is effective as of November 30, 2009 and is

BETWEEN

Eagle World Media, Inc (Eagle) and its partners and the Carson City Redevelopment Authority (CCRA) and its partners and collectively the "parties" in this LOI.

RECITAL

The parties agree to Eagle as the exclusive management company for the production facility that is being proposed to be built in Carson City, Nevada entitled, "Sierra Digital Lab" (hereinafter, the Property).

1. WARRANTIES AND REPRESENTATIONS

- a. The Carson City Redevelopment Authority warrants and represents that it intends to make its best effort to build a digital lab.
- b. Eagle warrants and represents that it has the necessary skill experience and ability to manage the digital lab for its intended purpose

2. CONDITIONS PRECEDENT

When CCRA has completed all the necessary agreements and received the necessary approvals it shall provide to Eagle all proof of financing and other pertinent agreements currently in place, providing Eagle with the opportunity to begin discussions with prospective partners and to production companies looking to produce entertainment type products including but not limited to TV shows at the Property.

3. GENERAL PROVISIONS

- a. Each party acknowledges and agrees that this LOI represents an exclusivity of dealing.
- b. Eagle will have the exclusive right to lease the digital lab at a negotiated rate between the parties. The length of the lease will be automatically renewable each year, if lease payments are paid timely and promptly.



- c. Nothing in this LOI is intended to create or deemed to create a partnership, joint venture, agency or any form of business association between the parties.
- d. In no event will a party hereto be liable to the other party(ies) for any special, indirect, incidental or consequential damages, or for any damages resulting from loss of use, data, or profit arising out of, or in connection with, this LOI whether an action is based in contract, tort, or a criminal act, and even if the party was advised of the possibility of such damages or loss.
- e. An amendment to this LOI is only valid if it is in writing and signed by the parties.
- f. No party hereto has the power or authority to act for, bind or otherwise create or assume any obligation on behalf of the other party(ies) for any purpose whatsoever.

4. TERMINATION

This is a nonbinding agreement, either party may terminate this agreement by giving the other party written notice (30) days in advance in writing to the signature of this agreement.

ACCEPTED AND AGREED:

EAGLE WORLD MEDIA INC

By: *Paula Regal*

Its: PRESIDENT

Date: 12/3/09

Carson City Redevelopment Authority

By: _____

Its: _____

Date: _____

ALLEN BIAGGI
Director

Department of Conservation
and Natural Resources

JAMES R. LAWRENCE
Administrator

JIM GIBBONS
Governor



State Land Office
State Land Use Planning Agency
Nevada Tahoe Resource Team
Conservation Bond Program -Q1

Address Reply to

Division of State Lands
901 S. Stewart St. Suite 5003
Carson City, Nevada 89701-5246
Phone (775) 684-2720
Fax (775) 684-2721
Web www.lands.nv.gov

STATE OF NEVADA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

Division of State Lands

December 4, 2009

Tammy Westergard
Deputy Manger
Office of Business Development
201 North Carson Street, Suite #2
Carson City, NV 89701

Dear Ms. Westergard:

First of all, I want to congratulate you, Carson City, and the Nugget Development team on the recent endeavors to facilitate a public/private partnership to redevelop the downtown area. Not only will this project attract new jobs and industry to Carson City, but it will also provide for a vibrant downtown center for the community. I also appreciate that you and other Carson City officials took the time last month to meet with me and other state agency administrators to explain some of the concepts and details of the redevelopment project.

As you know, the State has a master plan for development of the Capitol Complex which is adjacent to your redevelopment area. One of the goals of our master plan is to guide development of the Capitol Complex with appropriate centralized office buildings, sufficient parking, pedestrian paths, and landscaping to create a sense of place in the Capitol Complex. It seems likely that many of the goals for developing the Capitol Complex may be similar (or identical) to the goals for downtown redevelopment.

Both Carson City and the State stand to benefit from each other's success. A completed Capitol Complex will bring more employees to Carson City's downtown providing a benefit to downtown businesses and the overall economy. A vibrant and successful downtown in Carson City facilitates an exciting work environment that helps the State to attract and retain an employee workforce. As such, I believe it is important that we continue to engage with one another so mutual goals and opportunities are identified and implemented successfully.

Ms. Tammy Westergard
December 4, 2009
Page 2

Obviously one of the details of the proposed downtown development project that is of particular interest to the State is that the development partners have expressed a desire to include the state owned property north of Musser Street as part of the project area. As you are aware, this property is currently a parking facility that is used for state business and is typically used to capacity during the work week. Any use of this property would require the State receive compensation based on the fair market value of the land while also ensuring that the parking needs of the State are addressed.

Although I can make no assurances that the State will ultimately agree to allow the Musser Street property to be used as part of the redevelopment project, I can assure you that we are pleased to participate in the project planning process to possibly identify opportunities on how both the State and Carson City can partner together to successfully achieve our mutual goals. In addition to myself, planning meetings should also include representatives from the Governor's Office, Department of Administration, the State Public Works Board, and the Division of Buildings and Grounds.

I hope that you continue to get the support you need to make this project a reality, and I look forward to working with you in the future on this exciting project.

Sincerely,



James R. Lawrence
Administrator
Division of State Lands

cc: Lynn Hettrick, Deputy Chief of Staff, Governor's Office
Andrew Clinger, Director, Department of Administration
Allen Biaggi, Director, Department of Conservation and Natural Resources
Gus Nunez, Director, State Public Works Board
Cindy Edwards, Administrator, Division of Buildings and Grounds



JIM GIBBONS
Governor

STATE OF NEVADA
PUBLIC UTILITIES COMMISSION

SAM THOMPSON
Chairman

JO ANN KELLY
Commissioner

REBECCA WAGNER
Commissioner

CRYSTAL JACKSON
Executive Director

December 4, 2009

Carson City Board of Supervisors
City Hall
201 N. Carson Street, Suite #2
Carson City, Nevada 89701

Dear Mayor Crowell and Supervisors:

I am writing to congratulate Carson City and the Nugget Development in their endeavors towards the redevelopment of downtown Carson City. This public/private partnership is an impressive vision in planning for the future to meet the many diverse needs of the State.

The Public Utilities Commission of Nevada ("Commission") is responsible for regulating various operations of nearly 400 gas, electric, telecommunications, water, and wastewater utilities, along with gas pipeline and railroad safety issues in Nevada, which affect the daily lives of all Nevadans.

The Commission would like to express interest as potentially becoming a part of the downtown development as leased office space tenants. We believe the opportunity to be located in downtown Carson City with other State agencies such as the State Gaming Control Board and Nevada Gaming Commission will provide benefits to employees as well as to better serve the public. It may also provide the prospect to consolidate resources such as hearing rooms, meeting spaces, and security, resulting in savings to the State.

Specifically, the Commission's current lease is due to expire on May 31, 2013. The Commission has taken a leadership role in energy efficiency and conservation to reduce wasteful and unnecessary energy consumption at its current offices. As a result, the Commission plans to relocate its Carson City office to a building that is a "Leadership in Energy and Environmental Design (LEED) Certified" building. This certification will serve as a flagship type of property as the Commission pursues the "green" building initiative, which Governor Gibbons and the State legislature supports, and be the leader in our industry.

The Commission's current square footage is approximately 23,279. The new site location for the Commission must provide for larger hearing rooms to accommodate Commission staff, utility representatives, media representatives, general public, and interested parties attending and/or participating in the Commission activities such as hearings, agenda meetings and

consumer sessions. Location, accessibility, and adequate parking are also required for all participants. The Commission prefers the first floor if the building contains more than one story. We would also need to be able to connect to the Department of Information Technology's Microwave tower for high speed connectivity. The Commission currently has up to 70 employees in Carson City.

Please be aware that the Commission must work through the various State agencies to include the Governor's office, Department of Administration, Buildings and Grounds Division and the Nevada Legislature in order to secure new office space. These discussions will not begin until sometime in 2012. However, the Commission felt it was important to let you know at this time that we are very interested in exploring the opportunity for our agency to become a part of the new downtown Carson City and we encourage the Board's support of this exciting project.

Please feel free to contact me should you have questions about the Commission's building needs or require additional information.

Sincerely,


Crystal Jackson
Executive Director

cc: Teri Preston, Department of Administration, Buildings and Grounds
Todd Westergard, Nevada Gaming Control Board
Donna Skau, Public Utilities Commission



IM GIBBONS
Governor

STATE OF NEVADA
GAMING CONTROL BOARD

1919 College Parkway, P.O. Box 8003, Carson City, Nevada 89702
555 E. Washington Avenue, Suite 2600, Las Vegas, Nevada 89101
3650 S. Pointe Circle, Suite 203, P.O. Box 31109, Laughlin, Nevada 89028
557 W. Silver Street, Suite 207, Elko, Nevada 89801
6980 Sierra Center Parkway, Suite 120, Reno, Nevada 89511
750 Pilot Road, Suite H, Las Vegas, Nevada 89119

DENNIS K. NEILANDER, *Chairman*
RANDALL E. SAYRE, *Member*
MARK A. LIPPARELLI, *Member*

December 1, 2009

Carson City Board of Supervisors
City Hall
201 N. Carson Street, Suite 2
Carson City, NV 89701

Re: Potential Office Space in Downtown Redevelopment Project

Mayor Crowell and Supervisors:

The Carson City offices of the State Gaming Control Board ("Board") and Nevada Gaming Commission ("NGC") are currently in a building that is leased until 2013, and the Board's Administration Division is considering alternate space options for the agencies in anticipation of that expiration. Consequently, we are following the progress of the proposed development project in downtown Carson with interest. It appears as though the timing of the development may coincide with when we will be looking to relocate.

The location of the development is ideal for Board/NGC offices in several respects and it would be a great opportunity for us to pair with other State agencies with like needs (e.g., possibly the Public Utilities Commission) and share resources—such as conference, hearing, and public meeting rooms; video-conferencing equipment; etc.—in the name of efficiency. Specifically, for the Board and NGC, we would require approximately 35,000 square feet to house executive offices, standard offices, a sizeable public meeting room (no less than 2,600 sq. ft.), conference rooms, a hearings room, a reception/lobby area, and common areas. The space has to accommodate approximately 125 employees, visitors, provisions for law enforcement functions, and security necessities. Additionally, we currently have 160 parking spaces, which has been adequate.

While the Board is the tenant with regard to the space it and the NGC occupy in their Carson City offices, it is the State Buildings & Grounds Division that is the lessee. Buildings & Grounds is the service provider and the Board pays for the office space out of its budget. Consequently, the Board essentially selects the office space but it must meet with parameters set by Buildings & Grounds.

Fundamentally, the Board has to be selective with respect to what makes most sense for Nevada's gaming regulatory agencies within a workable cost, and be concerned with what is in the best interest of the State. While expense will be a primary basis for selection, with all things considered, the Administration Division is extremely interested in pursuing leased space for the main offices of the State Gaming Control Board and Nevada Gaming Commission in the proposed development in downtown Carson City. A caveat is, however, that if the property to be leased is owned by a Nevada gaming licensee, it would not be an option for the Board or NGC to be tenants.

I look forward to continuing to follow the progress of the project and should you have questions about any of the foregoing please contact me directly at 684-7716 or twestergard@gcb.nv.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd N. Westergard".

Todd N. Westergard
Chief, Administration



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIRECTOR'S OFFICE
4126 Technology Way, Room 100
Carson City, Nevada 89706
Telephone (775) 684-4000 • Fax (775) 684-4010
dhhs.nv.gov

December 3, 2009

Tammy Westergard, Deputy Manager
Office of Business Development
201 North Carson Street, Suite #2
Carson City, NV 89701

Dear Tammy:

When I read about the proposed downtown project and the partnership between Carson City and Nugget Development, it immediately piqued my interest. The potential for a very positive change in not only the appearance of our downtown but the economic vitality of the area is huge. I congratulate the City and Nugget Development in their vision and work to ensure a positive step forward and the diversification of the City's economy in such a meaningful and long term way. Currently, the Nevada Department of Health and Human Services administrative offices are located outside of the Capitol Complex area and we have a very keen interest in moving them closer to downtown and the Capitol Complex.

We are currently located in the north east part of town next to the trap range and Eagle Valley West golf course. This location is proving to be far from efficient for virtually all of our staff due to the fact we are so far removed from the Capitol Complex. Most of us were located in the Kinkead building when it was deemed unsafe so our move out here was not by choice but necessity and a lack of options. Additionally, the move was during the interim period between legislative sessions so the funding to create workable and efficient workspaces was limited. Space designs were significantly influenced by the need to be frugal and space designs we thought would work well have proven not to work well at all.

I personally believed problems and inefficiencies created by the location of the offices could be fairly easily overcome. I was wrong. The location has proven to be a challenge.

We are intensely interested in the opportunity to be considered a partner in the project, particularly as it relates to office space for our administrative offices. We firmly believe the location will provide efficiencies and an environment that will allow us to better serve the citizens of not only Carson City but the entire state. We will need to work within the current organizational framework and authority in place in the State's system but do not believe that will limit our ability to participate in the project.

December 3, 2009

Page 2

We currently have a need for a hearing room for our numerous boards and commissions and meeting spaces with video conferencing abilities. Additionally, we are doing more and more via the internet so a robust technological environment is something that interests us greatly.

Our location is currently served by 2 gigaman circuits to accommodate large amounts of data transfers. It is my understanding that the State Department of Information Technology is currently working on a wireless system throughout Carson City. Our location appears to be part of that plan. Regardless of our location we need to be able to connect to the state's Silvernet Backbone, a secure system utilized by state agencies.

We currently have 2 secure server rooms with the appropriate environmental and access controls. Related to ensuring the integrity of our networks there are 2 large uninterrupted power supplies (UPS), one in each building.

We have 7 video conferencing locations between the 2 buildings. I am sure there is some redundancy that could be eliminated with proper planning. The video conferencing is very useful in eliminating travel for staff.

We are currently occupying just less than 98,000 square feet under a lease that expires on December 31, 2011. That space accommodates 420 people, some in very challenging ways. Due to the layout and design of the structures, some offices are extremely cramped and inefficient. The buildings are surrounded by 500+ parking spaces.

We expect the planning process will help make the decisions regarding what makes the most sense regarding which of our offices will best fit into the downtown plans. We do look forward to being involved.

Please do not hesitate to contact me if you have any questions at all.

Sincerely,



Mike Torvinen, CPA
Deputy Director, Fiscal Services

December 2, 2009

Mr. Joe McCarthy
Director
Office of Business Development
201 North Carson Street
Carson City, NV 89702

Dear Mr. McCarthy:

Meridian Business Advisors was asked to estimate the impact of a 0.125% increase in the sales tax rate on a Carson City household. The revenue from the increase as discussed by Carson City representatives would be dedicated to funding capital projects in Carson City.

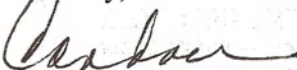
Please note that the 2009 state legislature approved a .0350% increase dedicated to School Districts, and this increase sunsets on June 30, 2011. This temporary increase is not used in the analysis due to the uncertainty of its duration.

The increase in sales tax per Carson City household is estimated at **\$26** if the proposed rate is approved. The methodology used to calculate this estimate is presented below. Please refer to the attached spreadsheet for further detail.

1. Determine the percent of total personal income spent on personal consumption expenditures – **83%** nationwide in 2008. Source: US Department of Commerce, BEA, Table 2.1, Personal Income and Its Deposition.
2. Determine the percent of personal consumption expenditures spent on taxable sales items – **23%** nationwide in 2008. Source: US Department of Commerce, BEA, Table 2.4.5, Personal Consumption Expenditures by Type of Product.
3. Determine Reno Sparks MSA per capita personal income - **\$45,400** in 2008. Source: US Department of Commerce, BEA, Table 1, Personal Income by MSA.
4. Determine Reno Sparks MSA per capita income spent on personal consumption items - **\$37,600** in 2008 ($\$45,400 \times 83\%$).
5. Determine Reno Sparks MSA per capita income spent on taxable sales items - **\$8,600** in 2008 ($\$37,600 \times 23\%$).
6. Determine people per Carson City household – **2.44**. Source: 2000 US Census.
7. Calculate taxable sales expenditures per household - **\$21,000** in 2008 ($2.44 \times \$8,600$).
8. Calculate sales tax per household at current rate, 7.125% - **\$1,495** in 2008 ($\$21,000 \times .07125$).
9. Calculate sales tax per household at proposed rate, 7.25% - **\$1,521** in 2008.
10. **Difference between existing rate and new rate = \$26.**

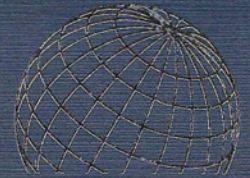
Should you have any questions or comments, please do not hesitate to call.

Sincerely,



Candace Evart
President

cc: Tammy Westergard



MERIDIAN
Business Advisors

Economic Impact Analysis

Fiscal Impact Analysis

Forensic Accounting

Business Valuation

Gaming Feasibility

Litigation Support

660 Sierra Rose Dr., Ste. 2
Reno, Nevada 89511
P: 775-827-5300
F: 775-827-5301

Las Vegas
P: 702-433-6835

www.mbareno.com

US Department of Commerce, BEA, Table 2.1 Personal Income and Its Disposition

2-Dec-09

	2004	2005	2006	2007	2008
Personal Income (billions)	\$ 9,937.2	\$ 10,485.9	\$ 11,268.1	\$ 11,894.1	\$ 12,238.8
Disposable Personal Income	\$ 8,889.4	\$ 9,277.3	\$ 9,915.7	\$ 10,403.1	\$ 10,806.4
% Disposable Income	89.5%	88.5%	88.0%	87.5%	88.3%
Personal Consumption Expend	8,285.1	8,819.0	9,322.7	9,826.4	10,129.9
% Personal Consumption Exp.	83.4%	84.1%	82.7%	82.6%	82.8%

US Department of Commerce, BEA, Table 2.4.5 Personal Consumption Expenditures by Type of Product

	2004	2005	2006	2007	2008
Personal Consumption Expend	\$ 8,285.1	\$ 8,819.0	\$ 9,322.7	\$ 9,826.4	\$ 10,129.9
Durable Goods					
Motor Vehicles and Parts	404.7	409.6	397.1	400.3	342.3
Furnishings/Durable Hshd Equip.	249.2	263.9	276.5	279.8	270.1
Recreational Goods and Vehicles	284.3	303.4	323.4	337.7	339.9
Other durable Goods	123.4	128.6	136.0	142.7	142.8
Non-durable Goods					
F&B for off-premises consumption	628.2	665.0	698.0	740.1	784.3
Clothing and Footwear	300.0	315.5	330.1	341.2	337.5
Gasoline and other energy fuels	249.9	304.8	336.9	368.0	413.0
Other non-durable goods	652.6	683.0	723.7	755.2	773.2
Services					
Housing and Utilities	1,462.2	1,582.8	1,686.0	1,763.0	1,843.7
Health Care	1,229.7	1,316.0	1,380.7	1,469.6	1,554.2
Transportation services	273.2	285.9	297.0	307.4	307.8
Recreation services	312.0	326.8	348.8	371.7	383.1
Food Services / Accommodations	492.9	525.3	559.7	587.9	608.7
Financial Services and Ins.	667.5	712.6	752.4	824.2	835.6
Other Services	745.3	781.6	836.0	884.0	915.0
Final Consumption exp. of non-profits service households	210.0	214.1	240.4	253.5	278.7
Total Taxable Consumption	\$ 2,507.1	\$ 2,629.3	\$ 2,746.5	\$ 2,844.8	\$ 2,814.5
% of Personal Income	25.2%	25.1%	24.4%	23.9%	23.0%

U.S. Department of Commerce, BEA, Table 1. Personal Income and Per Capita Personal Income by Metropolitan Area, 2006-2008

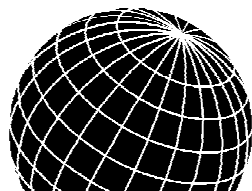
	2006	2007	2008	Source
Reno Sparks Per Capita Personal Income	\$ 45,424	\$ 45,424	\$ 45,424	BEA Table 1, Personal Income by MSA
Est. Reno Sparks Per Capita Personal Consumption Exp.	\$ 37,597	\$ 37,597	\$ 37,597	@ 83% of personal income
Est. Reno Sparks Per Capita Sales Taxable Exp.	\$ 8,646	\$ 8,646	\$ 8,646	@ 23% of personal consumption
Carson City People/Household	2,44	2,44	2,44	2000 U.S. Census
Carson City Taxable Exp Per Household	\$ 21,000	\$ 21,000	\$ 21,000	rounded
Current Tax Rate	0.07125	0.07125	0.07125	
Proposed Tax Rate	0.0725	0.0725	0.0725	
Difference	\$ 26	\$ 26	\$ 26	

NUGGET ECONOMIC DEVELOPMENT PROJECT

MARKET, ECONOMIC IMPACT AND FINANCIAL ANALYSES

DECEMBER 10, 2009

Prepared By:



MERIDIAN
Business Advisors

660 Sierra Rose Dr., Suite 2
Reno, Nevada 89511

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NUGGET ECONOMIC DEVELOPMENT PROJECT

MARKET, ECONOMIC IMPACT AND FINANCIAL ANALYSES

December 10, 2009

EXECUTIVE SUMMARY

Meridian Business Advisors (MBA) of Reno, Nevada has been retained by the Carson Nugget, Inc. to conduct market, financial, and economic impact analyses of its proposed development of a mixed-use commercial and residential area, including a discovery library, business incubator, technology and office space, as well as a park in downtown Carson City, Nevada.

The objective of the market analysis is to determine whether the development meets the goals set for it by Carson City representatives. These goals include:

1. Diversification of existing commercial sector to better handle declines in any industry.
2. Creation of jobs directly by the development and indirectly across the community.
3. Benefit to the youth of Carson City in terms of job opportunities, training and availability of resources.

The objective of the economic analysis is to estimate the regional economic impact of the development in terms of job creation and the purchase of goods and services both during the construction stage and the full-time operating phase.

The objective of the financial analysis is to consider the feasibility of funding a portion of the project through sales and property tax revenues. The analysis estimates potential property tax revenue from the increase in the assessed value generated by the project over the existing assessed value.

The analysis also considers sales tax revenue to be generated by a countywide sales tax rate increase of 0.125% to be dedicated to capital projects, with the approval of the Board of Supervisors. Sales tax revenue estimates are based on a projection of growth in the existing retail base, retail sales added by the development, and planned additional retail outside of this project.

PROJECT DESCRIPTION

The proposed project is situated in downtown Carson City, Nevada in the Redevelopment District. The project will include residential and mixed-use commercial, including a discovery library, business incubator, technology and office space, park space and a shared parking system. The project is estimated to add approximately 305,000 square feet of space, excluding the parking system which will include 500 spaces. The project will be built over a five-year period beginning in 2011 through 2015.

MARKET ANALYSIS

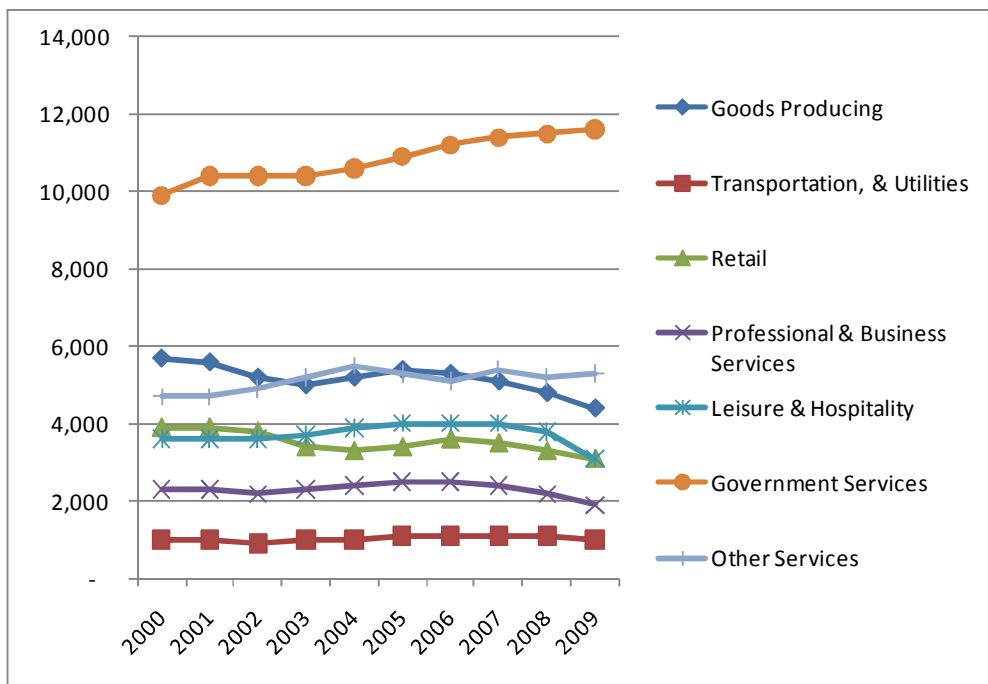
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Industry Diversification

The Carson City economy is highly concentrated. The largest employment sector in the Carson City MSA in 2009 was Government Services, making up 38% of total employment. This sector had the highest level of employment during the entire 10-year period (2000 through 2009), followed by the Goods Producing and Other Services sectors, 14% and 17% respectively in 2009 as shown in the figure below.

**Employment by Industry
Carson MSA 2000-2009**



Based on payroll Carson City’s major private sector industries in 2008 were Trade, Transportation & Utilities; Manufacturing; and Education & Health Services. The three sectors made up almost 31% of total Carson City payroll in 2008, see table below. The biggest sector, making up almost 42% of all payroll in 2008 is Government Services.

**Annual Employment Payroll
Carson City 2002-2008¹**

(\$million)								2008 % of
	2002	2003	2004	2005	2006	2007	2008	Total
Natural Resources and Mining	\$ 10.9	\$ 0.9	\$ 2.9	\$ 1.7	\$ 1.9	\$ 2.5	\$ 3.3	0.2%
Construction	61.3	62.5	71.2	83.9	82.7	88.2	89.1	6.6%
Manufacturing	122.6	120.5	129.4	132.0	140.8	142.1	144.1	10.7%
Trade, Transportation & Utilities	144.5	141.6	150.4	157.8	166.1	165.1	154.3	11.5%
Information	15.2	13.4	13.4	13.4	14.8	18.7	18.8	1.4%
Financial Activities	55.2	59.9	66.1	67.6	67.8	63.0	61.5	4.6%
Professional/Business Svcs.	78.8	84.3	85.6	90.4	92.5	107.6	97.3	7.2%
Education/Health Svcs.	79.0	86.9	94.4	104.6	100.5	109.0	117.0	8.7%
Leisure & Hospitality	57.0	60.9	66.5	69.1	71.5	73.1	70.2	5.2%
Other Services	10.9	24.4	25.6	26.5	27.2	28.8	28.8	2.1%
Government Services	403.4	424.9	457.3	482.6	509.8	541.7	560.1	41.7%
Total	\$1,038.8	\$1,080.1	\$1,162.7	\$1,229.4	\$1,275.6	\$1,339.9	\$1,344.6	

As mentioned above, the Carson City economy is heavily reliant on the governmental sector for jobs and payroll, making up 38% of the jobs and 42% of the payroll in the County. While government jobs are perhaps more recession-proof than private sector jobs, this recession has shown that the public sector has experienced furloughs and layoffs both in the state and nationwide. The reliance on government jobs is also threatened by political decisions that could move some state government employment away from Carson City.

Additionally, Carson City's reliance on manufacturing, retail and service industries (part of the Trade, Transportation & Utilities sector) may have a strong impact on its economy if any of these sectors decline. For example, the retail sector, which in 2008 made up almost 12% of all employment payroll in Carson City, and in 2009, 10% of total employment, has seen a decrease in taxable sales of 26% between 2005-06 and 2008-09.

**Carson City Taxable Sales
FY 2004-05 to 2008-09²**

	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05
Motor Vehicles & Parts Dealers	\$ 159,589,611	\$ 224,424,944	\$ 265,421,973	\$ 302,992,519	\$ 322,718,222
Food Stores	35,355,145	42,771,921	44,831,669	44,070,680	46,212,506
Building Materials	64,756,776	68,938,555	77,852,208	92,279,127	86,607,261
Wholesale Merchandise	60,668,676	79,829,048	88,354,385	76,191,793	68,092,141
General Merchandise	147,926,342	152,630,017	162,413,412	148,987,420	114,830,925
Restaurants	86,086,930	85,156,110	88,401,249	85,563,853	81,792,544
Remaining Categories	206,995,860	265,515,860	264,618,530	274,624,166	256,389,824
Total	\$ 761,379,340	\$ 919,266,455	\$ 991,893,426	\$ 1,024,709,558	\$ 976,643,423
% Change	-17.2%	-7.3%	-3.2%	4.9%	5.5%

Not all retail components experienced a decrease in taxable sales during this period. Carson City restaurants have seen growth in 2006-07 and 2008-09 with a one-year decline in 2007-08. The biggest decrease in taxable sales occurred in Motor Vehicles & Parts Dealers and Wholesale Merchandise categories. Motor Vehicles & Parts Dealers is the largest single category for taxable sales in Carson

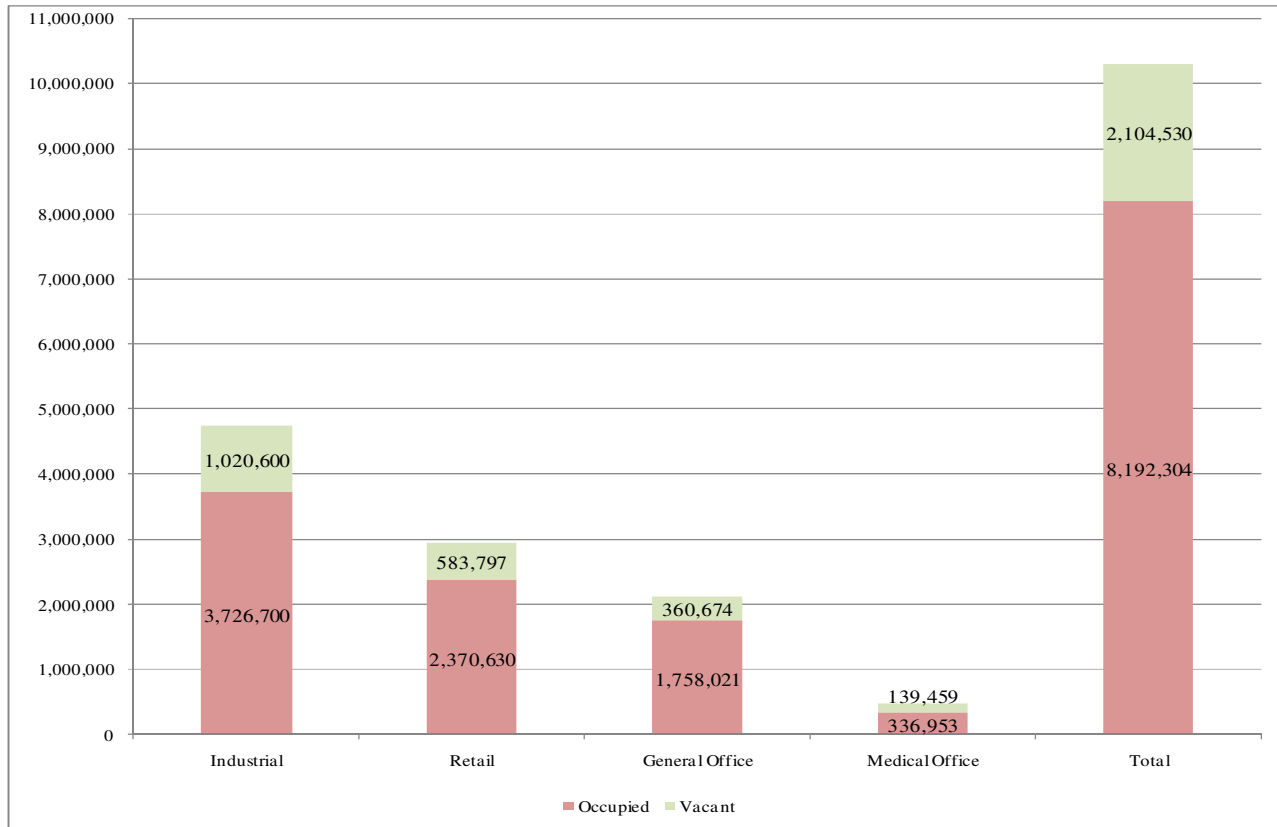
¹ Source: "Nevada Employment and Payroll." Department of Employment, Training and Rehabilitation. Annual reports 2002-2008.

² "Taxable Sales Report." Data for Carson City. Nevada Department of Taxation.

City with \$159.6 million in sales for FY 2008-09; it is also the category with the largest sales decrease from FY 2005-06, having the greatest negative impact on Carson City’s generation of sales tax revenue and other economic benefits generated by commercial operations. The decrease in the Wholesale Merchandise category is less of an impact, as this category makes up only 8% of total Carson City taxable sales.

Taxable sales’ declines have led to the closing of businesses, contributing to commercial space vacancies. Carson City currently has a total of 10.3 million square feet of commercial space, comprised of industrial, retail, general office and medical office uses. Approximately 20.4% of this space, or 2.1 million square foot, is currently vacant.

Carson City Commercial Square Footage³



Carson City’s largest commercial component, in terms of space, is the industrial component. Carson City has a total of 4.7 million square feet of industrial space, of which 21.5% (1 million square feet) is vacant. Total retail space in Carson City is 2.9 million square feet, with a vacancy rate of 19.7% (583,797 square feet). There are 360,674 square feet, 17.02%, of vacant general office space out of a total 2.1 million square feet. Medical offices account for 476,412 square feet with the highest vacancy rate of all components of 29.27%, or 139,459 sq. ft. The vacancies in the Carson City commercial space are directly related to the declines in the manufacturing, professional and business services and retail sectors caused by the faltering economy.

³ “2009 Carson City State of the Market” NBC Breakfast sponsored by Coldwell Banker Commercial and Northern Nevada Title Company, June 2, 2009.

Another issue facing Carson City is employment leakage. According to the 2000 Journey to Work data from the US Census, 62% of Carson City’s workforce lives in Carson City, the remaining 38% lives outside of the County, with 34% living in surrounding counties including Washoe, Douglas and Lyon. In order to capture employee leakage and the associated consumer spending, Carson City needs to attract employees in the higher paying fields to move to Carson City, not just to work there and reside in a neighboring County. This can be achieved through creation of higher paying jobs, residential construction and increased and improved amenities such as shopping, parks, schools, etc.

Conclusion:

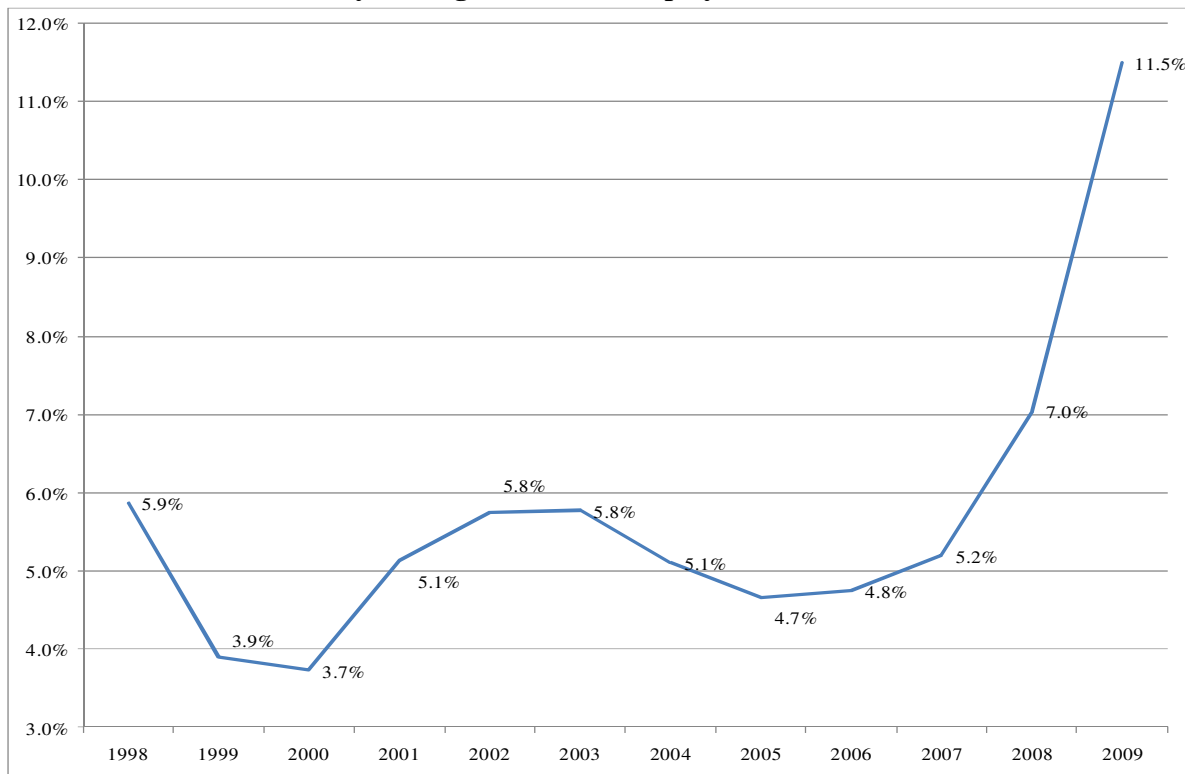
Carson City has a heavy reliance on government services, manufacturing and retail industries and jobs. The recent economic downturn has impacted all of these sectors, reducing taxable sales, employment payroll and creating commercial vacancies. This has a major economic impact on the economy of Carson City. Downsizing and closing businesses lead to higher unemployment and vacancies. Unemployment results in less consumer spending, which results in lower revenues for Carson City local entities and reduces the ability to provide services.

Job Creation

In addition to attracting new businesses to the area and providing a diversification from the existing commercial concentration of Carson City’s industries, the development is expected to generate new jobs.

Job creation is an important factor in any development but especially in the current economic climate. Carson City’s average annual unemployment rate has increased substantially since 1998 when unemployment was at 5.9%.

Carson City Average Annual Unemployment Rate: 1998-2009



As of September 2009, the average unemployment rate for first nine months of 2009 was 11.5%, a 5.6% increase over 1998. In September 2009 alone, 3,840 people were out of work out of a total labor force of 29,990, or a 12.8% unemployment rate. This is a 1.6% increase in the unemployment rate from January 2009, when the unemployment rate was 11.2% with a labor force of 29,350.

Given an unemployment rate of almost double the historical highest rate in 1998 of 5.9%, job creation is an important concern for policy makers in Carson City and across the nation. The development is estimated to create and support an average of 561 jobs during the construction phase of the development and a total of 465 permanent jobs through the life of the development.

The following direct and other jobs are estimated to be created and supported by the development in Carson City:

Summary of Employment Impact				
Employment Impact	Years	Direct Impacts	Other Impacts	Total
Construction	Average	379	182	561
Operating	2016	14	7	21
Payroll	2016	275	121	396
Residents	2016	34	14	48
Subtotal-Permanent Only		323	142	465
TOTAL-ALL JOBS		702	324	1,026

A total of 465 jobs make up approximately 1.5% of Carson City’s labor force. Given an unemployment level of 3,840, the development will be able to reduce the unemployment rate from 12.8% in September 2009 to 11.1%.

Youth Impact

Another important goal of the project is to provide benefits to the youth of Carson City. MBA considered these benefits in terms of job opportunities, training and availability of resources for local schools and youth organizations:

- Knowledge and Discovery Library-public libraries can play an important role in strengthening the skills of teenagers, building the capacity of libraries as institutions and connecting libraries more closely to communities. A growing numbers of teenagers are visiting libraries to socialize, do homework, learn job and social skills and use the computer/internet. Nearly a fourth of library patrons are teenagers, and library-based youth programs can teach teens specific job skills, enhance their personal and social development, and provide opportunities to develop positive relationships with peers and adults.
- Media Lab-will instruct children and young adults in the use of computers and other digital media technologies. It will also collaborate with classroom teachers to design learning activities and teaching aids. Overall, it will allow students and teachers access to technology currently not readily available to them.
- Entertainment and Retail-will provide job opportunities for the youth. Approximately 62% of youths ages 15 to 17 are employed in retail and restaurant businesses, with another 25% employed

in the service industry, including entertainment services.⁴ With an additional 80,000 square feet of retail and entertainment space added by the development, Carson City youths will have more options in finding employment in the traditional areas of youth employment.

- The Park/Plaza component will provide educational and recreation services to the Carson City youth through providing a place to socialize and learn from various arts and cultural programs and activities planned for this space. The space will include an outdoor amphitheatre for concerts and other programs, water features and full lighting for evening use.
- Overall-the project is estimated to generate approximately \$4.8 million in sales tax revenue for the Carson City School District over the 20-year analysis period. The development is not expected to have a significant impact on School District costs as the District has existing capacity to accommodate the children added by the development.

Conclusion

The Nugget Economic Development Project will address and mitigate some of the troublesome economic issues discussed above. By focusing on technology and the creation of new businesses, it will provide a diversification from those sectors that the area relies on currently-- governmental services, retail and manufacturing.

The project’s estimated construction cost of \$119.3 million will generate property tax, sales tax, building permit revenue, business license and various fee revenues dedicated to the provision of local government services. Once built, it will attract businesses and consumers to the area, increasing property and sales tax revenue. The development is estimated to generate \$4.7 million in sales tax revenue for Carson City over the 20-year period under the current rate. It is also estimated to generate \$33.6 million in property tax revenue over the 20-year analysis period for improvements within the Redevelopment District. In addition to directly generating property tax revenue, the development will also boost assessed values of surrounding properties by providing an area that is more attractive and developed.

Opportunity Costs

This project is expected to generate the benefits discussed above given the time frame and assumptions made in the analysis. However, there is an opportunity cost in delaying the construction and operation of the development. The development is expected to generate and support **820 jobs** in 2011, the first year of construction. Should the development not be constructed or delayed a year, the benefits of these jobs will be foregone. These include increased consumer spending, a reduction in unemployment benefits and other “safety net” services, and increased tax revenue for government services. The same applies to permanent jobs for the life of the development. For every year that no development occurs, business revenues, employee payroll, local government revenues and other benefits will not be received.

In addition, construction costs are currently less than when compared to the construction boom of a few years ago. As the economy begins to improve and construction projects begin to take place, the cost of construction labor and materials is expected to increase, making this project more expensive to construct and increasing the risk to the developer.

Overall, the project benefits the fiscal and economic health of Carson City. The construction and operation of the various project components will generate property tax and sales tax revenue for the

⁴ “Youth Employment Trends.” U.S. Department of Labor. *Report on the Youth Labor Force*, November 2000. Based on Current Population Survey data.

City-County government as well as the school district. The construction and operation of the project will provide good-paying jobs, sorely needed in a region with an unemployment rate exceeding 11%. It will diversify the job market by providing private sector jobs in a city in which the majority of jobs are government jobs. Finally, the project will have a positive impact on the young people of Carson City.

ECONOMIC IMPACT ANALYSIS

The objective of the economic analysis is to estimate the regional economic impact of the development in terms of job creation and the purchase of goods and services both during the construction stage and the full-time operating phase.

The construction and operation of the development will have a regional economic impact estimated at \$164.3 million through the first full year of operation. This includes direct and other impacts.

Total Economic Impact of the Development⁵

	Direct Impacts	Other Impacts	Total
Construction Expenditures	\$ 78,399,000	\$ 44,735,000	\$ 123,134,000
Operating Expenditures	4,437,000	3,098,000	7,535,000
Payroll Expenditures	20,222,000	8,392,000	28,613,000
Residents Expenditures	3,561,000	1,427,000	4,988,000
TOTAL	\$106,619,000	\$57,652,000	\$164,270,000

The project will have a regional employment impact estimated at 1,026 jobs, of which 465 jobs will be permanent.

Total Employment Impact of the Development

Employment Impact	Years	Direct Impacts	Other Impacts	Total
Construction	Average	379	182	561
Operating	2016	14	7	21
Payroll	2016	275	121	396
Residents	2016	34	14	48
Subtotal-Permanent Only		323	142	465
TOTAL-ALL JOBS		702	324	1,026

FINANCIAL ANALYSIS

The objective of the financial analysis is to consider the feasibility of funding a portion of the project through sales and property tax revenues. The analysis estimates potential property tax revenue from the increase in the assessed value generated by the project over the existing assessed value.

⁵ Other Impacts is a sum of indirect and induced impacts. See Economic Impact Analysis section of this report for definitions.

The analysis estimates property tax revenues ranging from \$180,000 in 2011 to \$2.5 million in 2030, for a total 20-year revenue estimate of \$33.6 million. The present value of this revenue stream is estimated at \$16.9 million.

Estimated Property Tax Revenue		
	Property Tax	Present Value
Year	Revenue	of Revenue
2011	\$ 180,257	\$ 161,640
2012	448,754	381,061
2013	1,070,254	860,602
2014	1,284,451	978,051
2015	1,371,246	988,754
2016	1,462,220	998,423
2017	1,520,709	983,279
2018	1,581,537	968,364
2019	1,644,799	953,676
2020	1,710,591	939,211
2021	1,779,014	924,965
2022	1,850,175	910,935
2023	1,924,182	897,118
2024	2,001,149	883,510
2025	2,081,195	870,109
2026	2,164,443	856,911
2027	2,251,021	843,914
2028	2,341,062	831,113
2029	2,434,704	818,507
2030	<u>2,532,092</u>	<u>806,092</u>
Total	\$ 33,633,856	\$ 16,856,233

The analysis also considers sales tax revenue to be generated by a countywide sales tax rate increase of 0.125% for capital projects, which can be approved by the Board of Supervisors. Sales tax revenue estimates are made considering a projection of growth in the existing retail base and by retail sales added by the development.

The analysis estimates sales tax revenue of \$21.8 million to be generated by the tax rate increase over the analysis period. This is revenue generated by all taxable sales in Carson City using the additional rate of 0.125%. As previously mentioned, this revenue will be retained by Carson City for capital projects. The present value of this revenue stream is estimated at \$11.7 million.

At the current sales tax rate, the project itself is estimated to generate \$4.7 million in sales tax revenue over the 20-year analysis period for the Carson City General Fund, \$4.8 million in sales tax revenue for the Carson City School District, \$4.4 million in revenue for the State of Nevada, and \$1.4 million for all other entities receiving sales tax revenue including local street, quality of life and V&T railroad funds.

The table below shows estimated sales tax revenue generated by countrywide sales, including those generated by the proposed development. It estimates the difference between sales tax revenue at the current tax rate and the increased rate of 7.25% (7.125+ 0.125), as well as the present value of the sales tax difference.

**Sales Tax Revenue Comparison
Estimated Countywide Taxable Sales and Tax Revenue**

<u>Year</u>	<u>Total Taxable Sales</u>	<u>Current Sales Tax Revenue</u>	<u>Proposed Sales Tax Revenue</u>	<u>Increase In Sales Tax Revenue</u>	<u>Present Value of Revenue</u>
2011	\$ 687,222,781	\$ 48,964,623	\$ 49,823,652	\$ 859,028	\$ 770,309
2012	708,746,108	50,498,160	51,384,093	885,933	752,293
2013	705,218,038	50,246,785	51,128,308	881,523	708,841
2014	717,448,776	51,118,225	52,015,036	896,811	682,881
2015	737,526,634	52,548,773	53,470,681	921,908	664,753
2016	756,344,752	53,889,564	54,834,995	945,431	645,552
2017	777,525,893	55,398,720	56,370,627	971,907	628,428
2018	799,300,204	56,950,140	57,949,265	999,125	611,757
2019	821,684,296	58,545,006	59,572,111	1,027,105	595,529
2020	844,695,246	60,184,536	61,240,405	1,055,869	579,732
2021	868,350,609	61,869,981	62,955,419	1,085,438	564,353
2022	892,668,431	63,602,626	64,718,461	1,115,836	549,382
2023	917,667,264	65,383,793	66,530,877	1,147,084	534,809
2024	943,366,180	67,214,840	68,394,048	1,179,208	520,622
2025	969,784,784	69,097,166	70,309,397	1,212,231	506,811
2026	996,943,231	71,032,205	72,278,384	1,246,179	493,367
2027	1,024,862,239	73,021,435	74,302,512	1,281,078	480,279
2028	1,053,563,108	75,066,371	76,383,325	1,316,954	467,539
2029	1,083,067,734	77,168,576	78,522,411	1,353,835	455,137
2030	1,113,398,626	79,329,652	80,721,400	1,391,748	443,063
Total	\$ 17,419,384,936	\$ 1,241,131,177	\$ 1,262,905,408	\$ 21,774,231	\$ 11,655,438

ILLUSTRATIVE CHARTS

Project Description 2011-2015

<u>Use Type</u>	<u>Sq. Ft. Summary of Use Type</u>	<u>Land Improv. Cost</u>	<u>Building Cost</u>	<u>Tenant Improv. & FF&E Cost</u>
Residential	55,000	\$ 2,750,000	\$ 11,000,000	\$ 5,500,000
Retail	40,000	2,000,000	8,000,000	4,000,000
Office	60,000	3,000,000	12,000,000	6,000,000
Library	60,000	3,000,000	12,000,000	6,000,000
Entertainment	40,000	2,000,000	8,000,000	4,000,000
Business Center	20,000	1,000,000	4,000,000	2,000,000
Data Center	10,000	500,000	2,000,000	1,000,000
Media Lab	20,000	1,000,000	4,000,000	2,000,000
Parking	<u>500 spaces</u>	<u>2,500,000</u>	<u>10,000,000</u>	<u>-</u>
Total	305,000	\$ 17,750,000	\$ 71,000,000	\$ 30,500,000

- Construction Value \$119.3 million
- Construction Jobs 2011 – 2015 561
- Permanent Jobs 465

Carson City Job Diversification Employment - # of Jobs

<u>Industry Sector</u>	<u>2000</u>	<u>2009</u>	<u>% Change</u>
Goods Producing	5,700	4,400	-22.8%
Transportation & Utilities	1,000	1,000	0.0%
Retail	3,900	3,100	-20.5%
Professional & Business Services	2,300	1,900	-17.4%
Leisure & Hospitality	3,600	3,100	-13.9%
Government Services	9,900	11,600	17.2%
Other Services	<u>4,700</u>	<u>5,300</u>	<u>12.8%</u>
Total	31,100	30,400	-2.3%

- A loss of 700 jobs from 2000-2009
- Only 2 sectors increased jobs: Government Services and Other Services (Financial, Educational, Health & Other Services)
- Government Services jobs increased by 1,700
Other Services jobs increased by 600

Carson City Job Diversification Employment- Sector Concentration

<u>Industry Sector</u>	<u>2000</u>	<u>2009</u>	<u>% Change</u>
Goods Producing	18%	15%	-16.7%
Transportation & Utilities	3%	3%	0.0%
Retail	13%	10%	-23.1%
Professional & Business Services	7%	6%	-14.3%
Leisure & Hospitality	12%	10%	-16.7%
Government Services	32%	38%	18.8%
Other Services	<u>15%</u>	<u>18%</u>	20.0%
Total	100%	100%	

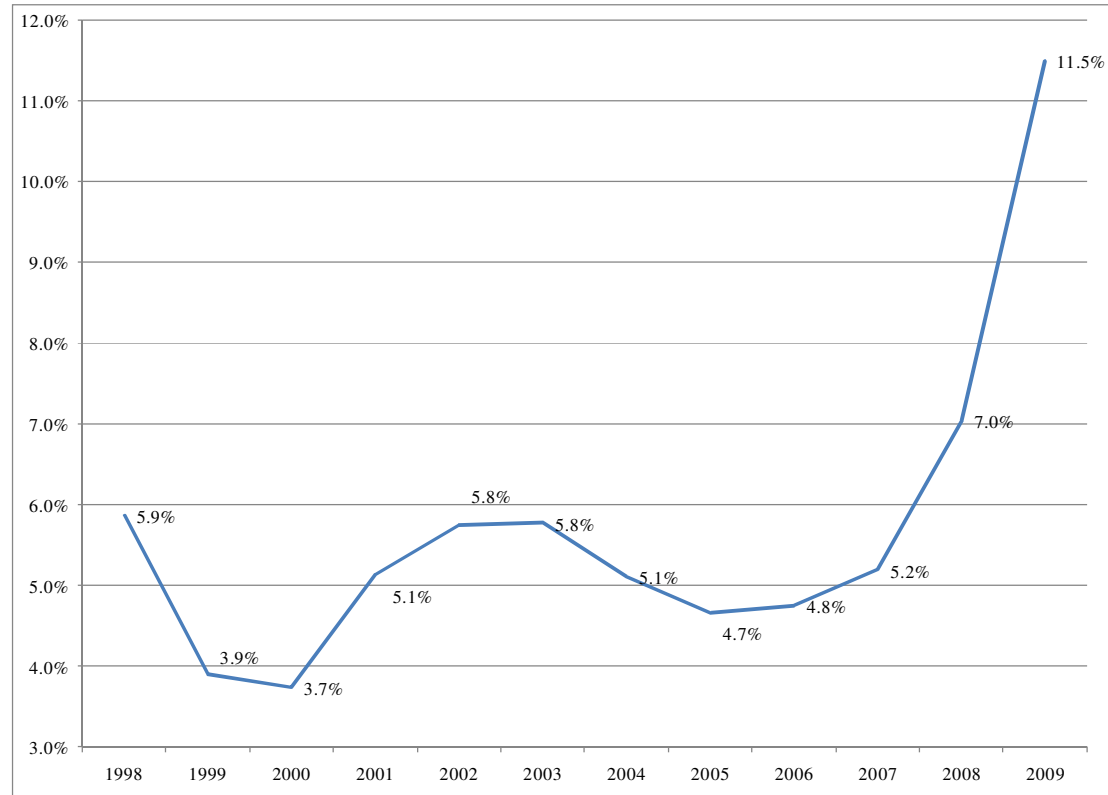
- Largest employer is Government Services at 38% of total jobs in 2009
- Government Services increased from 32% to 38% of total jobs from 2000 – 2009
- Other Services increased from 15% to 18% of total jobs from 2000 – 2009
- All other sectors decreased except for Transportation & Utilities, which stayed the same

Carson City Job Diversification Payroll

(\$million)	<u>2002</u>	<u>% of Total</u>	<u>2008</u>	<u>% of Total</u>
Natural Resources and Mining	\$ 10.9	1.0%	\$ 3.3	0.2%
Construction	61.3	5.9%	89.1	6.6%
Manufacturing	122.6	11.8%	144.1	10.7%
Trade, Transportation & Utilities	144.5	13.9%	154.3	11.5%
Information	15.2	1.5%	18.8	1.4%
Financial Activities	55.2	5.3%	61.5	4.6%
Professional/Business Svcs.	78.8	7.6%	97.3	7.2%
Education/Health Svcs.	79.0	7.6%	117.0	8.7%
Leisure & Hospitality	57.0	5.5%	70.2	5.2%
Other Services	10.9	1.0%	28.8	2.1%
Government Services	<u>403.4</u>	38.8%	<u>560.1</u>	41.7%
Total	\$ 1,038.8		\$ 1,344.6	

- Government Services is 42% of payroll in 2008 growing from 39% in 2000
- Next largest is Trade, Transportation & Utilities at 11.5% in 2008
- As a percent of total payroll, all sectors decreased from 2002 to 2008 except Government, Other Services, Education/Health Service, and Construction

Carson City Jobs – Unemployment Rate



- Grown from 4.7% to 11.5% over 4 years
- September 2009 there were 3,840 people out of work

Carson City Job Diversification

- Heavily dependent on Government jobs
- Government jobs account for 38% of jobs in 2009 and 42% of payroll in 2008
- Government is the fastest growing job sector

Carson City Taxable Sales

		<u>Taxable Sales</u>	<u>% Change</u>
FY 01-02	\$	890,000,251	
FY 02-03		863,676,767	-3.0%
FY 03-04		925,500,050	7.2%
FY 04-05		976,643,423	5.5%
FY 05-06		1,024,709,558	4.9%
FY 06-07		991,893,426	-3.2%
FY 07-08		919,266,455	-7.3%
FY 08-09		761,379,340	-17.2%

- Recession clearly has impacted sales
- Healthy growth in three years prior to recession

**Carson City
Taxable Sales
Retail Sectors as % of Total Sales**

	<u>FY 04-05</u>	<u>FY 08-09</u>	<u>% Change</u>
Motor Vehicles & Parts Dealers	33.0%	21.0%	-36.4%
Food Stores	4.7%	4.6%	-2.1%
Building Materials	8.9%	8.5%	-4.5%
Wholesale Merchandise	7.0%	8.0%	14.3%
General Merchandise	11.8%	19.4%	64.4%
Restaurants	8.4%	11.3%	34.5%
Remaining Categories	<u>26.2%</u>	<u>27.2%</u>	3.8%
Total	100.0%	100.0%	

- Over-reliance on any sector is risky in economic downturns
- Motor Vehicles sales accounted for 33% of total sales in FY 04-05 (\$323 million)
- Motor Vehicles sales accounted for 21% of total sales in FY 08-09 (\$159 million)

Carson City Taxable Sales Sectors % of Total

	<u>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>FY 08-09</u>
Motor Vehicles & Parts Dealers	33.0%	29.6%	26.8%	24.4%	21.0%
Food Stores	4.7%	4.3%	4.5%	4.7%	4.6%
Building Materials	8.9%	9.0%	7.8%	7.5%	8.5%
Wholesale Merchandise	7.0%	7.4%	8.9%	8.7%	8.0%
General Merchandise	11.8%	14.5%	16.4%	16.6%	19.4%
Restaurants	8.4%	8.4%	8.9%	9.3%	11.3%
Remaining Categories	<u>26.2%</u>	<u>26.8%</u>	<u>26.7%</u>	<u>28.8%</u>	<u>27.2%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%

- Motor Vehicles lost largest share of taxable sales, 12%
- General Merchandise gained 7.6% of total sales
- Restaurants gained almost 3%
- Rest stayed about the same

Nugget Economic Development Project Jobs

Construction 561

Permanent 465

- Construction Direct Jobs 379
- Permanent Direct Jobs 323
- Difference is “Other” (indirect and induced) jobs

Nugget Economic Development Economic/Fiscal Impacts

- Regional impact of \$164.3 million through 1st full year of operation, 2016
- Carson City Property Tax Revenue from Project = \$33.6 million over 20 years
- Carson City Sales Tax Revenue from Project = \$4.7 million over 20 years @ current rate

Estimated Total Carson City Sales Tax Including Project

- Total Projected Sales Tax Revenue for Carson City including Project = \$1.2 billion over 20 years at current rate
- Increase in sales tax revenue with \$0.125 additional rate for Capital Projects = \$21.8 million over 20 years

NUGGET ECONOMIC DEVELOPMENT PROJECT

MARKET, ECONOMIC IMPACT AND FINANCIAL ANALYSES

DECEMBER 10, 2009

Meridian Business Advisors (MBA) of Reno, Nevada has been retained by the Carson Nugget, Inc. to conduct market, financial, and economic impact analyses of its proposed development of a mixed-use commercial area, including a discovery library, business incubator, technology and office space, as well as a park in downtown Carson City, Nevada.

The objective of the market analysis to determine whether the development meets the goals set for it by Carson City representatives. These goals include:

1. Diversification of existing commercial sector to better handle declines in any industry.
2. Creation of jobs directly by the development and indirectly across the community.
3. Benefit to the youth of Carson City in terms of job opportunities, training and availability of resources.

The objective of the economic analysis is to estimate the regional economic impact of the development in terms of job creation and the purchase of goods and services both during the construction stage and the full-time operating phase.

The objective of the financial analysis is to consider the ability to fund a portion of the project through sales and property tax revenues. The analysis estimates potential property tax revenue from the increase in the assessed value generated by the project over the existing assessed value.

The analysis also considers sales tax revenue to be generated by a countywide sales tax rate increase of 0.125% to be dedicated to capital projects, with the approval of the Board of Supervisors. Sales tax revenue estimates are based on a projection of growth in the existing retail base, retail sales added by the development, and planned additional retail outside of this project.

PROJECT DESCRIPTION

The proposed project is situated in downtown Carson City, Nevada in the Redevelopment District. The project will include mixed-use commercial and residential space, including a discovery library, business incubator, technology and office space, park space and a shared parking system. The project is estimated to add approximately 305,000 square feet of space, excluding the parking system, which will include 500 spaces.

The project will be built over a five-year period beginning in 2011 through 2015. The table below summarizes pertinent information on the project through buildout as provided by the developer.

**Table 1
Buildout Summary: 2011-2015***

<u>Use Type</u>	<u>Square Feet Constructed</u>	<u>Land Improv. Cost*</u>	<u>Building Cost</u>	<u>Tenant Improv. & FF&E Cost**</u>	<u>Construction Start Date</u>	<u>Completion Date</u>
Residential	55,000	\$ 2,750,000	\$ 11,000,000	\$ 5,500,000	2011	2015
Retail	40,000	2,000,000	8,000,000	4,000,000	2011	2012
Office	60,000	3,000,000	12,000,000	6,000,000	2011	2012
Library	60,000	3,000,000	12,000,000	6,000,000	2011	2012
Entertainment	40,000	2,000,000	8,000,000	4,000,000	2012	2012
Business Center	20,000	1,000,000	4,000,000	2,000,000	2011	2012
Data Center	10,000	500,000	2,000,000	1,000,000	2013	2013
Media Lab	20,000	1,000,000	4,000,000	2,000,000	2011	2012
Parking	500 spaces	2,500,000	10,000,000	-	2013	2013
Total	305,000	\$ 17,750,000	\$ 71,000,000	\$ 30,500,000		

***It should be noted that the analysis is based on the above square footages and construction costs, provided by Client as of October 2009. These amounts may change during the planning process of the development and if these changes are significant, a new analysis may be required.**

LIMITING CONDITIONS & DISCLOSURES

In the preparation of this report, MBA asserts:

- The report is to be used in its entirety, and no part is to be used without the whole.
- The Carson Nugget, Inc. and local government representatives provided MBA with data regarding the development and operations of public entities. The analysis is based on this information and MBA presumes this information to be accurate and/or reasonable.
- MBA may amend this report in the event additional documents and/or other material are received subsequent to the submission of this report and pertinent to the report and/or the conclusions contained herein.

MARKET ANALYSIS

The objective of the market analysis is to determine whether the development meets the goals set for it by Carson City representatives. These goals include:

1. Diversification of existing commercial sector to better handle declines in any industry.
2. Creation of jobs directly by the development and indirectly across the community.
3. Benefit to the youth of Carson City in terms of job opportunities, training and availability of resources.

Diversification

In order to determine whether this project will meet the goal of diversifying Carson City’s commercial sector, it is necessary to first determine the makeup of Carson City’s businesses. This is achieved by looking at existing commercial industries within the County and the trend of growth/decline in these industries.

Review of Major Sectors

The Nevada Department of Employment, Training and Rehabilitation (DETR) compiles employment data for the State of Nevada. This data is available for the Carson City MSA by industry. Employment data is useful in understanding the size and importance of each Carson City industry and how a changing economy will impact the overall economic health of the region. Changes in employment data are important not only in terms of employment and unemployment, but in showing the health of each industry and the larger impact that a decline of one industry will have on tax revenues, spending, and other economic indicators.

Table 2 below shows the change in employment by sector over the ten-year period (2000-2009), while Table 3 shows the percentage of each industry’s employment of total Carson City MSA employment. Figure 1 below shows a graphical representation of the changes in employment by industry over the same period.

Table 2
Employment by Industry⁶
Carson MSA 2000-2009^{7,8}

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
Goods Producing	5,700	5,600	5,200	5,000	5,200	5,400	5,300	5,100	4,800	4,400
Transportation, & Utilities	1,000	1,000	900	1,000	1,000	1,100	1,100	1,100	1,100	1,000
Retail	3,900	3,900	3,800	3,400	3,300	3,400	3,600	3,500	3,300	3,100
Professional & Business Services	2,300	2,300	2,200	2,300	2,400	2,500	2,500	2,400	2,200	1,900
Leisure & Hospitality	3,600	3,600	3,600	3,700	3,900	4,000	4,000	4,000	3,800	3,100
Government Services	9,900	10,400	10,400	10,400	10,600	10,900	11,200	11,400	11,500	11,600
Other Services**	4,700	4,700	4,900	5,200	5,500	5,300	5,100	5,400	5,200	5,300
Total	31,100	31,500	31,000	31,000	31,900	32,600	32,800	32,900	31,900	30,400

*Data available through September 2009.

**Includes financial activities, educational and health services, and other services.

⁶ See Appendix 21 for industry definitions.

⁷ "Current Employment Statistics (CES)." Data for Carson City MSA. Department of Employment, Training and Rehabilitation (DETR).

⁸ Numbers in this report may not add due to rounding.

Table 3
Percent Employment by Industry
Carson MSA 2000-2009

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Goods Producing	18%	18%	17%	16%	16%	17%	16%	16%	15%	14%
Transportation, & Utilities	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Retail	13%	12%	12%	11%	10%	10%	11%	11%	10%	10%
Professional & Business Services	7%	7%	7%	7%	8%	8%	8%	7%	7%	6%
Leisure & Hospitality	12%	11%	12%	12%	12%	12%	12%	12%	12%	10%
Government Services	32%	33%	34%	34%	33%	33%	34%	35%	36%	38%
Other Services	15%	15%	16%	17%	17%	16%	16%	16%	16%	17%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

According to these tables, the largest employment sector in the Carson City MSA in 2009 was Government Services, making up 38% of total employment. This sector had the highest level of employment during the entire 10-year period, followed by the Goods Producing and Other Services sectors, 14% and 17% respectively in 2009.

Figure 1
Employment by Industry
Carson MSA 2000-2009

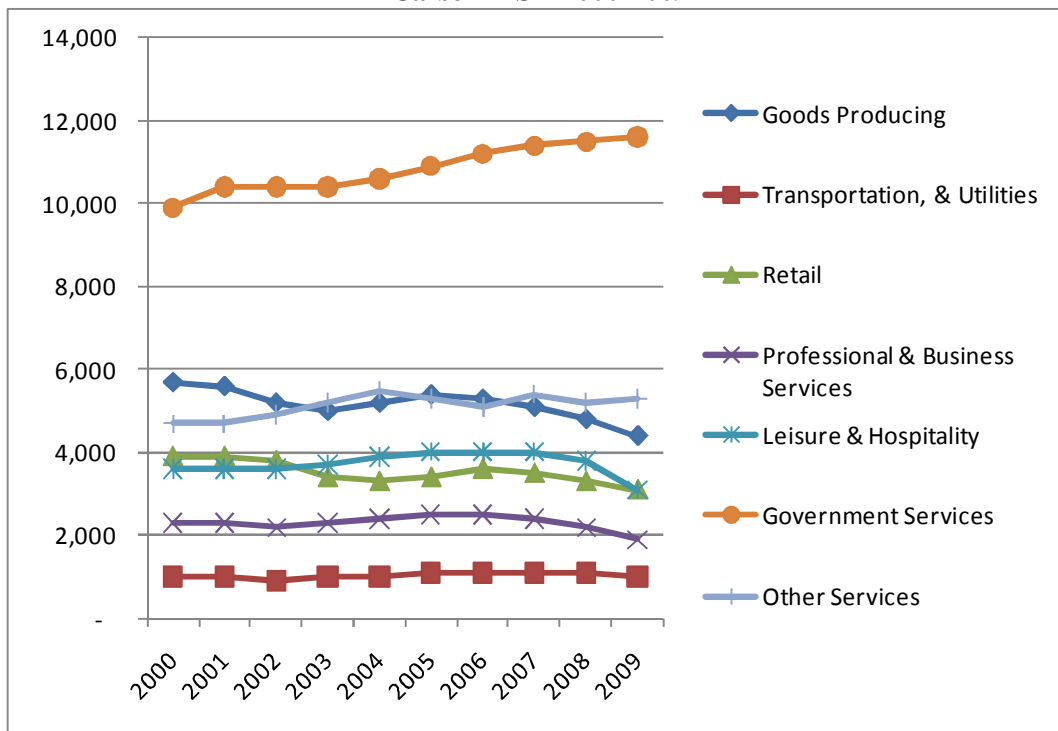


Figure 1 above shows that in addition to having the highest level of employment, the Government Services sector has been the only sector showing growth since 2006, while all others, with the exception of Other Services in 2009 have seen declines in employment. Hardest hit has been the Goods Producing sector, which has lost 23% of its employment during the 10-year period (from 5,700 employees in 2000 to 4,400 employees in 2009). This was the second largest sector in Carson City in terms of employment in 2000 and is now the third largest.

The retail sector has lost 21% of its employees over the same period (from 3,900 to 3,100 employees), followed by Professional and Business Services, which has lost 17% of its employees (from 2,300 to 1,900 employees) and Leisure and Hospitality, losing 14% (from 3,600 to 3,100). Leisure and Hospitality and Retail sectors are also large employers with 10% of total employment each in 2009. The four industries that show significant losses in employment since 2000 (ranging from 23% to 14% of employees)-Goods Producing, Retail, Professional and Business Services, and Leisure & Hospitality-make up approximately 41% of all Carson City employment in 2009. Further employment decreases in these sectors are expected to have significant impacts on the Carson City economy.

It should be noted that while the employment levels of the Governmental Services sector have grown over this period, the overall impact of this sector on the Carson City economy has declined. There have been few government layoffs impacting Carson City; however, State government employees have been given furloughs and salary reductions, with few positions actually being lost. As a result, employment numbers may not a perfect predictor of the growth in the Governmental Services sector, but it is a good indicator of the size of the industry and the impact on consumer spending due to smaller paychecks.

**Table 4
Annual Employment Payroll
Carson City 2002-2008⁹**

(\$million)	2002	2003	2004	2005	2006	2007	2008	2008 % of
								Total
Natural Resources and Mining	\$ 10.9	\$ 0.9	\$ 2.9	\$ 1.7	\$ 1.9	\$ 2.5	\$ 3.3	0.2%
Construction	61.3	62.5	71.2	83.9	82.7	88.2	89.1	6.6%
Manufacturing	122.6	120.5	129.4	132.0	140.8	142.1	144.1	10.7%
Trade, Transportation & Utilities	144.5	141.6	150.4	157.8	166.1	165.1	154.3	11.5%
Information	15.2	13.4	13.4	13.4	14.8	18.7	18.8	1.4%
Financial Activities	55.2	59.9	66.1	67.6	67.8	63.0	61.5	4.6%
Professional/Business Svcs.	78.8	84.3	85.6	90.4	92.5	107.6	97.3	7.2%
Education/Health Svcs.	79.0	86.9	94.4	104.6	100.5	109.0	117.0	8.7%
Leisure & Hospitality	57.0	60.9	66.5	69.1	71.5	73.1	70.2	5.2%
Other Services	10.9	24.4	25.6	26.5	27.2	28.8	28.8	2.1%
Government Services	403.4	424.9	457.3	482.6	509.8	541.7	560.1	41.7%
Total	\$1,038.8	\$1,080.1	\$1,162.7	\$1,229.4	\$1,275.6	\$1,339.9	\$1,344.6	

Table 4 above shows that based on payroll, Carson City’s major private sector industries in 2008 were Trade, Transportation & Utilities; Manufacturing; and Education & Health Services. The three sectors made up almost 31% of total Carson City payroll in 2008. The biggest sector, making up almost 42% of all payroll in 2008 is Governmental Services. Of the Governmental Services payroll, 7% is made up of Federal Government, 68% State Government and 25% local services.

Impact of Concentration

Local Government

The Carson City economy is heavily reliant on the governmental sector for jobs and payroll. The public sector makes up 38% of the jobs and 42% of the payroll in the County. While government jobs are perhaps more recession-proof than private sector job, in this recession the public sector has experienced furloughs and layoffs state and nationwide. The reliance on government jobs is also threatened by political decisions that could move some state government employment away from

⁹ Source: "Nevada Employment and Payroll." Department of Employment, Training and Rehabilitation. Annual reports 2002-2008.

Carson City. Regardless of the reason or event, the heavy reliance on the government sector to keep the economy of Carson City vibrant is not sound.

Retail

Additionally, Carson City’s reliance on manufacturing, retail and service industries may have a strong impact on its economy if any of these sectors decline. For example, the retail sector, which in 2008 made up almost 12% of all employment payroll in Carson City, and in 2009, 10% of total employment, has seen a decrease in taxable sales of 26% between 2005-06 and 2008-09 as shown in Table 5 below.

**Table 5
Carson City Taxable Sales
FY 2004-05 to 2008-09¹⁰**

	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05
Motor Vehicles & Parts Dealers	\$ 159,589,611	\$ 224,424,944	\$ 265,421,973	\$ 302,992,519	\$ 322,718,222
Food Stores	35,355,145	42,771,921	44,831,669	44,070,680	46,212,506
Building Materials	64,756,776	68,938,555	77,852,208	92,279,127	86,607,261
Wholesale Merchandise	60,668,676	79,829,048	88,354,385	76,191,793	68,092,141
General Merchandise	147,926,342	152,630,017	162,413,412	148,987,420	114,830,925
Restaurants	86,086,930	85,156,110	88,401,249	85,563,853	81,792,544
Remaining Categories	206,995,860	265,515,860	264,618,530	274,624,166	256,389,824
Total	\$ 761,379,340	\$ 919,266,455	\$ 991,893,426	\$ 1,024,709,558	\$ 976,643,423
% Change	-17.2%	-7.3%	-3.2%	4.9%	5.5%

Not all retail components experienced a decrease in taxable sales during this period. Table 6 below shows that Carson City restaurants have seen growth in 2006-07 and 2008-09 with a one-year decline in 2007-08. The biggest decrease in taxable sales occurred in Motor Vehicles & Parts Dealers and Wholesale Merchandise categories.

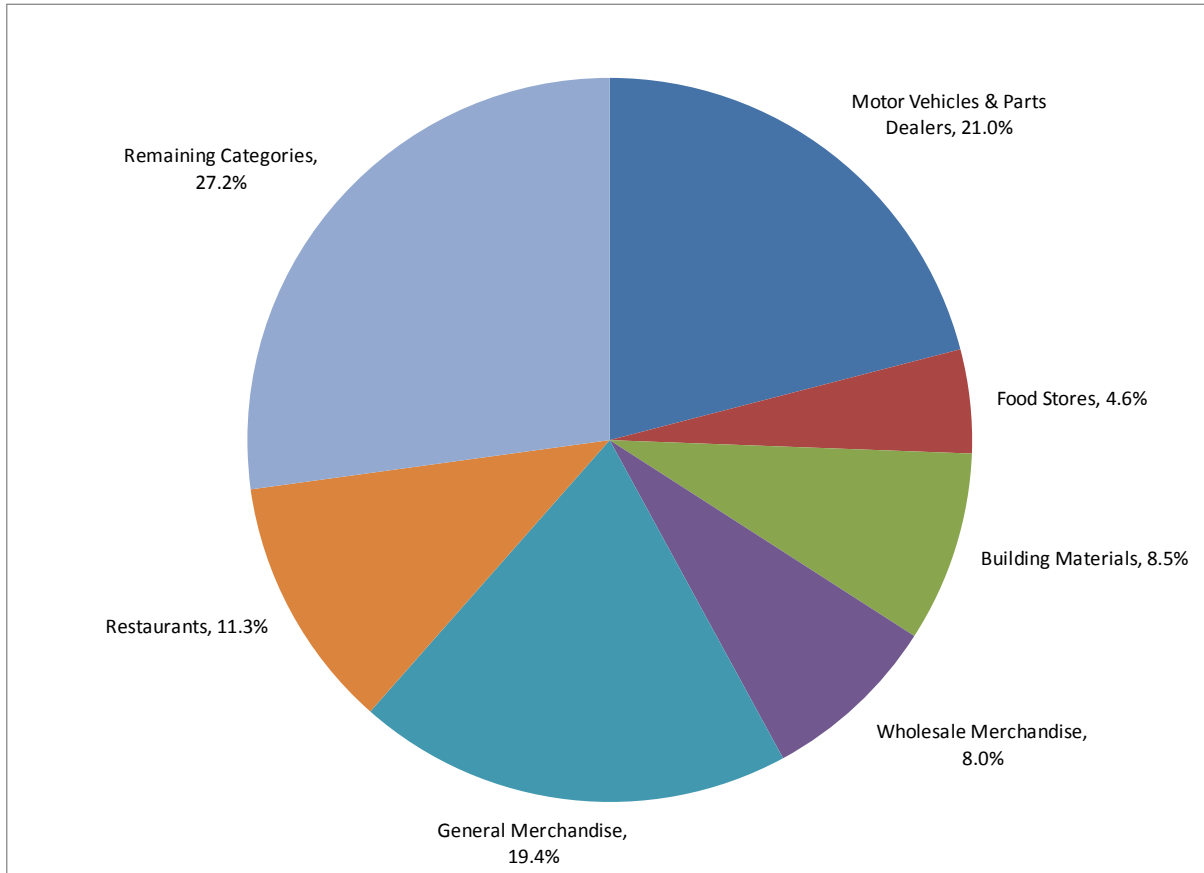
**Table 6
Annual % Change in Taxable Sales
FY 2004-05 to 2008-09**

	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05
Motor Vehicles & Parts Dealers	-28.9%	-15.4%	-12.4%	-6.1%	7.7%
Food Stores	-17.3%	-4.6%	1.7%	-4.6%	0.4%
Building Materials	-6.1%	-11.4%	-15.6%	6.5%	14.9%
Wholesale Merchandise	-24.0%	-9.6%	16.0%	11.9%	13.5%
General Merchandise	-3.1%	-6.0%	9.0%	29.7%	6.9%
Restaurants	1.1%	-3.7%	3.3%	4.6%	5.3%
Remaining Categories	<u>-22.0%</u>	<u>0.3%</u>	<u>-3.6%</u>	<u>7.1%</u>	<u>-1.1%</u>
Total	-17.2%	-7.3%	-3.2%	4.9%	5.5%

Figure 2 illustrates the categories of taxable sales as a percent of total taxable sales for FY 2008-09 for Carson City. Motor Vehicles & Parts Dealers is the largest single component at 21.0%, while General Merchandise is second at 19.4%. These categories are followed by Restaurants, which includes all eating and drinking establishments, at 11.3%, Building Materials at 8.5%, Wholesale Merchandise at 8%, and Food Stores at 4.6%. The remaining 27.2% of taxable sales is comprised of categories such as manufacturing, agriculture, utilities, transportation and gasoline stations.

¹⁰ “Taxable Sales Report.” Data for Carson City. Nevada Department of Taxation.

**Figure 2
Carson City Retail Sales
FY 2008-09**



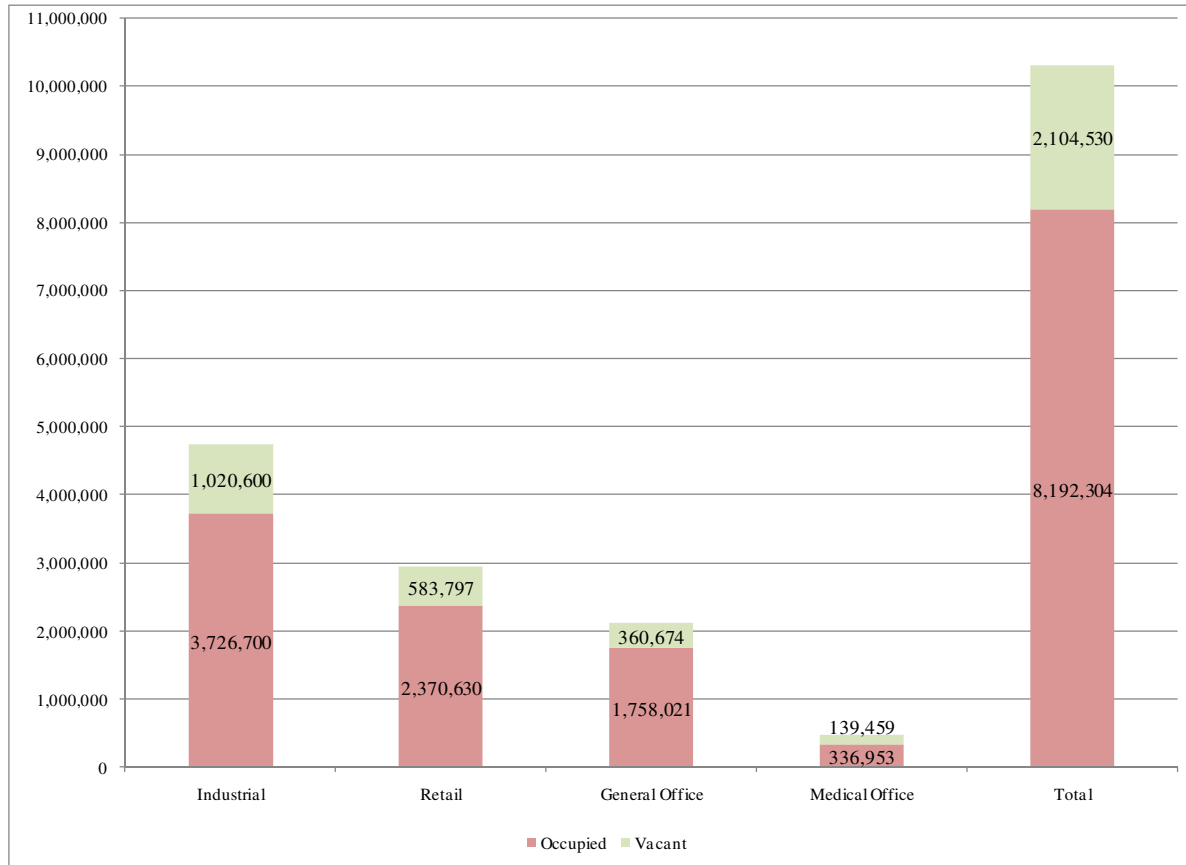
Motor Vehicles & Parts Dealers is the largest single category for taxable sales in Carson City with \$159.6 million in sales for FY 2008-09; it is also the category with the largest sales decrease from FY 2005-06, having the greatest negative impact on Carson City’s generation of sales tax revenue and other economic benefits generated by commercial operations. The decrease in the Wholesale Merchandise category is less of an impact, as this category makes up only 8% of total Carson City taxable sales.

This example shows that the more diversified the economy is in various revenue-generating components, the less it will be impacted by a large decline of any one component. A decline in a component that makes up 21% of total sales is more painful than even a large decline in an 8% component. Further, while some components may face a decline, other components, such as Restaurants, may experience no decline or even some growth.

Commercial Space

Taxable sales declines have lead to the closing of businesses, resulting in commercial space vacancies. Carson City currently has a total of 10.3 million square feet of commercial space, comprised of industrial, retail, general office and medical office uses. Approximately 20.4% of this space, or 2.1 million square foot, is currently vacant (see Figure 3 below for a breakdown of square footage by type).

**Figure 3
Carson City Commercial Square Footage¹¹**



Carson City’s largest commercial component, in terms of space, is the industrial component. Carson City has a total of 4.7 million square feet of industrial space, of which 21.5% (1 million square feet) is vacant. Total retail space in Carson City is 2.9 million square feet, with a vacancy rate of 19.7% (584,000 square feet). There are 360,674 square feet, 17.02%, of vacant general office space out of a total 2.1 million square feet. Medical offices account for 476,412 square feet with the highest vacancy rate of all components of 29.27%, or 139,459 sq. ft. According to Carson City representatives, few of the existing office facilities are Class A facilities which the proposed development will provide.

The vacancies in the Carson City commercial space are directly related to the declines in the manufacturing, professional and business services and retail sectors caused by the faltering economy.

Employment Leakage:

Another issue facing Carson City is employment leakage. According to the 2000 Journey to Work data from the US Census, 62% of Carson City’s workforce lives in Carson City, the remaining 38% lives outside of the County, with 34% living in surrounding counties including Washoe, Douglas and Lyon. Table 7 below summarizes this data by area of residence.

¹¹ “2009 Carson City State of the Market” NBC Breakfast sponsored by Coldwell Banker Commercial and Northern Nevada Title Company, June 2, 2009.

**Table 7
Carson City Workforce Residence¹²**

Residence State/County	Employees	% of Total
Carson City NV	17,667	62.4%
Coconino Co. AZ	6	0.02%
Maricopa Co. AZ	14	0.05%
Alpine Co. CA	31	0.11%
Butte Co. CA	10	0.04%
El Dorado Co. CA	805	2.85%
Fresno Co. CA	17	0.06%
Imperial Co. CA	26	0.09%
Los Angeles Co. CA	69	0.24%
Mono Co. CA	24	0.08%
Orange Co. CA	6	0.02%
Placer Co. CA	11	0.04%
Plumas Co. CA	6	0.02%
Sacramento Co. CA	22	0.08%
San Bernardino Co. CA	16	0.06%
Solano Co. CA	6	0.02%
Hartford Co. CT	6	0.02%
Otter Tail Co. MN	2	0.01%
Churchill Co. NV	95	0.34%
Clark Co. NV	71	0.25%
Douglas Co. NV	3,415	12.07%
Humboldt Co. NV	3	0.01%
Lander Co. NV	18	0.06%
Lyon Co. NV	2,949	10.42%
Mineral Co. NV	2	0.01%
Storey Co. NV	322	1.14%
Washoe Co. NV	2,653	9.38%
Oklahoma Co. OK	8	0.03%
King Co. WA	8	0.03%
Kittitas Co. WA	3	0.01%
	28,291	100%

Table 8 below shows a breakdown of Carson City employees living outside of Carson City by industry. The analysis shows that the majority of Forestry/Fishing/Ag Support/Farms and Mining employees live outside of the area. This is important as the majority of employee spending occurs in the area of residence, not employment. As a result, much of the Forestry, etc. payroll is expected to be spent outside of Carson City, having little positive economic impact on the County. Construction employees living outside the area in 2000 made up 48% of total Carson City construction employees. The jobs with the highest average wages in 2000, Federal civilian and military, and utilities/transportation and warehousing had a 40% employee leakage each.

In order to capture employee leakage and the associated consumer spending, Carson City needs to attract employees in the higher paying fields to move to Carson City, not just to work there and reside in a neighboring County. This can be achieved through creation of those higher paying jobs, residential construction and increased and improved amenities such as shopping, parks, schools, etc.

¹² “Journey to Work and Place of Work Data.” US Census Bureau. 2000, data for employees working in Carson City.

**Table 8
Employees Residing Outside Carson City by Industry¹³**

	# of Employees	% of Total	Ave. Wage
Forestry/Fishing/Ag support/Farms/Mining	75	71%	\$ 24,455
Utilities/Transportation and Warehousing	160	39%	45,563
Construction	660	48%	35,920
Manufacturing	1,114	32%	34,547
Wholesale Trade/Retail Trade	1,313	37%	22,369
Information/Finance/Insurance/Real Estate	739	36%	30,157
Services (except private households)	2,910	38%	25,874
Private households	-	0%	33,890
Federal civilian + Military	231	40%	46,065
State and local government	2,838	40%	37,031
Self-employed (part)/Unpaid family workers	415	23%	36,645
	10,455		

Conclusion

Carson City has a heavy reliance on government services, health and educational services, manufacturing and retail. The recent economic downturn has impacted all of these sectors, reducing taxable sales, employment payroll and creating commercial vacancies. This has a major economic impact on the economy of Carson City. Downsizing and closing businesses lead to higher unemployment and vacancies. Unemployment results in less consumer spending, which results in lower revenues for Carson City local entities and reduces the ability to provide services. Finally, lack of amenities has resulted in employee leakage in Carson City, with a large number of employees working in Carson City and living in neighboring counties.

Reliance of sales tax revenue for local government operations may be negatively impacted by declines in taxable sales. According to the Carson City Budget FY 2008-09, sales tax revenue makes up approximately 34% of total General Fund revenue as shown below:

**Table 9
Sales Tax Revenue as % of General Fund Revenue
Carson City FY 2006-07 to 2008-09**

	2006-07	2007-08	2008-09
Consolidated Tax	\$ 25,944,779	\$ 23,860,620	\$ 23,432,133
Sales Tax*	22,053,062	20,281,527	19,917,313
General Fund Rev.	55,548,643	60,191,232	59,004,597
% of GF Revenue	40%	34%	34%

*Sales tax estimated at 85% of consolidated tax revenue. Source: "Consolidated Tax Distribution." Data for Carson City. Nevada Department of Taxation.

The Nugget Economic Development Project will address and mitigate some of the troublesome economic issues discussed above. By focusing on technology and the creation of new businesses it

¹³ Ibid.

will provide a diversification from those sectors that the area relies on currently, governmental services, office, retail and manufacturing.

The project's estimated construction cost of \$119.3 million will generate property tax, sales tax, building permit revenue, business license and various fee revenues dedicated to the provision of local government services. Once built, it will attract businesses and consumers to the area, increasing property and sales tax revenue. The development is estimated to generate \$4.7 million in sales tax revenue for Carson City over the 20-year period (Appendix 16). It is also estimated to generate \$33.6 million in property tax revenue over the 20-year analysis period (Appendix 14) for improvements within the project area. In addition to directly generating property tax revenue, the development will also boost assessed values of surrounding properties by providing an area that is more attractive and developed.

The project is also expected to improve the Downtown area, through general area improvements, the addition of retail, restaurant, library and entertainment space, as well as public plaza/park space to make the area more attractive to visitors and residents. Providing more attractive amenities to residents of the area may help retain existing residents and attract new residents, minimizing the impact of employee leakage. Additionally, local government revenues generated by this project may be used to improve school, park and other local government services.

Jobs will be generated not only by the development but by the businesses that will support and provide the goods and services required by the development. The issue of job creation by this development is discussed in the next section.

Job Creation

In addition to attracting new businesses to the area and providing a diversification from the existing commercial concentration of Carson City's businesses, the development is expected to generate new jobs both directly by employing people in the components of the development and indirectly by purchasing goods and services from existing area businesses and the spending by the development's employees. A detailed description of the methodology used for job estimation is provided in the Economic Impact Analysis portion of this report.

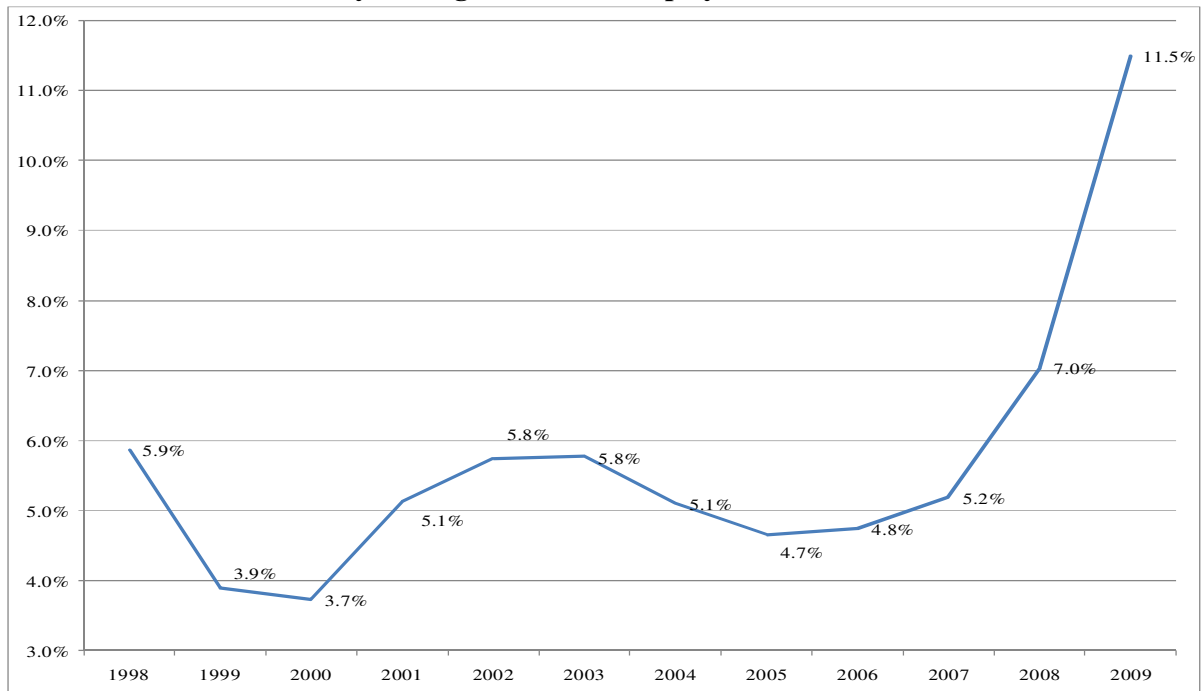
Job creation is an important factor in any development but especially in the current economic climate. Carson City's average annual unemployment rate has increased substantially since 1998 when unemployment was at 5.9%. Figures 4 and 5 show a comparison of annual labor force levels and unemployment rates from 1998 to 2009.

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Figure 4
Carson City Average Labor Force: 1998-2009^{14,15}



Figure 5
Carson City Average Annual Unemployment Rate: 1998-2009



¹⁴ All rates shown are average for the year. The rate for 2009 was the average for January – September 2009.

¹⁵ “Local Area Unemployment Statistics.” Data for Carson City. Department of Employment, Training, and Rehabilitation.

As of September 2009, the average unemployment rate for first nine months of 2009 was 11.5%, a 5.6% increase over 1998. In September 2009 alone, 3,840 people were out of work out of a total labor force of 29,990, or a 12.8% unemployment rate. This is a 1.6% increase in the unemployment rate from January 2009, when the unemployment rate was 11.2% with a labor force of 29,350.

Given an unemployment rate of almost double the historical highest rate in 1998 of 5.9%, job creation is an important concern for policy makers in Carson City and across the nation. The development is estimated to require 414 direct jobs. Some portion of the office and library jobs are existing jobs that will move from their current location to the development. The analysis does not consider these existing jobs in estimating the impact of the development, only “net new” jobs are considered. The analysis estimates 275 new jobs will be created directly by the development, with an annual payroll at full operation of \$8.0 million in 2009 dollars, inflated 3% annually.

**Table 10
Summary of Direct Employment and Payroll¹⁶**

	Estimated Opening Date	Estimated Total FTEs	Estimated New FTEs	Average Annual Wage	Total New Payroll (\$2009)
Residential	Annual	0	0	\$ -	\$ -
Retail	2013	67	67	20,446	1,369,227
Office	2013	143	43	31,533	1,354,244
Library	2013	49	10	32,573	318,806
Entertainment	2013	10	10	20,446	204,464
Business Center	2013	100	100	31,533	3,153,280
Data Center	2014	5	5	29,099	145,496
Media Lab	2013	40	40	36,275	1,451,008
Parking Structure	2014	<u>0</u>	<u>0</u>	-	-
		414	275		\$ 7,996,525

In addition to direct jobs, the development is projected to generate indirect and induced jobs (shown as Other jobs). The development will purchase goods from supplying vendors, who in turn use this money to restock their inventory by purchasing goods and services from other vendors, who in turn restock by purchasing from other vendors and so on. In order to keep up with the new level of sales, vendors will hire additional employees or keep existing jobs which may have been cut.

The additional income generated also leads to a tertiary level of economic impact through the higher level of household expenditures on goods and services, much of which, again, will be spent within the study area, resulting in additional employment required to meet additional spending needs of the area. These effects are referred to as the "Other Impacts" of the industry.

The development is estimated to create and support an average of 561 direct and other jobs during the construction phase of the development and a total of 465 permanent jobs generated by the operation of

¹⁶ Number of employees estimated per discussions with Carson City representatives. Average wage is estimated by the Center for Regional Studies at the University of Nevada, Reno based on data published by the Department of Employment, Training and Rehabilitation.

the development. The following jobs are estimated to be created and supported by the development in Carson City:¹⁷

**Table 11
Summary of Employment Impact**

Employment Impact	Years	Direct Impacts	Other Impacts	Total
Construction	Average	379	182	561
Operating	2016	14	7	21
Payroll	2016	275	121	396
Residents	2016	34	14	48
Subtotal-Permanent Only		323	142	465
TOTAL-ALL JOBS		702	324	1,026

The table above shows that on average 379 direct construction jobs will be created by the development. This number is an average as more construction jobs will be created during years of heavy construction and fewer jobs once the development is near completion. Another 182 jobs will either be created or existing positions supported by the construction of the development. The jobs are supported by the purchases of construction materials by the development and the spending by construction employees within the Carson City area. This impact is for the construction phase of the development only; impacts are expected to stop in 2016 once the development is completed and fully operational.

Permanent jobs are created both directly by the businesses in the development, by the jobs that will provide the goods and services to those businesses, and by the jobs created and supported by employees making purchases. A total of 465 permanent jobs will be created and supported by the development, of which 323 will be jobs created directly by the development and 142 other jobs. These jobs are permanent and are estimated as of 2016, the first full year of development operations. The Economic Impact Analysis portion of this report explains these findings in greater detail, with calculations summarized in Appendices 7 through 12.

A total of 465 jobs make up approximately 1.5% of Carson City’s labor force. Given an unemployment level of 3,840, the development will be able to reduce the unemployment rate from 12.8% in September 2009 to 11.1%. Table 12 below shows an example of the impact of the construction and permanent jobs on the September 2009 unemployment rate.

¹⁷ It should be noted that the analysis differentiates between jobs CREATED and jobs SUPPORTED by the development. Construction employees generated by construction labor expenditures and employees of the development are jobs created by the development, as these jobs did not exist before. All other jobs, jobs generated by construction material purchases, development operations and payroll expenditures, and residents of the development are said to be supported by the development, not created. This is because it is unknown if these jobs are new or existing jobs. For example, if a supplier to the development has excess employee capacity, he can provide services to the development without hiring additional employees; this would increase the supplier’s revenues and may reduce a need for layoffs.

**Table 12
Impact of Estimated Jobs on Unemployment**

	2011	2012	2013	2014	2015	2016
Existing Employment*						
Total Labor Force	29,990	29,990	29,990	29,990	29,990	29,990
Total Unemployed	3,840	3,840	3,840	3,840	3,840	3,840
Unemployment Rate	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%
Project Employment**						
Construction	825	1,352	463	82	83	-
Operating	-	-	408	415	416	465
With/ Project Employment						
New Labor Force	30,815	31,342	30,861	30,487	30,489	30,455
New Unemployed	3,015	2,488	2,969	3,343	3,341	3,375
New Unempl. Rate	9.8%	7.9%	9.6%	11.0%	11.0%	11.1%

*Analysis assumes September 2009 unemployment and labor force levels to remain constant.

**Includes direct, indirect and induced jobs, see Appendices 7-12 for details.

It should be noted that the above table is an exercise showing the impact of each year of the development on September 2009 employment levels as if each year's employment was added in 2009. In reality, labor force and unemployment levels are expected to change in each year of the development by forces outside of the development thus providing different results.

Youth Impact

Another important goal of the project is to provide benefits to the youth of Carson City. MBA considered these benefits in terms of job opportunities, training and availability of resources for local schools and youth organizations.

The project includes a 60,000 square foot Knowledge and Discovery Library designed to serve the residents of Carson City well into the 21st century. The youth of Carson City will be important users of the library as libraries, according to recent research, are playing a more important role in youth development and learning.

A 2005 research project conducted by the Chapin Hall Center for Children at the University of Chicago¹⁸ found that public libraries can play an important role in strengthening the skills of teenagers, building the capacity of libraries as institutions and connecting libraries more closely to communities. A growing numbers of teenagers are visiting libraries to socialize, do homework, learn job and social skills and use the computer/internet. The Chapin Hall study suggests that nearly a fourth of library patrons are teenagers and that library based youth programs can teach teens specific job skills, enhance their personal and social development, and provide opportunities to develop positive relationships with peers and adults.

Many of the youth in the research project noted increased knowledge of technology, a heightened confidence level and sense of responsibility, and improved their patience and perseverance. The study also noted that the teens offered their services to the community by helping other youth with homework and assisting patrons of all ages with computer literacy. The proposed library will make extensive databases accessible to youth, provide help when applying for jobs, schedule interesting speakers, as well as providing the traditional free lending services connected to books, CDs and DVDs. Libraries increasingly are becoming a hub in small and mid-sized communities, providing a

¹⁸ For the full report, see www.chapinhall.org.

meeting place and a learning place for all ages. An added benefit is the attraction of people to the downtown area, providing an activity center other than retail.¹⁹

The Media Lab, at 20,000 square feet, will instruct children and young adults in the use of computers and other digital media technologies. It will also collaborate with classroom teachers to design learning activities and teaching aids. Overall, it will allow students and teachers access to technology currently not readily available to them.

The Park/Plaza component will provide educational and recreation services to the Carson City youth through providing a place to socialize and learn from various arts and cultural programs and activities planned for this space. The space will include an outdoor amphitheatre for concerts and other programs, water features and full lighting for evening use.

Other components of the development, including Entertainment and Retail, will provide job opportunities for the youth. Approximately 62% of youths ages 15 to 17 are employed in retail and restaurant businesses, with another 25% employed in the service industry, including entertainment services.²⁰ With an additional 80,000 square feet of retail and entertainment space added by the development, Carson City youths will have more options in finding employment in the traditional areas of youth employment.

Finally, the project is estimated to generate approximately \$4.8 million in sales tax revenue for the Carson City School District over the 20-year analysis period (See Appendix 16 for calculations and details). The development is not expected to have a significant impact on School District costs as the District has existing capacity to accommodate the children added by the development.

Conclusion

This project is expected to generate the benefits discussed above given the time frame and assumptions made in the analysis. However, there is an opportunity cost in delaying the construction and operation of the development. The development is expected to generate and support **820 jobs** in 2011, the first year of construction. Should the development not be constructed or delayed a year, the benefits of these jobs will be forgone. These include increased consumer spending, a reduction in unemployment benefits and other “safety net” services, and increased tax revenue for government services. The same applies to, permanent jobs for the life of the development. For every year that no development occurs, business revenues, employee payroll, local government revenues and other benefits will not be received.

In addition, construction costs are currently less than when compared to the construction boom of a few years ago. As the economy begins to improve and construction projects begin to take place, the cost of construction labor and materials is expected to increase, making this project more expensive to construct and increasing the risk to the developer and its partner.

Overall, the project benefits the fiscal and economic health of Carson City. The construction and operation of the various project components will generate property tax and sales tax revenue for the City government as well as the school district. The construction and operation of the project will provide well-paying jobs, sorely needed in a region with an unemployment rate exceeding 11%. It will diversify the job market by providing private sector jobs in a city in which the majority of jobs are government jobs. Finally, the project will have a positive impact on the young people of Carson City.

¹⁹ Planning Commission Journal, Summer 2009, “Libraries at the Heart of Our Communities”.

²⁰ “Youth Employment Trends.” U.S. Department of Labor. *Report on the Youth Labor Force*, November 2000. Based on Current Population Survey data.

ECONOMIC IMPACT ANALYSIS

The objective of the economic analysis is to estimate the regional economic impact of the development in terms of job creation and the purchase of goods and services both during the construction stage and the full-time operating phase.

Policymakers, industry officials, and others often need information on the economic impact of specific industries and industry sub-sectors. This section of the report examines the economic impact of the development on the Carson City area. Total purchases of goods and services by the development are analyzed through the use of IMPLAN (Impact Analysis for Planning), a statistical analysis tool. Through this tool, the total economic impact of the development on the region is estimated.

The graphs and tables presented in this section of the report summarize the economic impacts on the region and take the form of direct and other (non-direct) economic impacts on five economic indicators. The indicators are: construction (including land improvements), operating payroll expenditures, operating expenses, and residents. An assessment is made for all indicators to demonstrate the component parts of the total economic impact. The following definitions of concepts are important to understand as they are widely used in this analysis.

Economic Impact:	Defined as the increase in potential productivity in the regional economy based on the expenditures from the development. Each subset of the development (construction/land improvements, operating payroll expenditures, operating expenses, and residents) generate economic impacts, but combined they represent the total economic impact.
Construction:	Represents the materials and labor needed to perform the necessary construction and land improvements of the development.
Producer Prices:	Reflect the money retained by the development only (i.e. it reflects the retail margin of the purchase price, the price paid by the final consumer). Industry output derived from the IMPLAN database is shown in terms of producer prices.
Operating Payroll Expenditures:	Represents compensation for each industry that is affected by the development’s production. It includes wages and salaries as well as benefits such as health and life insurance, retirement payments, and non-cash compensation.
Indirect Business Taxes:	Represents excise taxes, property taxes, fees, licenses, and sales taxes paid by businesses (Note: the fiscal impact presented in Section 2 includes direct property and sales tax impacts only. The economic impact presented in this section includes the direct and other impacts). These taxes occur during the normal operation of businesses but do not include taxes on profits or income.
Operating Expenses:	Represents the goods and services, not including payroll and capital improvements, necessary to operate the businesses within the development.
Residents:	Represents the payments for rent, utilities, food and other daily expenditures for the additional residents created by the development.

Employment:	Represents the total people (full-time and part-time positions) employed by the Development and the jobs generated in the regional economy to support the Development’s economic activity.
Direct Economic Impact:	Represents the expenditure amounts from the development that directly impact the <i>regional</i> economy. The direct impact of construction represents total materials and labor for the construction of the development; direct impact of payroll expenditures represents the current retail payroll; the direct impact of operating expenses represents the current operating expenses necessary for the development to operate the separate business sections; the direct impact of the residents represents the purchases made by residents of the development for everyday expenses; and the direct impact of employment represents the employment level directly associated with the development.
Indirect Economic Impact:	Represents the impact from the development’s purchases of goods and services from supplying vendors. Purchases made by supplying vendors to restock their inventory by purchasing goods and services from other vendors who in turn restock by purchasing from other vendors and so on is the indirect impact. These purchases are also commonly referred to as the “ripple effect.” This impact is combined with the Induced Impact described below and shown as Other Impact.
Induced Economic Impact:	The direct activity, and the resulting indirect activity, generate some increases in the general level of employment and income in the study area, leading to a tertiary level of economic impact through the higher level of household expenditures on goods and services. These impacts reflect the increase in spending from the household sector as income increases or decreases due to changes in production of goods and services. This impact is combined with the Indirect Impact described above and shown as Other Impact.
Imports:	Represents goods and services purchased outside the region that need to be separated or reduced from the total retail industry’s output. Assume that a retailer within the region hires an employee who lives outside the region. The retailer makes a wage payment that ends up being spent outside the region. This will have no effect on the regional economy.
Multipliers:	Multipliers are predicated upon a domino theory of economic change. They translate the consequences of change in one retail sub-sector upon others in other industries. Multipliers are estimators of the “ripple effect.”

METHODOLOGY

The development’s purchases of goods and services in the region provide the foundation on which the economic impact analysis is based. The economic impact generated by the development’s total purchases of goods and services can be estimated using a well-tested method, the input-output model, originally developed in 1936 by Harvard University. There are two ways to create an input-output model for a region. The first way is to collect primary data from regional firms, requesting detailed information on purchases of goods and services, and purchases of labor necessary for production. This process is generally extremely expensive and time-consuming. The second way, used in this analysis, is to use secondary information already collected and included in the input-output model and adjust it to reflect regional purchases of goods and services in a particular industry or industry sub-sector. The IMPLAN model used in this analysis allows for this adjustment.

The Input-Output Model – IMPLAN

The IMPLAN system enables construction of regional input-output models for any county or state in the United States. The IMPLAN model is a technique built around quantifying the interaction between industries and industry sub-sectors within an economy. Each industrial or service activity within the economy (retail, agriculture, mining, manufacturing, trade, services, etc.) is assigned to an economic sector. The model is based on the theory that when new money enters a community through investments, revenue or income, some of it is re-spent one or more times in the regional economy, creating additional impacts. IMPLAN estimates these impacts using specific data on what inputs are needed to produce the goods and services for the 528 identified industries. The economic activity in the industry under study (i.e. the retail industry) serves as the base for estimating the total economic impact generated by that industry across all industry sub-sectors.

Data in the IMPLAN database is based on the BEA²¹ Covered Employment and Wages (CEW) program (formerly known as the ES202 program), the County Business Pattern data provided by the US Census, and the Regional Economic Information System data provided by the BEA. The IMPLAN model database also draws from secondary economic data at the county level from a variety of public sources.

As noted, total industry output reflects purchases by that industry from other industries as well as profits, payments to workers, taxes, and imports. For a one-year production period, a transactions table shows how much each regional industry purchased and/or sold to other industries within the regional economy. These purchases or values track the movement of goods and services between industry sectors and between producing industries, final demand, and value-added components of the economy. Households may be reflected as a producing industry that sells services (labor) and purchases inputs (consumption) in order to capture the effects of spending associated with changes in household earnings.

The industries are classified in sectors corresponding to NAICS²² codes. To calculate economic impacts, multipliers for each industry sub-sector are available for the following economic indicators: land/construction improvements, operating payroll expenditures, operating expenses, and residents. Economic impacts on all these indicators are examined in this analysis. The multipliers are based on relationships among industries or industry sub-sectors and estimate the purchases of a particular industry from other industries. Multipliers are predicated upon a domino theory of economic change. Multipliers translate the consequences of change in one variable upon others. They are ratios that estimate the “ripple effect” throughout the economy. In more “technical terms,” they are numerical coefficients, which relate a change in a component of aggregate demand or employment to a consequent change in total income or total employment. Multipliers are applied to the direct²³ economic impact to derive other (non-direct)²⁴ economic impacts.

Economic Impacts Defined

The development will purchase goods and services to build the project , produce the output and stock inventory. As the development’s employees use their wages to buy goods and services such as clothes, food, utilities, auto repair, and medical services, they generate activity in other consumer

²¹ BEA-US Department of Commerce Bureau of Economic Analysis.

²² North American Industry Classification System.

²³ Represents the amount that is directly associated with the retail industry or retail sub-sector.

sectors of the economy. These purchases and spending are considered to have a “Direct Impact” on the regional economy as they represent the amounts that are directly associated with the industry.

The development will purchase goods from supplying vendors, who in turn use this money to restock their inventory by purchasing goods and services from other vendors, who in turn restock by purchasing from other vendors and so on. Hence, the supplying firms increase their output by purchasing goods and services from other businesses. The additional income generated also leads to a tertiary level of economic impact through the higher level of household expenditures on goods and services, much of which, again, will be spent within the study area. These effects are referred to as "Other Impacts" of the industry.

FINDINGS

I. Direct and Other Economic Impacts of Construction, Operating Payroll Expenditures, Operating Expenses,²⁵ and Residents

This section estimates the economic impact generated by the development on the region. Appendices 1 through 6 at the end of this report present in more detail the findings, assumptions, and sources of data for a more complete understanding of the analysis.

As noted previously, the Development’s purchases necessary for production drive the economic impact. These purchases include purchases of goods and services from several industries and are measured through four economic impact indicators:

- Construction
- Operating Payroll Expenditures
- Operating Expenses
- Residents

To demonstrate the impact each of these indicators has on the region, each indicator is separated and further defined and measured by direct and other impacts. These economic impacts will be explained and estimated on the following pages.

A. Economic Impact of Construction

The total development construction costs, including land improvements, materials and labor are estimated at \$123.1 million during the construction period 2011 through 2015 (Appendices 1-6). This output serves as the base to which multipliers are applied to derive the other economic impact on the region.

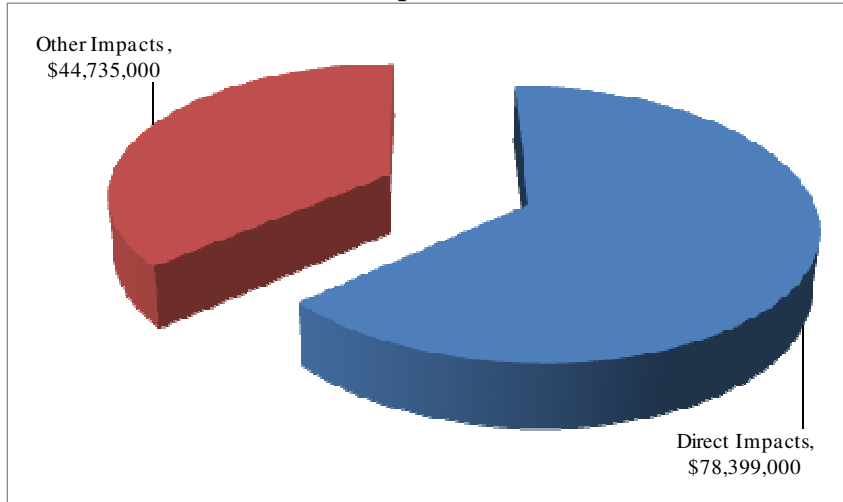
Direct Impact The project’s construction costs, with an adjustment for non-local material purchases, represent the direct economic impact. The direct impact is estimated at \$78.4 million.

Other Impact The other impact is determined by multiplying the direct impact by a factor or multiplier derived from the input-output model. The impact, generated by the development’s construction costs are estimated at \$44.7 million.

²⁵ Retail establishments make purchases from supplying vendors, who in turn use this money to restock their inventory by purchasing goods and services from other vendors, who in turn restock by purchasing from other vendors and so on. These effects reflect increase in spending from the household sector as income increases or decreases due to changes in production of goods and services is also included.

NOTE: The findings throughout the analysis are rounded, and as a result, amounts may not add exactly to the totals shown in the analysis.

**Figure 6
Economic Impact of Construction**



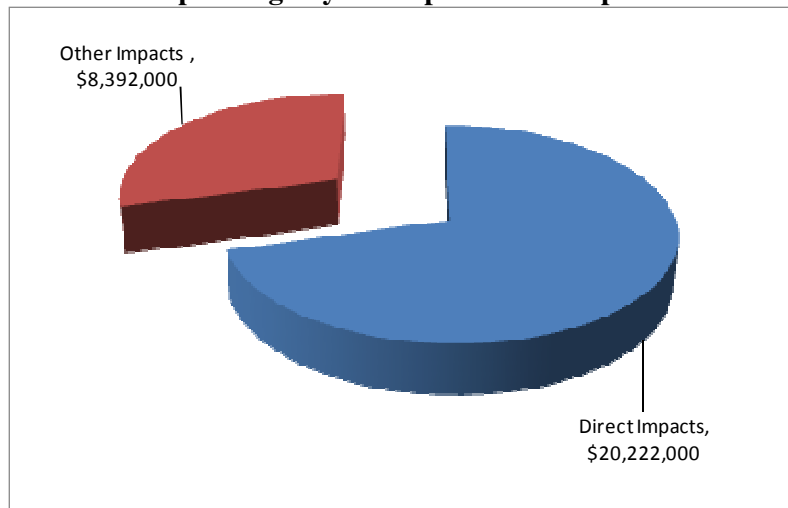
B. Economic Impact of Operating Payroll Expenditures

The development’s operating payroll expenditures for 2013 through 2016 (2013 is the first year of partial operation, 2016 is the first year of full operation) for Carson City employees is estimated at \$28.6 million as shown in Appendices 1-6.

Direct Impact Direct operating payroll expenditures are the wages, salaries and benefits earned by employees of the development, adjusted for non-disposable income and expenditures outside the region. The disposable income is estimated at \$20.2 million for Carson City employees.

Other Impact The impact is estimated at \$8.4 million for Carson City employees.

**Figure 7
Operating Payroll Expenditures Impact**



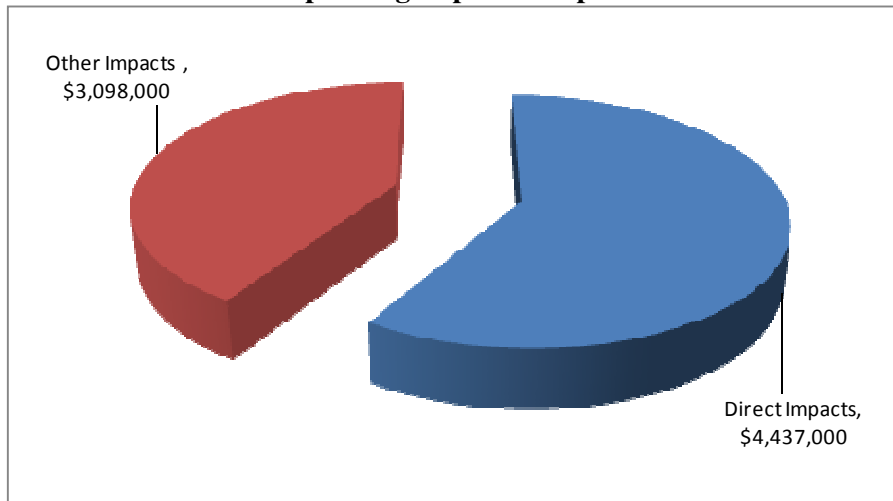
C. Economic Impact of Operating Expenses

Operating expenses for the development include the goods and services required to operate the businesses in the development. Total expenditures for the regional operations of the development for 2013 through 2016 are estimated at \$7.5 million as shown in Appendices 1-6.

Direct Impact The direct impact represents operating expenses of the development and serves as the base to which multipliers will be applied to estimate other impacts on the region. The estimated development operation expenses are \$4.4 million.

Other Impact The impact is estimated at \$3.1 million.

**Figure 8
Operating Expenses Impact**



D. Economic Impact of Residents

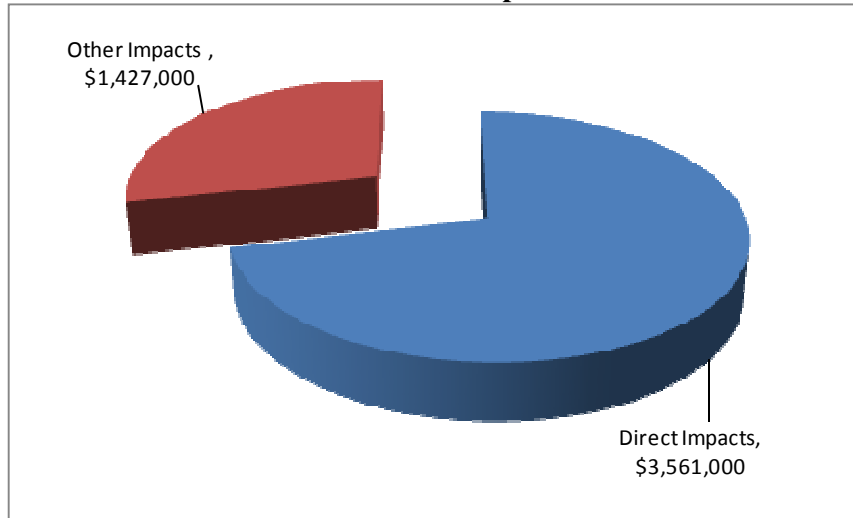
Residential impacts consist of payments for utilities, insurance, taxes and other expenses. For the purposes of this analysis, residential expenditures are derived from the IMPLAN database. Total residential expenditures for 2016 (year after residential construction is completed) are estimated at \$5.0 million (Appendix 6).

Direct Impact Total estimated residential expenditures are \$3.6 million.

Other Impact The impact is estimated at \$1.4 million.

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**Figure 9
Residential Impact**



E. Total Economic Impact of the Development

The development’s total construction, operating payroll expenditures, operating expenses, and residential impacts for 2011 through 2016 are estimated at \$164.3 million. Table 13 illustrates the direct and other economic impacts of each of these categories.

**Table 13
Total Economic Impact of the Development**

	Direct Impacts	Other Impacts	Total
Construction Expenditures	\$ 78,399,000	\$ 44,735,000	\$ 123,134,000
Operating Expenditures	4,437,000	3,098,000	7,535,000
Payroll Expenditures	20,222,000	8,392,000	28,613,000
Residents Expenditures	3,561,000	1,427,000	4,988,000
TOTAL	\$106,619,000	\$57,652,000	\$164,270,000

II. Direct and Other Employment Impacts of Construction, Operating Payroll Expenditures, Operating Expenditures, and Residents

The development’s purchases of goods and services generate jobs, as the development requires employees to produce output and service customers, as do suppliers to the development. The following estimates the number of jobs generated from these direct and other (non-direct) impacts from construction, operating payroll expenditures, operating expenses, and residents. The employees created by the development serve as the base to which multipliers will be applied to estimate other economic impacts.

It should be noted that the analysis differentiates between jobs **CREATED** and jobs **SUPPORTED** by the development. Construction employees generated by construction labor expenditures and employees of the development are jobs created by the development, as these jobs did not exist before. All other jobs, jobs generated by construction material purchases, development operations and payroll expenditures, and residents of the development are said to be supported by the development, not

created. This is because it is unknown if these jobs are new or existing jobs. For example, if a supplier to the development has excess employee capacity, he/she can provide services to the development without hiring additional employees; this would increase the supplier’s revenues and may reduce a need for layoffs.

A. Employment Impacts of Construction

The number of construction employees differs in each year of construction, employment levels are higher during the first phase of the development and lower as the development nears completion. The analysis uses average employment level over the 5-year construction period, estimated as follows:

**Table 14
Summary of Employment Impacts of Construction**

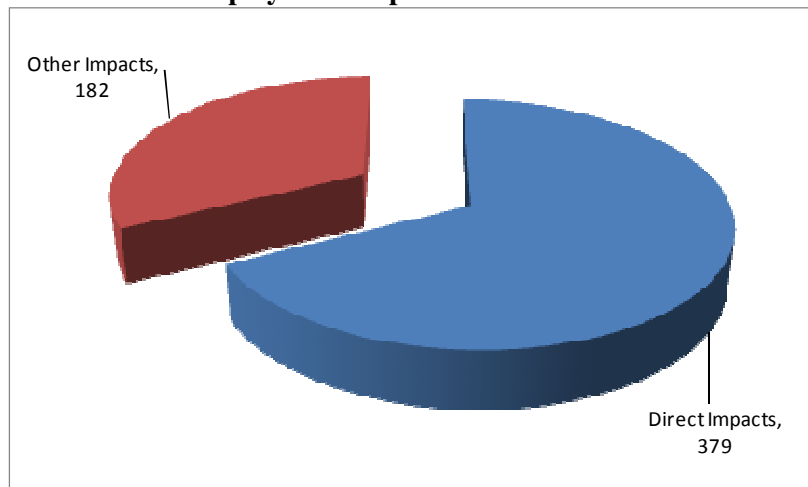
	Direct Impacts	Other Impacts	Total
2011	557	268	825
2012	915	438	1,352
2013	313	150	463
2014	56	26	82
2015	56	27	83
Average	379	182	561

Direct Impact The direct impact of construction is approximately 379 jobs.

Other Impacts In addition to the direct employment impact by the development, the project’s regional spending activities for construction support an additional 182 jobs throughout the region.

Total Employment Generated by Direct and Other Impacts The development’s construction expenditures are responsible for 561 jobs in the region.

**Figure 10
Employment Impact of Construction**



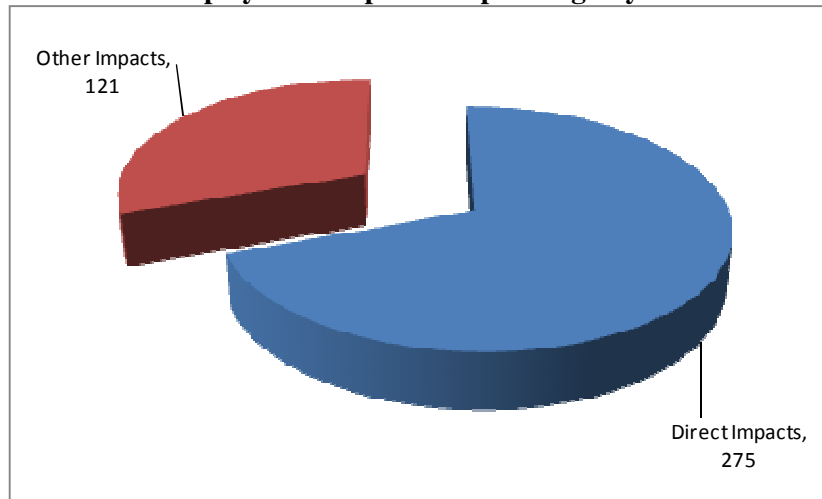
B. Employment Impacts of Operating Payroll Expenditures

Direct Impact The direct impact of employees in 2016 (first full year of operations) from operating payroll expenditures is approximately 275 jobs for the region.

Other Impacts In addition to the direct employment impact by the development, the project’s regional spending activities for the operating payroll expenditures support an additional 121 jobs throughout the region.

Total Employment Generated by Direct and Other Impacts The development’s operating payroll expenditures are responsible for the employment level 396 jobs in the region.

**Figure 11
Employment Impact of Operating Payroll**



C. Employment Impacts of Operating Expenses

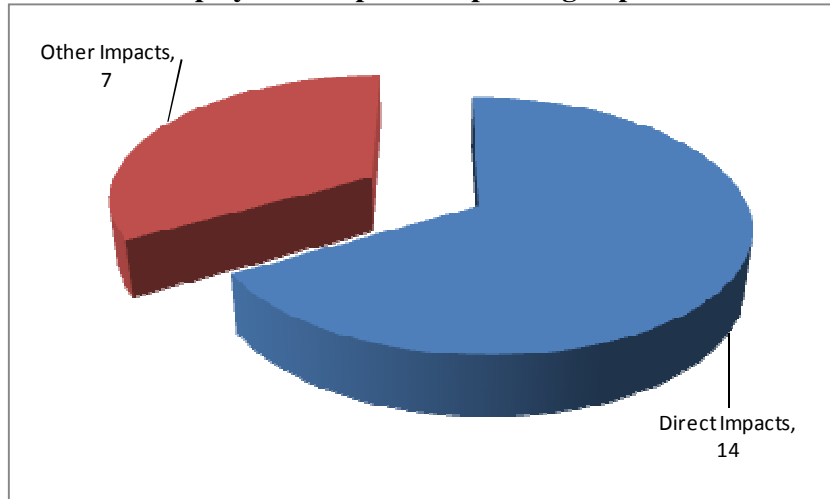
Direct Impact The direct impact of employees in 2016 from operating expenses is approximately 14 jobs.

Other Impacts In addition to the direct employment impact by the development, the project’s regional spending activities for the operating expenses support an additional seven jobs throughout the region.

Total Employment Generated by Direct and Other Impacts The development’s operating expenses are responsible for the employment level of 21 jobs.

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Figure 12
Employment Impact of Operating Expenses



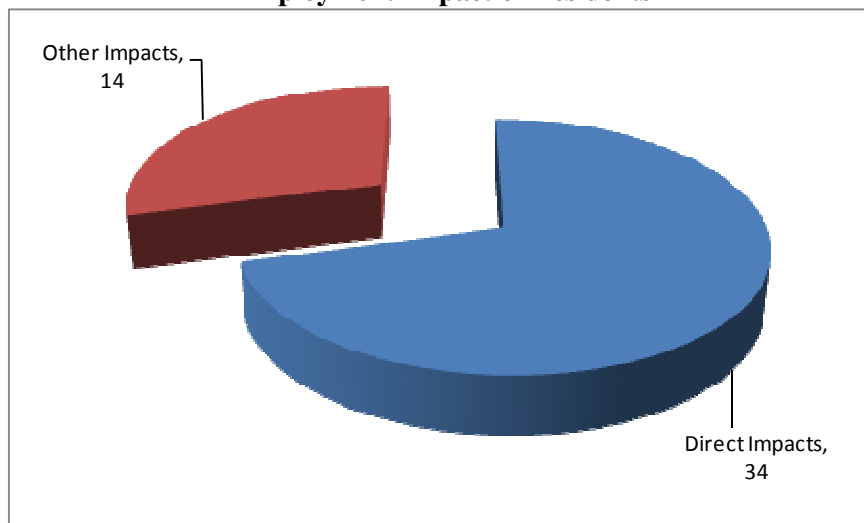
D. Employment Impacts of Residents

Direct Impact The direct impact of employees in 2016 from resident expenditures is approximately 34 jobs.

Other Impacts In addition to the direct employment impact by the development, the project’s regional spending activities by residents support an additional 14 jobs throughout the region.

Total Employment Generated by Direct and Other Impacts The development’s residents are responsible for the employment level of 48 jobs.

Figure 13
Employment Impact of Residents



E. Total Employment Impact of the Development

The development’s total employment impacts from construction, operating payroll expenditures, operating expenses, and residents for 2011 through 2016 are estimated at 1,026 jobs in total and 465 permanent jobs, which does not include jobs generated from land improvements and construction which cease by the end of 2015. Table 15 illustrates the direct and other employment impacts of each of these categories.

**Table 15
Total Employment Impact of the Development**

Employment Impact	Years	Direct Impacts	Other Impacts	Total
Construction	Average	379	182	561
Operating	2016	14	7	21
Payroll	2016	275	121	396
Residents	2016	34	14	48
Subtotal-Permanent Only		323	142	465
TOTAL-ALL JOBS		702	324	1,026

SUMMARY OF FINDINGS

- The construction and operation of the development will have a regional economic impact estimated at \$164.3 million through the first full year of operation. This includes direct and other impacts.
- The project will have a regional employment impact estimated at 1,026 jobs, of which 465 jobs will be permanent.

FINANCIAL ANALYSIS

The objective of the financial analysis is to consider the feasibility of funding a portion of the project through sales and property tax revenues. The analysis estimates potential property tax revenue from the increase in the assessed value generated by the project over the existing assessed value.

The analysis also considers sales tax revenue to be generated by a countywide sales tax rate increase of 0.125% for capital projects, which can be approved by the Board of Supervisors. Sales tax revenue estimates are made considering a projection of growth in the existing retail base and retail sales added by the development.

Property Tax Revenue Analysis

Revenue Estimate

The analysis estimates the revenue to generated by the proposed development. The development is currently located in the Downtown Redevelopment District and has an existing base value of \$1.7 million as of FY 2009-10. The project is estimated to generate an additional assessed value of \$6.2 million in 2011 with a property tax rate of \$2.8895 per \$100 of assessed value, resulting in a property tax revenue estimate of \$180,000 for that year.

The property tax revenue generated by the development is estimated for the buildout period 2011-2015 and an additional 15 years for a 20-year analysis period. Additional assessed value is estimated using construction, land and land improvement values of the development, minus existing assessed value of improvements of the parcels within the development.

The analysis estimates property tax revenues ranging from \$180,000 in 2011 to \$2.5 million in 2030, for a total 20-year revenue estimate of \$33.6 million. The analysis estimates the present value of these revenue flows using a discount rate of 5.5%, the 15-year average of returns on a 20-year constant maturity Treasury note. The present value of the property tax revenue to be generated by the development over the analysis period, as of December 31, 2009 is estimated at \$16.9 million (see Appendix 14 for details), as summarized in Table 16 below:

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Table 16
Estimated Property Tax Revenue
Property Tax Present Value

Year	<u>Revenue</u>	<u>of Revenue</u>
2011	\$ 180,257	\$ 161,640
2012	448,754	381,061
2013	1,070,254	860,602
2014	1,284,451	978,051
2015	1,371,246	988,754
2016	1,462,220	998,423
2017	1,520,709	983,279
2018	1,581,537	968,364
2019	1,644,799	953,676
2020	1,710,591	939,211
2021	1,779,014	924,965
2022	1,850,175	910,935
2023	1,924,182	897,118
2024	2,001,149	883,510
2025	2,081,195	870,109
2026	2,164,443	856,911
2027	2,251,021	843,914
2028	2,341,062	831,113
2029	2,434,704	818,507
2030	<u>2,532,092</u>	<u>806,092</u>
Total	\$ 33,633,856	\$ 16,856,233

There is some discussion as to whether the library, business center, media lab and shared parking system will be publicly or privately owned. The analysis assumes private ownership, which means all components will generate property tax revenue. MBA was asked to estimate the property tax revenue generated by each of the above-mentioned components to determine the impact on total property tax revenue estimates should one or all of these components be determined to be publicly owned. Table 17 below shows the property tax revenue estimated to be generated by each component. Should any one component be determined to be publicly held, total project revenue will be reduced by the amount of property tax revenue estimated to be generated by that component. See Appendices 17-20 for calculations.

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Table 17
Estimated Property Tax Revenue
Library, Business Center, Media Lab and Parking System

<u>Year</u>	<u>Library</u>	<u>Business Center</u>	<u>Media Lab</u>	<u>Parking Structure</u>	<u>Total</u>	<u>Reduced TIF Revenue</u>
2011	\$ 42,413	\$ 14,138	\$ 14,138	\$ -	\$ 70,689	\$ 109,568
2012	104,076	34,692	34,692	-	173,460	275,294
2013	232,025	77,342	77,342	26,305	413,013	657,241
2014	241,306	80,435	80,435	132,575	534,752	749,699
2015	250,958	83,653	83,653	137,878	556,142	815,104
2016	260,997	86,999	86,999	143,393	578,388	883,832
2017	271,437	90,479	90,479	149,129	601,523	919,186
2018	282,294	94,098	94,098	155,094	625,584	955,953
2019	293,586	97,862	97,862	161,298	650,608	994,191
2020	305,329	101,776	101,776	167,750	676,632	1,033,959
2021	317,542	105,847	105,847	174,460	703,697	1,075,317
2022	330,244	110,081	110,081	181,438	731,845	1,118,330
2023	343,454	114,485	114,485	188,696	761,119	1,163,063
2024	357,192	119,064	119,064	196,243	791,564	1,209,585
2025	371,480	123,827	123,827	204,093	823,226	1,257,969
2026	386,339	128,780	128,780	212,257	856,155	1,308,288
2027	401,793	133,931	133,931	220,747	890,401	1,360,620
2028	417,864	139,288	139,288	229,577	926,017	1,415,045
2029	434,579	144,860	144,860	238,760	963,058	1,471,646
2030	451,962	150,654	150,654	248,310	1,001,580	1,530,512
Total	\$ 6,096,871	\$ 2,032,290	\$2,032,290	\$ 3,168,002	\$ 13,329,454	\$ 20,304,401

Sales Tax Revenue Projection Analysis

Revenue Estimate

The analysis estimates the sales tax revenue generated assuming future growth in the current taxable sales for Carson City and the proposed project. The analysis calculated the sales tax revenue based on the current tax rate of 7.125% and also the proposed additional 0.125% to be added for capital projects.

Carson City’s fiscal year 2008-09 taxable sales as reported by the Nevada Department of Taxation website were used as “base sales”. Base sales were broken down into the following categories: Motor Vehicles & Parts Dealers, Food Stores, Building Materials, Wholesale Merchandise (Durable and Non-Durable), General Merchandise, Restaurants, and Remaining Categories. Assumptions were made on growth or contraction of sales for each year after FY 2008-09.

The retail sales estimate considers the timing of a turn-around in the economy and uses analyses by national forecasting and economic/financial companies. The Financial Forecast Center²⁶ projects

²⁶ www.forecasts.org. “The Financial Forecast Center has been producing and publishing economic and financial market forecasts since 1997. All forecasts are generated in-house using artificial intelligence. Forecast models are 100% quantitative and use a global, long-range economic dataset.”

national retail sales to grow by only 4.6% from September 2009 to September 2012, a three-year period. IBISWorld²⁷ projects that it will not be until 2011 that overall economic activity will surpass 2008 levels. This retail sales projection in this analysis is more conservative than the two sources mentioned above based on Nevada’s current unemployment rate of over 11%, its decrease in personal income and the existing inventory of housing and commercial space. This analysis does not contemplate a return to growth in taxable sales until 2012.

Table 18 below illustrates growth or contraction rates used in the analysis to project sales levels in each year prior and subsequent to recovery. The analysis is conservative in estimating further decline in taxable sales in 2010 in the amount of 12.0%, continuing the decline experienced in 2009. The decline in sales will terminate in 2011 with the analysis assuming no growth over the previous year. Growth is expected after 2011, continuing through 2015 at which point sales growth is expected to stabilize at 2.8% annually through the end of the analysis period in 2030.

**Table 18
Projected Taxable Sales Growth Rates**

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 and on</u>
-17.2%	-12.0%	0.0%	1.0%	2.0%	2.7%	2.8%

This growth percentage is based on the population growth estimated by the Nevada Demographer for Carson City and the average Consumer Price Index for the period 1999 through 2006. The demographer estimates population growth of 0.4% in 2014 and 0.5% in 2015 and through 2028. The analysis assumes the 0.5% population growth will continue through the end of the analysis period in 2030.

The analysis uses the average historical Consumer Price Index (CPI) for all items other than energy, medical and shelter purchases to estimate future inflation rates. The average CPI rate of 2.3% annually is combined with the population increase of 0.5% to arrive at a stabilized taxable sales growth rate of 2.8% from 2015 through the analysis period. The analysis is conservative in assuming that increases in taxable sales will be caused by population growth and inflation, not additional commercial construction (other than the Nugget project).

The above rates are applied to FY 2008-09 taxable sales for Carson City as reported by the Nevada Department of Taxation to project existing sales through the analysis period. To the projected existing taxable sales, the analysis adds taxable sales estimated to be generated by the development (Appendix 15) as summarized in Table 19 below by revenue source.

The project is estimated to generate \$4.7 million in sales tax revenue over the analysis period for the Carson City General Fund, \$4.8 million in sales tax revenue for the Carson City School District, \$4.4 million in revenue for the State of Nevada, and \$1.4 million for all other entities receiving sales tax revenue including local street, quality of life and V&T railroad funds.

²⁷ www.ibisworld.com. “Economic Crisis: When Will It End?”, April 28, 2009. IBISWorld has been in the Information industry since 1971, providing financial and economic information on over 700 U.S. industries.

**Table 19
Estimated Project Taxable Sales by Source**

<u>Year</u>	<u>Local Construction Materials</u>	<u>Local TI/FF&E* Purchases</u>	<u>New Retail Sales</u>	<u>Total Taxable Sales</u>
2011	\$ 16,383,961	\$ 825,000	\$ -	\$ 17,208,961
2012	12,830,651	19,201,500	-	32,032,151
2013	6,839,118	1,638,630	6,492,054	14,969,802
2014	875,497	1,011,295	6,673,862	8,560,653
2015	893,007	1,032,608	6,860,760	8,786,375
2016	-	143,511	7,052,893	7,196,404
2017	-	147,530	7,250,407	7,397,937
2018	-	151,662	7,453,452	7,605,113
2019	-	155,909	7,662,183	7,818,092
2020	-	160,275	7,876,759	8,037,034
2021	-	164,763	8,097,345	8,262,108
2022	-	169,377	8,324,108	8,493,485
2023	-	174,121	8,557,221	8,731,342
2024	-	178,997	8,796,863	8,975,860
2025	-	184,010	9,043,216	9,227,225
2026	-	189,163	9,296,467	9,485,630
2027	-	194,460	9,556,811	9,751,272
2028	-	199,906	9,824,446	10,024,352
2029	-	205,504	10,099,576	10,305,080
2030	-	211,259	10,382,411	10,593,670
Total	\$37,822,233	\$26,339,481	\$ 149,300,834	\$213,462,549

*TI-tenant improvements, FF&E-furniture, fixtures and equipment.

Development construction is assumed for the period 2011 and 2015, generating construction materials purchases during that time. The majority of construction will occur in 2011 and 2012 and the majority of TI and FF&E purchases will be made in 2012 for the space completed in 2011 and 2012. Following construction, FF&E purchases will continue for the operating purchases of the Media Lab. The commercial component of the development is expected to be completed in 2014, though the retail component will be completed in 2013, generating taxable sales starting that year.

There has been some discussion of increasing the existing sales tax rate by 0.125% in order to help finance the project. The analysis estimates sales tax revenue to be generated by the tax rate increase of \$21.8 million over the analysis period as shown in Table 20 below. This is revenue to be generated by all taxable sales in Carson City given the additional tax rate of 0.125%.

**Table 20
Sales Tax Revenue Comparison**

Year	Total Taxable Sales	Current Sales Tax Revenue	Proposed Sales Tax Revenue	Increase In Sales Tax Revenue	Present Value of Revenue
2011	\$ 687,222,781	\$ 48,964,623	\$ 49,823,652	\$ 859,028	\$ 770,309
2012	708,746,108	50,498,160	51,384,093	885,933	752,293
2013	705,218,038	50,246,785	51,128,308	881,523	708,841
2014	717,448,776	51,118,225	52,015,036	896,811	682,881
2015	737,526,634	52,548,773	53,470,681	921,908	664,753
2016	756,344,752	53,889,564	54,834,995	945,431	645,552
2017	777,525,893	55,398,720	56,370,627	971,907	628,428
2018	799,300,204	56,950,140	57,949,265	999,125	611,757
2019	821,684,296	58,545,006	59,572,111	1,027,105	595,529
2020	844,695,246	60,184,536	61,240,405	1,055,869	579,732
2021	868,350,609	61,869,981	62,955,419	1,085,438	564,353
2022	892,668,431	63,602,626	64,718,461	1,115,836	549,382
2023	917,667,264	65,383,793	66,530,877	1,147,084	534,809
2024	943,366,180	67,214,840	68,394,048	1,179,208	520,622
2025	969,784,784	69,097,166	70,309,397	1,212,231	506,811
2026	996,943,231	71,032,205	72,278,384	1,246,179	493,367
2027	1,024,862,239	73,021,435	74,302,512	1,281,078	480,279
2028	1,053,563,108	75,066,371	76,383,325	1,316,954	467,539
2029	1,083,067,734	77,168,576	78,522,411	1,353,835	455,137
2030	1,113,398,626	79,329,652	80,721,400	1,391,748	443,063
Total	\$ 17,419,384,936	\$ 1,241,131,177	\$ 1,262,905,408	\$ 21,774,231	\$ 11,655,438

The analysis estimates the present value of these revenue flows using a discount rate of 5.5%, the 15-year average of returns on a 20-year constant maturity Treasury note. The present value of the sales tax revenue to be generated by the increase in the sales tax rate over the analysis period, as of December 31, 2009 is estimated at \$11.7 million.

While the analysis projected property and sales tax revenue over a 20-year period, MBA also was asked to estimate sales tax revenue over a 30-year period to provide a longer period. Table 21 below shows a sales tax revenue estimate and present value of cash flows over the analysis period plus 10 years for a total of 30 years.

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**Table 21
Sales Tax Revenue Comparison
30-Year Period**

Year	Current Sales Tax Revenue	Proposed Sales Tax Revenue	Increase In Sales Tax Revenue	Present Value of Revenue
2011	\$ 48,964,623	\$ 49,823,652	\$ 859,028	\$ 770,309
2012	50,498,160	51,384,093	885,933	752,293
2013	50,246,785	51,128,308	881,523	708,841
2014	51,118,225	52,015,036	896,811	682,881
2015	52,548,773	53,470,681	921,908	664,753
2016	53,889,564	54,834,995	945,431	645,552
2017	55,398,720	56,370,627	971,907	628,428
2018	56,950,140	57,949,265	999,125	611,757
2019	58,545,006	59,572,111	1,027,105	595,529
2020	60,184,536	61,240,405	1,055,869	579,732
2021	61,869,981	62,955,419	1,085,438	564,353
2022	63,602,626	64,718,461	1,115,836	549,382
2023	65,383,793	66,530,877	1,147,084	534,809
2024	67,214,840	68,394,048	1,179,208	520,622
2025	69,097,166	70,309,397	1,212,231	506,811
2026	71,032,205	72,278,384	1,246,179	493,367
2027	73,021,435	74,302,512	1,281,078	480,279
2028	75,066,371	76,383,325	1,316,954	467,539
2029	77,168,576	78,522,411	1,353,835	455,137
2030	79,329,652	80,721,400	1,391,748	443,063
2031	81,551,248	82,981,972	1,430,724	431,310
2032	83,835,059	85,305,850	1,470,791	419,869
2033	86,182,828	87,694,807	1,511,979	408,731
2034	88,596,344	90,150,666	1,554,322	397,888
2035	91,077,451	92,675,301	1,597,850	387,333
2036	93,628,039	95,270,636	1,642,597	377,059
2037	96,250,056	97,938,654	1,688,597	367,056
2038	98,945,502	100,681,388	1,735,886	357,319
2039	101,716,432	103,500,931	1,784,499	347,841
2040	104,564,961	106,399,434	1,834,473	338,614
Total	\$ 2,167,479,097	\$ 2,205,505,046	\$ 38,025,949	\$ 15,488,457

SUMMARY OF FINDINGS

The market, economic impact and financial analyses of the impact of the proposed development on Carson City and other jurisdictions can be summarized as follows:

- The proposed project is situated in downtown Carson City, Nevada in the Redevelopment District. The project will include mixed-use commercial, a discovery library, business incubator, technology and office space, a park, and a 500-space shared parking system. The project is estimated to add approximately 305,000 total square feet, excluding the parking system.

Market Analysis

The project will contribute to the economic well-being of Carson City and is expected to meet its goals of:

- Diversification of existing commercial sector to better handle declines in any industry.
- Creation of jobs directly by the development and indirectly across the community.
- Benefit to the youth of Carson City in terms of job opportunities, training and availability of resources.

Economic Impact Analysis

- The construction and operation of the development will have a regional economic impact estimated at \$164.3 million through the first full year of operation. This includes direct and other (non-direct) impacts.
- The project will have a regional employment impact estimated at 1,026 jobs, of which 465 jobs will be permanent.

Financial Analysis

- The project is projected to generate an estimated \$33.6 million in property tax revenue for the project area over the analysis period.
- The project is projected to generate an estimated \$21.8 million in sales tax revenue from the 0.125% sales tax rate increase over the analysis period.

APPENDIX 1
2011 Economic Impacts by Expenditure Type

	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact	
Construction	Land Improvement: Materials	\$6,375,000	\$4,781,250	\$1,204,500	\$1,825,991	\$7,811,741	
	Land Improvement: Labor	\$6,375,000	\$3,433,927	\$630,869	\$777,204	\$4,842,000	
	Building Construction: Materials	\$11,100,000	\$8,325,000	\$2,015,262	\$3,627,194	\$13,967,456	
	Building Construction: Labor	\$11,100,000	\$5,979,072	\$1,098,453	\$1,353,250	\$8,430,775	
	Tenant Improvements: Materials	\$550,000	\$412,500	\$99,855	\$179,726	\$692,081	
	Tenant Improvements: Labor	\$550,000	\$296,260	\$54,428	\$67,053	\$417,741	
	TOTAL	\$36,050,000		Total Construction Impacts			
				\$23,228,009	\$5,103,367	\$7,830,418	\$36,161,794
				MULTIPLIERS			
	Land Improvement: Materials			1.0000	0.2519	0.3819	1.6338
	Land Improvement: Labor			1.0000	0.1837	0.2263	1.4100
	Building Construction: Materials			1.0000	0.2421	0.4357	1.6778
	Building Construction: Labor			1.0000	0.1837	0.2263	1.4100
	Tenant Improvements: Materials			1.0000	0.2421	0.4357	1.6778
	Tenant Improvements: Labor			1.0000	0.1837	0.2263	1.4100
			1.0000	0.2197	0.3371	1.5568	
Grand Total			\$23,228,009	\$5,103,367	\$7,830,418	\$36,161,794	

APPENDIX 1, ASSUMPTIONS

Construction:

- 1) Building construction costs provided by the developer. A factor of 50/50% is applied to the total construction cost to separate materials from labor costs.
- 2) 75% of construction materials are assumed to be from local sources, according to discussions with developers. Only local expenditures have direct impacts.
- 3) The difference between payroll and direct-impact totals for construction labor is the result of income spent on taxes, benefits, and the resulting household spending on non-local establishments.

Labor:

- 1) Difference between total expenditures and direct impacts is the result non-disposable income (investments, retirement plans, taxes, insurance, etc.) and expenditures applied to establishments located outside the region.
- 2) Source of payroll: provided by Developer

APPENDIX 2
2012 Economic Impacts by Expenditure Type

	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact	
Construction	Land Improvement: Materials	\$1,020,000	\$765,000	\$192,720	\$292,159	\$1,249,879	
	Land Improvement: Labor	\$1,020,000	\$549,429	\$100,939	\$124,353	\$774,721	
	Building Construction: Materials	\$15,402,000	\$11,551,500	\$2,796,312	\$5,032,976	\$19,380,788	
	Building Construction: Labor	\$15,402,000	\$8,296,367	\$1,524,178	\$1,877,726	\$11,698,271	
	Tenant Improvements: Materials	\$12,801,000	\$9,600,750	\$2,324,342	\$4,183,047	\$16,108,138	
	Tenant Improvements: Labor	\$12,801,000	\$6,912,540	\$1,569,838	\$1,933,437	\$10,415,815	
	TOTAL	\$58,446,000		Total Construction Impacts			
				\$37,675,586	\$8,508,328	\$13,443,698	\$59,627,613
				MULTIPLIERS			
	Land Improvement: Materials			1.0000	0.2519	0.3819	1.6338
	Land Improvement: Labor			1.0000	0.1837	0.2263	1.4100
	Building Construction: Materials			1.0000	0.2421	0.4357	1.6778
	Building Construction: Labor			1.0000	0.1837	0.2263	1.4100
	Tenant Improvements: Materials			1.0000	0.2421	0.4357	1.6778
Tenant Improvements: Labor			1.0000	0.2271	0.2797	1.5068	
			1.0000	0.2258	0.3568	1.5827	
	Grand Total		\$37,675,586	\$8,508,328	\$13,443,698	\$59,627,613	

APPENDIX 2, ASSUMPTIONS

Construction:

- 1) Building construction costs provided by the developer. A factor of 50/50% is applied to the total construction cost to separate materials from labor costs.
- 2) 75% of construction materials are assumed to be from local sources, according to discussions with developers. Only local expenditures have direct impacts.
- 3) The difference between payroll and direct-impact totals for construction labor is the result of income spent on taxes, benefits, and the resulting household spending on non-local establishments.

Labor:

- 1) Difference between total expenditures and direct impacts is the result non-disposable income (investments, retirement plans, taxes, insurance, etc.) and expenditures applied to establishments located outside the region.
- 2) Source of payroll: provided by Developer

**APPENDIX 3
2013 Economic Impacts by Expenditure Type**

Construction	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Land Improvement: Materials	\$1,560,600	\$1,170,450	\$294,861	\$447,003	\$1,912,314
	Land Improvement: Labor	\$1,560,600	\$840,626	\$154,437	\$190,260	\$1,185,323
	Building Construction: Materials	\$7,386,840	\$5,540,130	\$1,341,119	\$2,413,829	\$9,295,078
	Building Construction: Labor	\$7,386,840	\$3,978,960	\$731,000	\$900,562	\$5,610,522
	Tenant Improvements: Materials	\$1,092,420	\$819,315	\$198,334	\$356,975	\$1,374,624
	Tenant Improvements: Labor	\$1,092,420	\$588,438	\$108,106	\$133,182	\$829,726
	TOTAL	\$20,079,720	Total Construction Impacts			
			\$12,937,919	\$2,827,857	\$4,441,811	\$20,207,587
			MULTIPLIERS			
Land Improvement: Materials		1.0000	0.2519	0.3819	1.6338	
Land Improvement: Labor		1.0000	0.1837	0.2263	1.4100	
Building Construction: Materials		1.0000	0.2421	0.4357	1.6778	
Building Construction: Labor		1.0000	0.1837	0.2263	1.4100	
Tenant Improvements: Materials		1.0000	0.2421	0.4357	1.6778	
Tenant Improvements: Labor		1.0000	0.1837	0.2263	1.4100	
		1.0000	0.2186	0.3433	1.5619	

Operating	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Retail	\$510,000	\$484,602	\$140,768	\$185,934	\$811,304
	Office	\$330,600	\$164,936	\$52,953	\$54,013	\$271,902
	Library	\$330,600	\$44,461	\$18,322	\$11,831	\$74,614
	Entertainment	\$510,000	\$244,880	\$135,709	\$53,907	\$434,496
	Business Center	\$110,200	\$62,913	\$16,468	\$25,592	\$104,973
	Media Lab	\$110,200	\$52,913	\$29,324	\$11,648	\$93,885
	TOTAL	\$1,901,600	Total Operating Impacts			
			\$1,054,705	\$393,544	\$342,925	\$1,791,174
			MULTIPLIERS			
Retail		1.0000	0.2905	0.3837	1.6742	
Office		1.0000	0.3211	0.3275	1.6485	
Library		1.0000	0.4121	0.2661	1.6782	
Entertainment		1.0000	0.5542	0.2201	1.7743	
Business Center		1.0000	0.2618	0.4068	1.6685	
Media Lab		1.0000	0.5542	0.2201	1.7743	
		1.0000	0.3731	0.3251	1.6983	

APPENDIX 3
2013 Economic Impacts by Expenditure Type

	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Payroll	Operating Payroll	\$8,893,205	\$4,790,369	\$880,069	\$1,084,209	\$6,754,648
			MULTIPLIERS			
	Operating Payroll		1.0000	0.1837	0.2263	1.4100
	TOTAL	\$8,893,205	Total Operating Impacts			
			\$4,790,369	\$880,069	\$1,084,209	\$6,754,648
		Grand Total	\$18,782,993	\$4,101,470	\$5,868,945	\$28,753,409

APPENDIX 3, ASSUMPTIONS

Construction:

- 1) Building construction costs provided by the developer. A factor of 50/50% is applied to the total construction cost to separate materials from labor costs.
- 2) 75% of construction materials are assumed to be from local sources, according to discussions with developers. Only local expenditures have direct impacts.
- 3) The difference between payroll and direct-impact totals for construction labor is the result of income spent on taxes, benefits, and the resulting household spending on non-local establishments.

Labor:

- 1) Difference between total expenditures and direct impacts is the result non-disposable income (investments, retirement plans, taxes, insurance, etc.) and expenditures applied to establishments located outside the region.
- 2) Source of payroll: provided by Developer

Operating:

- 1) Operating expenses provided by developer.
- 2) Difference between total expenditures and direct impacts due to retail margins (only retail price "mark-ups" have local impact) and spending on non-local establishments.

Payroll:

- 1) Source of payroll: Department of Employment, Training, & Rehabilitation (May 2009) median wages for retail (\$9.83), office (\$15.16), library (\$15.66), entertainment (\$9.83), business center (\$15.16), and media center (\$17.44) occupations in Carson City. Wage amounts are appreciated 3% per year.

APPENDIX 4
2014 Economic Impacts by Expenditure Type

Construction	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Land Improvement: Materials	\$0	\$0	\$0	\$0	\$0
	Land Improvement: Labor	\$0	\$0	\$0	\$0	\$0
	Building Construction: Materials	\$1,167,329	\$875,497	\$211,935	\$381,453	\$1,468,885
	Building Construction: Labor	\$1,167,329	\$628,788	\$115,519	\$142,314	\$886,621
	Tenant Improvements: Materials	\$583,664	\$437,748	\$105,967	\$190,726	\$734,441
	Tenant Improvements: Labor	\$583,664	\$314,393	\$57,759	\$71,157	\$443,309
	TOTAL	\$3,501,986	Total Construction Impacts			
			\$2,256,426	\$491,180	\$785,650	\$3,533,256
	MULTIPLIERS					
Land Improvement: Materials		n/a	n/a	n/a	n/a	
Land Improvement: Labor		n/a	n/a	n/a	n/a	
Building Construction: Materials			1.0000	0.2421	0.4357	1.6778
Building Construction: Labor			1.0000	0.1837	0.2263	1.4100
Tenant Improvements: Materials			1.0000	0.2421	0.4357	1.6778
Tenant Improvements: Labor			1.0000	0.1837	0.2263	1.4100
			1.0000	0.2177	0.3482	1.5659

Operating	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Retail	\$525,200	\$499,045	\$144,963	\$191,476	\$835,484
	Office	\$340,200	\$169,725	\$54,491	\$55,581	\$279,797
	Library	\$340,200	\$45,751	\$18,854	\$12,175	\$76,780
	Entertainment	\$525,200	\$252,178	\$139,753	\$55,514	\$447,445
	Business Center	\$113,400	\$64,741	\$16,946	\$26,335	\$108,022
	Data Center	\$56,700	\$8,418	\$2,950	\$2,710	\$14,078
	Media Lab	\$113,400	\$54,450	\$30,175	\$11,986	\$96,611
	TOTAL	\$2,014,300	Total Operating Impacts			
			\$1,094,308	\$408,132	\$355,777	\$1,858,217
MULTIPLIERS						
Retail			1.0000	0.2905	0.3837	1.6742
Office			1.0000	0.3211	0.3275	1.6485
Library			1.0000	0.4121	0.2661	1.6782
Entertainment			1.0000	0.5542	0.2201	1.7743
Business Center			1.0000	0.2618	0.4068	1.6685
Data Center			1.0000	0.3504	0.3219	1.6724
Media Lab			1.0000	0.5542	0.2201	1.7743
			1.0000	0.3730	0.3251	1.6981

APPENDIX 4
2014 Economic Impacts by Expenditure Type

	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Payroll	Operating Payroll	\$9,268,496	\$4,992,522	\$961,820	\$1,184,923	\$7,139,264
			MULTIPLIERS			
	Operating Payroll		1.0000	0.1927	0.2373	1.4300
	TOTAL	\$9,268,496	Total Operating Impacts			
			\$4,992,522	\$961,820	\$1,184,923	\$7,139,264
		Grand Total	\$8,343,256	\$1,861,132	\$2,326,350	\$12,530,737

APPENDIX 4, ASSUMPTIONS

Construction:

- 1) Building construction costs provided by the developer. A factor of 50/50% is applied to the total construction cost to separate materials from labor costs.
- 2) 75% of construction materials are assumed to be from local sources, according to discussions with developers. Only local expenditures have direct impacts.
- 3) The difference between payroll and direct-impact totals for construction labor is the result of income spent on taxes, benefits, and the resulting household spending on non-local establishments.

Labor:

- 1) Difference between total expenditures and direct impacts is the result non-disposable income (investments, retirement plans, taxes, insurance, etc.) and expenditures applied to establishments located outside the region.
- 2) Source of payroll: provided by Developer

Operating:

- 1) Operating expenses provided by developer.
- 2) Difference between total expenditures and direct impacts due to retail margins (only retail price "mark-ups" have local impact) and spending on non-local establishments.

Payroll:

- 1) Source of payroll: Department of Employment, Training, & Rehabilitation (May 2009) median wages for retail (\$9.83), office (\$15.16), library (\$15.66), entertainment (\$9.83), business center (\$15.16), data center (\$13.99), and media center (\$17.44) occupations in Carson City. Wage amounts are appreciated 3% per year.

APPENDIX 5
2015 Economic Impacts by Expenditure Type

Construction	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Land Improvement: Materials	\$0	\$0	\$0	\$0	\$0
	Land Improvement: Labor	\$0	\$0	\$0	\$0	\$0
	Building Construction: Materials	\$1,190,675	\$893,007	\$216,173	\$389,082	\$1,498,262
	Building Construction: Labor	\$1,190,675	\$641,363	\$117,829	\$145,160	\$904,352
	Tenant Improvements: Materials	\$595,338	\$446,503	\$108,087	\$194,541	\$749,131
	Tenant Improvements: Labor	\$595,338	\$320,682	\$58,915	\$72,580	\$452,177
	TOTAL	\$3,572,026	Total Construction Impacts			
			\$2,301,555	\$501,004	\$801,363	\$3,603,922
	MULTIPLIERS					
Land Improvement: Materials		n/a	n/a	n/a	n/a	
Land Improvement: Labor		n/a	n/a	n/a	n/a	
Building Construction: Materials		1.0000	0.2421	0.4357	1.6778	
Building Construction: Labor		1.0000	0.1837	0.2263	1.4100	
Tenant Improvements: Materials		1.0000	0.2421	0.4357	1.6778	
Tenant Improvements: Labor		1.0000	0.1837	0.2263	1.4100	
		1.0000	0.2177	0.3482	1.5659	

Operating	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Retail	\$541,200	\$514,248	\$149,380	\$197,309	\$860,937
	Office	\$350,400	\$174,814	\$56,124	\$57,248	\$288,186
	Library	\$350,400	\$47,123	\$19,419	\$12,540	\$79,082
	Entertainment	\$541,200	\$259,861	\$144,011	\$57,205	\$461,077
	Business Center	\$116,800	\$66,681	\$17,454	\$27,125	\$111,260
	Data Center	\$58,400	\$8,418	\$2,950	\$2,710	\$14,078
	Media Lab	\$116,800	\$56,082	\$31,080	\$12,346	\$99,508
	TOTAL	\$2,075,200	Total Operating Impacts			
			\$1,127,227	\$420,418	\$366,483	\$1,914,128
MULTIPLIERS						
Retail		1.0000	0.2905	0.3837	1.6742	
Office		1.0000	0.3210	0.3275	1.6485	
Library		1.0000	0.4121	0.2661	1.6782	
Entertainment		1.0000	0.5542	0.2201	1.7743	
Business Center		1.0000	0.2618	0.4068	1.6685	
Data Center		1.0000	0.3504	0.3219	1.6724	
Media Lab		1.0000	0.5542	0.2201	1.7743	
		1.0000	0.3730	0.3251	1.6981	

APPENDIX 5
2015 Economic Impacts by Expenditure Type

	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Payroll	Operating Payroll	\$9,546,551	\$5,142,297	\$944,724	\$1,163,862	\$7,250,883
			MULTIPLIERS			
	Operating Payroll		1.0000	0.1837	0.2263	1.4100
	TOTAL	\$9,546,551	Total Operating Impacts			
			\$5,142,297	\$944,724	\$1,163,862	\$7,250,883
	Grand Total		\$8,571,079	\$1,866,146	\$2,331,708	\$12,768,933

APPENDIX 5, ASSUMPTIONS

Construction:

- 1) Building construction costs provided by the developer. A factor of 50/50% is applied to the total construction cost to separate materials from labor costs.
- 2) 75% of construction materials are assumed to be from local sources, according to discussions with developers. Only local expenditures have direct impacts.
- 3) The difference between payroll and direct-impact totals for construction labor is the result of income spent on taxes, benefits, and the resulting household spending on non-local establishments.

Labor:

- 1) Difference between total expenditures and direct impacts is the result non-disposable income (investments, retirement plans, taxes, insurance, etc.) and expenditures applied to establishments located outside the region.
- 2) Source of payroll: provided by Developer

Operating:

- 1) Operating expenses provided by developer.
- 2) Difference between total expenditures and direct impacts due to retail margins (only retail price "mark-ups" have local impact) and spending on non-local establishments.

Payroll:

- 1) Source of payroll: Department of Employment, Training, & Rehabilitation (May 2009) median wages for retail (\$9.83), office (\$15.16), library (\$15.66), entertainment (\$9.83), business center (\$15.16), data center (\$13.99), and media center (\$17.44) occupations in Carson City. Wage amounts are appreciated 3% per year.

**APPENDIX 6
2016 Economic Impacts by Expenditure Type**

	Expenditure Type	Expenditure Amount	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Operating	Retail	\$557,200	\$529,451	\$153,796	\$203,142	\$886,389
	Office	\$361,200	\$180,202	\$57,854	\$59,012	\$297,068
	Library	\$361,200	\$48,575	\$20,018	\$12,926	\$81,519
	Entertainment	\$557,200	\$267,543	\$148,268	\$58,897	\$474,708
	Business Center	\$120,400	\$68,736	\$17,992	\$27,961	\$114,689
	Data Center	\$60,200	\$8,678	\$3,041	\$2,794	\$14,513
	Media Lab	\$120,400	\$57,810	\$32,038	\$12,726	\$102,574
	TOTAL	\$2,137,800	Total Operating Impacts			
			\$1,160,995	\$433,007	\$377,458	\$1,971,460
			MULTIPLIERS			
	Retail		1.0000	0.2905	0.3837	1.6742
	Office		1.0000	0.3211	0.3275	1.6485
	Library		1.0000	0.4121	0.2661	1.6782
	Entertainment		1.0000	0.5542	0.2201	1.7743
Business Center		1.0000	0.2618	0.4068	1.6685	
Data Center		1.0000	0.3504	0.3220	1.6724	
Media Lab		1.0000	0.5542	0.2201	1.7743	
		1.0000	0.3730	0.3251	1.6981	
Payroll	Operating Payroll	\$9,832,947	\$5,296,566	\$973,066	\$1,198,778	\$7,468,410
			MULTIPLIERS			
	Operating Payroll		1.0000	0.1837	0.2263	1.4100
	TOTAL	\$9,832,947	Total Operating Impacts			
		\$5,296,566	\$973,066	\$1,198,778	\$7,468,410	
New Residents	100 New Housing Units	\$6,540,500	\$3,560,673	\$637,828	\$789,488	\$4,987,989
	TOTAL	\$6,540,500	Total Household Impacts			
			\$3,560,673	\$637,828	\$789,488	\$4,987,989
			MULTIPLIERS			
100 New Housing Units		1.0000	0.1791	0.2217	1.4009	
		Grand Total	\$10,018,234	\$2,043,901	\$2,365,724	\$14,427,859

APPENDIX 6, ASSUMPTIONS

Operating:

- 1) Operating expenses provided by developer.
- 2) Difference between total expenditures and direct impacts due to retail margins (only retail price "mark-ups" have local impact) and spending on non-local establishments.

APPENDIX 6
2016 Economic Impacts by Expenditure Type

Payroll:

1) Source of payroll: Department of Employment, Training, & Rehabilitation (May 2009) median wages for retail (\$9.83), office (\$15.16), library (\$15.66), entertainment (\$9.83), business center (\$15.16), data center (\$13.99), and media center (\$17.44) occupations in Carson City. Wage amounts are appreciated 3% per year.

New Residents:

- 1) Source of household expenditures: 2007 median household income for Washoe County (American Community Survey - U.S. Census Bureau).
- 2) Median household income inflated 3% per year (2007 Carson City median household income = \$50,128).
- 3) Difference between total expenditures and direct impacts due to retail margins (only retail price "mark-ups" have local impact) and spending on non-local establishments.

**APPENDIX 7
2011 Economic Impacts by Expenditure Type**

	Expenditure Type	Total Employees	Direct Impact	Indirect Impact	Induced Impact	Total Impact	
Construction	Land Improvement: Materials	(calculated by input-output model)	40.2	10.5	16.4	67.1	
	Land Improvement: Labor		151.0	23.8	42.9	217.6	
	Building Construction: Materials	(calculated by input-output model)	85.3	18.5	32.6	136.4	
	Building Construction: Labor		263.0	41.0	74.1	378.2	
	Tenant Improvements: Materials	(calculated by input-output model)	4.2	0.9	1.6	6.7	
	Tenant Improvements: Labor		13.0	1.9	3.7	18.6	
				Total Employment Impacts from Construction			
				556.7	96.6	171.3	824.6
				MULTIPLIERS			
	Land Improvement: Materials		1.0000	0.2612	0.4080	1.6692	
	Land Improvement: Labor		1.0000	0.1574	0.2840	1.4414	
	Building Construction: Materials		1.0000	0.2169	0.3822	1.5991	
	Building Construction: Labor		1.0000	0.1560	0.2819	1.4379	
	Tenant Improvements: Materials		1.0000	0.2143	0.3810	1.5952	
	Tenant Improvements: Labor		1.0000	0.1429	0.2857	1.4286	
			1.0000	0.2160	0.3686	1.5845	
			Grand Total				
			556.7	96.6	171.3	824.6	

APPENDIX 7, ASSUMPTIONS

Construction:

- 1) The number of employees impacted by the construction material expenditures are calculated by the input-output model and are considered as construction jobs SUPPORTED, but not CREATED by the project.
- 2) The number of construction employees is calculated by applying a 50/50% factor to the total construction expenditures to separate payroll from materials, and then divide by the May 2009 average salary of the trade area's construction industry (\$42,249).

Labor:

- 1) The number of employees impacted by the household expenditures generated from payroll are calculated by the input-output model and are considered as jobs SUPPORTED, but not CREATED by the project.
- 2) The number of payroll employees are provided by developer, and are considered as newly created jobs in the region.

APPENDIX 8
2012 Economic Impacts by Expenditure Type

	Expenditure Type	Total Employees	Direct Impact	Indirect Impact	Induced Impact	Total Impact	
Construction	Land Improvement: Materials	(calculated by input-output model)	6.4	1.7	2.6	10.7	
	Land Improvement: Labor		24.0	3.7	6.9	34.6	
	Building Construction: Materials	(calculated by input-output model)	118.3	25.7	45.3	189.3	
	Building Construction: Labor		365.0	56.9	103.0	524.9	
	Tenant Improvements: Materials	(calculated by input-output model)	98.3	21.4	37.6	157.3	
	Tenant Improvements: Labor		302.7	47.3	85.6	435.6	
				Total Employment Impacts from Construction			
				914.7	156.7	281.1	1,352.4
				MULTIPLIERS			
	Land Improvement: Materials			1.0000	0.2656	0.4063	1.6719
	Land Improvement: Labor			1.0000	0.1538	0.2885	1.4423
	Building Construction: Materials			1.0000	0.2172	0.3829	1.6002
	Building Construction: Labor			1.0000	0.1558	0.2822	1.4381
	Tenant Improvements: Materials			1.0000	0.2176	0.3826	1.6002
	Tenant Improvements: Labor			1.0000	0.1563	0.2829	1.4392
				1.0000	0.2171	0.3803	1.5974
			Grand Total				
			914.7	156.7	281.1	1,352.4	

APPENDIX 8, ASSUMPTIONS

Construction:

- 1) The number of employees impacted by the construction material expenditures are calculated by the input-output model and are considered as construction jobs SUPPORTED, but not CREATED by the project.
- 2) The number of construction employees is calculated by applying a 50/50% factor to the total construction expenditures to separate payroll from materials, and then divide by the May 2009 average salary of the trade area's construction industry (\$42,249).

Labor:

- 1) The number of employees impacted by the household expenditures generated from payroll are calculated by the input-output model and are considered as jobs SUPPORTED, but not CREATED by the project.
- 2) The number of payroll employees are provided by developer, and are considered as newly created jobs in the region.

**APPENDIX 9
2013 Economic Impacts by Expenditure Type**

Construction	Expenditure Type	Total Employees	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Land Improvement: Materials	(calculated by input-output model)	9.9	2.6	4.0	16.5
	Land Improvement: Labor		37.0	5.6	10.3	52.9
	Building Construction: Materials	(calculated by input-output model)	56.7	12.3	21.7	90.7
	Building Construction: Labor		175.0	27.5	49.5	252.0
	Tenant Improvements: Materials	(calculated by input-output model)	8.4	1.8	3.2	13.4
	Tenant Improvements: Labor		26.0	4.2	7.4	37.6
	Total Employment Impacts from Construction					
			313.0	54.0	96.1	463.1
	MULTIPLIERS					
Land Improvement: Materials		1.0000	0.2626	0.4040	1.6667	
Land Improvement: Labor		1.0000	0.1519	0.2785	1.4304	
Building Construction: Materials		1.0000	0.2169	0.3827	1.5996	
Building Construction: Labor		1.0000	0.1573	0.2827	1.4400	
Tenant Improvements: Materials		1.0000	0.2143	0.3810	1.5952	
Tenant Improvements: Labor		1.0000	0.1607	0.2857	1.4464	
		1.0000	0.2161	0.3745	1.5906	

Operating	Expenditure Type	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Retail	8.3	1.2	1.7	11.2
	Office	1.1	0.6	0.5	2.2
	Library	0.2	0.2	0.1	0.5
	Entertainment	1.9	1.1	0.5	3.5
	Business Center	1.0	0.2	0.2	1.4
	Media Lab	0.4	0.2	0.1	0.7
	Total Employment Impacts from Operating				
		12.9	3.5	3.1	19.5
	MULTIPLIERS				
Retail	1.0000	0.1446	0.2048	1.3494	
Office	1.0000	0.5455	0.4545	2.0000	
Library	1.0000	1.0000	0.5000	2.5000	
Entertainment	1.0000	0.5789	0.2632	1.8421	
Business Center	1.0000	0.2000	0.2000	1.4000	
Media Lab	1.0000	0.5000	0.2500	1.7500	
	1.0000	0.2713	0.2403	1.5116	

**APPENDIX 9
2013 Economic Impacts by Expenditure Type**

<i>Payroll</i>	Expenditure Type	Total Employees	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Operating Payroll		269.7	269.7	42.3	76.5
	MULTIPLIERS					
Operating Payroll			1.0000	0.1567	0.2835	1.4402
	TOTAL	269.7	Total Operating Impacts			
			269.7	42.3	76.5	388.4
	Grand Total		595.6	99.8	175.7	871.0

APPENDIX 9, ASSUMPTIONS

Construction:

- 1) The number of employees impacted by the construction material expenditures are calculated by the input-output model and are considered as construction jobs SUPPORTED, but not CREATED by the project.
- 2) The number of construction employees is calculated by applying a 50/50% factor to the total construction expenditures to separate payroll from materials, and then divide by the May 2009 average salary of the trade area's construction industry (\$42,249).

Labor:

- 1) The number of employees impacted by the household expenditures generated from payroll are calculated by the input-output model and are considered as jobs SUPPORTED, but not CREATED by the project.
- 2) The number of payroll employees are provided by developer, and are considered as newly created jobs in the region.

Operating:

- 1) The number of employees impacted by the operating expenditures (excluding payroll) are provided by the developer and MBA Research.

Payroll:

- 1) The number of payrolled employees are provided by developer, and are considered as newly created jobs in the region.

APPENDIX 10
2014 Economic Impacts by Expenditure Type

Construction	Expenditure Type	Total Employees	Direct Impact	Indirect Impact	Induced Impact	Total Impact	
	Land Improvement: Materials	(calculated by input-output model)	0.0	0.0	0.0	0.0	
	Land Improvement: Labor		0.0	0.0	0.0	0.0	
	Building Construction: Materials	(calculated by input-output model)	9.0	1.9	3.4	14.3	
	Building Construction: Labor		28.0	4.3	8.1	40.3	
	Tenant Improvements: Materials	(calculated by input-output model)	4.5	1.0	1.7	7.2	
	Tenant Improvements: Labor		14.0	2.3	3.7	20.1	
	Total Employment Impacts from Construction			55.5	9.5	16.9	81.9
	MULTIPLIERS						
	Land Improvement: Materials		n/a	n/a	n/a	n/a	
Land Improvement: Labor		n/a	n/a	n/a	n/a		
Building Construction: Materials		1.0000	0.2111	0.3778	1.5889		
Building Construction: Labor		1.0000	0.1525	0.2881	1.4407		
Tenant Improvements: Materials		1.0000	0.2222	0.3778	1.6000		
Tenant Improvements: Labor		1.0000	0.1667	0.2667	1.4333		
			1.0000	0.2111	0.3778	1.5889	

Operating	Expenditure Type	Direct Impact	Indirect Impact	Induced Impact	Total Impact				
	Retail	8.3	1.2	1.7	11.2				
	Office	1.2	0.6	0.5	2.3				
	Library	0.2	0.2	0.1	0.5				
	Entertainment	2.0	1.1	0.5	3.6				
	Business Center	1.1	0.2	0.2	1.5				
	Data Center	0.1	0.0	0.0	0.1				
	Media Lab	0.4	0.2	0.1	0.7				
	Total Employment Impacts from Operating					13.3	3.5	3.1	19.9
	MULTIPLIERS								
Retail	1.0000	0.1446	0.2048	1.3494					
Office	1.0000	0.5000	0.4167	1.9167					
Library	1.0000	1.0000	0.5000	2.5000					
Entertainment	1.0000	0.5500	0.2500	1.8000					
Business Center	1.0000	0.1818	0.1818	1.3636					
Data Center	1.0000	0.0000	0.0000	1.0000					
Media Lab	1.0000	0.5000	0.2500	1.7500					
					1.0000	0.2632	0.2331	1.4962	

**APPENDIX 10
2014 Economic Impacts by Expenditure Type**

<i>Payroll</i>	Expenditure Type	Total Employees	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Operating Payroll		274.7	274.7	43.2	77.7
			MULTIPLIERS			
Operating Payroll			1.0000	0.1571	0.2828	1.4399
	TOTAL	274.7	Total Operating Impacts			
			274.7	43.2	77.7	395.5
		Grand Total	343.5	56.2	97.7	497.3

APPENDIX 10, ASSUMPTIONS

Construction:

- 1) The number of employees impacted by the construction material expenditures are calculated by the input-output model and are considered as construction jobs SUPPORTED, but not CREATED by the project.
- 2) The number of construction employees is calculated by applying a 50/50% factor to the total construction expenditures to separate payroll from materials, and then divide by the May 2009 average salary of the trade area's construction industry (\$42,249).

Labor:

- 1) The number of employees impacted by the household expenditures generated from payroll are calculated by the input-output model and are considered as jobs SUPPORTED, but not CREATED by the project.
- 2) The number of payroll employees are provided by developer, and are considered as newly created jobs in the region.

Operating:

- 1) The number of employees impacted by the operating expenditures (excluding payroll) are provided by the developer and MBA Research.

Payroll:

- 1) The number of payrolled employees are provided by developer, and are considered as newly created jobs in the region.

APPENDIX 11
2015 Economic Impacts by Expenditure Type

Construction	Expenditure Type	Total Employees	Direct Impact	Indirect Impact	Induced Impact	Total Impact	
	Land Improvement: Materials	(calculated by input-output model)	0.0	0.0	0.0	0.0	
	Land Improvement: Labor		0.0	0.0	0.0	0.0	
	Building Construction: Materials	(calculated by input-output model)	9.1	2.0	3.5	14.6	
	Building Construction: Labor		28.0	4.2	7.9	40.1	
	Tenant Improvements: Materials	(calculated by input-output model)	4.6	1.0	1.8	7.4	
	Tenant Improvements: Labor		14.0	2.3	4.2	20.5	
	Total Employment Impacts from Construction						
				55.7	9.5	17.4	82.7
	MULTIPLIERS						
Land Improvement: Materials		n/a	n/a	n/a	n/a		
Land Improvement: Labor		n/a	n/a	n/a	n/a		
Building Construction: Materials		1.0000	0.2198	0.3846	1.6044		
Building Construction: Labor		1.0000	0.1500	0.2833	1.4333		
Tenant Improvements: Materials		1.0000	0.2174	0.3913	1.6087		
Tenant Improvements: Labor		1.0000	0.1667	0.3000	1.4667		
			1.0000	0.2198	0.3846	1.6044	

Operating	Expenditure Type	Direct Impact	Indirect Impact	Induced Impact	Total Impact	
	Retail	8.9	1.3	1.8	12.0	
	Office	1.2	0.6	0.5	2.3	
	Library	0.2	0.2	0.1	0.5	
	Entertainment	2.0	1.2	0.5	3.7	
	Business Center	1.1	0.2	0.2	1.5	
	Data Center	0.1	0.0	0.0	0.1	
	Media Lab	0.4	0.2	0.1	0.7	
	Total Employment Impacts from Operating					
			13.9	3.7	3.2	20.8
MULTIPLIERS						
Retail	1.0000	0.1461	0.2022	1.3483		
Office	1.0000	0.5000	0.4167	1.9167		
Library	1.0000	1.0000	0.5000	2.5000		
Entertainment	1.0000	0.6000	0.2500	1.8500		
Business Center	1.0000	0.1818	0.1818	1.3636		
Data Center	1.0000	0.0000	0.0000	1.0000		
Media Lab	1.0000	0.5000	0.2500	1.7500		
		1.0000	0.2662	0.2302	1.4964	

**APPENDIX 11
2015 Economic Impacts by Expenditure Type**

<i>Payroll</i>	Expenditure Type	Total Employees	Direct Impact	Indirect Impact	Induced Impact	Total Impact
	Operating Payroll		274.7	274.7	43.0	77.6
			MULTIPLIERS			
Operating Payroll			1.0000	0.1565	0.2825	1.4390
	TOTAL	274.7	Total Operating Impacts			
			274.7	43.0	77.6	395.3
		Grand Total	344.3	56.2	98.2	498.8

APPENDIX 11, ASSUMPTIONS

Construction:

- 1) The number of employees impacted by the construction material expenditures are calculated by the input-output model and are considered as construction jobs SUPPORTED, but not CREATED by the project.
- 2) The number of construction employees is calculated by applying a 50/50% factor to the total construction expenditures to separate payroll from materials, and then divide by the May 2009 average salary of the trade area's construction industry (\$42,249).

Labor:

- 1) The number of employees impacted by the household expenditures generated from payroll are calculated by the input-output model and are considered as jobs SUPPORTED, but not CREATED by the project.
- 2) The number of payroll employees are provided by developer, and are considered as newly created jobs in the region.

Operating:

- 1) The number of employees impacted by the operating expenditures (excluding payroll) are provided by the developer and MBA Research.

Payroll:

- 1) The number of payrolled employees are provided by developer, and are considered as newly created jobs in the region.

**APPENDIX 12
2016 Economic Impacts by Expenditure Type**

	Expenditure Type	Total Employees	Direct Impact	Indirect Impact	Induced Impact	Total Impact	
<i>Operating</i>	Retail		9.1	1.3	1.8	12.2	
	Office		1.2	0.7	0.5	2.4	
	Library		0.2	0.2	0.1	0.5	
	Entertainment		2.1	1.2	0.5	3.8	
	Business Center		1.1	0.2	0.3	1.6	
	Data Center		0.1	0.0	0.0	0.1	
	Media Lab		0.5	0.3	0.1	0.9	
				Total Employment Impacts from Operating			
				14.3	3.9	3.3	21.5
				MULTIPLIERS			
	Retail			1.0000	0.1429	0.1978	1.3407
	Office			1.0000	0.5833	0.4167	2.0000
	Library			1.0000	1.0000	0.5000	2.5000
	Entertainment			1.0000	0.5714	0.2381	1.8095
	Business Center			1.0000	0.1818	0.2727	1.4545
Data Center			1.0000	0.0000	0.0000	1.0000	
Media Lab			1.0000	0.6000	0.2000	1.8000	
			1.0000	0.2727	0.2308	1.5035	
<i>Payroll</i>	Operating Payroll	274.7	274.7	43.1	77.8	395.6	
				MULTIPLIERS			
	Operating Payroll		1.0000	0.1570	0.2831	1.4402	
	TOTAL	274.7	Total Operating Impacts				
				274.7	43.1	77.8	395.6
<i>New Residents</i>	100 New Housing Units	(calculated by input-output model)	33.9	4.2	10.3	48.4	
				Total Employment Impacts from Households			
				33.9	4.2	10.3	48.4
				MULTIPLIERS			
	100 New Housing Units		1.0000	0.1239	0.3038	1.4277	
Grand Total			322.9	51.2	91.4	465.5	

APPENDIX 12, ASSUMPTIONS

Operating:

1) The number of employees impacted by the operating expenditures (excluding payroll) are provided by the developer and MBA Research.

Payroll:

1) The number of payrolled employees are provided by developer, and are considered as newly created jobs in the region.

APPENDIX 12
2016 Economic Impacts by Expenditure Type

New Residents:

1) The number of employees impacted by the new residents are calculated by the input-output model based on the amount of new household expenditures and are considered as jobs SUPPORTED, but not CREATED by the project.

**APPENDIX 13
BUILDOUT ASSUMPTIONS**

YEAR	USE TYPE	ANNUAL SQ. FT. BUILT	LAND IMPROVEMENT COST	BUILDING CONSTRUCTION COST	TENANT IMPROVEMENT COST	CONSTRUCT. MATERIALS COST
2011	Residential	11,000	\$ 4,635,220	\$ 2,200,000	\$ 1,100,000	\$ 3,417,610
	Retail	20,000	3,371,069	4,000,000	-	3,685,534
	Office	30,000	5,056,603	6,000,000	-	5,528,302
	Library	30,000	5,056,603	6,000,000	-	5,528,302
	Entertainment	-	-	-	-	-
	Business Center	10,000	1,685,534	2,000,000	-	1,842,767
	Data Center	-	-	-	-	-
	Media Lab	10,000	1,685,534	2,000,000	-	1,842,767
	Parking Structure	-	-	-	-	-
	Subtotal		111,000	21,490,564	22,200,000	1,100,000
2012	Residential	11,000	-	2,244,000	1,122,000	1,122,000
	Retail	20,000	-	4,080,000	4,080,000	2,040,000
	Office	30,000	-	6,120,000	6,120,000	3,060,000
	Library	30,000	-	6,120,000	6,120,000	3,060,000
	Entertainment	40,000	3,411,069	8,160,000	4,080,000	5,785,534
	Business Center	10,000	-	2,040,000	2,040,000	1,020,000
	Data Center	-	-	-	-	-
	Media Lab	10,000	-	2,040,000	2,040,000	1,020,000
	Parking Structure	-	-	-	-	-
	Subtotal		151,000	3,411,069	30,804,000	25,602,000
2013	Residential	11,000	-	2,288,880	1,144,440	1,144,440
	Retail	-	-	-	-	-
	Office	-	-	-	-	-
	Library	-	-	-	-	-
	Entertainment	-	-	-	-	-
	Business Center	-	-	-	-	-
	Data Center	10,000	862,967	2,080,800	1,040,400	1,471,884
	Media Lab	-	-	-	-	-
	Parking Structure	-	2,601,000	10,404,000	-	6,502,500
	Subtotal		21,000	3,463,967	14,773,680	2,184,840
2014	Residential	11,000	-	2,334,658	1,167,329	1,167,329
	Retail	-	-	-	-	-
	Office	-	-	-	-	-
	Library	-	-	-	-	-
	Entertainment	-	-	-	-	-
	Business Center	-	-	-	-	-
	Data Center	-	-	-	-	-
	Media Lab	-	-	-	-	-
	Parking Structure	-	-	-	-	-
	Subtotal		11,000	-	2,334,658	1,167,329
2015	Residential	11,000	-	2,381,351	1,190,675	1,190,675
	Retail	-	-	-	-	-
	Office	-	-	-	-	-
	Library	-	-	-	-	-
	Entertainment	-	-	-	-	-
	Business Center	-	-	-	-	-
	Data Center	-	-	-	-	-
	Media Lab	-	-	-	-	-
	Parking Structure	-	-	-	-	-
	Subtotal		11,000	-	2,381,351	1,190,675
TOTAL		305,000	\$ 28,365,600	\$ 72,493,688	\$ 31,244,844	\$ 50,429,644

**APPENDIX 13
BUILDOUT ASSUMPTIONS**

APPENDIX 13, ASSUMPTIONS:

1. The following land and building construction costs represent the Developer's best estimate in 2009.

<u>Use Type</u>	<u>Sq. Ft. Summary of Use Type</u>	<u>Land Improv. Cost*</u>	<u>Building Cost</u>	<u>Tenant Improv. & FF&E Cost**</u>	<u>Year Started</u>	<u>Year Completed</u>
Residential	55,000	\$ 2,750,000	\$ 11,000,000	\$ 5,500,000	2011	2015
Retail	40,000	2,000,000	8,000,000	4,000,000	2011	2012
Office	60,000	3,000,000	12,000,000	6,000,000	2011	2012
Library***	60,000	3,000,000	12,000,000	6,000,000	2011	2012
Entertainment	40,000	2,000,000	8,000,000	4,000,000	2012	2012
Business Center	20,000	1,000,000	4,000,000	2,000,000	2011	2012
Data Center	10,000	500,000	2,000,000	1,000,000	2013	2013
Media Lab	20,000	1,000,000	4,000,000	2,000,000	2011	2012
Parking Structure	500 spaces	2,500,000	10,000,000	-	2013	2013
Total	305,000	\$ 17,750,000	\$ 71,000,000	\$ 30,500,000		

*Includes only land improvement values, not cost of land, which is included separately and discussed in footnote 2 below.

**Tenant improvement costs are incurred in the year of construction completion.

***Analysis assumes Knowledge and Discovery Library will be constructed by the Developer and leased back to Carson City, thus all relevant taxes will be paid by the Developer.

2. Analysis estimates an increase in land values resulting from purchase and construction to \$ **30.00** per square foot for the entire 8 acre parcel for a total land value (excluding any improvements) of \$ **10,454,400** This is shown under each of the components based on percentage of total square footage in 2011 under Land Improvement. Source: Carson City representatives.

3. Annual inflation of **2%** is added to land improvement, building construction and TI/FF&E costs starting in 2012.

4. Construction Materials Cost- **50%** of land improvement and construction cost is assumed to be materials cost.

Source: Discussions with local contractors.

**APPENDIX 14
ESTIMATED PROPERTY TAX REVENUE AT
FY 2009-10 PROPERTY TAX RATE**

YEAR	USE TYPE	TAXABLE VALUE				ASSESSED VALUE		PROPERTY TAX REVENUE	PRESENT VALUE OF REVENUE
		ADDITIONAL LAND IMPROV. VALUE	ADDITIONAL BUILDING VALUE	ADDITIONAL TI/FF&E VALUE	VALUE ON THE ROLLS	VALUE ON THE ROLLS			
2011	Residential	\$ 3,844,359	\$ 2,135,329	\$ 1,100,000	\$ 3,844,359	\$ 1,345,526			
	Retail	2,795,898	3,952,967	-	2,795,898	978,564			
	Office	4,193,847	5,929,450	-	4,193,847	1,467,846			
	Library	4,193,847	5,929,450	-	4,193,847	1,467,846			
	Entertainment	-	-	-	-	-			
	Business Center	1,397,949	1,976,483	-	1,397,949	489,282			
	Data Center	-	-	-	-	-			
	Media Lab	1,397,949	1,976,483	-	1,397,949	489,282			
	Parking Structure	-	-	-	-	-			
	Subtotal	17,823,848	21,900,163	1,100,000	17,823,848	6,238,347	\$ 180,257	\$ 161,640	
2012	Residential	-	2,244,000	1,122,000	7,233,463	2,531,712			
	Retail	-	4,080,000	4,080,000	6,860,700	2,401,245			
	Office	-	6,120,000	6,120,000	10,291,051	3,601,868			
	Library	-	6,120,000	6,120,000	10,291,051	3,601,868			
	Entertainment	2,835,898	8,112,967	4,080,000	2,835,898	992,564			
	Business Center	-	2,040,000	2,040,000	3,430,350	1,200,623			
	Data Center	-	-	-	-	-			
	Media Lab	-	2,040,000	2,040,000	3,430,350	1,200,623			
	Parking Structure	-	-	-	-	-			
	Subtotal	2,835,898	30,756,967	25,602,000	44,372,862	15,530,502	\$ 448,754	\$ 381,061	
2013	Residential	-	2,288,880	1,144,440	10,888,802	3,811,081			
	Retail	-	-	-	15,295,128	5,353,295			
	Office	-	-	-	22,942,693	8,029,942			
	Library	-	-	-	22,942,693	8,029,942			
	Entertainment	-	-	-	15,142,300	5,299,805			
	Business Center	-	-	-	7,647,564	2,676,647			
	Data Center	719,174	2,069,042	1,040,400	719,174	251,711			
	Media Lab	-	-	-	7,647,564	2,676,647			
	Parking Structure	2,601,000	10,404,000	-	2,601,000	910,350			
	Subtotal	3,320,174	14,761,922	2,184,840	105,826,918	37,039,421	\$ 1,070,254	\$ 860,602	
2014	Residential	-	2,334,658	1,167,329	14,757,674	5,165,186			
	Retail	-	-	-	15,906,934	5,567,427			
	Office	-	-	-	23,860,400	8,351,140			
	Library	-	-	-	23,860,400	8,351,140			
	Entertainment	-	-	-	15,747,992	5,511,797			
	Business Center	-	-	-	7,953,467	2,783,713			
	Data Center	-	-	-	3,857,383	1,350,084			
	Media Lab	-	-	-	7,953,467	2,783,713			
	Parking Structure	-	-	-	13,109,040	4,588,164			
	Subtotal	-	2,334,658	1,167,329	127,006,757	44,452,365	\$ 1,284,451	\$ 978,051	
2015	Residential	-	2,381,351	1,190,675	18,849,967	6,597,488			
	Retail	-	-	-	16,543,211	5,790,124			
	Office	-	-	-	24,814,816	8,685,186			
	Library	-	-	-	24,814,816	8,685,186			
	Entertainment	-	-	-	16,377,912	5,732,269			
	Business Center	-	-	-	8,271,605	2,895,062			
	Data Center	-	-	-	4,011,678	1,404,087			
	Media Lab	-	-	-	8,271,605	2,895,062			
	Parking Structure	-	-	-	13,633,402	4,771,691			
	Subtotal	-	2,381,351	1,190,675	135,589,013	47,456,155	\$ 1,371,246	\$ 988,754	
2016	Residential	-	-	-	23,175,992	8,111,597			
	Retail	-	-	-	17,204,939	6,021,729			
	Office	-	-	-	25,807,409	9,032,593			
	Library	-	-	-	25,807,409	9,032,593			
	Entertainment	-	-	-	17,033,029	5,961,560			
	Business Center	-	-	-	8,602,470	3,010,864			
	Data Center	-	-	-	4,172,146	1,460,251			
	Media Lab	-	-	-	8,602,470	3,010,864			
	Parking Structure	-	-	-	14,178,738	4,962,558			
	Subtotal	-	-	-	144,584,600	50,604,610	\$ 1,462,220	\$ 998,423	
2017	Residential	-	-	-	24,103,031	8,436,061			
	Retail	-	-	-	17,893,137	6,262,598			
	Office	-	-	-	26,839,705	9,393,897			
	Library	-	-	-	26,839,705	9,393,897			
	Entertainment	-	-	-	17,714,350	6,200,022			
	Business Center	-	-	-	8,946,568	3,131,299			
	Data Center	-	-	-	4,339,031	1,518,661			
	Media Lab	-	-	-	8,946,568	3,131,299			
	Parking Structure	-	-	-	14,745,887	5,161,061			
	Subtotal	-	-	-	150,367,984	52,628,794	\$ 1,520,709	\$ 983,279	

APPENDIX 14
ESTIMATED PROPERTY TAX REVENUE AT
FY 2009-10 PROPERTY TAX RATE

YEAR	USE TYPE	TAXABLE VALUE				ASSESSED VALUE		PROPERTY TAX REVENUE	PRESENT VALUE OF REVENUE
		ADDITIONAL LAND IMPROV. VALUE	ADDITIONAL BUILDING VALUE	ADDITIONAL TI/FF&E VALUE	VALUE ON THE ROLLS	VALUE ON THE ROLLS			
2018	Residential	-	-	-	25,067,153	8,773,503			
	Retail	-	-	-	18,608,862	6,513,102			
	Office	-	-	-	27,913,293	9,769,653			
	Library	-	-	-	27,913,293	9,769,653			
	Entertainment	-	-	-	18,422,924	6,448,023			
	Business Center	-	-	-	9,304,431	3,256,551			
	Data Center	-	-	-	4,512,593	1,579,407			
	Media Lab	-	-	-	9,304,431	3,256,551			
	Parking Structure	-	-	-	15,335,723	5,367,503			
	Subtotal	-	-	-	156,382,703	54,733,946	\$ 1,581,537	\$ 968,364	
2019	Residential	-	-	-	26,069,839	9,124,444			
	Retail	-	-	-	19,353,217	6,773,626			
	Office	-	-	-	29,029,825	10,160,439			
	Library	-	-	-	29,029,825	10,160,439			
	Entertainment	-	-	-	19,159,841	6,705,944			
	Business Center	-	-	-	9,676,608	3,386,813			
	Data Center	-	-	-	4,693,096	1,642,584			
	Media Lab	-	-	-	9,676,608	3,386,813			
	Parking Structure	-	-	-	15,949,152	5,582,203			
	Subtotal	-	-	-	162,638,011	56,923,304	\$ 1,644,799	\$ 953,676	
2020	Residential	-	-	-	27,112,632	9,489,421			
	Retail	-	-	-	20,127,345	7,044,571			
	Office	-	-	-	30,191,018	10,566,856			
	Library	-	-	-	30,191,018	10,566,856			
	Entertainment	-	-	-	19,926,234	6,974,182			
	Business Center	-	-	-	10,063,673	3,522,285			
	Data Center	-	-	-	4,880,820	1,708,287			
	Media Lab	-	-	-	10,063,673	3,522,285			
	Parking Structure	-	-	-	16,587,118	5,805,491			
	Subtotal	-	-	-	169,143,532	59,200,236	\$ 1,710,591	\$ 939,211	
2021	Residential	-	-	-	28,197,138	9,868,998			
	Retail	-	-	-	20,932,439	7,326,354			
	Office	-	-	-	31,398,659	10,989,531			
	Library	-	-	-	31,398,659	10,989,531			
	Entertainment	-	-	-	20,723,284	7,253,149			
	Business Center	-	-	-	10,466,220	3,663,177			
	Data Center	-	-	-	5,076,053	1,776,619			
	Media Lab	-	-	-	10,466,220	3,663,177			
	Parking Structure	-	-	-	17,250,602	6,037,711			
	Subtotal	-	-	-	175,909,273	61,568,246	\$ 1,779,014	\$ 924,965	
2022	Residential	-	-	-	29,325,023	10,263,758			
	Retail	-	-	-	21,769,737	7,619,408			
	Office	-	-	-	32,654,605	11,429,112			
	Library	-	-	-	32,654,605	11,429,112			
	Entertainment	-	-	-	21,552,215	7,543,275			
	Business Center	-	-	-	10,884,868	3,809,704			
	Data Center	-	-	-	5,279,095	1,847,683			
	Media Lab	-	-	-	10,884,868	3,809,704			
	Parking Structure	-	-	-	17,940,626	6,279,219			
	Subtotal	-	-	-	182,945,644	64,030,975	\$ 1,850,175	\$ 910,935	
2023	Residential	-	-	-	30,498,024	10,674,308			
	Retail	-	-	-	22,640,526	7,924,184			
	Office	-	-	-	33,960,790	11,886,276			
	Library	-	-	-	33,960,790	11,886,276			
	Entertainment	-	-	-	22,414,304	7,845,006			
	Business Center	-	-	-	11,320,263	3,962,092			
	Data Center	-	-	-	5,490,259	1,921,591			
	Media Lab	-	-	-	11,320,263	3,962,092			
	Parking Structure	-	-	-	18,658,251	6,530,388			
	Subtotal	-	-	-	190,263,470	66,592,214	\$ 1,924,182	\$ 897,118	
2024	Residential	-	-	-	31,717,945	11,101,281			
	Retail	-	-	-	23,546,147	8,241,152			
	Office	-	-	-	35,319,221	12,361,727			
	Library	-	-	-	35,319,221	12,361,727			
	Entertainment	-	-	-	23,310,876	8,158,806			
	Business Center	-	-	-	11,773,074	4,120,576			
	Data Center	-	-	-	5,709,869	1,998,454			
	Media Lab	-	-	-	11,773,074	4,120,576			
	Parking Structure	-	-	-	19,404,582	6,791,604			
	Subtotal	-	-	-	197,874,009	69,255,903	\$ 2,001,149	\$ 883,510	

**APPENDIX 14
ESTIMATED PROPERTY TAX REVENUE AT
FY 2009-10 PROPERTY TAX RATE**

YEAR	USE TYPE	TAXABLE VALUE				ASSESSED VALUE		PROPERTY TAX REVENUE	PRESENT VALUE OF REVENUE
		ADDITIONAL LAND IMPROV. VALUE	ADDITIONAL BUILDING VALUE	ADDITIONAL TI/FF&E VALUE	VALUE ON THE ROLLS	VALUE ON THE ROLLS			
2025	Residential	-	-	-	32,986,663	11,545,332			
	Retail	-	-	-	24,487,993	8,570,798			
	Office	-	-	-	36,731,990	12,856,196			
	Library	-	-	-	36,731,990	12,856,196			
	Entertainment	-	-	-	24,243,311	8,485,159			
	Business Center	-	-	-	12,243,997	4,285,399			
	Data Center	-	-	-	5,938,264	2,078,392			
	Media Lab	-	-	-	12,243,997	4,285,399			
	Parking Structure	-	-	-	20,180,765	7,063,268			
	Subtotal	-	-	-	205,788,969	72,026,139	\$ 2,081,195	\$ 870,109	
2026	Residential	-	-	-	34,306,129	12,007,145			
	Retail	-	-	-	25,467,513	8,913,630			
	Office	-	-	-	38,201,270	13,370,444			
	Library	-	-	-	38,201,270	13,370,444			
	Entertainment	-	-	-	25,213,043	8,824,565			
	Business Center	-	-	-	12,733,757	4,456,815			
	Data Center	-	-	-	6,175,795	2,161,528			
	Media Lab	-	-	-	12,733,757	4,456,815			
	Parking Structure	-	-	-	20,987,995	7,345,798			
	Subtotal	-	-	-	214,020,528	74,907,185	\$ 2,164,443	\$ 856,911	
2027	Residential	-	-	-	35,678,374	12,487,431			
	Retail	-	-	-	26,486,214	9,270,175			
	Office	-	-	-	39,729,320	13,905,262			
	Library	-	-	-	39,729,320	13,905,262			
	Entertainment	-	-	-	26,221,565	9,177,548			
	Business Center	-	-	-	13,243,107	4,635,087			
	Data Center	-	-	-	6,422,826	2,247,989			
	Media Lab	-	-	-	13,243,107	4,635,087			
	Parking Structure	-	-	-	21,827,515	7,639,630			
	Subtotal	-	-	-	222,581,349	77,903,472	\$ 2,251,021	\$ 843,914	
2028	Residential	-	-	-	37,105,509	12,986,928			
	Retail	-	-	-	27,545,662	9,640,982			
	Office	-	-	-	41,318,493	14,461,473			
	Library	-	-	-	41,318,493	14,461,473			
	Entertainment	-	-	-	27,270,427	9,544,650			
	Business Center	-	-	-	13,772,831	4,820,491			
	Data Center	-	-	-	6,679,739	2,337,909			
	Media Lab	-	-	-	13,772,831	4,820,491			
	Parking Structure	-	-	-	22,700,616	7,945,216			
	Subtotal	-	-	-	231,484,603	81,019,611	\$ 2,341,062	\$ 831,113	
2029	Residential	-	-	-	38,589,730	13,506,405			
	Retail	-	-	-	28,647,489	10,026,621			
	Office	-	-	-	42,971,233	15,039,932			
	Library	-	-	-	42,971,233	15,039,932			
	Entertainment	-	-	-	28,361,245	9,926,436			
	Business Center	-	-	-	14,323,744	5,013,311			
	Data Center	-	-	-	6,946,929	2,431,425			
	Media Lab	-	-	-	14,323,744	5,013,311			
	Parking Structure	-	-	-	23,608,640	8,263,024			
	Subtotal	-	-	-	240,743,987	84,260,395	\$ 2,434,704	\$ 818,507	
2030	Residential	-	-	-	40,133,319	14,046,662			
	Retail	-	-	-	29,793,388	10,427,686			
	Office	-	-	-	44,690,082	15,641,529			
	Library	-	-	-	44,690,082	15,641,529			
	Entertainment	-	-	-	29,495,694	10,323,493			
	Business Center	-	-	-	14,896,694	5,213,843			
	Data Center	-	-	-	7,224,806	2,528,682			
	Media Lab	-	-	-	14,896,694	5,213,843			
	Parking Structure	-	-	-	24,552,986	8,593,545			
	Subtotal	-	-	-	250,373,746	87,630,811	\$ 2,532,092	\$ 806,092	
TOTAL		\$ 23,979,920	\$ 72,135,060	\$ 31,244,844			\$ 33,633,856	\$ 16,856,233	

APPENDIX 14, ASSUMPTIONS:

1. Tax rates will remain constant for Redevelopment District (RD) at **\$2.8895** per \$100 of assessed value, net of "carve-outs" for FY 2009-10.
Source: Carson City Finance Department.
2. The parcels included in the development are currently generating property tax revenue for the Redevelopment District, so only the additional appraised value generated by improvements on these parcels are attributed to the development. As a result, the analysis subtracts current (FY 2009-10) assessed values from those estimated to be generated by the development. FY 2009-10 assessed values (AV) for these parcels are as follows:

**APPENDIX 14
ESTIMATED PROPERTY TAX REVENUE AT
FY 2009-10 PROPERTY TAX RATE**

YEAR	USE TYPE	TAXABLE VALUE				ASSESSSED VALUE	PROPERTY TAX REVENUE	PRESENT VALUE OF REVENUE
		ADDITIONAL LAND IMPROV. VALUE	ADDITIONAL BUILDING VALUE	ADDITIONAL TI/FF&E VALUE	VALUE ON THE ROLLS	VALUE ON THE ROLLS		
	APN	Acres	Land Value	Building Value	Total			
	004-263-01	0.51	\$ 139,230	\$ 8,475	\$ 147,705			
	004-211-08	0.08	21,420	1,417	22,837			
	004-211-07	0.07	20,349	1,347	21,696			
	004-211-05	0.24	66,938	3,529	70,467			
	004-211-09	0.11	31,059	2,053	33,112			
	004-211-10	0.07	18,207	1,205	19,412			
	004-213-02	0.07	18,207	1,205	19,412			
	004-221-01	0.66	166,898	11,416	178,314			
	004-224-08	0.09	21,599	2,793	24,392			
	004-223-06	0.16	39,761	4,598	44,359			
	004-223-07	0.17	41,040	4,480	45,520			
	004-224-02	0.13	33,380	3,152	36,532			
	004-224-03	0.13	33,380	4,785	38,165			
	004-224-04	0.13	33,380	4,860	38,240			
	004-225-02	0.10	25,035	2,480	27,515			
	004-225-01	0.23	58,414	6,181	64,595			
	004-225-03	0.20	50,069	4,698	54,767			
	004-213-03	0.07	20,349	1,347	21,696			
	004-213-04	0.06	16,065	1,062	17,127			
	004-216-03	0.25	68,040	4,491	72,531			
	004-216-02	0.08	22,680	1,921	24,601			
	004-216-04	0.08	22,680	2,322	25,002			
	004-216-05	0.09	25,515	2,160	27,675			
	004-216-01	0.16	43,155	4,849	48,004			
	004-213-05	0.13	36,414	2,407	38,821			
	004-213-06	0.07	18,207	1,205	19,412			
	004-213-01	0.27	72,828	5,088	77,916			
	003-223-01	0.66	197,243	10,781	208,024			
	004-245-03	0.16	29,934	9,388	39,322			
	001-193-06	0.06	15,232	905	16,137			
	001-193-04	0.12	32,368	2,437	34,805			
	001-193-03	0.06	17,136	1,219	18,355			
	001-193-01	0.12	32,368	2,437	34,805			
	001-193-02	0.14	32,128	2,827	34,955			
	004-214-02	0.05	14,280	-	14,280			
	Total*	5.78	\$ 1,534,988	\$ 125,520	\$ 1,660,508			

The total is different from the 8.0 acres included in the development as the above parcels exclude roads, which are currently public and generate no property tax revenue, but will be converted to private use; as a result, all revenue generated by the road areas will be considered incremental.

3. Commercial and residential values increased **4.0%** per year starting 2012.
4. Land improvement value is assumed to be added to County property tax roll in the year of improvement. Building improvement value is added to the roll in the year following improvements to account for work-in-progress which is added at the beginning of the fiscal year.
5. It should be noted that the analysis uses actual construction value as appraised/taxable value instead of data provided by Marshall & Swift for its assessed valuation purposes. The Marshall & Swift method requires additional construction details that are yet unknown in this early planning period.
6. Present value of revenue is estimated using the rate of **5.5%** the average 15-year return on a 20-year constant maturity Treasury note.

Source: Federal Reserve Historical Release Data from Federal Reserve website.

The "as of date" of analysis is **12/31/2009** and the present value is taken at the end (12/31) of each year.

**APPENDIX 15
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION**

<u>YEAR</u>	<u>USE TYPE</u>	<u>LOCAL CONSTR. MATERIALS</u>	<u>LOCAL TI/FF&E PURCHASES</u>	<u>ANNUAL FF&E PURCHASES</u>	<u>NEW TAXABLE RETAIL SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>CARSON CITY REVENUE</u>	<u>SCHOOL DISTRICT REVENUE</u>	<u>STATE OF NEVADA REVENUE</u>	<u>OTHER REVENUE</u>
2011	Residential	\$ 2,563,207	\$ 825,000	\$ -	\$ -	\$ 3,388,207				
	Retail	2,764,151	-	-	-	2,764,151				
	Office	4,146,226	-	-	-	4,146,226				
	Library	4,146,226	-	-	-	4,146,226				
	Entertainment	-	-	-	-	-				
	Business Center	1,382,075	-	-	-	1,382,075				
	Data Center	-	-	-	-	-				
	Media Lab	1,382,075	-	-	-	1,382,075				
	Parking Structure	-	-	-	-	-				
Subtotal		16,383,961	825,000	-	-	17,208,961	\$ 375,137	\$ 414,187	\$ 355,742	\$ 110,963
2012	Residential	841,500	841,500	-	-	1,683,000				
	Retail	1,530,000	3,060,000	-	-	4,590,000				
	Office	2,295,000	4,590,000	-	-	6,885,000				
	Library	2,295,000	4,590,000	-	-	6,885,000				
	Entertainment	4,339,151	3,060,000	-	-	7,399,151				
	Business Center	765,000	1,530,000	-	-	2,295,000				
	Data Center	-	-	-	-	-				
	Media Lab	765,000	1,530,000	-	-	2,295,000				
	Parking Structure	-	-	-	-	-				
Subtotal		12,830,651	19,201,500	-	-	32,032,151	\$ 698,266	\$ 715,318	\$ 662,165	\$ 206,542
2013	Residential	858,330	858,330	-	-	1,716,660				
	Retail	-	-	-	6,340,761	6,340,761				
	Office	-	-	-	-	-				
	Library	-	-	-	151,293	151,293				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	1,103,913	780,300	-	-	1,884,213				
	Media Lab	-	-	-	-	-				
	Parking Structure	4,876,875	-	-	-	4,876,875				
Subtotal		6,839,118	1,638,630	-	6,492,054	14,969,802	\$ 326,325	\$ 334,294	\$ 309,454	\$ 96,525
2014	Residential	875,497	875,497	-	-	1,750,993				
	Retail	-	-	-	6,518,331	6,518,331				
	Office	-	-	-	-	-				
	Library	-	-	-	155,530	155,530				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	135,799	-	135,799				
	Parking Structure	-	-	-	-	-				
Subtotal		875,497	875,497	135,799	6,673,862	8,560,653	\$ 186,613	\$ 191,170	\$ 176,965	\$ 55,199

**APPENDIX 15
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION**

<u>YEAR</u>	<u>USE TYPE</u>	<u>LOCAL CONSTR. MATERIALS</u>	<u>LOCAL TI/FF&E PURCHASES</u>	<u>ANNUAL FF&E PURCHASES</u>	<u>NEW TAXABLE RETAIL SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>CARSON CITY REVENUE</u>	<u>SCHOOL DISTRICT REVENUE</u>	<u>STATE OF NEVADA REVENUE</u>	<u>OTHER REVENUE</u>
2015	Residential	893,007	893,007	-	-	1,786,013				
	Retail	-	-	-	6,700,875	6,700,875				
	Office	-	-	-	-	-				
	Library	-	-	-	159,886	159,886				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	139,602	-	139,602				
	Parking Structure	-	-	-	-	-				
Subtotal		893,007	893,007	139,602	6,860,760	8,786,375	\$ 191,533	\$ 196,211	\$ 181,631	\$ 56,654
2016	Residential	-	-	-	-	-				
	Retail	-	-	-	6,888,530	6,888,530				
	Office	-	-	-	-	-				
	Library	-	-	-	164,363	164,363				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	143,511	-	143,511				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	143,511	7,052,893	7,196,404	\$ 156,874	\$ 160,705	\$ 148,763	\$ 46,402
2017	Residential	-	-	-	-	-				
	Retail	-	-	-	7,081,441	7,081,441				
	Office	-	-	-	-	-				
	Library	-	-	-	168,966	168,966				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	147,530	-	147,530				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	147,530	7,250,407	7,397,937	\$ 161,267	\$ 165,205	\$ 152,929	\$ 47,702
2018	Residential	-	-	-	-	-				
	Retail	-	-	-	7,279,754	7,279,754				
	Office	-	-	-	-	-				
	Library	-	-	-	173,698	173,698				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	151,662	-	151,662				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	151,662	7,453,452	7,605,113	\$ 165,783	\$ 169,832	\$ 157,212	\$ 49,037

**APPENDIX 15
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION**

<u>YEAR</u>	<u>USE TYPE</u>	<u>LOCAL CONSTR. MATERIALS</u>	<u>LOCAL TI/FF&E PURCHASES</u>	<u>ANNUAL FF&E PURCHASES</u>	<u>NEW TAXABLE RETAIL SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>CARSON CITY REVENUE</u>	<u>SCHOOL DISTRICT REVENUE</u>	<u>STATE OF NEVADA REVENUE</u>	<u>OTHER REVENUE</u>
2019	Residential	-	-	-	-	-				
	Retail	-	-	-	7,483,620	7,483,620				
	Office	-	-	-	-	-				
	Library	-	-	-	178,562	178,562				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	155,909	-	155,909				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	155,909	7,662,183	7,818,092	\$ 170,426	\$ 174,588	\$ 161,615	\$ 50,411
2020	Residential	-	-	-	-	-				
	Retail	-	-	-	7,693,196	7,693,196				
	Office	-	-	-	-	-				
	Library	-	-	-	183,563	183,563				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	160,275	-	160,275				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	160,275	7,876,759	8,037,034	\$ 175,199	\$ 179,477	\$ 166,141	\$ 51,822
2021	Residential	-	-	-	-	-				
	Retail	-	-	-	7,908,641	7,908,641				
	Office	-	-	-	-	-				
	Library	-	-	-	188,703	188,703				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	164,763	-	164,763				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	164,763	8,097,345	8,262,108	\$ 180,105	\$ 184,503	\$ 170,793	\$ 53,274
2022	Residential	-	-	-	-	-				
	Retail	-	-	-	8,130,120	8,130,120				
	Office	-	-	-	-	-				
	Library	-	-	-	193,988	193,988				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	169,377	-	169,377				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	169,377	8,324,108	8,493,485	\$ 185,149	\$ 189,670	\$ 175,576	\$ 54,766

**APPENDIX 15
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION**

<u>YEAR</u>	<u>USE TYPE</u>	<u>LOCAL CONSTR. MATERIALS</u>	<u>LOCAL TI/FF&E PURCHASES</u>	<u>ANNUAL FF&E PURCHASES</u>	<u>NEW TAXABLE RETAIL SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>CARSON CITY REVENUE</u>	<u>SCHOOL DISTRICT REVENUE</u>	<u>STATE OF NEVADA REVENUE</u>	<u>OTHER REVENUE</u>
2023	Residential	-	-	-	-	-				
	Retail	-	-	-	8,357,801	8,357,801				
	Office	-	-	-	-	-				
	Library	-	-	-	199,421	199,421				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	174,121	-	174,121				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	174,121	8,557,221	8,731,342	\$ 190,334	\$ 194,982	\$ 180,493	\$ 56,299
2024	Residential	-	-	-	-	-				
	Retail	-	-	-	8,591,858	8,591,858				
	Office	-	-	-	-	-				
	Library	-	-	-	205,005	205,005				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	178,997	-	178,997				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	178,997	8,796,863	8,975,860	\$ 195,664	\$ 200,442	\$ 185,548	\$ 57,876
2025	Residential	-	-	-	-	-				
	Retail	-	-	-	8,832,469	8,832,469				
	Office	-	-	-	-	-				
	Library	-	-	-	210,746	210,746				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	184,010	-	184,010				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	184,010	9,043,216	9,227,225	\$ 201,144	\$ 206,055	\$ 190,744	\$ 59,497
2026	Residential	-	-	-	-	-				
	Retail	-	-	-	9,079,819	9,079,819				
	Office	-	-	-	-	-				
	Library	-	-	-	216,648	216,648				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	189,163	-	189,163				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	189,163	9,296,467	9,485,630	\$ 206,776	\$ 211,826	\$ 196,086	\$ 61,163

**APPENDIX 15
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION**

<u>YEAR</u>	<u>USE TYPE</u>	<u>LOCAL CONSTR. MATERIALS</u>	<u>LOCAL TI/FF&E PURCHASES</u>	<u>ANNUAL FF&E PURCHASES</u>	<u>NEW TAXABLE RETAIL SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>CARSON CITY REVENUE</u>	<u>SCHOOL DISTRICT REVENUE</u>	<u>STATE OF NEVADA REVENUE</u>	<u>OTHER REVENUE</u>
2027	Residential	-	-	-	-	-				
	Retail	-	-	-	9,334,096	9,334,096				
	Office	-	-	-	-	-				
	Library	-	-	-	222,715	222,715				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	194,460	-	194,460				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	194,460	9,556,811	9,751,272	\$ 212,567	\$ 217,758	\$ 201,577	\$ 62,876
2028	Residential	-	-	-	-	-				
	Retail	-	-	-	9,595,494	9,595,494				
	Office	-	-	-	-	-				
	Library	-	-	-	228,952	228,952				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	199,906	-	199,906				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	199,906	9,824,446	10,024,352	\$ 218,520	\$ 223,856	\$ 207,222	\$ 64,637
2029	Residential	-	-	-	-	-				
	Retail	-	-	-	9,864,212	9,864,212				
	Office	-	-	-	-	-				
	Library	-	-	-	235,364	235,364				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	205,504	-	205,504				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	205,504	10,099,576	10,305,080	\$ 224,640	\$ 230,125	\$ 213,025	\$ 66,447
2030	Residential	-	-	-	-	-				
	Retail	-	-	-	10,140,455	10,140,455				
	Office	-	-	-	-	-				
	Library	-	-	-	241,955	241,955				
	Entertainment	-	-	-	-	-				
	Business Center	-	-	-	-	-				
	Data Center	-	-	-	-	-				
	Media Lab	-	-	211,259	-	211,259				
	Parking Structure	-	-	-	-	-				
Subtotal		-	-	211,259	10,382,411	10,593,670	\$ 230,931	\$ 236,570	\$ 218,991	\$ 68,308
TOTAL		\$ 37,822,233	\$ 23,433,633	\$ 2,905,848	\$ 149,300,834	\$ 213,462,549	\$ 4,653,252	\$ 4,796,775	\$ 4,412,671	\$ 1,376,398

**APPENDIX 15
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION**

<u>YEAR</u>	<u>USE TYPE</u>	<u>LOCAL CONSTR. MATERIALS</u>	<u>LOCAL TI/FF&E PURCHASES</u>	<u>ANNUAL FF&E PURCHASES</u>	<u>NEW TAXABLE RETAIL SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>CARSON CITY REVENUE</u>	<u>SCHOOL DISTRICT REVENUE</u>	<u>STATE OF NEVADA REVENUE</u>	<u>OTHER REVENUE</u>
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APPENDIX 15, ASSUMPTIONS:

1. Sales tax rate is as follows:

	<u>Designation</u>
0.500%	Basic City County Relief Tax (BCCRT)
1.750%	Supplemental City County Relief Tax (SCCRT)
2.000%	State of Nevada
2.250%	Local School Support Tax (LSST) SB429 additional rate of 0.35% is expected to sunset in FY 2010-11.
0.250%	Streets
0.250%	Quality of Life
<u>0.125%</u>	V&T
<u>7.125%</u>	TOTAL

Carson City receives **98.61%** of all BCCRT and SCCRT revenue. The remainder of this revenue is distributed to Carson Truckee River Conservation and Sierra Forrest Fire Protection districts. For 2011, the sales tax rate of **7.475%** is used for 6 months of the year since SB429 is still effect until June 30, 2011. This changes the sales tax for LSST to **2.600%** for the first 6 months and remains at **2.250%** for the remaining 6 months.

Source: Nevada Department of Taxation. "Consolidated Tax Distribution: Revenue Summary by County", FY 2004-05 to FY 2008-09.

2. A State administrative fee of **1.75%** of all sales tax revenue, with the exception of LSST revenue which has an administrative fee of **0.75%** is deducted from revenue estimate.

3. Construction Materials, Tenant Improvement (TI) and Furniture, Fixtures and Equipment (FF&E) purchases are estimated in Appendix 13. Analysis assumes **75%** of these purchases will be local and generate revenue for Carson City. Source: Discussion with Developer.

4. The following operating purchases are estimated to be made annually:
Library **\$250,000** Purchases inflated **2.8%** annually starting in 2012.
No sales tax revenue will be generated by these purchases as the library is a public institution.

Media Lab **\$250,000** Source: Developer. Analysis assumes **50%** of these purchases are taxable.

5. Sales for the Retail component are estimated at **\$300.00** per square foot, inflated **2.8%** annually starting 2012. Source: Developer. Analysis assumes **50%** of these sales are taxable.

Library sales will be generated by **670** square feet of café at **\$250.00** per square foot and a book store of **679** square feet at **\$175.00** per square foot. It is assumed that the Library will lease this space to a private sector entity.

Source: Square footage from "Carson City Library-Space Needs Assessment" report dated September 2009. Sales per square foot from "Dollars and Cents of Shopping Centers, The SCORE 2006."

APPENDIX 16
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION
COMPARISON OF EXISTING AND PROPOSED SALES TAX RATES

<u>YEAR</u>	<u>USE TYPE</u>	<u>EXISTING TAXABLE SALES</u>	<u>PROJECT TAXABLE SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>SALES TAX REVENUE CURRENT RATE</u>	<u>SALES TAX REVENUE PROPOSED RATE</u>	<u>REVENUE DIFFERENCE</u>	<u>PRESENT VALUE OF REVENUE</u>
2011	Motor Vehicles & Parts Dealers	\$ 140,438,858						
	Food Stores	31,112,528						
	Building Materials	56,985,963						
	Wholesale Merchandise	53,388,435						
	General Merchandise	130,175,181						
	Restaurants	75,756,498						
	Remaining Categories	182,156,357						
Subtotal		670,013,819	17,208,961	687,222,781	\$ 48,964,623	\$ 49,823,652	\$ 859,028	\$ 770,309
2012	Motor Vehicles & Parts Dealers	141,843,246						
	Food Stores	31,423,653						
	Building Materials	57,555,823						
	Wholesale Merchandise	53,922,319						
	General Merchandise	131,476,933						
	Restaurants	76,514,063						
	Remaining Categories	183,977,920						
Subtotal		676,713,957	32,032,151	708,746,108	\$ 50,498,160	\$ 51,384,093	\$ 885,933	\$ 752,293
2013	Motor Vehicles & Parts Dealers	144,680,111						
	Food Stores	32,052,126						
	Building Materials	58,706,939						
	Wholesale Merchandise	55,000,766						
	General Merchandise	134,106,471						
	Restaurants	78,044,345						
	Remaining Categories	187,657,479						
Subtotal		690,248,237	14,969,802	705,218,038	\$ 50,246,785	\$ 51,128,308	\$ 881,523	\$ 708,841
2014	Motor Vehicles & Parts Dealers	148,587,141						
	Food Stores	32,917,681						
	Building Materials	60,292,297						
	Wholesale Merchandise	56,486,040						
	General Merchandise	137,727,965						
	Restaurants	80,151,902						
	Remaining Categories	192,725,096						
Subtotal		708,888,122	8,560,653	717,448,776	\$ 51,118,225	\$ 52,015,036	\$ 896,811	\$ 682,881
2015	Motor Vehicles & Parts Dealers	152,748,267						
	Food Stores	33,839,528						
	Building Materials	61,980,759						
	Wholesale Merchandise	58,067,910						
	General Merchandise	141,584,983						
	Restaurants	82,396,525						
	Remaining Categories	198,122,288						
Subtotal		728,740,259	8,786,375	737,526,634	\$ 52,548,773	\$ 53,470,681	\$ 921,908	\$ 664,753

APPENDIX 16
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION
COMPARISON OF EXISTING AND PROPOSED SALES TAX RATES

<u>YEAR</u>	<u>USE TYPE</u>	<u>EXISTING TAXABLE SALES</u>	<u>PROJECT TAXABLE SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>SALES TAX REVENUE CURRENT RATE</u>	<u>SALES TAX REVENUE PROPOSED RATE</u>	<u>REVENUE DIFFERENCE</u>	<u>PRESENT VALUE OF REVENUE</u>
2016	Motor Vehicles & Parts Dealers	157,025,923						
	Food Stores	34,787,191						
	Building Materials	63,716,507						
	Wholesale Merchandise	59,694,079						
	General Merchandise	145,550,015						
	Restaurants	84,704,008						
	Remaining Categories	203,670,626						
Subtotal		749,148,348	7,196,404	756,344,752	\$ 53,889,564	\$ 54,834,995	\$ 945,431	\$ 645,552
2017	Motor Vehicles & Parts Dealers	161,423,373						
	Food Stores	35,761,393						
	Building Materials	65,500,863						
	Wholesale Merchandise	61,365,788						
	General Merchandise	149,626,087						
	Restaurants	87,076,110						
	Remaining Categories	209,374,342						
Subtotal		770,127,956	7,397,937	777,525,893	\$ 55,398,720	\$ 56,370,627	\$ 971,907	\$ 628,428
2018	Motor Vehicles & Parts Dealers	165,943,972						
	Food Stores	36,762,877						
	Building Materials	67,335,189						
	Wholesale Merchandise	63,084,313						
	General Merchandise	153,816,308						
	Restaurants	89,514,643						
	Remaining Categories	215,237,790						
Subtotal		791,695,091	7,605,113	799,300,204	\$ 56,950,140	\$ 57,949,265	\$ 999,125	\$ 611,757
2019	Motor Vehicles & Parts Dealers	170,591,168						
	Food Stores	37,792,407						
	Building Materials	69,220,885						
	Wholesale Merchandise	64,850,965						
	General Merchandise	158,123,874						
	Restaurants	92,021,466						
	Remaining Categories	221,265,440						
Subtotal		813,866,205	7,818,092	821,684,296	\$ 58,545,006	\$ 59,572,111	\$ 1,027,105	\$ 595,529
2020	Motor Vehicles & Parts Dealers	175,368,508						
	Food Stores	38,850,768						
	Building Materials	71,159,389						
	Wholesale Merchandise	66,667,091						
	General Merchandise	162,552,071						
	Restaurants	94,598,491						
	Remaining Categories	227,461,893						
Subtotal		836,658,212	8,037,034	844,695,246	\$ 60,184,536	\$ 61,240,405	\$ 1,055,869	\$ 579,732

APPENDIX 16
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION
COMPARISON OF EXISTING AND PROPOSED SALES TAX RATES

<u>YEAR</u>	<u>USE TYPE</u>	<u>EXISTING TAXABLE SALES</u>	<u>PROJECT TAXABLE SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>SALES TAX REVENUE CURRENT RATE</u>	<u>SALES TAX REVENUE PROPOSED RATE</u>	<u>REVENUE DIFFERENCE</u>	<u>PRESENT VALUE OF REVENUE</u>
2021	Motor Vehicles & Parts Dealers	180,279,635						
	Food Stores	39,938,769						
	Building Materials	73,152,180						
	Wholesale Merchandise	68,534,077						
	General Merchandise	167,104,279						
	Restaurants	97,247,685						
	Remaining Categories	233,831,875						
Subtotal		860,088,501	8,262,108	868,350,609	\$ 61,869,981	\$ 62,955,419	\$ 1,085,438	\$ 564,353
2022	Motor Vehicles & Parts Dealers	185,328,296						
	Food Stores	41,057,239						
	Building Materials	75,200,778						
	Wholesale Merchandise	70,453,348						
	General Merchandise	171,783,970						
	Restaurants	99,971,069						
	Remaining Categories	240,380,246						
Subtotal		884,174,946	8,493,485	892,668,431	\$ 63,602,626	\$ 64,718,461	\$ 1,115,836	\$ 549,382
2023	Motor Vehicles & Parts Dealers	190,518,343						
	Food Stores	42,207,031						
	Building Materials	77,306,747						
	Wholesale Merchandise	72,426,366						
	General Merchandise	176,594,713						
	Restaurants	102,770,720						
	Remaining Categories	247,112,002						
Subtotal		908,935,922	8,731,342	917,667,264	\$ 65,383,793	\$ 66,530,877	\$ 1,147,084	\$ 534,809
2024	Motor Vehicles & Parts Dealers	195,853,735						
	Food Stores	43,389,022						
	Building Materials	79,471,692						
	Wholesale Merchandise	74,454,639						
	General Merchandise	181,540,179						
	Restaurants	105,648,774						
	Remaining Categories	254,032,278						
Subtotal		934,390,320	8,975,860	943,366,180	\$ 67,214,840	\$ 68,394,048	\$ 1,179,208	\$ 520,622
2025	Motor Vehicles & Parts Dealers	201,338,543						
	Food Stores	44,604,115						
	Building Materials	81,697,266						
	Wholesale Merchandise	76,539,712						
	General Merchandise	186,624,142						
	Restaurants	108,607,427						
	Remaining Categories	261,146,353						
Subtotal		960,557,558	9,227,225	969,784,784	\$ 69,097,166	\$ 70,309,397	\$ 1,212,231	\$ 506,811

APPENDIX 16
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION
COMPARISON OF EXISTING AND PROPOSED SALES TAX RATES

<u>YEAR</u>	<u>USE TYPE</u>	<u>EXISTING TAXABLE SALES</u>	<u>PROJECT TAXABLE SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>SALES TAX REVENUE CURRENT RATE</u>	<u>SALES TAX REVENUE PROPOSED RATE</u>	<u>REVENUE DIFFERENCE</u>	<u>PRESENT VALUE OF REVENUE</u>
2026	Motor Vehicles & Parts Dealers	206,976,951						
	Food Stores	45,853,236						
	Building Materials	83,985,166						
	Wholesale Merchandise	78,683,177						
	General Merchandise	191,850,478						
	Restaurants	111,648,936						
	Remaining Categories	268,459,655						
Subtotal		987,457,600	9,485,630	996,943,231	\$ 71,032,205	\$ 72,278,384	\$ 1,246,179	\$ 493,367
2027	Motor Vehicles & Parts Dealers	212,773,260						
	Food Stores	47,137,338						
	Building Materials	86,337,138						
	Wholesale Merchandise	80,886,669						
	General Merchandise	197,223,177						
	Restaurants	114,775,621						
	Remaining Categories	275,977,764						
Subtotal		1,015,110,967	9,751,272	1,024,862,239	\$ 73,021,435	\$ 74,302,512	\$ 1,281,078	\$ 480,279
2028	Motor Vehicles & Parts Dealers	218,731,893						
	Food Stores	48,457,401						
	Building Materials	88,754,977						
	Wholesale Merchandise	83,151,868						
	General Merchandise	202,746,335						
	Restaurants	117,989,868						
	Remaining Categories	283,706,414						
Subtotal		1,043,538,756	10,024,352	1,053,563,108	\$ 75,066,371	\$ 76,383,325	\$ 1,316,954	\$ 467,539
2029	Motor Vehicles & Parts Dealers	224,857,395						
	Food Stores	49,814,432						
	Building Materials	91,240,525						
	Wholesale Merchandise	85,480,504						
	General Merchandise	208,424,168						
	Restaurants	121,294,129						
	Remaining Categories	291,651,502						
Subtotal		1,072,762,654	10,305,080	1,083,067,734	\$ 77,168,576	\$ 78,522,411	\$ 1,353,835	\$ 455,137
2030	Motor Vehicles & Parts Dealers	231,154,439						
	Food Stores	51,209,466						
	Building Materials	93,795,681						
	Wholesale Merchandise	87,874,353						
	General Merchandise	214,261,006						
	Restaurants	124,690,924						
	Remaining Categories	299,819,089						
Subtotal		1,102,804,956	10,593,670	1,113,398,626	\$ 79,329,652	\$ 80,721,400	\$ 1,391,748	\$ 443,063

**APPENDIX 16
ESTIMATED SALES TAX REVENUE AND DISTRIBUTION
COMPARISON OF EXISTING AND PROPOSED SALES TAX RATES**

<u>YEAR</u>	<u>USE TYPE</u>	<u>EXISTING TAXABLE SALES</u>	<u>PROJECT TAXABLE SALES</u>	<u>TOTAL TAXABLE BASE</u>	<u>SALES TAX REVENUE CURRENT RATE</u>	<u>SALES TAX REVENUE PROPOSED RATE</u>	<u>REVENUE DIFFERENCE</u>	<u>PRESENT VALUE OF REVENUE</u>
20-YEAR SUBTOTAL		\$ 17,205,922,388	\$ 213,462,549	\$ 17,419,384,936	\$ 1,241,131,177	\$ 1,262,905,408	\$ 21,774,231	\$ 11,655,438
ADDITIONAL 10-YEAR ANALYSIS								
2031	Total County	\$ 1,133,688,581	\$ 10,890,342	\$ 1,144,578,923	\$ 81,551,248	\$ 82,981,972	\$ 1,430,724	\$ 431,310
2032	Total County	1,165,437,090	11,195,322	1,176,632,412	\$ 83,835,059	\$ 85,305,850	\$ 1,470,791	\$ 419,869
2033	Total County	1,198,074,704	11,508,842	1,209,583,546	\$ 86,182,828	\$ 87,694,807	\$ 1,511,979	\$ 408,731
2034	Total County	1,231,626,321	11,831,143	1,243,457,464	\$ 88,596,344	\$ 90,150,666	\$ 1,554,322	\$ 397,888
2035	Total County	1,266,117,538	12,162,469	1,278,280,008	\$ 91,077,451	\$ 92,675,301	\$ 1,597,850	\$ 387,333
2036	Total County	1,301,574,669	12,503,075	1,314,077,743	\$ 93,628,039	\$ 95,270,636	\$ 1,642,597	\$ 377,059
2037	Total County	1,338,024,762	12,853,218	1,350,877,981	\$ 96,250,056	\$ 97,938,654	\$ 1,688,597	\$ 367,056
2038	Total County	1,375,495,627	13,213,168	1,388,708,795	\$ 98,945,502	\$ 100,681,388	\$ 1,735,886	\$ 357,319
2039	Total County	1,414,015,848	13,583,197	1,427,599,046	\$ 101,716,432	\$ 103,500,931	\$ 1,784,499	\$ 347,841
2040	Total County	1,453,614,813	13,963,590	1,467,578,403	\$ 104,564,961	\$ 106,399,434	\$ 1,834,473	\$ 338,614
30-YEAR TOTAL		\$ 30,083,592,341	\$ 337,166,914	\$ 30,420,759,255	\$ 2,167,479,097	\$ 2,205,505,046	\$ 38,025,949	\$ 15,488,457

APPENDIX 16, ASSUMPTIONS:

1. Sales tax rate (Appendix 15) starting in 2011 is estimated at **7.125%** The proposed additional 1/8 of a cent or **0.125%** would increase the sales tax to **7.250%** Note: SB429 additional rate of 0.35% is expected to sunset in FY 2010-11.

2. FY 08-09 is used as the base year for taxable sales (source: Nevada Dept of Taxation). It is assumed that the economy will bottom out in 2011, start to grow in 2012, and return to a steady growth rate in 2015. The steady growth rate is a combination of estimated annual population growth of approximately **0.50%** and average Consumer Price Index average, excluding medical, energy and housing costs for West cities with population of 50,000 to 1.5 million for the period between 1999 and 2006.

2009 decrease is the actual FY 2008-09 taxable sales decrease, 2010 sales tax decrease is the estimated based on partial year data available for FY 2009-10 from Department of Taxation and projection for the entire year. Growth rates for 2011, 2012, and 2013 are estimated as ramp-up years to the steady growth rate in 2015. Estimated growth rates are shown below:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 and on</u>
CPI	NA	NA	NA	NA	NA	2.3%	2.3%
Population	NA	NA	NA	NA	NA	0.4%	0.5%
Total Rate	-17.2%	-12.0%	0.0%	1.0%	2.0%	2.7%	2.8%

Source: Population projections from "Population Projections for Nevada's Counties 2008 to 2028." Nevada State Demographer's Office August 18, 2008. CPI data from "Consumer Price Index-All Urban Consumers." Bureau of Labor Statistics. Data for All Items less Shelter, Medical and Energy costs, West-Size Class B/C. FY 2008-09 taxable sales data from Department of Taxation, "Taxable Sales report."

3. See Appendix 15 for details on the New Development Taxable Sales.

4. Present value of revenue is estimated using the rate of **5.5%** the average 15-year return on a 20-year constant maturity Treasury note.

Source: Federal Reserve Historical Release Data from Federal Reserve website.

The "as of date" of analysis is **12/31/2009** and the present value is taken at the end (12/31) of each year.

APPENDIX 17
ESTIMATED PROPERTY TAX REVENUE
LIBRARY COMPONENT ONLY

YEAR	USE TYPE	TAXABLE VALUE			ASSESSED VALUE		PROPERTY TAX REVENUE
		ADDITIONAL LAND IMPROV. VALUE	ADDITIONAL BUILDING VALUE	ADDITIONAL TI/FF&E VALUE	VALUE ON THE ROLLS	VALUE ON THE ROLLS	
2011	Library	\$ 4,193,847	\$ 5,929,450	\$ -	\$ 4,193,847	\$ 1,467,846	\$ 42,413
2012	Library	-	6,120,000	6,120,000	10,291,051	3,601,868	\$ 104,076
2013	Library	-	-	-	22,942,693	8,029,942	\$ 232,025
2014	Library	-	-	-	23,860,400	8,351,140	\$ 241,306
2015	Library	-	-	-	24,814,816	8,685,186	\$ 250,958
2016	Library	-	-	-	25,807,409	9,032,593	\$ 260,997
2017	Library	-	-	-	26,839,705	9,393,897	\$ 271,437
2018	Library	-	-	-	27,913,293	9,769,653	\$ 282,294
2019	Library	-	-	-	29,029,825	10,160,439	\$ 293,586
2020	Library	-	-	-	30,191,018	10,566,856	\$ 305,329
2021	Library	-	-	-	31,398,659	10,989,531	\$ 317,542
2022	Library	-	-	-	32,654,605	11,429,112	\$ 330,244
2023	Library	-	-	-	33,960,790	11,886,276	\$ 343,454
2024	Library	-	-	-	35,319,221	12,361,727	\$ 357,192
2025	Library	-	-	-	36,731,990	12,856,196	\$ 371,480
2026	Library	-	-	-	38,201,270	13,370,444	\$ 386,339
2027	Library	-	-	-	39,729,320	13,905,262	\$ 401,793
2028	Library	-	-	-	41,318,493	14,461,473	\$ 417,864
2029	Library	-	-	-	42,971,233	15,039,932	\$ 434,579
2030	Library	-	-	-	44,690,082	15,641,529	\$ 451,962
TOTAL		\$ 4,193,847	\$ 12,049,450	\$ 6,120,000			\$ 6,096,871

APPENDIX 17, ASSUMPTIONS:

1. See Appendix 14 for assumptions.

**APPENDIX 18
ESTIMATED PROPERTY TAX REVENUE
BUSINESS CENTER COMPONENT ONLY**

<u>YEAR</u>	<u>USE TYPE</u>	<u>TAXABLE VALUE</u>				<u>ASSESSED VALUE</u>		<u>PROPERTY TAX REVENUE</u>
		<u>ADDITIONAL LAND IMPROV. VALUE</u>	<u>ADDITIONAL BUILDING VALUE</u>	<u>ADDITIONAL TI/FF&E VALUE</u>	<u>VALUE ON THE ROLLS</u>	<u>VALUE ON THE ROLLS</u>		
2011	Business Center	\$ 1,397,949	\$ 1,976,483	\$ -	\$ 1,397,949	\$ 489,282	\$ 14,138	
2012	Business Center	-	2,040,000	2,040,000	3,430,350	1,200,623	\$ 34,692	
2013	Business Center	-	-	-	7,647,564	2,676,647	\$ 77,342	
2014	Business Center	-	-	-	7,953,467	2,783,713	\$ 80,435	
2015	Business Center	-	-	-	8,271,605	2,895,062	\$ 83,653	
2016	Business Center	-	-	-	8,602,470	3,010,864	\$ 86,999	
2017	Business Center	-	-	-	8,946,568	3,131,299	\$ 90,479	
2018	Business Center	-	-	-	9,304,431	3,256,551	\$ 94,098	
2019	Business Center	-	-	-	9,676,608	3,386,813	\$ 97,862	
2020	Business Center	-	-	-	10,063,673	3,522,285	\$ 101,776	
2021	Business Center	-	-	-	10,466,220	3,663,177	\$ 105,847	
2022	Business Center	-	-	-	10,884,868	3,809,704	\$ 110,081	
2023	Business Center	-	-	-	11,320,263	3,962,092	\$ 114,485	
2024	Business Center	-	-	-	11,773,074	4,120,576	\$ 119,064	
2025	Business Center	-	-	-	12,243,997	4,285,399	\$ 123,827	
2026	Business Center	-	-	-	12,733,757	4,456,815	\$ 128,780	
2027	Business Center	-	-	-	13,243,107	4,635,087	\$ 133,931	
2028	Business Center	-	-	-	13,772,831	4,820,491	\$ 139,288	
2029	Business Center	-	-	-	14,323,744	5,013,311	\$ 144,860	
2030	Business Center	-	-	-	14,896,694	5,213,843	\$ 150,654	
TOTAL		\$ 1,397,949	\$ 4,016,483	\$ 2,040,000			\$ 2,032,290	

APPENDIX 18, ASSUMPTIONS:

1. See Appendix 14 for assumptions.

**APPENDIX 19
ESTIMATED PROPERTY TAX REVENUE
MEDIA/DIGITAL LAB COMPONENT ONLY**

<u>YEAR</u>	<u>USE TYPE</u>	<u>TAXABLE VALUE</u>			<u>ASSESSED VALUE</u>		<u>PROPERTY TAX REVENUE</u>
		<u>ADDITIONAL LAND IMPROV. VALUE</u>	<u>ADDITIONAL BUILDING VALUE</u>	<u>ADDITIONAL TI/FF&E VALUE</u>	<u>VALUE ON THE ROLLS</u>	<u>VALUE ON THE ROLLS</u>	
2011	Media Lab	\$ 1,397,949	\$ 1,976,483	\$ -	\$ 1,397,949	\$ 489,282	\$ 14,138
2012	Media Lab	-	2,040,000	2,040,000	3,430,350	1,200,623	\$ 34,692
2013	Media Lab	-	-	-	7,647,564	2,676,647	\$ 77,342
2014	Media Lab	-	-	-	7,953,467	2,783,713	\$ 80,435
2015	Media Lab	-	-	-	8,271,605	2,895,062	\$ 83,653
2016	Media Lab	-	-	-	8,602,470	3,010,864	\$ 86,999
2017	Media Lab	-	-	-	8,946,568	3,131,299	\$ 90,479
2018	Media Lab	-	-	-	9,304,431	3,256,551	\$ 94,098
2019	Media Lab	-	-	-	9,676,608	3,386,813	\$ 97,862
2020	Media Lab	-	-	-	10,063,673	3,522,285	\$ 101,776
2021	Media Lab	-	-	-	10,466,220	3,663,177	\$ 105,847
2022	Media Lab	-	-	-	10,884,868	3,809,704	\$ 110,081
2023	Media Lab	-	-	-	11,320,263	3,962,092	\$ 114,485
2024	Media Lab	-	-	-	11,773,074	4,120,576	\$ 119,064
2025	Media Lab	-	-	-	12,243,997	4,285,399	\$ 123,827
2026	Media Lab	-	-	-	12,733,757	4,456,815	\$ 128,780
2027	Media Lab	-	-	-	13,243,107	4,635,087	\$ 133,931
2028	Media Lab	-	-	-	13,772,831	4,820,491	\$ 139,288
2029	Media Lab	-	-	-	14,323,744	5,013,311	\$ 144,860
2030	Media Lab	-	-	-	14,896,694	5,213,843	\$ 150,654
TOTAL		\$ 1,397,949	\$ 4,016,483	\$ 2,040,000			\$ 2,032,290

APPENDIX 19, ASSUMPTIONS:

1. See Appendix 14 for assumptions.

**APPENDIX 20
ESTIMATED PROPERTY TAX REVENUE
PARKING SYSTEM COMPONENT ONLY**

<u>YEAR</u>	<u>USE TYPE</u>	<u>TAXABLE VALUE</u>			<u>ASSESSED VALUE</u>		<u>PROPERTY TAX REVENUE</u>
		<u>ADDITIONAL LAND IMPROV. VALUE</u>	<u>ADDITIONAL BUILDING VALUE</u>	<u>ADDITIONAL TI/FF&E VALUE</u>	<u>VALUE ON THE ROLLS</u>	<u>VALUE ON THE ROLLS</u>	
2011	Parking Structure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012	Parking Structure	-	-	-	-	-	\$ -
2013	Parking Structure	2,601,000	10,404,000	-	2,601,000	910,350	\$ 26,305
2014	Parking Structure	-	-	-	13,109,040	4,588,164	\$ 132,575
2015	Parking Structure	-	-	-	13,633,402	4,771,691	\$ 137,878
2016	Parking Structure	-	-	-	14,178,738	4,962,558	\$ 143,393
2017	Parking Structure	-	-	-	14,745,887	5,161,061	\$ 149,129
2018	Parking Structure	-	-	-	15,335,723	5,367,503	\$ 155,094
2019	Parking Structure	-	-	-	15,949,152	5,582,203	\$ 161,298
2020	Parking Structure	-	-	-	16,587,118	5,805,491	\$ 167,750
2021	Parking Structure	-	-	-	17,250,602	6,037,711	\$ 174,460
2022	Parking Structure	-	-	-	17,940,626	6,279,219	\$ 181,438
2023	Parking Structure	-	-	-	18,658,251	6,530,388	\$ 188,696
2024	Parking Structure	-	-	-	19,404,582	6,791,604	\$ 196,243
2025	Parking Structure	-	-	-	20,180,765	7,063,268	\$ 204,093
2026	Parking Structure	-	-	-	20,987,995	7,345,798	\$ 212,257
2027	Parking Structure	-	-	-	21,827,515	7,639,630	\$ 220,747
2028	Parking Structure	-	-	-	22,700,616	7,945,216	\$ 229,577
2029	Parking Structure	-	-	-	23,608,640	8,263,024	\$ 238,760
2030	Parking Structure	-	-	-	24,552,986	8,593,545	\$ 248,310
TOTAL		\$ 2,601,000	\$ 10,404,000	\$ -			\$ 3,168,002

APPENDIX 20, ASSUMPTIONS:

1. See Appendix 14 for assumptions.

APPENDIX 21
INDUSTRY DEFINITIONS
DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

Category	NAICS Codes	Definitions
Goods Producing	11	Agriculture, Forestry, Fishing and Hunting
	21	Mining, Quarrying, and Oil and Gas Extraction
	23	Construction
	31-33	Manufacturing
Trade, Transportation & Utilities	22	Utilities
	42	Wholesale Trade
	44-45	Retail Trade
	48-49	Transportation and Warehousing
Professional & Business Services	54	Professional, Scientific, and Technical Services
	55	Management of Companies and Enterprises
	56	Administrative and Support and Waste Management and Remediation Services
Leisure and Hospitality	71	Arts, Entertainment, and Recreation
	72	Accommodation and Food Services
Government Services	92	Public Administration
	51	Information
Other Services	52	Finance and Insurance
	53	Real Estate and Rental and Leasing
	61	Educational Services
	62	Health Care and Social Assistance
	81	Other Services (except Public Administration)

Source: "Industries at a Glance." Bureau of Labor Statistics (BLS). DETR uses BLS industry classifications.