

**Carson City  
Agenda Report**

**Date Submitted:** February 8, 2011

**Agenda Date Requested:** February 17, 2011  
**Time Requested:** 1 hour

**To:** Mayor and Supervisors

**From:** City Manager

**Subject Title:** Action to determine the Carson City Center Project consisting of a Knowledge and Discovery Library, a Central Outdoor Plaza, a Parking Structure, Office Space, Retail Space, and Public Improvements and Infrastructure is financially feasible and direct staff to negotiate Design Development Agreements with P3 Development Inc. for the public portions (the Knowledge and Discovery Library, a Central Outdoor Plaza, a Parking Structure, and Public Improvements and Infrastructure) of the project.

**Staff Summary:** P3 Development Inc. was contracted to determine the feasibility of building the Carson City Center Project consisting of a Knowledge and Discovery Library, a Business Incubator, a Central Outdoor Plaza, a Public Transit Hub, a Digital Media Lab, a Parking Structure, Office Space, Retail Space, Evening Entertainment Venue, Residential Space, Public Improvements and Infrastructure, and a Hotel and/or Event Center. The recommendation expressed in their study is the result of discussions and analysis with staff, the Nugget Project Citizens Advisory Committee and the City's financial and bonding consultants.

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

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

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

**Recommended Board Action:** I move to determine the Carson City Center Project consisting of a Knowledge and Discovery Library, a Central Outdoor Plaza, a Parking Structure, Office Space, Retail Space, and Public Improvements and Infrastructure is financially feasible and direct staff to negotiate Design Development Agreements with P3 Development Inc. for the public portions (the Knowledge and Discovery Library, a Central Outdoor Plaza, a Parking Structure, and Public Improvements and Infrastructure) of the project.

**Explanation for Recommended Board Action:** See attached report.

**Applicable Statue, Code, Policy, Rule or Regulation:** None

**Fiscal Impact:** Minor fiscal impact based on staff time to negotiate contracts. The actual fiscal impact of approximately \$32 million over 30 years would occur upon approval of contracts and agreements.

2/8/2011

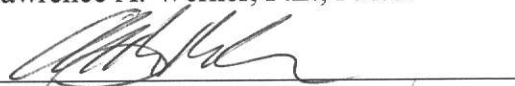


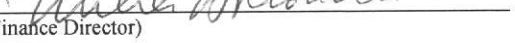
**Explanation of Impact:** See above.

**Funding Source:** Funding for this project would be a combination of a new 1/8% sales tax, the Redevelopment Authority and the General Fund.

**Alternatives:** Do not approve the action to have staff negotiate agreements.

**Supporting Material:** City Center Feasibility Report Prepared by Carson City.

**Prepared By:** Lawrence A. Werner, P.E., P.L.S.

**Reviewed By:**  Date: 2-8-11  
(Department Head)  
 Date: 2/8/11  
(City Manager)  
 Date: 2/8/11  
(District Attorney)  
 Date: 2/8/11  
(Finance Director)

**Board Action Taken:**

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

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



# Carson City Center Feasibility Report

Presented to Carson City Board of Supervisors - February 17, 2011



A PUBLIC/PRIVATE PARTNERSHIP

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## Public Investment Issues

### *Project Funding*

The message that was delivered by Nevada Governor Brian Sandoval through the 2011 State of the State Address and further emphasized by United States President Barack Obama in the 2011 State of the Union Address is one of "new jobs." The same messages over and over *create new jobs*, repeats daily. It's no surprise that the answer to Carson City's economic vitality is also the creation of new jobs. The project we are discussing in this document is about that very issue – partnering with the private sector to create new, long-term jobs as well as short-term construction jobs.

Carson City is at a crossroads regarding its future and the expenditure of public revenues. One direction is to maintain the status quo where all revenues are held in reserve to continue to fund current programs. The other direction is to take a moderate risk and use available revenues to embark on a project that can and will change Carson City's financial picture. By investing in this project Carson City will create opportunity to attract new and diverse enterprise to the community and the entire sierra region.

Project funding included in this report shows the costs and potential revenue sources for a *best case scenario* and a *worst case scenario* as prepared by P3 Development, Inc. and reviewed by Carson City staff. The first tab in this report fully outlines the possible project funding scenarios.

It is recommended that the Board of Supervisors find that the project is financially feasible and direct staff to negotiate the appropriate disposition and development documents.

### *P3 Final Feasibility Report*

P3 Development, Inc. has concluded that the project is financially feasible. P3 believes that the proposed project elements (both public and private), and the financing plan meet the goals of the community and Carson City.

### *Maintenance and Operational Costs*

Maintenance and operational costs have again been reviewed for the Knowledge and Discovery Center, year-round interactive plaza and parking structure. This analysis was done by Carson City Library Director, Mrs. Sara Jones and Carson City Deputy Director of Public Works-Engineering, Mr. Darren Schulz. It is determined that typical budget allocations will be adequate for the new Knowledge and Discovery Center facility; full analysis and findings are attached within.

Maintenance and operations costs for the plaza are estimated at \$27,000/year. The plaza comprises 1.8 acres and assumes half is finished in hardscape and half landscaped. Budget costs were estimated by Carson City Parks and Recreation Department using similar park areas they currently maintain and operate. Costs include personnel, equipment, supplies and snow removal.

Maintenance and operation costs of the parking garage are estimated at \$88,000 annually; \$200.00 per parking space for an estimated 440 car facility. Costs for repair, security, personnel, equipment, supplies and snow removal are included.

Total operational costs for the parking garage and year-round interactive plaza are estimated at \$115,000 per year. Through a Project Management Association (PMA) the Nugget has offered to share in maintenance and operational costs of the parking garage and the year-round interactive plaza. To help the public plaza further, land lease payments made by the City to the Hop and Mae Adams Foundation will also be returned to the Library/City annually for the term of the lease.

## *Parking*

Planning Director Lee Plemel conducted a comprehensive parking analysis for the proposed uses within the project. A copy of the analysis, including a memo from Mr. Plemel and a spreadsheet, is attached to this report. The following conclusions were made based upon his analysis:

1. The parking analysis indicates that peak parking demand will occur during the weekday lunch-time period, closely followed by weekday mornings and afternoons, due to the parking demand of the offices. More than adequate parking will be available during weeknights and weekends, when Nugget Casino and downtown event demands are highest.
2. The parking analysis indicates that there will be enough parking within the project area, including on-street parking, to accommodate the peak weekday demand of approximately 754 spaces.
3. The proposed project meets the Carson City Municipal Code parking requirement for the Downtown Mixed-Use (DTMU) zoning district of 2 spaces per 1,000 square feet of gross floor area.

A concern was also noted regarding the proximity of the parking garage to the library. While the final design is not set with regards to the exact garage placement, it should be noted that there will be approximately 65 parking spaces immediately around the library and plaza. Additional on-street parking is also anticipated on the opposite sides of the streets, which will be available to serve library and office customers through parking management (e.g. limited parking time periods).

## *Transit Hub*

The transit hub is now moved off the project property boundary. At this point it is located in its present location next to the Federal building. This is based on City Public Works staff recommendation that the current location will serve the project and not negatively impact land for development. The new location is cost neutral to the project.

## Private Investment Components

### *Office Building (Phase 1a)*

The office building location is entirely on Nugget property. The building will not sit on the Fireside parking lot, so the city remains flexible as to the disposition of the Fireside (BRIC) building where Business Development and Community Development are currently located. The second office building remains part of the master plan (and is reflected in the massing study), but is not anticipated to be built in phase 1a.

### *Hotel*

The hotel feasibility study done by PKF Consultants recommends the hotel should be located on Carson Street across from the Nugget in the parking lot known as Arlington Square. The PKF report indicates the hotel is feasible, it will have 125 rooms and parking needs were considered in the parking analysis.

## Private / Charitable Partner

### *Carson Nugget/Trust and Foundation*

This document outlines all the work done on behalf of the project, outlines the commitments of the Nugget, the Trust and the Foundation, including land ownership issues.

### *Business Incubator*

The incubator will be initially funded and spearheaded by the Mae B. Adams Trust. Its LLC, *Carson Careers*, is anticipated to be the primary business development entity. A brief summary of the business incubator is also included.



## MEMORANDUM

To: Carson City Board of Supervisors  
 From: Larry Werner, City Manager  
 Re: City Center Public Project Funding Staff Report

The message that was delivered by Nevada Governor Brian Sandoval through the 2011 State of the State Address and further emphasized by United States President Barack Obama in the 2011 State of the Union Address is one of "new jobs." The same messages over and over *create new jobs* repeats daily. It's no surprise that the answer to Carson City's economic vitality is also the creation of new jobs. The project we are discussing in this document is about that very issue – partnering with the private sector to create new, long-term jobs as well as short-term construction jobs.

Carson City is at a crossroads regarding its future and the expenditure of public revenues. One direction is to maintain the status quo where all revenues are held in reserve to continue to fund current programs. The other direction is to take a moderate risk and use available revenues to embark on a project that can and will change Carson City's financial picture. By investing in this project Carson City will create opportunity to attract new and diverse enterprise to the community and the entire sierra region. The purpose is not to create new revenues for Carson City, but to improve the entire economic spectrum of the area. If the area prospers the City will be able to provide services at levels demanded by citizens.

To continue on the current course will see service levels erode, as the cost of providing the services will increase faster than current revenue growth. The ultimate decision lies with the Carson City Board of Supervisors – do we stay the course or do we venture into new waters?

### Project Cost

The attached table "Carson City Center Project Financing Summary" shows the costs and potential revenue sources for a *best case scenario* and a *worst case scenario* as prepared by P3, Development, Inc. and reviewed by staff. The best case is defined as such because of the hope of securing funding beyond normal City revenues, i.e. significant Federal grants and large donations. The worst case eliminates Federal grant potential and does not include donations. The range in the forecasted annual lease cost is due to the uncertainty of interest rates. For this discussion however, the worst case has been made a little bleaker, but probably more realistic, and assumes no Federal grants/donations will be available and that interest rates will be at the highest anticipated. With this adjustment, the forecasted annual lease cost is estimated to be \$2,560,000.

In addition to the adjustments to the expenses, the anticipated revenues were reduced to eliminate any additional contribution from the Redevelopment Agency due to concerns that property values may continue to fall for the next few years.

.....  
 project funding



# City Center Feasibility Report

The following table restates the pertinent data for this analysis:

Proposed Development Budget	Public Investment	Private Investment
Knowledge & Discovery Center	\$18,099,500	
Public Plaza	1,114,000	
Parking Garage	7,801,000	
Streets/Sidewalks	4,952,500	
Office Building #1		\$12,671,000
Office Building #2		Future
<u>Hotel</u>		<u>Future</u>
Subtotal Project Cost	\$31,967,000	\$12,671,000
<u>Less Public Agency Contributions</u>	<u>\$2,215,000</u>	
Amount to be financed	\$29,752,000	\$12,671,000
<b>Forecasted Annual Lease Costs (July 2015)</b>	<b>\$2,560,000</b>	
 Estimated Annual Revenues to Pay Lease Costs (July 2015)		
Proposed Sales Tax @ 1/8%	\$884,000	
Redevelopment Agency Funds	500,000	
<u>General Fund</u>	<u>1,176,000</u>	
<b>Total Annual Revenues</b>	<b>\$2,560,000</b>	

## Project Funding

The issue at this point is whether or not to commit \$1.2 million from the City's General Fund to the project. The obvious concern is the long term sustainability of the \$1.2 million. Will it be available in future years? Does this leave any revenues for other programs?

It appears that the sales tax revenues for the City have declined to their low and are now rising. If the trend continues, the funds generated by the 1/8% sales tax will increase thereby decreasing the dependency on the general fund, at the same time the general fund revenues will also be increasing. Additionally, it is also reasonable to expect that the decline in property tax revenues will slow and reverse thereby allowing the general fund and the Redevelopment Authority revenues to increase.

Although not being suggested at this time, the City does have the ability to increase franchise fees to the statutory maximum by increasing the Southwest Gas franchise by .5% and NV Energy by 1%. This increase would amount to roughly a \$40 annual increase to homeowners and generate about \$760,000 for the City at today's utility rates.

# City Center Feasibility Report

Although not connected to the project, there are two other financial areas that need to be considered in the decision. The first is the ability of the City to respond to an emergency and the second is the current problem with paying the debt on the City's V&T bond from the existing 1/8% sales tax.

The City, anticipating going self-insured for workers compensation several years ago to reduce its annual premium cost of \$1.5 million, was able to build a reserve of about \$3 million. An actuarial study indicated that the annual claim costs were anticipated at \$200,000 - \$400,000 and that a reserve of about \$5 million would be adequate. When the \$5 million reserve is achieved, the annual contribution will be adjusted to replace actual expenditures from the fund which should save the City approximately \$1.1 million per year, and the reserve in this fund could be used to respond to a major emergency.

The shortfall for the V&T debt service is approximately \$150,000 per year provided that the Carson City Convention and Visitor Bureau continues to contribute \$100,000 per year. Again, with increases in sales tax revenues, the shortfall is reduced. It is expected that the General Fund can fund the shortfall. However, if the general fund cannot, the Transient Occupancy Tax is available to close the gap. An increase of roughly 1.4% would generate the necessary funds based on today's occupancy rates. With the neighboring jurisdictions having TOT rates of 13%, it would not be unreasonable to increase Carson City's rate from the existing 10%.

The first lease payment is not due until the City occupies the project, which is estimated to be in late 2014 or early 2015. By that time, the workers compensation fund will be at the goal level and the reduced payments of approximately \$1.1 million can be assigned to the project. The 1/8% sales tax is projected to increase annually by 3% which would generate about another \$100,000 if implemented early this year. Finally, the Board of Supervisors can determine that this project is a high priority for the future well-being of the City and reduce expenditures in other areas to assure that funding of the project continues.

It is recommended that the Board of Supervisors find that the project is financially feasible and direct staff to negotiate the appropriate disposition and development documents. The final disposition and development documents would be presented to the Board between 90 and 120 days following authorization to proceed. This should coincide with the 2011 Legislative process, and financial impacts to the City can be determined.

## MEMORANDUM



To: Carson City Board of Supervisors  
From: P3 Development Inc.  
Re: Report of Feasibility Study Pursuant to  
Development Coordination Agreement

### Overview of P3's Tasks Under the DCA

On June 3, 2010, the Carson City Redevelopment Authority, the Mae B. Adams Trust, Carson Nugget, Inc. and P3 Development Inc. entered into a Development Coordination Agreement ("DCA") for the Carson City Center Project. Pursuant to the DCA, P3 agreed to "perform an analysis of the Project and the Desired Elements to determine the feasibility of the Desired Elements and a development program acceptable to the parties." The DCA required P3 to examine each of the Desired Elements for feasibility, perform certain tasks pursuant to its program analysis as set forth in the agreement and ultimately to present a final development program for acceptance to this Board. P3 agreed to work with such architects, engineers, consultants and contractors necessary to assist P3 in performing the feasibility analysis. To that end, P3 consulted with the architectural firm of AC Martin Partners, McCarthy Building Company, Hannafin Design Architects, Resource Concepts, Inc., Shaheen Beauchamp Builders, LLC, Piper Jaffray and Co., Manhard Consulting, Sperry Van Ness Commercial Realtors, Remax Realty, Nevada Energy, Southwest Gas, Briggs Electric and RHP Mechanical Systems.

P3 met with the Citizens Advisory Committee on three occasions to discuss the Project. It also performed a public workshop where conceptual plans were presented and the public was given the opportunity to ask questions. P3 then made a presentation to the Library Board and modified its Master Plan in light of the Board's input. Since the date of approval of the DCA, P3 has met on at least a weekly basis with representatives of Carson City and City staff, the City's financial consultants, and representatives of the Mae B. Adams Trust to finalize a Development Program. On November 22, 2010, P3 made a presentation to the citizens committee and presented its findings and feasibility report. The Committee voted to present the report to the Board of Supervisors and, in essence, take the next step. The purpose of this memorandum is to set forth those findings in written form and to provide additional information developed since the November 22 meeting.

### Desired Elements

As required by the DCA, P3 examined the following Desired Elements:

- Knowledge and Discovery Center
- Business and Technology Incubator
- Central Outdoor Plaza
- Public Transit Hub
- Digital Media Lab
- Parking Structure
- Office Space
- Retail Space
- Evening Entertainment Venue
- Residential Space

## Program Analysis

P3 completed the following duties as required by the DCA:

- Master Plan
  - Developed a Concept Site Plan that generally describes the layout of the Project Site and the approximate location of the Desired Elements and the Final Project Elements.
  - Communicated with the other parties to the DCA to confirm the proposed sizes and uses of the structures to be built.
  - Defined the public spaces and the location of the public transit hub.
  - Prepared a massing diagram to determine the approximate height of the Project buildings.
  - Prepared renderings and electronic images of the Project Site for presentation to the parties.
- Infrastructure Analysis
  - Analyzed curbs, gutters and sidewalks for the Project Site.
  - Determined the location of utilities and Project demands for the necessary utilities.
- Parking
  - Prepared a forecast of parking requirements for the Project Site and users based on projected uses.
  - Allocated parking spaces to accommodate the Project Site and the anticipated uses of the Desired Elements and the Final Project Elements.
  - Analyzed whether and how parking revenues can be generated from the Project Site.
  - Determined the optimal size of the project parking structure and whether the parking structure should be above ground or underground.
- Real Estate Issues
  - Determined the required or recommended term and costs of site leases serving the Project Site, performed a retail analysis and housing analysis and made recommendations to the parties regarding amount, type and timing of retail and residential uses.
  - Analyzed possible relocation and/or abandonment of existing streets to accommodate the Desired Elements and the Final Project Elements.
- Financing Analysis
  - Forecasted the cost of the public and private improvements that make up the Project and the cost of the Desired Elements and other individual elements of the Project.

- Examined and made recommendations to the parties concerning phasing of the Project and priorities for each element of the Project.
- Prepared cost estimates to finance and build the Project, including the cost of the Desired Elements and such other improvements necessary for the Project scope.
- Development Plan
  - Prepared a sample Master Schedule for the Project from commencement to final completion of all approved Project Elements.
  - Proposed potential phasing options for construction of the Project.
- Public Outreach
  - Worked closely with Carson City staff to anticipate and resolve development issues and obtained input regarding desired Final Project Elements and Design and Financing Options.
  - Reported to the Board of Supervisors regarding its activities and findings at such times deemed necessary or advisable by Carson City.
  - Conducted working sessions with the Planning Commission, Citizens Advisory Committee and other relevant bodies as requested by Carson City.
  - Worked closely with other Project stake holders concerning the Desired Elements, the Final Project Elements and Design and Financing of the Project.

## Summary of Findings

On May 10, 2010 P3 appeared before the Carson City Center Citizens Advisory Committee and summarized its tasks under the DCA as an attempt to answer three questions.

- 1) What would the clients like to build?
- 2) What can be built?
- 3) What is financially feasible?

### **What would the clients like to build?**

Because the centerpiece of this Project is the Knowledge and Discovery Center, P3 has focused its attention on that element. P3 has determined, after consultation with the City and representatives of the Mae B. Adams Trust, that the residential portion of the Project is not feasible at this time due to lack of demand and excess residential inventory in Carson City. P3 and the working group also determined that a State office building was not feasible at this time because the State is not yet prepared to negotiate a lease for any completed structure. However, P3 has concluded that a limited service hotel and conference center is feasible assuming a brand or independent owner/operator is willing to commit to that element. P3 will seek out a hotel owner/operator as part of its development duties. Each of these elements may become feasible at some point in the future but would not be part of the initial construction plans which P3 estimates could be commenced in the summer of 2011.

## What can be built?

P3 has determined that all of the Desired Elements can be built on the Project Site identified as available for construction. P3 has found no substantial physical or environmental impediments and all necessary utilities are available. The vast majority of the Project site is already clear of buildings or other physical structures that would significantly impact the timing or cost of construction.

## What is feasible?

The word “feasible” is defined as “capable of being accomplished or brought about: possible”. Using that term as a guide and also the common usage of that term in the development and construction industry, P3 has determined that **the Project is feasible**. Later in this report we will present three possible Project mixes, the anticipated cost of each and how the Project can be financed or paid for. As will be further explained below, if additional funding sources are made available to Carson City, which funding sources appear to have a reasonable chance of success, then all of the Desired Elements (less the residential space and State office building) are feasible and can be completed in approximately 36 months from the date construction commences.

P3 has determined that the Project has the greatest chance of success from a financing standpoint through a public/private partnership. This structure would involve a substantial investment from the developer or private sector as well as from the public sector, i.e. Carson City. The financing structure that will be proposed for each sector of the Project is not expected to impact the City's debt limit and the financing we believe is available can be tax exempt. The City will not need to issue any new revenue bonds to complete the Project. The City's obligation would be a long-term lease subject to annual appropriations. Finally, P3 has determined that construction can commence in the summer of 2011 and the City would not have to make a first lease payment until 2015. This is based upon the assumption that the Board of Supervisors approves the Development Program by the end of February 2011 and that development agreements are negotiated and signed and a Notice to Proceed is given within 90 days thereafter.

## Master Plan

The proposed master plan for the Carson City Center Project was prepared with input from all Project stakeholders, and the public. The main goals of the Project are to create new jobs and new economic opportunities that do not currently exist in Carson City. The development team investigated all of the Desired Elements for feasibility. Several public meetings were held to present the development team's perspective on the Project and to obtain feedback from key stakeholders and the public. Additionally the development team obtained information and feedback from:

- The Mae B Adams Trust
- The Carson Nugget
- Carson City Public Works
- State of Nevada, Division of Lands
- State of Nevada, Office of Buildings and Grounds
- Sperry Van Ness
- ReMax Realty
- Southwest Gas Company
- NV Energy Inc.

# City Center Feasibility Report

The site will be provided by the Hop and Mae Adams Foundation, is located in the heart of the downtown and is sufficient in size to support these goals and has no known environmental impediments. Exhibit "A" is the Master Plan. The elements of the master plan include:

- Knowledge and Discovery Center 52,500 gsf with retail
- Digital Media Lab w/Knowledge and Discovery Center
- Business Incubator w/Office Building #1
- Central Outdoor Public Plaza 80,000 gsf (includes water feature)
- Public Parking Garage 438 spaces
- Surface Parking On Site and Off Site
- Bus Transit Hub Remains in current location.
- Hotel and/or Conference Center (125 rooms w/5,000 gsf meeting space)
- Office Building #1 with retail 50,000 gsf
- Office Building #2 with retail 65,000 gsf

New infrastructure includes new landscaping, new/upgraded streets, new water and sewer service, new storm drainage service, new/upgraded electrical service and new gas service to the project area. Additionally, streets immediately adjacent to the Project may be modified by adding turn lanes, curbs& gutters, sidewalks and traffic signals. Exhibit "B", is the planned road access for the Project.

Parking requirements for the Project are based on the assumption of 2 spaces per 1000 gross square feet of building area within the Project boundary per Carson City requirements. The existing Nugget Casino is included within the Project boundary for the purpose of forecasting parking demand. The total forecasted parking demand for the Project is 754 cars which is met with a combination of structured parking, on-site/off-site surface parking lots and increased, new on-site street parking. There are 65 parking spaces located on the street around the Knowledge and Discovery Center and Public Plaza area. Additionally, ADA parking spaces will be located per Carson City requirements adjacent to all buildings. If the parties determine additional parking is needed for the project during the design phase of the project then it will be provided, however, this could increase the cost of the project beyond what is currently budgeted. Refer to Exhibits "C & D", Parking Demand and Parking Plan.

Assuming approval of the public improvements and financing, the private development opportunities determined to currently be most feasible are a limited service hotel and an office building of approximately 50,000 gsf in size. The limited service hotel, to be located on the northwest corner of Carson Street and Robinson Street is proposed to include 125 rooms and 5,000 square feet of meeting space. The hotel will be connected to the Nugget Casino with a sky bridge. Office building #1, proposed to be located just to the south of the public plaza area is envisioned to include 50,000 gsf feet including the following proposed tenants:

- Carson City Business Resource and Innovation Center
- The Business Incubator
- Other General Purpose Office Space
- Retail

Additional office/retail space of some 65,000 gsf is planned within the project area, and can be developed when tenants are identified.

Retail space demand for the project is currently forecasted at between 7,500 and 10,000 square feet. The retail is proposed to be included in the Knowledge and Discovery Center and the two office buildings. The type of retail is expected to include coffee shops, specialty retail, tourist related, and food/deli/catering.

## Development Budget/Master Schedule

### **Budget**

Utilizing the proposed master plan and planning assumptions, a development budget of \$84,637,000 has been prepared. The proposed development budget for the Project is comprised of both public investment in the amount \$31,967,000 and private investment of \$52,670,000. The proposed budget includes costs for planning, architecture and engineering, permitting, construction, and fixtures furnishings & equipment. It is forecasted that more than 525 construction jobs (Exhibit "E") will be created from this investment.

The elements of the master plan requiring public investment are the Knowledge and Discovery Center, public plaza, parking garage, surface parking, and infrastructure improvements. Private investment will fund the office, retail and the proposed hotel (Exhibit "F", Development Budget).

### **Master Schedule**

A proposed master development schedule of 32 months is forecasted. This timeline commences with the approval by the Board of Supervisors to negotiate development agreements and concludes with the dedication of the new Knowledge and Discovery Center and other publicly funded components. It is anticipated that a portion of the private investment (Office Building #1) and the hotel could be completed within this time period as well. All construction work will be planned so as to minimize disruption to downtown business (Exhibit "G", Master Development Schedule).

### Land Ownership

The proposed Project site will be deeded to the Hop and Mae Adams Foundation. It is proposed the land required for the Knowledge and Discovery Center, public plaza and parking garage remain under the Foundation's ownership during the term of the lease. When the lease term has expired, the Foundation will transfer the land to Carson City. Market rate lease payments will be paid by Carson City to the Foundation during the lease term of the public improvements for land. It is proposed that the remainder of the project site remain under the ownership of the Foundation. All private development will be required to pay market rate lease payments for the land.

### Operations and Maintenance Costs

It is P3 Development's understanding that the following assumptions are proposed by the Hop and Mae Adams Foundation and Carson City in regard to operations and maintenance costs for the public improvements:

- A new library can be maintained and operated within the library's typical budget allocations.
- Land lease payments made by the City to the Foundation related to the library will be returned to the library annually for its use during the term of the lease.
- Land lease payments made by the City to the Foundation related to the public plaza will be returned to the City/Library for operations and maintenance costs of the public plaza annually during the term of the lease.
- Land lease payments made by the City to the Foundation related to the parking garage will be returned to the city annually for the term of the lease for operations and maintenance costs of the parking garage, or the land will be deeded to the City toward Federal grant possibilities.
- Private Development land lease payments will be paid annually to the Foundation for the Foundation's use.



## Financing Plan

For the purpose of determining the Project's feasibility a financing plan has been prepared for the publicly funded portions of the Project. The privately funded portion of the Project will be financed when feasible. The financing plan for the public improvements was created through the joint efforts of P3 Development, Piper Jaffray, Carson City and its financial consultants. The proposed financing plan for the Project is based on two assumptions:

- The City is not issuing the financing.
- There can be no impact on City's Debt Limit.

In order to meet the goals, a lease-based financing is proposed which includes the following:

- Developer/Developer Entity leases the land from Hop & Mae Adams Foundation.
- Development Team designs and constructs the Project for Guaranteed Maximum Price.
- The publicly funded portion of the Project is leased to Carson City.
- Carson City makes lease payments from annual appropriations.
- Carson City acquires the Project at end of lease term.

The exact financing plan is difficult to predict at this point in the Project as it is subject to many factors including actual market conditions at the time the financing is issued. However, the lease-based financing plan is a flexible and viable method. The financing can be taxable or tax exempt for varying terms. The amount to be financed is based on the Guaranteed Maximum Price provided by the development team. Carson City has the option to finance less than 100 percent of the needed public funds by contributing one time funds as a down payment.

For the purposes of determining the Project's feasibility, the development team has created a best case and worst case scenario (Exhibit "H"). For the purpose of building a financing plan, we have fixed the cost of the improvements based on the development budget. However, other variables including timing of the private investment (based on feasibility), the amount financed and the impact of borrowing costs (interest rates) are adjusted to show the impact on Carson City's lease payments. The final variable is the amount of revenue available annually to Carson City to make lease payments. It should be noted that the proposed hotel and office building will generate tax revenues to the City annually once completed. This analysis forecasts a range of lease payments compared to available revenues for lease payments. As a result, in the worst case scenario, a "gap" is realized.

Assuming there is a "gap" the City has several options or a combination of options to close the "gap" by:

- Reducing the amount to be financed.
- Reducing the cost of public improvements.
- Increasing the amount of cash contribution (down payment).
- Obtaining Federal grants.
- Realizing funds from a Library fund-raising program.
- Increasing annual revenues to meet lease payments.

## Recommendation/Next Steps

P3 Development has concluded that **the project is financially feasible**. P3 believes that the proposed project elements (both public and private), and the financing plan meet the goals of the community and Carson City. If the Board accepts the Program and authorizes staff to proceed, development agreements will be negotiated. Our proposed schedule assumes ninety days to negotiate the agreements and obtain final approval. If approvals are obtained and agreements are executed within the proposed schedule, ground breaking could occur in the late summer, 2011, with Project completion 36 months later.

## Exhibits

Exhibit "A" - Project Master Plan

Exhibit "B" - Project Master Plan, Roads

Exhibit "C" - Project Parking Demand

Exhibit "D" - Project Parking Plan

Exhibit "E" - Construction Jobs Forecast

Exhibit "F" - Development Budget

Exhibit "G" - Master Development Schedule.

Exhibit "H" - Project Financing Plan





exhibit b - project master plan, roads

# City Center Feasibility Report

Carson City Center Parking Demand		
Building Area	Parking Requirement	
	Size	Number of Spaces
Library	52,500	105
Office Building #1	50,000	100
Office Building #2	65,000	130
Hotel	100,000	200
Nugget Casino	92,000	184
<b>Total Parking Requirement</b>	<b>359,500</b>	<b>719</b>
Note: Parking demand calculated at 2 spaces per 1,000 gsf.		
Parking Plan		
Parking Garage.		440
Shared parking lot to the north (on N. Carson St.)		60
Shared parking lot on the east side of Stewart Street.		40
Surface lot within project boundary.		80
K&DC/Plaza on street parking.		65
Hotel Parking Lot		36
<b>Total Parking Provided</b>		<b>721</b>



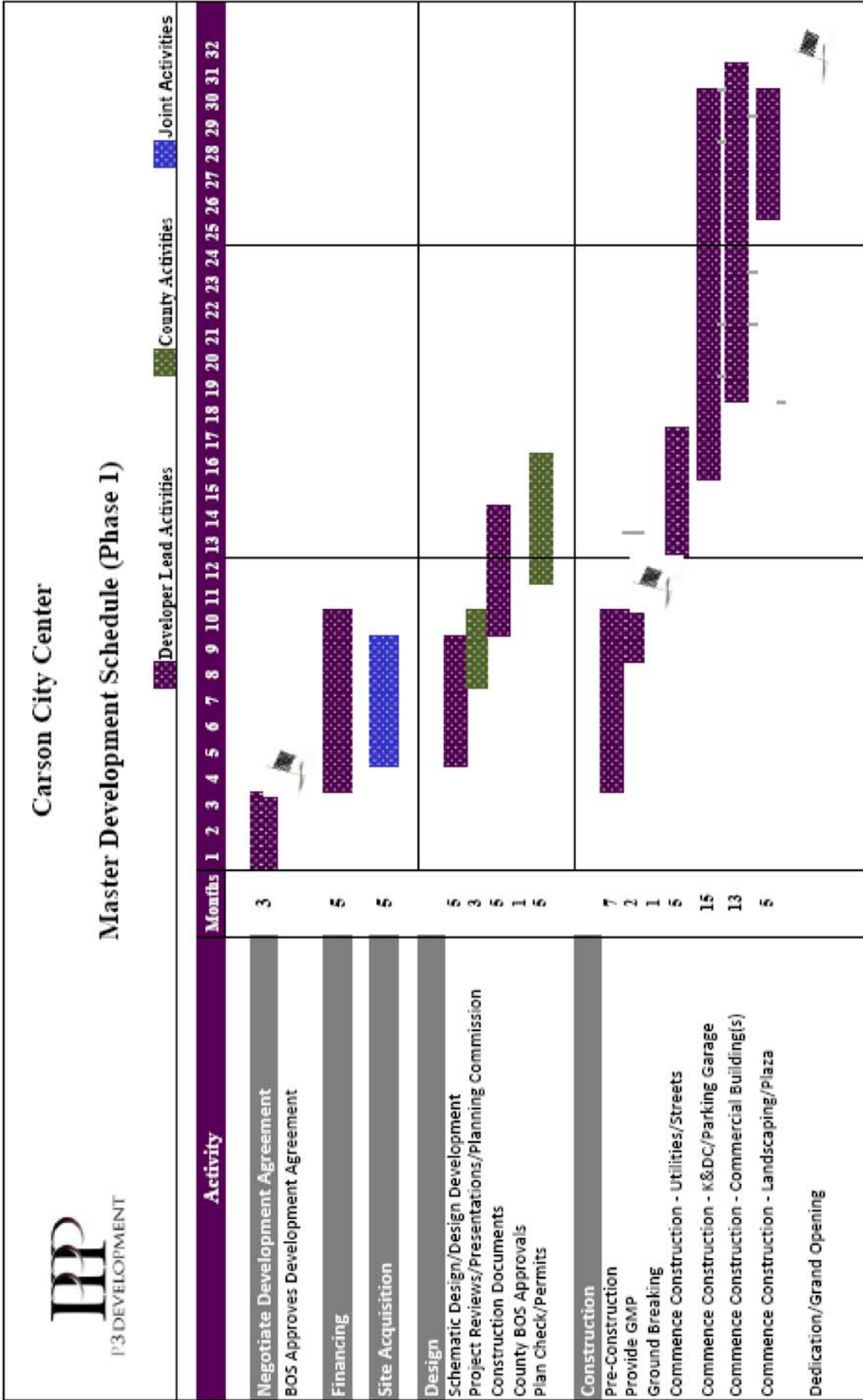
exhibit d - project parking plan

# City Center Feasibility Report

<b>Carson City Center Jobs Forecast</b>			
Item	Public Investment	Developer Investment	Comments
<b>Estimated Construction Jobs (At peak 2013)</b>			
Infrastructure	72		
Knowledge and Discovery Center	104		
Parking Garage	60		
Office Building #1		73	
Office Building #2		83	
Hotel		110	
<b>Total Estimated Construction Jobs</b>	236	266	
Estimated Permanent Jobs from Hotel		80	

Carson City Center Development Budget			
Project Element	Public Investment		Private Investment
Knowledge & Discovery Center	\$18,099,500		
Public Plaza	\$1,114,000		
Parking Garage	\$7,801,000		
Infrastructure	\$4,952,500		
Transit Hub (stays in existing location for now)	\$0		
Office Building #1 (50,000 gsf)			\$12,671,000
Office Building #2 (65,000 gsf)			\$16,856,000
Hotel (125 rooms and 5,000 gsf meeting space)			\$22,797,000
<b>Subtotal</b>	<b>\$31,967,000</b>		<b>\$52,324,000</b>





Carson City Center Project Financing Summary				
	Best Case Scenario		Worst Case Scenario	
	Public Investment	Developer Investment	Public Investment	Developer Investment
<b>Proposed Development Budget</b>				
Knowledge & Discovery Center	\$18,099,500		\$18,099,500	
Public Plaza	\$1,114,000		\$1,114,000	
Parking Garage	\$7,801,000		\$7,801,000	
Streets/Sidewalks	\$4,952,500		\$4,952,500	
Transit Hub	\$0		\$0	
Office Building #1 (50,000 gsf)		\$12,671,000		\$12,671,000
Office Building #2 (65,000 gsf)		\$16,856,000		Future
Hotel		\$22,797,000		Future
<b>Subtotal Project Cost</b>	<b>\$31,967,000</b>	<b>\$52,324,000</b>	<b>\$31,967,000</b>	<b>\$12,671,000</b>
Less Public Agency Contributions	\$2,215,000		\$2,215,000	
Library Fund Raising	\$2,000,000		\$2,000,000	
Less Federal Grants (includes EDA grant)	\$7,500,000		\$7,500,000	
Amount to be Financed	<b>\$20,252,000</b>	<b>\$52,324,000</b>	<b>\$27,252,000</b>	<b>\$12,671,000</b>
<b>Forecasted Annual Lease Costs (July 2015)</b>	<b>\$1,410,000 to \$1,700,000</b>		<b>\$1,980,000 to \$2,360,000</b>	
<b>Estimated Annual Revenues to Pay Lease Costs (July 2015)</b>				
Proposed Sales Tax @ 1/8%	\$884,000		\$884,000	
Redevelopment Agency Funds	\$500,000		\$500,000	
Add Property Tax Increment	\$246,000		\$56,000	
Added Developer In-lieu tax	\$80,000		\$80,000	
<b>Subtotal Estimated Revenues</b>	<b>\$1,710,000</b>		<b>\$1,520,000</b>	
<b>Gap Between Lease Cost and Revenues</b>	<b>\$300,000 to \$10,000</b>		<b>&lt;\$460,000 to \$840,000&gt;</b>	

## MEMORANDUM



To: Larry Werner, City Manager  
From: Sara Jones, Library Director  
RE: Knowledge & Discovery Center, Business and Operational Plan

The Carson City Library has been historically funded at sufficient levels to operate the planned new facility- the Knowledge and Discovery Center - using general fund appropriations of approximately 2.5% - 3% of the City budget.

A new facility can be operated with current levels of funding if the following occurs:

- Build an efficient, modern building
- Fully utilize technology including budgeting for maintenance and ongoing technology expenses
- Reallocating and more effectively using human resource funding
- Use enterprise and profit centers wherever possible

These conclusions are reached from a thorough needs assessment and planning process. The Library conducted extensive surveys, stakeholder meetings, focus groups, subject expert interviews and substantial input from the community.

The Carson City Library has traditionally been supported from general fund revenues since its inception in 1969. For the past decade 2000-2010, budget support has consistently been between 2.5-3% of the Carson City general fund budget.

Below are the last five years of Library Budgets:

FY 07	\$1,555,079
FY 08	\$1,704,267
FY 09	\$1,577,293
FY 10	\$1,590,255
FY 11	\$1,446,300

The Library is included in the cultural and recreational component of the City budget. The total for all these functions has fluctuated between 10-11%.

In addition to the library budget the funding for maintenance of the building and the grounds is included in the parks and facilities budgets, although approximately 1 FTE is currently in the libraries budget for some on-site custodial/maintenance work. The City IT budget provides partial support for some components of Information Technology, primarily staff computers. Finance, HR, legal and administrative support is also provided by the City through internal services departments.

To supplement City general fund support the library seeks public and private grants, gifts, and donations and regularly holds fund-raisers to help support its programs and services. In general the budget breakdown is 85-90% city funding and 10-15% external support. For the past three years there have

been substantial efforts to increase exterior funding sources to expand services and to reach the goal of building a new library for the community.

The current Library Director has 25 years experience as a professional librarian. From 2001-2007 she was the Administrator of the Nevada State Library and Archives, managed a nine million dollar budget, 55 FTE's, a 133,000 square foot facility, and a satellite location in Las Vegas, Nevada. She holds a master's degree in library science from Syracuse University and is completing her PhD in Library and Information Science. As adjunct faculty at two library schools, the University of North Texas and San José State University, she teaches Public Library Management and Financial Resource Management.

## Budget/Financial resources

This graph from FY 07-10 illustrates human resources consume most of the funding resources:

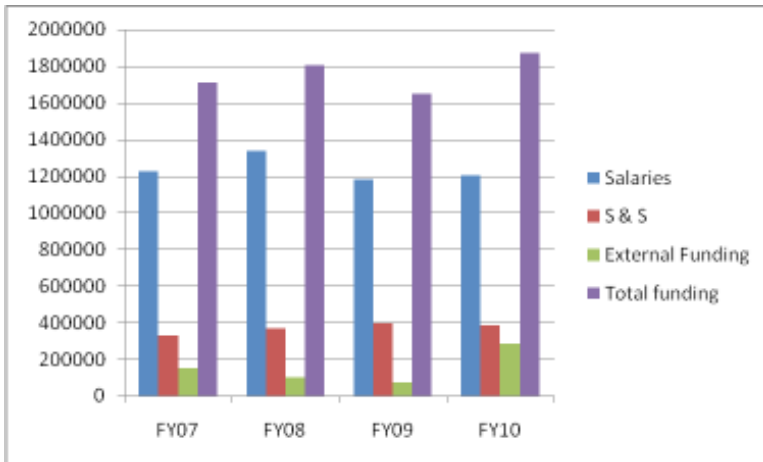


Figure 1

Currently the library has 14 full time positions and 6 hourly positions. In addition \$35,000 is in the services and supplies budget in the professional services category to provide substitute and specialty professional services the library lacks in its current personnel (approximately .5 FTE's). These workers are temporary and are paid through a temporary personnel services agency. This has been a very effective way to manage reduced human resources and still provide adequate service levels.

The library is moving towards outsourcing functions that can be accomplished more efficiently from vendors and is implementing a variety of self service technologies.

## Planned facility

The space planning consultant for the new facility not only assessed the current library but also the space needs for a library to serve Carson City and the region for the next 30 years. The new library planned as part of the City Center project is described below:

*The Knowledge and Discovery Center will serve as the central community gathering place offering a gateway to knowledge and avenues of discovery including information, research, technology, learning, entertainment and civic engagement. A central mission of the KDC will be to reinvigorate a commitment to the future of Carson City by investing in resources that support and grow business in the region.*

# City Center Feasibility Report

The planned facility will be 52,500-60,000 square feet and will include a Digital Media Lab which could share in building and operating costs and in spaces that support both missions such as computer labs, small meeting rooms, green rooms and the auditorium.

No additional full time staff is needed to run the new library, but realigning the staff from a 20<sup>th</sup> century library to a state of the art library will be necessary.

New facility staffing needs:

Position Description	New facility	FY 2011 budget
Library Director	1	1
Library Deputy Director	1	1
Adult Services Librarian	1	1
Youth Services Librarian	2	1
Technical/Administrative Services Manager	1	1
Community Relations Coordinator	1	1
Circulation Supervisor	1	1
Technology Manager	1	0
Library Assistants/other	3	6
Hourly positions- clerical, circulation, youth,	6	4
<b>Professional services/contractual</b>		
Technology/Librarian/other	2.0	2.0
Security	1.5	0
Custodial	1.0	1.0
<b>Total amount of FTE</b>	<b>23.5</b>	<b>20</b>

Reducing HR costs can be accomplished with less dependence on full time positions with PERS and health benefits from 19 in 2007 to 13 in 2013 but there will be an increase in part time positions that provide support from the most skilled levels (professional librarian, security and technology) to rudimentary non-skilled needs (shelving, custodial, shipping).

The current budget amount of 2.5-3% of the general fund or from 1.5-1.8 million dollars (current dollars) will support the above staffing needs; some of these changes will need to take place over the next three years through employee attrition and as we continue to move towards outsourcing and increasing both internal and external dependence on technology.

### Use of Self Service technology to reduce human resources

The new Knowledge and Discovery Center is planned to take full advantage of self service and materials handling using technology. In 2010 the library implemented RFID (Radio Frequency Identification)

technology. By utilizing this new technology all aspects of circulation and inventory are better and more human efficient. The current library is now 100% self serve check out. This self service model enables human resources to be more available to provide direct service to the public. Implementation of RFID resulted in restoring hours of service in September 2010-despite the loss of two FTE from City budget cuts. The Library plans to implement Automated Materials Handling in 2011 which will provide further efficiencies.

## Security

The new building is planned for security cameras in multiple locations to let one security trained person view all aspects of the library simultaneously this way staff members do not have to cover every area of the library with their physical presence but can cover the areas that require public service. Using technology to solve this problem will be not only more effective but will make people safer when they use the facility.

## Services and Supplies Budget Adjustments

The current services and supplies budget needs line item adjustments from budgeted amounts in the salary and benefits line items. This can occur over the next three years through employee attrition. This will allow for increase in staffing using professional and temporary services with NO increase in overall budget needs. It also insures that the technology that makes us more efficient stays current.

## Energy costs

The current cost of energy will be used as a design principle to ensure the new library is designed for energy efficiency through the LEED process. The current level or cost of support for energy can be adequate for a larger new library given the efficiency of a new LEED facility.

### *Recent documented examples of new libraries built with similar sustainable practices:*

- **Durango, CO 2008** A new library was built in Durango, Colorado it is 40,000 square feet and cost 12 million dollars. The new Library is three times the size of the previous library. It is ready for growth in population yet was planned with no additional library service staff, RFID and materials handling were fully implemented to accomplish this. The goal also was to minimize the size and need for service desks.
- **Darien, CT 2009** The 54,000 square foot LEED certified (GOLD), three-story building, is double the size of its predecessor but is designed to use same amount of energy and the same staffing levels of the previous library. The "Main Street" entrance area on the ground floor (below) allows patrons to find their holds, return and check out materials on their own, browse new fiction, or just hang out in the café. Green features include geothermal heating and cooling.
- **Dallas, TX- Lochwood Branch 2010** The Lochwood branch is organized to allow for maximum future flexibility and minimal oversight. From the building entry library visitors enter the library adjacent to the single service point which is located to allow efficient use of staff to operate the building. The open floor plan enhances staff efficiency.

maintenance and operation costs

## New Opportunities

The Digital Media Lab opens new entrepreneurial opportunities. Through the operation of the Digital Media Lab the library hopes to have 5 - 10 high school/college students as interns to work in all the technology aspects. This would assist with an expansion of library service hours to include nighttime hours until 9:00 pm and offering Sunday hours. These additional positions are not required to operate the Library but they would expand and enhance services and benefit the community.

Finally all opportunities for increasing profit opportunities should be explored, these include an expanded Friends of the Library Store, a café, other retail, full rental recovery on auditorium and advanced technology services at a per use cost. A new service model for a new library requires being thoughtful and creative to explore solutions that will transform the public library serving our Capital City with sustainable practices that other libraries across the nation will emulate.

**Summary:** Assuming typical budget allocations, no increase in operational costs for the library is necessary with adequate technology investment and changes in budget line items.

## **Operational Costs Parking Garage and Plaza, Darren Schulz, Public Works Department**

Maintenance and operations costs for the plaza are estimated at \$27,000/year. The plaza comprises 1.8 acres and assumes half is finished in hardscape and half landscaped. Budget costs were estimated Carson City Parks and Recreation Department using similar park areas they currently maintain and operate. Costs include personnel, equipment, supplies and snow removal.

Maintenance and operation costs of the parking garage are estimated at \$88,000 annually; \$200.00 per parking space for an estimated 440 car facility. Costs for repair, security, personnel, equipment, supplies and snow removal are included.

Total operational costs for the parking garage and year-round interactive plaza are estimated at \$115,000 per year. Through a Project Management Association (PMA) the Nugget has offered to share in maintenance and operational costs of the parking garage and the year-round interactive plaza. To help the public plaza further, land lease payments made by the City to the Hop and Mae Adams Foundation will also be returned to the Library/City annually for the term of the lease.

**Summary:** Total operational costs for the parking garage and the plaza estimated to be \$115,000 per year. Through a Project Management Association (PMA), the Nugget has offered to share in operational costs of the parking garage and the Plaza.



## MEMORANDUM

To: Larry Werner, City Manager  
From: Lee Plemel, AICO, Planning Director  
RE: Carson City Center Project Parking Analysis

Based upon questions raised at prior Carson City Center Project Advisory Committee meetings regarding the adequacy of the proposed parking, I was asked to conduct a parking analysis for the proposed uses within the project. This memo discusses the parking analysis methods and conclusions.

The attached spreadsheet, Attachment A, shows the parking analysis for the proposed project. The analysis uses accredited sources of parking demand information, where available, as indicated in the first two rows of the spreadsheet and discussed later in this memo. The analysis separates the parking demand into the various use types—office, retail mix, hotel, casino and library—and assigns a percentage of the peak demand for each use during various times of the day (e.g. 0.60 equals 60% of peak parking demand). The maximum demand total for all the uses at any given time of the day—i.e. weekday noon-time—represents the peak project parking demand.

### Conclusions:

1. The parking analysis indicates that peak parking demand will occur during the weekday lunch-time period, closely followed by weekday mornings and afternoons, due to the parking demand of the offices. More than adequate parking will be available during weeknights and weekends, when Nugget Casino and downtown event demands are highest.
2. The parking analysis indicates that there will be enough parking within the project area to accommodate the peak weekday demand of approximately 754 spaces.
3. The proposed project meets the Carson City Municipal Code parking requirement for the Downtown Mixed-Use (DTMU) zoning district of 2 spaces per 1,000 square feet of gross floor area.

### Rationale:

The project developer, P3, is proposing to construct a total of 719 spaces to meet the DTMU code requirement. This would lead to an estimated shortfall of 35 parking spaces at peak demand. However, the 719 spaces counted do not account for all the on-street parking within the project area. Assuming we keep all the existing parking spaces on Plaza Street and the side streets west of Plaza Street in place or relocated to account for use by existing businesses, I estimate that there will be an additional 25-30 on-street parking spaces available within the project area. This includes parallel parking on the opposite sides of the street from the angled parking around the library, which can be included in the street design, and accounts for anticipated driveways and property access. This brings the estimated parking deficiency gap to near zero.

While I would note that I am not a transportation planner or engineer and do not purport to be an expert in parking demand studies, I offer this analysis using various accredited sources that are frequently used in preparing parking demand analyses and that are accepted by Carson City in determining required parking per the Carson City Municipal Code. Following is a more detailed summary of the demand sources for the various uses in the project.

parking study



Offices: The *Institute of Transportation Engineers (ITE) Parking Generation Manual, 4th Edition* (latest version), was used for both the peak demand and time-of-day ratios. ITE manuals are considered the "gold standard" for parking and traffic generation analyses. The ITE manual's data is based upon demand studies from actual projects.

The peak demand of 3.45 per 1,000 square feet of office space is the 85th percentile of the ITE parking demand studies. This results in a peak office demand of 380 spaces for the proposed project (during weekday mornings). This appears to be a valid number based upon observation of the parking demand at the newer State office Building on Stewart Street and Little Lane, which is about the size as the proposed project offices.

Retail Mix: A factor for a mix of retail, including restaurants, is used since the actual distribution of various specific uses is not known at this time. The parking demand of 3.0 spaces per 1,000 square feet of floor area is based on the *Carson City Downtown Parking Strategy* conducted by transportation consultants Fehr & Peers in 2007. They based this demand on ITE data.

In addition to ITE, I used other sources to determine the estimated time-of-day ratios for this category. Again, ITE has very good data for specific uses, but the mix of uses can only be estimated for this project at this time. In addition to ITE, I used similar time-of-day factors that are used in the Reno Municipal Code and the book *Parking Management Best Practices* by Todd Litman, published by the American Planning Association.

Generally, the parking demand for a mix of retail and restaurants has a relatively small impact on the overall parking demand because is it a relatively small part of the overall project.

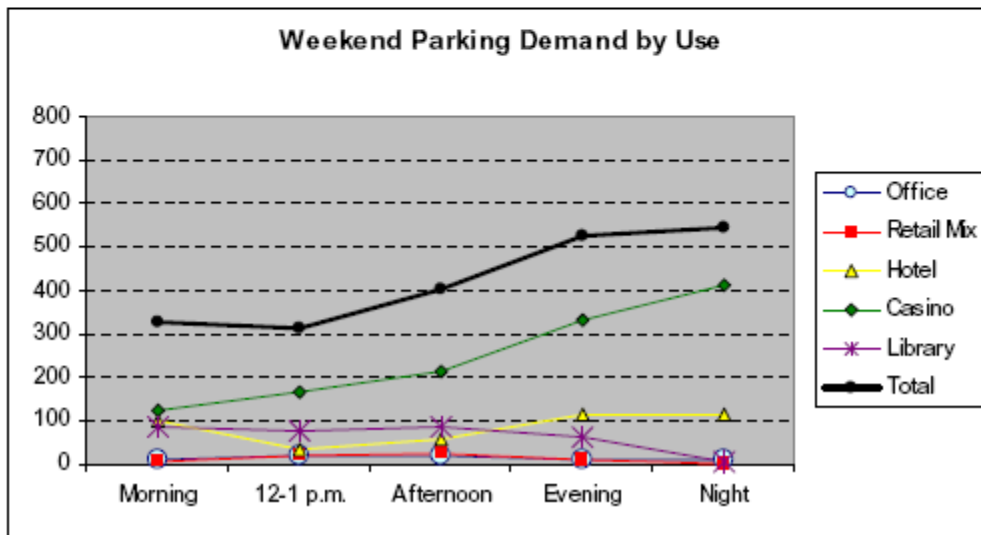
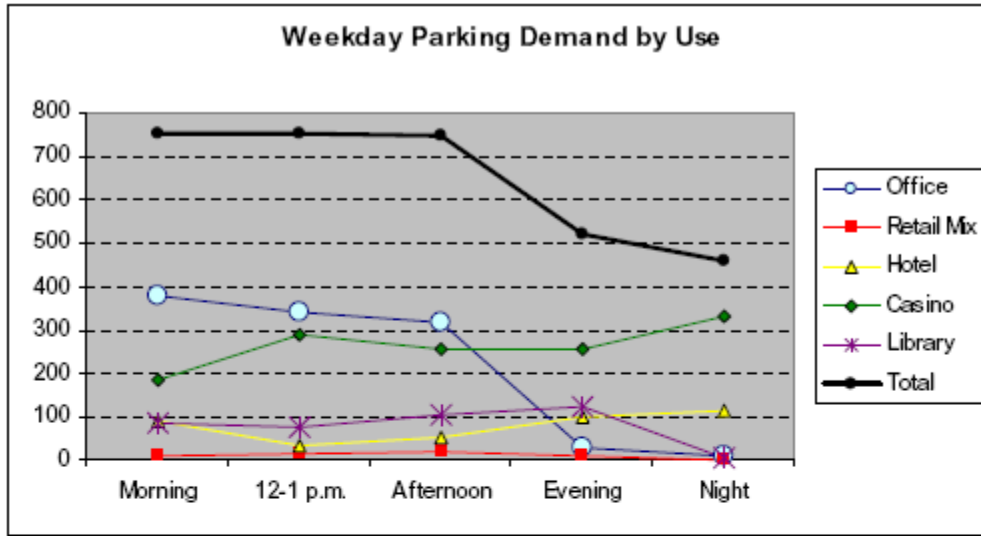
Hotel: The ITE manual was used for both peak demand (average peak, weekday, suburban) and time of day ratios. Time-of-day ratios were adjusted based upon the Reno Municipal Code, which is assumed to be more relevant to demand peaks in this region.

Casino: The ITE manual does not address casino parking demand studies, and I would assume it can vary widely from casino to casino. To assist in this study, the Nugget conducted a parking count for their actual demand at various times of the day for the week of December 13, 2010. I used the 85th percentile of the counts for the weekday periods, when overall project parking is in highest demand. The 85th percentile numbers were very close to the Nugget's maximum counts during the weekday periods. The Nugget indicates that they expect an increase in parking demand during the summer months compared to December, but will primarily occur during evenings and weekends when office demand is near zero and excess project parking is available.

Library: The requirement of 2.5 parking spaces per 1,000 square feet of floor area was use for the analysis. This is the requirement per the Carson City Municipal Code for libraries outside the DTMU zoning district, and it is within the range of demand indicated in ITE manual. The time-of-day parking ratios are from the ITE manual.

# City Center Feasibility Report

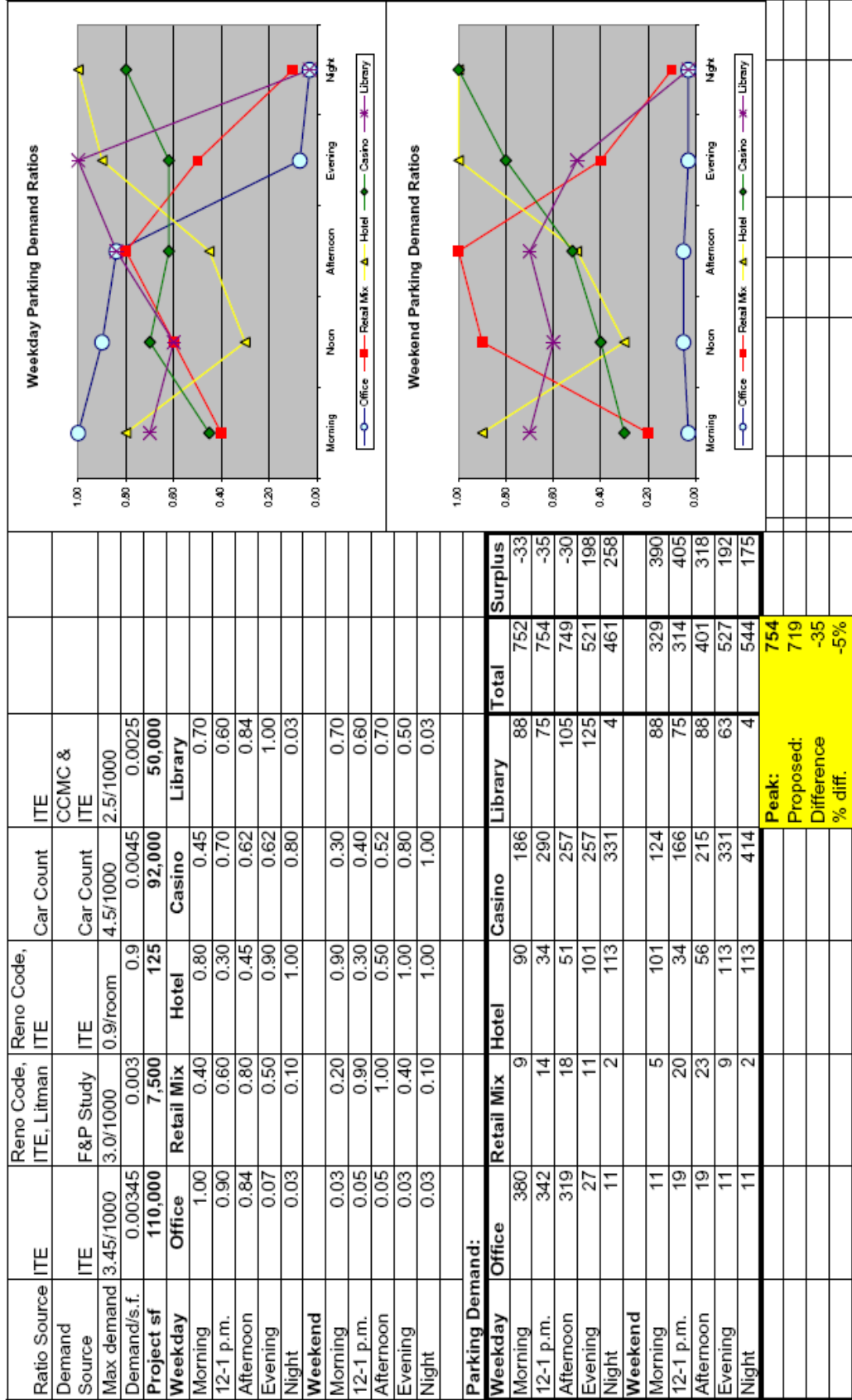
The following graphs summarize the parking demands for the different uses at various times of weekdays and weekends, as well as the total demand for all uses combined:



Attachments:

A. Parking Analysis spreadsheet

## Carson City Center Project Parking Analysis



Ratio Source	ITE	Reno Code, ITE, Litman	Reno Code, ITE	Car Count	ITE		
Demand Source	ITE	F&P Study	ITE	Car Count	CCMC & ITE		
Max demand	3.45/1000	3.0/1000	0.9/room	4.5/1000	2.5/1000		
Demand/s.f.	0.00345	0.003	0.9	0.0045	0.0025		
Project sf	110,000	7,500	125	92,000	50,000		
Weekday	Office	Retail Mix	Hotel	Casino	Library		
Morning	1.00	0.40	0.80	0.45	0.70		
12-1 p.m.	0.90	0.60	0.30	0.70	0.60		
Afternoon	0.84	0.80	0.45	0.62	0.84		
Evening	0.07	0.50	0.90	0.62	1.00		
Night	0.03	0.10	1.00	0.80	0.03		
Weekend							
Morning	0.03	0.20	0.90	0.30	0.70		
12-1 p.m.	0.05	0.90	0.30	0.40	0.60		
Afternoon	0.05	1.00	0.50	0.52	0.70		
Evening	0.03	0.40	1.00	0.80	0.50		
Night	0.03	0.10	1.00	1.00	0.03		
<b>Parking Demand:</b>							
<b>Weekday</b>	<b>Office</b>	<b>Retail Mix</b>	<b>Hotel</b>	<b>Casino</b>	<b>Library</b>	<b>Total</b>	<b>Surplus</b>
Morning	380	9	90	186	88	752	-33
12-1 p.m.	342	14	34	290	75	754	-35
Afternoon	319	18	51	257	105	749	-30
Evening	27	11	101	257	125	521	198
Night	11	2	113	331	4	461	258
<b>Weekend</b>							
Morning	11	5	101	124	88	329	390
12-1 p.m.	19	20	34	166	75	314	405
Afternoon	19	23	56	215	88	401	318
Evening	11	9	113	331	63	527	192
Night	11	2	113	414	4	544	175
						<b>Peak:</b>	<b>754</b>
						Proposed:	<b>719</b>
						Difference	<b>-35</b>
						% diff.	<b>-5%</b>

ATTACHMENT A

1/12/11

## Office Building # 1 (Phase 1a)

### Info

- Possible tenants include, the Nevada Insurance Agency, Carson City Business Development and Community Development and Carson Careers (the Business Incubator). Further, P3, Development. Inc. has several other possible tenants interested.
- Financing - all private. City would be tenants only.
- Relationship to the Business Resource Innovation Center (BRIC) - This building does not impact the BRIC parking lot, so the City has flexibility on what to do with the BRIC (old Fireside building). Business Development and Community Development may move into the new office space, the existing business library, public computing and meeting rooms will be part of the new Knowledge and Discovery Center.

### Carson City Center Report of Feasibility Study

### Exhibit A - Master Plan



office building 1 - phase 1a

## Hotel Phase 1b

### PKF Hotel Market Study Phase I & II

Colliers PKF Consulting conducted a study for the potential market demand for the development of a proposed upscale, focus service hotel to be located in Carson City, Nevada.

The proposed hotel will contain approximately 125 rooms. The study analyzed two sites. The first location (Site I) is east of the Nugget between N. Stewart Street and N. Carson Street. The second location (Site II) is west of the Nugget across N. Carson Street, northeast corner of W. Robinson and N. Carson Street. Of these two sites Site II is preferable as it is ranked excellent/very good.

The recommendation would be the development of an upscale, focus service hotel with 125 rooms, 4,000 square feet of meeting space. The report concluded that based on the PKF forecast of operating revenues and expenses, the resulting net operating income is sufficient to support the capital investment for the development of the hotel.

### Carson City Center Report of Feasibility Study

### Exhibit A - Master Plan





## DOWNTOWN DEVELOPMENT PROJECT USING MAE B. ADAMS TRUST PROPERTY

The Hop & Mae Adams Foundation (the "*Foundation*") is a 501(c)(3) charitable organization created by Mae Adams to benefit Carson City, particularly its young people.

The Foundation believes a common element shared by all thriving communities is a strong family base. Carson City faces numerous challenges in this area, and it appears the root cause of those challenges is economic in nature. The financial condition of many families in Carson City is dire. Unemployment within Carson City is high, and there is no real foreseeable improvement. Career opportunities for Carson's young people are limited, perhaps nonexistent. And the lack of jobs creates a growing pressure to relocate from Carson City. In short, times are tough for Carson City families. The Foundation's resources are presently limited awaiting resolution of administrative matters; however, once the resources become available, the Foundation will contribute the annual gain on those resources or approximately 5% of the total annual value, whichever is greater, toward various initiatives the Foundation believes will best serve the Carson City community ("*Community*").

The Mae B. Adams Trust (the "*Trust*") owns 100% of Carson Nugget, Inc. (the "*Nugget*"). The Trust recently separated the real property from the gaming operations of the Nugget and now owns the real property that constitutes the development site (subject to the Nugget's retained parking rights). The Trust and the Foundation, collectively, will hereafter be referred to as "*Mae*".

### Background of the Project

Mae conducted extensive inquiry on how she could best help the Community, both today and in the future. She resolved to address the root cause behind Carson's struggles by creating employment opportunities and diversity in Carson City while helping train and educate its young people with skills most needed in the 21st century. Mae's holistic economic plan ("*Carson Careers*") was designed to optimize her resources with these ends in mind. The key element of Carson Careers would be a downtown development (the "*Project*") showcasing a resource center with career-building tools easily and freely accessible by all of Carson City.

In December of 2009, Mae presented her concept and preliminary findings to the Board of Supervisors (the "*Board*"), and requested permission to explore the Project as a public/private partnership using Mae's land. Mae communicated that the Project was on the table only if the Board felt it would serve the Community's best interests. Mae forecasted opposition based on differing views, personal reasons, agendas, present entitlements, or fear of change. Mae did not dictate the details of the Project but, instead, left that open for Community input. She was firm, however, in her belief that the library – rather, a 21st century "*Knowledge Center*" with the latest literary, educational, and economic tools and technology, that will be managed by the Library, should stand center stage in the Project. The Board expressed significant interest and granted permission to further explore the Project and present a proposal.

Since then, Mae has continued to test and vet the concepts of Carson Careers, especially its corner stone, which is the Project. The Trustees for Mae have all been impressed and humbled by the tremendous efforts put forth by the Board and City representatives to flesh out the issues. These officials have considered the issues from many perspectives, despite the "anti-anything" emotional fervor caused by the election, which resulted in serious distortions and party platforms about the project. It is obvious that Carson City's officials and personnel sincerely care about the Community. The Trustees

are also pleased with the cautious and thorough assessment made by the chosen developer, P3 Development (“P3” or “Developer”).

After careful due diligence, P3 determined the Project is economically feasible (at least while interest rates are low); so much so that P3 agreed to fund the Project. All experts involved have concurred with Mae’s view that the Project will address the present economic situation of Carson City and be a key element in providing for a sustainable future. The Project is the heart of a holistic approach (Carson Careers) that will have a great and immediate positive impact on Carson City, with an even greater impact on its future generations.

## Efforts and Commitments after Board Interest and before Developer Selection

Mae has taken the following steps during the past year:

- Based on the Board’s interest in the Project, the Trust purchased Alan Adams’ 50% share in the Nugget.
- The Trust purchased several small parcels of land owned by third parties that were interspersed among those already owned by the Nugget. This will allow Mae to offer a contiguous project area and ensure the development site is fully secured to prevent third parties from holding the Project or the City hostage.
- Mae spent significant effort and resources on due diligence, including extensive travel throughout the United States, dialoging with national experts and vetting the Project and other elements of Carson Careers.
- After developing a holistic economic plan for Carson City, which centers on the Project, Mae committed to helping identify a suitable developer who could responsibly manage the Project. Thereafter, City officials, with Mae’s input, established criteria for the developer selection process. Mae’s particular set of criteria and offerings for developer selection were as follows:
  - o The Project design must account for the parking rights and needs of the Nugget and downtown community, and those needs must be maintained throughout the construction process. Assuming different peak-demand times, Mae believed a mixed-use development would allow the Project to share the same parking stalls as those needed by the Nugget.
  - o To incentivize developers to undertake a project of this magnitude, Mae committed to working with the developer in such a way that the developer would not have to invest the land cost up front. Instead, the developer will pay rents on the land needed for the Project.
  - o All proceeds from the above-mentioned rents will be paid to the Foundation to further its charitable purpose, which is to serve the Community and youth of Carson City.
  - o The City should not be asked to assume any direct debt (whether as borrower or guarantor) or issue bonds for the Project for which they are responsible. Likewise, the Community should not be asked to pay any additional taxes beyond the 1/8 cent sales tax proposed for the Knowledge Center.

- o The centerpiece of the Project should be the Knowledge Center, which Mae felt would make a permanent statement about Carson's core values and that opportunity, not entitlements, are the key to the future of Carson's young people. The Knowledge Center's resources would be available to the general public, business community, and educational institutions. Mae Adams often repeated the old adage of giving a man a fish to feed himself for a day versus teaching him to fish to feed himself for life, but she was glad to plant some worms. The location and design of the Knowledge Center and other buildings in the Project were to be left to the Community and Library as they deemed for Carson City.
- o The lease payments made to the developer for the Knowledge Center should be applied, in full, toward the purchase of the Knowledge Center building, with the purchase price being the developer's cost plus a very modest fee for the developer's efforts.
- o The developer's markup should be below market standard on all public portions of the project (i.e., Knowledge Center, plaza, and parking garage(s)).
- o The developer should seek to minimize the cost of capital by taking advantage of the historic low interest rates and, if possible, seeking tax-exempt status on the Project.
- o The leases on any public portion of the Project should be flexible to allow the unknown variable income stream of the 1/8 cent tax to first pay the interest on the construction costs, with the remainder to be accrued against the principle, so an event of default occurs only if the interest portion of the lease payment is not made.
- o All work by any developer, including its hired professionals and contractors should be "works made for hire," meaning the final work product will be owned by whoever pays for it (the City, Mae, etc.), so the Project cannot be held hostage by intellectual property or other ownership claims.
- o The developer should require that all construction work done on the Project be covered by construction payment and completion bonds.
- o The developer should engage local professionals and contractors to the greatest extent reasonable. Given the bond requirement, contract size will be minimized to optimize the ability of local contractors, suppliers, and professionals to participate in the Project.
- o The developer should employ "green" construction practices and materials to the greatest extent reasonable. The buildings must incorporate the latest technology, including optimum digital and technology capabilities, to put Carson City on the global marketplace map. Mae believes the combination of "green" buildings, with custom, specific-use design and state-of-the-art technology is costly but justifiable, as this is quickly becoming the standard in today's rapidly-changing marketplace.
- o The development should reflect the Community's identity, including its history, as deemed appropriate by the Community and its officials. The developer should interact extensively with the Community and engage a knowledgeable architect in the area to assist with the final plan and design.



A development package was disseminated to numerous developers. A developer selection committee was formed consisting of several City personnel and professional consultants, and one representative each from the Nugget, the Trust, and the Foundation. The committee interviewed several developers and, after careful consideration, unanimously selected P3.

## Efforts and Agreements after Developer Selection

After the Developer was selected, a number of other commitments and actions have been made by Mae to both the City and the Developer to incentivize the Project in whole:

- All rents payable by the Developer for the land portion of any lease will be paid directly to the Foundation. The Foundation will use these proceeds for the benefit the Community, including the development of existing and new businesses, which will include assisting existing businesses with survival and expansion, start-ups, and bringing new businesses to Carson City. The goal of these efforts is to help eliminate economic blight and deterioration and increase educational and employment opportunities, especially for Carson's young people.
- To minimize the Developer's risk regarding any lease between the Developer and its tenants, if the Developer is not paid rents, the Developer will not have to pay the Foundation the land rent portion for some reasonable period of time (the "*Stand-Still Period*") as negotiated in good faith between the Developer and the Foundation. This Stand-Still Period will allow the Developer to take appropriate action on collections or tenant replacement, with the Foundation sharing in the cost of the defaulting tenant. Property taxes, however, must always be kept current on the land.
- The Trust recently separated the Nugget's gaming operations from its real property holdings. The Trust now owns directly the real property. Although the real property has been distributed to the Trust to further the Project, the Nugget has retained parking rights critical to its operations. In consideration for the Project addressing the entire downtown parking needs, including those of the Nugget, Mae is willing to donate the land necessary for the parking garage to the City or the Project. This donation should also open the door to federal funding for the garage needed by the Project and the downtown community.
- As incentive for a hotel/convention center, in light of PKF International's positive feasibility study, Mae is willing to work with a responsible hotel owner on use, access, or lease of the Nugget's present banquet and kitchen facilities, so long as the Nugget's customers and employees are not unduly burdened.
- Mae is willing to have the Project site put into its own business improvement district ("*BID*"), or project management association ("*PMA*"), to assist with the maintenance of the parking garages and plaza, as well as the entertainment on the plaza. Mae also believes other responsible covenants and restrictions should be incorporated that best serve the future of the Project and Community.
- Mae is to understand the Developer will work with the City and relevant parties to design, develop, finance, and construct the Project, all subject to City approval.
- It is understood that the Developer will lease or sell the Project buildings as the market dictates, so long as the lease income stream from the Developer to the Foundation is not jeopardized.

- All lease proceeds (net of any taxes) received by the Foundation from the Developer for the land under the Knowledge Center will be timely paid to the Library Foundation, a 501(c)(3) entity, with the understanding that the Library Foundation will use those funds for grants and efforts to keep the Knowledge Center state-of-the-art and current in its offerings to the Community.
- Instead of a perpetual lease on the land under the Knowledge Center, with those lease proceeds being perpetually donated to the Knowledge Center, Mae will donate that land to the Library Board of Trustees once title to the building transfers to the Knowledge Center or the City at the end of the building lease term.
- Mae will consider donating the rents received for the plaza area to the Knowledge Center if those funds are used by the Knowledge Center to schedule and fund Community events on the plaza and if those costs are not to be fully born by the BID or PMA.
- Mae understands the value of naming rights for the Knowledge Center and plaza to raise donations from others. Therefore, Mae makes no *specific* claim for Hop & Mae Adams on naming the Knowledge Center, Plaza, or the Project; however, the Trustees do ask that Hop & Mae Adams be appropriately recognized for their role in the Project.
- Mae believes the structure of the Project and its financing is extremely safe. However, in the event the 1/8 cent sales tax revenue falls short of its projections, Mae will loan the rents that the Foundation receives from the Developer to the City to make up that shortfall until such time as the sales tax revenue exceeds the anticipated revenue stream, at which time the overage will go toward repaying the Foundation.

## Other Parts of Carson Careers

Other key items of Carson Careers are as follows:

- Part of the Foundation's land rents will be used to further assist the Community in attracting, developing, and incubating the digital media industry in Carson City. The digital media industry will be the foundation for the 21st century society, communications, and education. Digital media is tantamount to the invention of the printing press. Mae has committed the D'Vine Wine Tasting and Bistro building to a digital media company who wants to move to Carson and be part of the ground floor of Carson's digital media industry. The company will enjoy free use of the building until the Project is built.
- Most incubation spaces will be located away from the Project and throughout Carson City and surrounding areas as best suits the needs of the incubated business. The small incubation space within in the Project area will be reserved for those businesses that rely on the continuous resources found within the Project.
- Mae funded an EB-5 center to spur capital investment in the Carson City area to assist existing and new businesses, as well as the digital media industry, and is working with the Northern Nevada Development Authority. It is believed that this will bring millions of investment dollars into Carson City.

- Mae committed the private matching portion necessary to secure a \$600,000 Federal grant for the Knowledge Center for its technology, computers, and other digital capabilities.
- Mae committed the private matching portion necessary to secure a Federal grant to start the Business Resource Innovation Center.
- Mae committed to assisting the Knowledge Center with serving the Boys and Girls Club of Western Nevada and has provided other assistance to the Boys and Girls Club of Western Nevada as well.

## Conclusion

This memorandum covered an overview of Mae's Carson Career plan and its key element, the Project. The items outlined summarize Mae's efforts, to date, and what Mae has agreed to do if the Project moves forward. The Project is designed to be extremely effective in assisting Carson City's economic sustainability and, over time, make Carson City a national leader. The Project has been well vetted. The work done to date has been preliminary, but we are eager to see the Board and the Developer take the next steps. We understand that Project-specific specialists and attorneys will now begin their work, if the Board resolves to move forward.

Time is of the essence. Interest rates are at very temporary historic lows, which help make the project feasible. Carson City has extreme high unemployment. Families need help now. Carson is losing its professional base and many of its citizens and young people at an alarming rate. Leadership must take action quickly; however, "quickly" does not mean "recklessly." Extreme care, attention to detail, and highly-open visibility have been practiced by all. We have involved experts and created a very complex plan to address the economic situation and future sustainability from a number of directions. The slow deliberation has been frustrating to many, but the foundation has been laid well.

The Project's complexity and its details can only be understood by a full hearing of the details, of which this document is merely a small part. This Project is constructed with physical assets in the heart of Carson City. It is not based on unsounded expectations. It is designed and financed without City loans or bonds. It targets true economic development and diversity. It speaks well for the Community's self-image as Nevada's capital city. The Community has had extensive opportunity to speak and be involved. It is designed to be safe to the Community at all times, regardless of what the future holds. This is the most viable, holistic, and safe opportunity we can collectively create to put Carson City in charge of its future: a stabilized, diverse economic future with careers for the citizens and young people of Carson City. This can be easily confirmed by any economic expert who has no personal agenda to advance or protect.

As Mae has maintained throughout this process, the City is not beholden to Mae to move forward with the Project. If the Board determines it does not want to go forward with the Project, for whatever reason, we ask that the Board determine that quickly, so the Parties can explore other options with its assets.

Time, leadership, and continued care and diligence are all of the essence.

Steven G. Neighbors,  
Trustee of Mae B. Adams Trust, and  
Co-Trustee of the Hop and Mae Adams Foundation

## **Business Incubator**

D' Vine Wine building will be current location of "business incubator." The Mae B. Adams Trust has offered the building rent free to *Say Design* and *Eagleworld Media* to locate a component of their business in Carson City. This is expected to begin by mid-2011. Both companies already have business in Carson City.

The Business Incubator Center (BIC) located in Office Building 1 will be a non-profit organization that will generate tangible results in expanding, diversifying and stabilizing the economy in and around Carson City. The vision of the organization will be to help local entrepreneurs across many industries grow successful businesses so that those emerging companies can create new jobs, increase the tax base and diversify our economy and, in turn, enhance the quality of life for all in our community. The BIC will be designed to listen to the community as needs change, and to constantly update the initial programs and create new programs to meet the needs of the overall community. In order for this vision to be realized, it will be necessary that the concept be embraced by leaders in the community that not only understand the existing local and regional economy, but also can visualize a more prosperous identity for the future.

With support from Carson City, NNDA, local foundations and others, this project promises to leverage existing expertise and nurture local passions for business while helping to create a more diverse tax base in the region. It is the goal that in 20 years the community will look back and see new businesses, new jobs, new capital investment, a more educated community and enhancement to the local quality of life through the creation of this key part of the entrepreneurial infrastructure of the community. That is how the BIC will measure its success – through sound business decisions and positive influence on economic growth in the region.

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MEMORANDUM



To: Larry Werner, City Manager
From: Sara Jones, Library Director
RE: A Knowledge Center for Nevada's state capital

There is considerable discussion both locally and nationally about the future of libraries. There are those who hold a "Kindle" in their hands and proclaim the library as we know it is dead - yet despite those type of pronouncements the library in Carson City and public libraries across the nation in some of the worst financial times libraries have ever faced- continue not only to exist but to expand their reach, influence and importance in their community.

The proposed City Center project offers this City a unique opportunity to build a 21st century Knowledge Center AKA library like no other in our country. Our Knowledge Center will have many similarities to the IGT/Mathewson Knowledge Center at the UNR campus, but it will also be different because it is public library- which means it belongs to everyone.

When Mae Adams left the bulk of her estate from her family's ownership of the Carson Nugget to the Carson City community she stipulated it must particularly benefit young people. There are no doubt a number of worthy places that help the youth of Carson City and a number of organizations that provide benefit to great numbers in our community - but I think there are none that are in the position to serve everyone, from the least fortunate in the community to the very wealthy, from the new born to the person near the end of their life, to the baby, preschooler, child, young adult, adult, senior...there isn't a single gender, age or socioeconomic strata in the Carson City community the public library does not serve.

Nationwide public libraries have become an even more essential resource in these very tough economic times. A recent report Perceptions of Libraries 2010 indicates that nationwide 81% of those economically impacted by the current national financial crisis have and use a library card. In Carson City when unemployment has been around 14% for more than a year this library can attest to being critical to those hurting in the downturn. In the past year every measure of library use is up- people with library cards, checking out of materials, children's programs, computer use, assistance with information requests, every service we provide is more in demand and more utilized- so it is impossible to provide any proof in any way that this library is becoming obsolete. What we do know is the facility of 900 N. Roop is simply too small to do any of our services well - every innovation or change causes a disruption to another service- the lack of space limits us - we can't be much more than we are today- even though we work very, very hard to do just that.

However, an opportunity has become available to be different to take everything we do well and do it better - take our services to a very different level. The plan for the Knowledge Center comes close to tripling our space- adding the most needed element - room to have more materials, room for all ages of children, room for computers, room to serve the business community with specialized resources and meeting places.

Expanded meeting space for our 21st century needs is central to reinvigoration of our community and the Knowledge Center will have high tech resources and communication tools, including direct fiber connectivity, virtual meeting space and technologies that support distance learning, IT resources including training and support, state of the art equipment with updated and relevant software and tools that take the best advantage of social media and the power it has for marketing and collaboration. All with the central advantage of a public library - open significantly more hours than typical government work schedules - making it much more accessible to a wider variety of demographics.

Perhaps the most unique opportunity for improving our community lies in assisting young people - just as Mae asked us to do. These are challenging times for the youth - job prospects are poor - future jobs will require skills we don't even know about today. Formal education systems are struggling with

Knowledge center for Nevada's state capital

overcoming a multitude of challenges. The public library will never be the substitute for formal education it can take the supporting role significantly more seriously.

The new Knowledge Center provides many new opportunities- the role of the library as the beginning place for lifelong learning gets stronger - imagine a beautiful spacious place for children's storytimes— imagine plenty of bright colorful children's books, imagine modern electronic books and other devices that are interactive-all available for children to explore, read and share with friends and family. Without a doubt for decades to come the charm and value of the children's read aloud book is not about to fade- sharing the love of reading with music, games and families may never be replaced.

As the child gets older they will have access to computers, handheld technology, resources and the space to use the resources - all are plentiful - so that children who need them have them. In the current library we rarely lack for the funds to get the computer technology but we simply have no more space to provide more.

The largest emphasis in the new Knowledge Center is about young adults, the planned digital media lab in the Knowledge Center will have a dedicated space to provide youth with the opportunity to learn "anyplace, anytime" in an interest driven, participatory manner through a unique mix of new technology, librarians, mentors and curriculum. The digital media lab will prepare our youth for 21st Century technologies and professions; this part of the Knowledge Center supports innovations in science and technology by helping young people become makers and creators of content, rather than just consumers of it. The Knowledge Center's lab will be based on new research about how young people learn today and preparing them for a globally competitive workforce. Currently two such places are in public libraries in America- Chicago, Illinois and Salinas, California. This new space will be built on our partnership with the National *Dream It Do It initiative*- dedicated to igniting interest in viable career choices for young people. All of this supports the very specific targeted new industry of digital media and working with our youth and emerging digital media companies in meaningful partnerships.

The Knowledge Center will continue the commitment to the future of Carson City by investing in resources that support and grow business in the region. The recently opened BRIC (Business Resource and Innovation Center) has already demonstrated that highly skilled information specialists (AKA librarians) can offer help to business. We will be able to build on this strong foundation of cutting edge research tools like patent and trademark assistance and access to intellectual property. A central goal for the Knowledge Center's business focus will be tools and resources that help business expand, especially those focused on higher skilled jobs. Placing a strong emphasis on bringing supplemental business to existing business, particularly areas where they are synergistic or complementary is also paramount.

The increased space is also about a place to gather – multipurpose meeting space collaborative classrooms and workspaces. Live performances, high profile business and technology speakers, group study space, space to meet a friend for coffee and discuss a book, no matter how technologically saturated we get libraries are the place where people can see, talk and meet for person to person contact.

Beyond bringing these benefits we bring to our community, new libraries located in downtowns all over America have proven to be economic catalysts. From Seattle to Denver to Salt Lake City, a new library is seen by urban planners as a true economic catalyst Wayne Servile editor of the *Planning Commissioners Journal* wrote "when libraries are located downtown there's also a special synergy at work. Libraries generate increased business for local merchants while those shopping or working downtown visit the library as part of their day. Libraries and community. They're really inseparable."

Imagine the Knowledge Center as a 21<sup>st</sup> century toolbox, providing access for all ages and all walks of life to learn, gain knowledge, answer questions to discover new ways to communicate, to share and collaborate and to make this community stronger by providing not just a place for everyone but a place where there is something of value for everyone.



# Carson City Library SPACE NEEDS ASSESSMENT

September 2009

Prepared by  
Page + Moris LLC  
130 Sutter Street  
Suite 480  
San Francisco CA 94104

Carson City Library  
Space Needs Assessment

## 1. Executive Summary

The Carson City Library serves the city's residents from a 38-year-old facility at 900 North Roop Street, located several blocks east of the city's central downtown area. The original 13,600 square foot building opened in 1971. A two-story addition was completed in the early 1980s to increase the building size to the current 21,532 square feet. Surface parking for up to 75 vehicles is located adjacent to the south of the facility.

Over the past two years, the Library has launched various initiatives to improve services. Collections are being updated and refreshed. Display shelving for new and popular books was added. A popular space for teens was created and innovative teen programming now brings many middle school and high school users to the facility. More public computers were added. Free Wi-Fi access is available for laptop computer users. Creative programming for all ages attracts many new users. A used book store, operated by the Friends of the Library, is a steady magnet for book lovers. The Library tends to acquire self-service checkout equipment that will eliminate long lines at the service desk at the building entrance.

The age and size of the library facility, however, continue to limit all aspects of public service. Seating capacity is significantly inadequate. New collections, computers and other services were introduced at the expense of places for people to sit and use the library. Shelving is at capacity. Still useful titles must be withdrawn to create shelf space for new books and media. Recently returned items frequently sit on book carts in the open area because shelves are full. Popular, in-demand collections cannot expand as needed. The building infrastructure limits flexibility and cannot support the array of electronic and technology-based services that are now standard in modern public libraries. Electrical power distribution is at capacity. More computers are needed but there is no space to install additional equipment. Noise levels are uncomfortably high in most of the main public space. The entry sequence is congested and main paths of



travel through the building create bottlenecks and conflicts between users. The meeting room is too small to accommodate audiences at popular events. The Friends' book store, located in the meeting room, exacerbates the space deficit and needs more space as well.

The community uses the library. On average, close to 900 people visit the facility each day. However, many users report that they use the facility less frequently or in more limited ways due to space and technology limitations. As Carson City's population grows and becomes more diverse, the current library and its services will become increasingly irrelevant to many community residents.

The Library conducted a strategic planning process in 2008-09 to analyze the library service needs of the Carson City community and to articulate strategies to meet those needs, both for the short term and through the next 30 to 40 years. This planning effort - Carson City Library: A Place for Everyone: Strategic Plan 2009-2013 - was completed in early 2009. Goal 8 of the Plan states that "The Carson City Library will provide a place that improves and enhances the quality of life for everyone in Carson City and for every visitor to the Capital City". The space needs assessment outlined in this document is in direct response to this goal.

In March 2009, the Library Board of Trustees engaged the services of Page + Moris, a library facility planning firm, to conduct the space needs assessment called for in the *Strategic Plan*. The consultants reviewed the community input gathered during the strategic planning process, analyzed demographic data as well as library collection and usage statistics. Over 30 interviews with community stakeholders and Library staff were held. Current library services as well as services envisioned as part of the strategic plan were compared to library service trends and to best planning practices for library design. A set of recommended service levels was developed and quantified into building components. An outline of space needs was prepared that incorporates the service priorities of the Strategic Plan.

As a result of this study, a 60,000 square foot library, on two to three levels, is recommended to replace the existing Carson City Library. This facility will serve the residents of Carson City well into the 21st century, offering the following services:

- Shelving to accommodate a collection of 183,000 books and media items.
- Seating capacity of 300 seats, distributed among the public spaces for children and families, teens and adults.
- One hundred five public computers, including Internet workstations, online catalogs, word processing computers and a computer lab for online training classes.
- Wi-Fi access and laptop computer plug-in access throughout the public spaces.
- A meeting room with modern AV equipment support that will accommodate audiences of 175 people.
- A children's programming space with floor seating that accommodates 40 children and parents for storytelling and other activities for children and families.
- Self service features, including self service check-out and check-in equipment, as well as self service holds pickup.

- An attractive, appropriately-sized book store and café.
- A minimum of 150 parking spaces for Library visitors, in line with the city parking standard for this building type.

## 2. Project Purpose and Scope

The Library's strategic plan identifies the need for significant improvements to its current facility in order to achieve its goal of providing "a place that improves and enhances the quality of life for everyone in Carson City and for every visitor to the capital city. In addition, it calls for the planning and construction of a "future 'state of the art' library facility". The present study addresses the second part of this goal by identifying the service and space needs of the Carson City Library.

In March 2009, the City engaged Page + Moris LLC, a library facility planning firm, to conduct a library facility space needs assessment, with Field Paoli Architects as subconsultants. Kathryn Page, Page + Moris' lead consultant, gathered and analyzed community demographic data, identified population projections, reviewed community input received during the strategic planning process, interviewed community stakeholders and Library staff and met with selected community groups, including teens.

The consultants analyzed the numerous information sources to develop a well-rounded understanding of community library service needs, then observed the existing library facility and interviewed key Library staff to determine current service levels. This information was compared to service levels at other Nevada libraries as well as to current best planning practices across the nation.

The consultants presented their findings and recommendations at a public meeting held on June 4, 2009 and attended by 65 community members. The recommendations included service level capacity goals for seating, shelving, technology, programming space and other functional components needed to serve the projected Carson City service population through the year 2030. The consulting team also shared information and photographs about current trends in library design and facility planning options, such as facilities collocated with civic buildings, retail stores, museums and other entities. Meeting participants offered ideas, asked questions and indicated their priorities and preferences.

Page + Moris then developed a draft space needs summary for a new library building, based on the service level recommendations. The summary incorporated community feedback as well, received during and following the public meeting. The findings and recommendations are included in the report sections that follow.

## 3. Community Input

During the last week of April 2009, Kathryn Page conducted interviews with community stakeholders, City leaders, Library staff and Library supporters to gather a wide variety of community perspectives and service priorities, including:

Carson City Arts Initiative  
Carson City Library Board of Trustees  
Carson City Library Foundation Board  
Carson City Redevelopment Agency staff and Board President  
Carson City School District  
Friends of the Carson City Library  
Teen Advisory Committee, Carson City Library

Ms. Page also met with the City Manager and all City Supervisors, a local architect familiar with the existing library facility and local history museum advocates. In addition, she interviewed approximately 20 Library staff, representing all departments and services. Finally, the consultant reviewed summaries of focus group sessions and community survey results from the strategic planning process conducted in 2008. Interview comments included several recurring issues and themes, summarized below.

- The library is not comfortable for the average user – people visit for a specific purpose but rarely stay to explore and enjoy literature and the world of ideas. It should be “the community living room”, inviting and inclusive to residents of all ages.
- The library should be a downtown “anchor”, a focal point for the community
- Lack of space and high noise levels are constant irritants and obstacles to satisfying library experiences. Quiet areas for individual reading and study are needed as well as acoustically separate zones for teens, families and others who need to talk, collaborate and socialize. More and varied seating is needed for all age groups.
- The book and media collection shelves are filled to capacity –both the bottom and top shelves must be used and, too often, titles must be withdrawn due to lack of space. More book display capacity is needed, in line with the browsing experience found at popular book stores, with more current titles available.
- More computers are needed to allow users to have more extended online access. Children and teens need more direct access to computers for school assignments and for online searching.
- Food and drink should be available to enhance users’ enjoyment of the spaces and services.
- An indoor/outdoor connection is needed, with visual and perhaps physical access to exterior landscaping.
- Teens should have an attractive space of their own for group activities, casual reading and serious homework.
- Children and families need appropriate space and services including seating, computers, display shelving and group activity space.
- Materials and services for Spanish speakers need to be increased.
- The library needs to celebrate and highlight Carson City’s history and cultural heritage.
- Spaces should be flexible to meet future and well as current service needs.
- Space for programs and events is inadequate – the meeting room frequently cannot accommodate the audiences drawn to programs nor does the room offer modern

AV equipment.

- The book store operated by the Friends of the Library needs “real” retail space and should not occupy part of the meeting room.
- The Library needs to “partner” with other City agencies and entities to create a critical mass of services and attractions in one location and to maximize resources.
- Art exhibits and public art should be integrated into the building.

#### 4. Community Profile

##### A. Carson City Summary

Carson City, Nevada’s state capital, is a combined city/county municipality that occupies 146 square miles along the western boundary of the state. Less than ten percent of the city’s land area is developed<sup>1</sup>. The remainder is public land owned by Federal or State government. Situated along the eastern Sierra Nevada Mountains, the largest nearby city is Reno, Nevada, 30 miles to the north.

The city has a celebrated history. In 1858, the Eagle Station trading post and settlement was purchased by Abraham Curry and renamed Carson City. Shortly thereafter, with the discovery of gold and silver at the nearby Comstock Lode, the population began to increase. The Nevada Legislature designated Carson City the county seat of Ormsby County and, in 1864, when Nevada gained statehood, Carson City was designated the state capital.

In the 1870’s and 1880’s the City grew into a thriving commercial center thanks to the Virginia and Truckee railroad that linked Carson City to Virginia City. Freight, transportation and timber harvesting in the Lake Tahoe basin dominated the economy. When the Southern Pacific Railroad later built a branch line bypassing the capital far to the north, however, the population of Carson City dramatically declined. It wasn’t until 1960 that Carson City’s population rebounded to its nineteenth century high.

Today, Carson City has a population of approximately 58,200<sup>2</sup> residents and a growing and diverse economy. It is a regional retail and commercial center for northwestern Nevada and has become Nevada’s leading manufacturing city, with 14 percent of its workers in manufacturing, compared with the state average of four percent<sup>3</sup>. Service industries, which include hotels, gaming and tourism, employ 30 percent of the workforce. As the seat of state government and center for federal agencies, the government sector employs about one out of four city residents and is the second largest employer. Other large employers are the Carson Tahoe Regional Medical Center, Carson City School District, Western Nevada College, and Walmart.

A current challenge to the community is the effect of the rerouting of Highway 395 to bypass downtown Carson City. This project is scheduled to be completed in late 2009 and is expected to have a significant effect on the quality of life in the downtown area and on the area economy.

Carson City residents are proud of their history and value the natural resources and open spaces in which they live. At the conclusion of a two-year process to encourage

community comment on Envision Carson City, the City's 2006 Master Plan, residents clearly articulated their priorities for the future of their City: "...to keep growth compact, maintain the integrity of the Bureau of Land Management and Forest Service lands surrounding the town, enhance open space and maintain easy access to public lands."

1 Carson City Master Plan, adopted April 6, 2006

2 Carson City Planning Department

3 Carson City Economic Development

The city is committed to a future of balanced growth, tourism, cultural diversity and economic prosperity.

## B. Population Trends

Carson City's population is growing. Between 1960 and 1980, Carson City's population doubled with each census, from just over 8,000 residents in 1960 to more than 32,000 in 1980. Population growth increased by 30% in the decade between 1990 and 2000 and is currently estimated at 58,177. By the year 2030, the population of Carson City is expected to reach 70,300 residents<sup>4</sup>.

The city's daytime population includes visitors from all over Nevada and outside the state, drawn to its historic sites, its shops, museums, gaming facilities and restaurants. Many government workers and others employed at area businesses commute into the city, increasing the daytime population by approximately 5,000 people per day, almost a 10% increase in the city population<sup>5</sup>.

## C. Community Demographics

### a. Age Distribution

Approximately one-quarter of Carson City residents are children and youth, representing an increase from 13,453 in 2000 to 14,348 in 2006. The K-12 school-age population, ages 5-19 years, rose from 7,234 in 1990 to 10,164 in 2000, with another increase to 10,275 in 2006<sup>5</sup>. According to the U.S. Census, households numbered 20,171 and the number of families with children under the age of 18 was 13,256.

Carson City is an attractive retirement community. Seniors over the age of 65 account for 15% of the population, a percentage higher than that for the state of Nevada and the U.S. at 11% and 12% respectively. The senior population is expected to grow since residents between the ages of 45-64 now represent almost 25% of the city's population.

### b. Ethnic Distribution

Carson City's ethnic makeup has changed since 1990 with a substantial influx of Hispanic residents. Between 1990 and 2000, the Hispanic population grew 140% and, in the period 2005-2007 the population increased another 40%. In 1990 the Hispanic population represented eight percent of the total population; in 2005-2007 Hispanics

were nearly 19% of the population. While the number of Asian, Native Hawaiian/Pacific Islanders, and other races increased modestly during this time, the number of White,

4 See Appendix A, Carson City Demographic Profile: Table 1  
5 <http://www.usaelectionpolls.com/cities/Nevada/Carson-City.html>  
5 See Appendix A, Carson City Demographic Profile: Table 2

African American, and American Indian/Alaska Native residents declined over this period.<sup>6</sup>

In 2000, 15% of the Carson City population spoke a language other than English at home and nearly three quarters of those were Spanish language speakers – 5,577 out of total of 7,313 people. That number is increasing. Between 2000 and 2007 there was a 39% increase in the Hispanic population. In addition, 20% of the City's school-age children have limited English language proficiency. Other languages spoken at home include Indo-European languages (1.7%), and Asian and Pacific Island languages (1.4%).

c. Schools and Students

The Carson City School District is made up of six elementary schools, two middle schools, one high school, one alternative high school, and two state-sponsored charter schools. In addition to the public schools, students also have a choice of several private and parochial elementary, middle and high schools in the area.

In 2007-2008, 8,864 students were enrolled in public schools in Carson City. While enrollment statewide increased 13% from 2003/04 to 2007/08, enrollment in Carson City schools remained stable, increasing less than one percent over the same period.

Carson City has become more ethnically diverse over the past twenty years, with significant increases in the Hispanic population in the 1990s and early 2000s. That trend continues and is especially evident in school enrollment statistics, according to the Nevada Department of Education. Between 1993 and 2003, Hispanic student enrollment increased 172% and the number of non-English speaking students increased by 100%. In 2007-2008 the school-age population was predominately White (62%) and Hispanic (30.9%), mirroring the makeup of the community at large.<sup>7</sup>

Carson City schools are challenged by the increasing number of students who need English language instruction or other special services. In the elementary schools, the percentage of students with limited English language proficiency ranges from 14% in one school to 68% in another school. One in five students enrolled in District schools is designated as having limited English language proficiency. Many students' families have limited incomes – 30% of the District's students qualify for the free lunch program.<sup>8</sup>

## d. Income Levels

According to the U.S. Census, the median household income in Carson City in 2000 was \$41,809, below the \$44,851 median household income figure for Nevada. Between the 2000 Census and the U.S. Census Bureau mid-decade estimate completed in 2007, the median household income rose to \$50,140, an increase of nearly 20% but still below \$53,753 for the state as a whole.

6 See Appendix A, Carson City Demographic Profile: Table 3

7 See Appendix A, Carson City Demographic Profile: Table 6

8 Nevada Department of Education, Nevada Report Card 2007-2008

## e. Educational Attainment

The education levels reached by Carson City's adult population closely mirror those for the entire state. Eighty-seven percent of the population completed at least a high school education according to Census Bureau mid-decade estimates and 20.6% of the population had bachelor's degrees. Education levels for the State overall in those years show 83.3% of the population completing a high school degree or higher and 20.9% completing a four-year degree or higher.<sup>9</sup>

## f. Occupations and Employment

The largest segment of the Carson City work force consists of managers and professionals who make up 30.2% of employed individuals. The second largest occupational category is sales and office occupations, employing 28.2% of the City's adult population. Service occupations, farming, fishing and forestry, construction and maintenance, and production and transportation occupations employ the remaining 42% of the workforce.<sup>10</sup>

In 2009, Carson City's unemployment rate stands at 11.3%, according to a recent article in the Las Vegas Review-Journal.<sup>11</sup> This is higher than the state's unemployment rate of 10.1%.

Almost 78% of the workforce drives to work alone. Another 14% use carpools. The number of people that use public transportation is very small and more people walk to work than use public transportation. The mean commute time is 17.7 minutes, approximately six minutes less than the state mean of 23.3 minutes.<sup>12</sup>

9 See Appendix A, Carson City Demographic Profile: Table 7

10 See Appendix A, Carson City Demographic Profile: Table 8

11 Robison, Jennifer. Jobless Rate Track Record. Las Vegas Review-Journal. March 31, 2009, p.A1

12 See Appendix A, Carson City Demographic Profile: Table 9

## 5. Current Library Service Profile

Until 1969, public library service to Carson City residents was provided by the Nevada State Library. In that year, the Ormsby County Library separated from the State Library and moved into temporary quarters to serve the Carson City population. In 1971, the county library, now called the Carson City Library, opened for business at its new

permanent location at 900 North Roop Street. The Library has operated at this location for 38 years. A building expansion in 1982 increased the building size to 21,532 square feet.

The Carson City Library is open six days per week for a total of 50 weekly public service hours. In 2008, the Library had 268,242 visitors, an average daily attendance of 888 visitors each day the Library was open. The number of registered borrowers in 2009 is 32,500, 56% of the city's population.

The Library maintains a collection of 120,422 volumes of books and media, or 2.1 items available per capita, lower than Nevada libraries' 2008 average of 2.35 volumes per capita. Carson City is also at the low end of most of Nevada's district libraries – 15 of the State's 22 district facilities offer more volumes per capita to their populations. Books represent 93% of the collection while 7% is audio and video media. Two-thirds of books are in the adult collection, 28% are children's books and 5% are teen books.

On average, each item in the Carson City collection circulated 2.9 times last year. In addition to the print and media collections, Library patrons can choose from an array of electronic databases that provide reference, periodical, and professional and practical information, and downloadable audio books.

Circulation of library materials has been increasing since 2008, following annual declines between 2005 and 2007. In 2008, circulation of books and media reached 348,442, a per capita circulation rate of 6 items, slightly below the 6.5 per capita circulation rate for the State as a whole. In addition, over 36,000 periodicals and exchange paperbacks circulated last year. In 2009, overall circulation is projected to increase to 400,000, 80% of which is projected to be print resources and 20% audiovisual resources.

The Library is used by residents of other counties and, to a lesser degree, Carson City residents use libraries in neighboring jurisdictions. In 2005-06, the Library analyzed regional library usage and learned that 13% of the Library's total circulation that year (46,882 items) was checked out by residents of Douglas, Lyon and Washoe counties and that Carson City residents checked out 18,633 items from nearby libraries during the same period. The South Valleys Branch in Washoe County, which opened in 2003, has attracted use by many Carson City residents.

The Library's 31 public access computers are in constant use. In 2008, computer customers logged 34,341 one-hour online sessions, nearly 115 sessions per day. In addition, the Library's free wireless access attracts many laptop computer users. The Library provides a total of 89 seats to the public. In the adult area, there are 36 table seats and 20 lounge seats. Youth services offers 22 seats at tables and armchairs and five ottomans. The teen space has six seats, including one ottoman.

Public programs include lectures, workshops, and storytimes for children. The current facility includes an 832-square foot meeting room and multi-use programming space in the Youth Services area. The Friends of the Library operate an ongoing book store



located in the meeting room that occupies approximately 30% of that room's space. A partnership with the Carson City Arts and Cultural Coalition brings popular arts and cultural programs to the Library. In 2008, 4,574 people attended special programs at the Library.

The Library operates with the equivalent of 24 full-time staff, several of whom are parttime. Staff serves the public at four staffing points, for check-out, check-in, information/reference services and youth services.

## 6. Current Library Service Levels and Limitations

### A. Overview

Space constraints at the 900 North Roop Street facility impact every component of library service. Seating capacity is significantly undersized. Shelving for the collections is at capacity. Public computers are in constant demand. Meeting room and programming spaces are inadequate. Staff work space is limited and does not support efficiency or productivity. The building layout creates awkward adjacencies. Active, high-use areas are adjacent to spaces that require low noise levels. New services and technologies cannot be incorporated into the existing space.

### B. Seating

The Library's 89 seats cannot accommodate community demand. In the adult space, most seats are grouped together, close to the main entrance and path of travel and adjacent to the public computers. Conversations and noise spill into the seating areas constantly. Library users frequently complain that the building lacks quiet seating areas.

Seating capacity needs to be increased throughout the building and zoned to provide a variety of seating options, including quiet areas with lounge seats for comfortable reading, table seating for concentrated research and study, and acoustically separate seating in which small groups can study together.

The large print collection and magazine and newspaper collection are popular with older adults. Additional seating, especially lounge chairs, is needed adjacent to these collections to allow seniors to comfortably browse and read this material.

Youth Services space lacks table seating for children working on school assignments as well as increased parent/child seating.

The Library's recently created teen space is well used and popular. Space is available for only six seats, however. Seating capacity needs to be increased, with teen-friendly seating that accommodates both study and casual reading and use.

### C. Collections and Shelving

Shelving is at capacity throughout the building. Staff has undertaken an active maintenance program to weed the



collection to fit the existing shelves. In some areas, the lowest and highest shelves must be used, which makes browsing difficult for older adults and people with limited mobility.

Several parts of the collection need to expand to meet community need and demand, but there is no space available for additional shelving. These collections include children’s books, teen books, new books and bestsellers, AV media for all ages, large print books and Spanish language materials.

Audio and video media collections - DVDs, videos, books on CD and music CDs – are extremely popular. Shelving for these collections is packed and expanding. Often, just returned items are placed on carts because all shelves are full. More space is needed to accommodate browsing and display of these popular collections. Shelving occupies most of Youth Services’ primary space, with shelves filled to capacity. Some shelving is full-height and is too high for most children to use. The Library recently added retail display units in the adult area to highlight new and popular books. These displays have been highly effective and should be expanded, but lack of space prevents this.



**D. Computers and Technology**



The Library provides 31 public access computers – 21 with Internet access and word processing software, seven for online catalog access, two with educational games for children and one for homework tutoring. The computers are in constant use.. More workstations are needed but there is neither space nor electrical system capacity to support additional equipment. People sometimes wait an hour or more to use a computer, often taking up valuable seating space while they wait. Others leave in frustration before a workstation becomes available.

The Library provides free Wi-Fi access throughout the building. Plug-in access for computer laptop users, however, is available in only one seating area of the building. Space for computer training classes is needed. The constant demand on the public computers prevents their use for training except on a limited, ad hoc basis.



E. Meeting Room and Programming Space A dedicated meeting room adjacent to the building lobby accommodates approximately 50 to 60 people when the room is set up in auditorium style. Audiences frequently exceed the room seating capacity, requiring large-scale Library and Friends-sponsored events to be held off-site and limiting opportunities for building-wide themed events and exhibits.

The Friends of the Library ongoing book store utilizes some 30% of meeting room floor space. In addition, donated books are stored in the room and on the stage, further limiting the room's functionality. While this shared use provides the Friends with visible retail space at the building entrance, it reduces seating capacity at Library programs by approximately 25%, reduces storage space for meeting room furniture and diminishes the ambiance of the room. Friends volunteers must shift stored donations whenever the stage is needed for programming. The meeting room kitchenette is limited and cannot support catered events. Noise generated by programs and events in the meeting room penetrates the main public space of the library.



Children's picture books and children's story telling share space in an enclosed room in Youth Services, which limits public access to the collection during programs.

## F. Service Points/Check-Out and Check-In

Three staffing points at the public entrance (check-out, check-in and information services) take up substantial floor space and generate noise that permeates much of the adult public space. The current desk area and adjacent workspace configuration do not support self-service check-out technology, holds pick-up and related service delivery techniques nor does it contain noise.

## G. Building Layout

Youth Services space is located far from the public entrance. Children, teens and family groups must travel through the main adult public space to reach these areas, which is inconvenient and adds to the already high noise level in the adult space.

## H. Staff Work Spaces/Storage

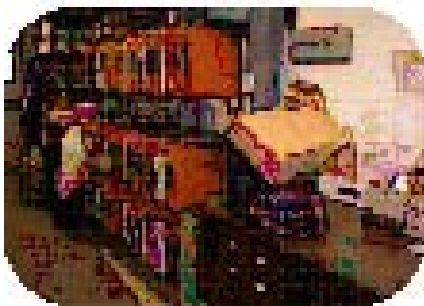
The primary staff workspace, on the second floor of the Library, is located a considerable distance away from the public service points on the first floor, requiring many staff members to travel a long way to reach to the public service desk for their desk assignments. The staff workspace behind the service desks on the first floor, for returns and sorting and for other circulation tasks, is congested and far too small for the volume of materials that must be handled.



Staff also works in a narrow corridor that leads from the staff/delivery entrance to the check-in and information desk. Book donations are dropped off and sorted in this corridor, deliveries are received and picked up, and newspapers and magazines are checked in here. Staff also uses this corridor to empty and replace the exterior book return bins.

Delivery receiving and shipping space is also located on the second floor, remote from the delivery entrance and accessible only by elevator and stairs.

The second floor staff workroom contains approximately twenty workstations for staff and volunteers. The space is crowded and constrained, making it difficult for staff to concentrate or be productive. Functions such as cataloging and processing lack adequate work surfaces for the tasks they require. Noise spills from one section of the space into other areas.



Conference and meeting space for staff is lacking. The staff break room was designed for a smaller staff and accommodates only one table and six chairs. One single occupancy restroom serves the entire staff.

The Library administrative office is accessible only through the staff workroom. There is no public egress from the Director's office.

## I. Site Issues/Parking

Customers return materials at the Check-in desk or at one of the three freestanding exterior return drops located behind the building, along a narrow, single-lane driveway with access off Roop Street. This driveway is separate from the Library parking lot and not visible from the public entrance.

The Library parking lot has 75 parking spaces. The Library also rents space for staff parking in a second parking lot directly north of the building. While parking capacity meets the City parking standard for libraries (one space for every 400 square feet of building space), the parking lot lacks hardscape amenities or landscaping that would support improved pedestrian access paths to and from the public entrance. Some interviewees commented on a lack of organization in the parking lot and mentioned their concerns about pedestrian safety.

## 7. Service and Space Needs Recommendations

### A. Overall

Carson City requires a library that supports the needs of its current residents, a facility with the space, flexibility and building infrastructure to accommodate service innovations and a growing population. The library is the community's prime institution that supports learning and access to information for people of all ages. Its collection of books, media, periodicals and other materials is a major civic resource and its computers ensure that all residents have free and equal access to online information.



The library can serve as a primary community focal point and gathering place – a classic example of a community “third place”, that third destination, after home and school or work place, to which residents gravitate to spend time, either by themselves or in company with friends and family. The library can also anchor the city’s downtown and form a nucleus for civic development.

To support these roles, the library must have sufficient space for people – seating, areas for programs and social interaction, and quiet study spaces. It must also have adequate shelving capacity, plentiful computer workstations and a flexible technology infrastructure that will provide information services well into the future. Carson City’s current library, almost 40 years old and 21,532 square feet in size, needs to be replaced by a modern facility, designed to accommodate the city population through the next twenty to thirty years.

This space needs assessment recommends a 60,000 square foot facility, on two levels, with the spaces outlined below, to provide the projected 2030 population with an average 0.85 square feet per capita of library space. This level is within the range that current library planning practice calls for - 0.6 to 1.0 square feet per capita for independent city libraries that serve a population between 50,000 and 100,000 people. The recommendations include a café and exhibit gallery space, to complement library functions and to enhance the library’s ability to serve as a community destination and hub. As planning for the new facility proceeds, other complementary functions and institutions may be identified as potential library partners.

# City Center Feasibility Report - Appendix

## B. Spaces Summary

Carson City Library Spaces Summary

	SPACE	SQ FEET	
1.1	Public Entrance/Lobby	276	
1.2	Meeting Room (dividable)	2,150	
1.3	Conference Room	420	
1.4	Catering Kitchen	142	
1.5	Meeting Room Storage	220	
1.6	Green Room	90	
1.7	Public Restrooms - First Floor	IN GSF	
1.8	Café	670	
1.9	Book Store	679	
1.10	FOL / Book Store Workspace	1,660	
1.11	Exhibit Gallery	1,200	
1.12	Gallery Storage / Workspace	590	8,097

	SPACE	SQ FEET	
2.1	Greeter Station	31	
2.2	Express Checkout and Holds Shelves	456	
2.3	Service Desk, First Floor	173	
2.4	New Books / Browsing	768	
2.5	AV Media / Browsing	787	
2.6	Computer Center - First Floor	773	
2.7	Teen Space	1,911	
2.8	Quiet Study/Homework Center	764	
2.9	Teen Program Room	736	
2.10	Group Study / Tutoring Room A	100	
2.11	Group Study / Tutoring Room B	150	
2.12	Group Study / Tutoring Room C	200	
2.13	Copy Center - First Floor	120	6,970
3.1	Youth New Books / Browsing	173	
3.2	Youth AV Media / Browsing	313	
3.3	Youth Service Desk	221	
3.4	Youth Computer Center	374	
3.5	Exploration Space	400	
3.6	Youth Reference Collection	241	
3.7	Youth Circulating Books	1,694	
3.8	Group Study/Tutoring Room D	150	
3.9	Youth Spanish Language Collection	466	
3.10	Family Space	510	
3.11	Easy Books and Readers	1,171	
3.12	Storytelling / Class Visits / Crafts Area	935	
3.13	Storytelling / Youth Programming Storage	192	
3.14	Parents and Teachers Collection	195	
3.15	Family Restrooms (2)	IN GSF	
3.16	Youth/Teen Services Staff Workroom	456	
3.17	Youth/Teen Services Librarian's Office	105	7,596
4.11	Admin Reception Area	56	
4.12	Library Director's Office	218	
4.13	Administrative Services Office	166	
4.14	Deputy Director's Office	105	
4.15	Programming/Outreach Office	391	
4.16	Library Supplies and Storage	296	
4.17	Library Conference Room	265	1,497
4.21	Sorting and Returns	921	
4.22	Circulation Staff Workroom	395	
4.23	Circulation Supervisor's Office	110	
4.24	IT Office/Repair/Storage	308	
4.25	Computer/Telecom/Server Room	222	1,956
4.31	Staff Common Work Area	152	
4.32	Technical Services Work Space	730	
4.33	Technical Services Storage and Supplies	210	1,092
4.41	Mail Room/Delivery Entrance	309	
4.42	Donations Drop-off + Temporary Storage	517	

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	SPACE	SQ FEET	
4.43	Staff Entrance / Lockers / Coat Closet	130	
4.44	Staff Lounge	378	
4.45	Staff Restrooms - First Floor	IN GSF	
4.46	Staff Shower/Changing Room	48	
4.47	Custodial Services Storage	187	
4.48	Building Maintenance Workspace	208	1,777
First Floor Total			28,984
5.1	Lobby - Second Floor	100	
5.2	Public Restrooms - Second Floor	IN GSF	
5.3	Information Desk	152	
5.4	Computer Center - Second Floor	808	
5.5	Reference Collection	490	
5.6	Business Reference	235	
5.7	Computer Lab	928	
5.8	Quiet Reading	480	
5.9	Magazine and Newspaper Browsing	875	
5.10	Adult Circulating Nonfiction Books	3,175	
5.11	Local History	1,112	
5.12	Spanish Language Collection	1,181	
5.13	Adult Circulating Fiction Books	1,829	
5.14	Large Print Books	511	
5.15	Group Study/Tutoring Room E	100	
5.16	Group Study/Tutoring Room F	150	
5.17	Group Study/Tutoring Room G	150	
5.18	Group Study/Tutoring Room H	200	
5.19	Copy Center - Second Floor	120	
5.20	Adult Services Librarian's Office	105	
5.21	Adult Services Staff Workroom	336	13,016
5.22	Staff Restroom - Second Floor	IN GSF	IN GSF
Second Floor Total			13,016
	Net Assignable Square Feet:	42,000	
	Gross Square Feet @ 70% Net to Gross SF:	60,000	

**C. Seating**

Seating capacity needs to be expanded throughout the facility. Additional seating for quiet reading and study is needed for adults. The Youth Services area needs comfortable seating for children and parents to read together. The popular Teen area needs to be expanded to support use by that age group.

The Library's 89 seats provide only 1.5 seats for every 1,000 people served, which is about one-third the seating capacity of libraries being planned for today's communities. Seating capacity of 300 seats is recommended to meet Carson City residents' needs through the year 2030. This will enable the Library to offer 4.25 seats per 1,000 people served. This seating level is line with current best planning practice for library design, which calls for 4.0 to 5.0 seats per 1,000 people served in communities of Carson City's size and demographic makeup.

Seating should be located in several areas distributed throughout the building, and varied to include open seating at tables and armchairs, as well as seating in small conference rooms for tutoring, small group study, and similar activities. Several small group study rooms are also recommended, enclosed for acoustical separation for use by students, business entrepreneurs, book groups, community groups, and others.

D. Collections and Shelving

Additional shelving is needed to allow the Library to develop its collections to meet residents' reading and study needs. The current book and AV media collection includes 120,400 items, or an average 2.1 items per capita. Several parts of the collection need to expand, including children's books, teen books, new books and bestsellers, AV media, large print books and Spanish language materials. Shelving for the local history collection is at capacity. New titles can be added only selectively due to space limitations and display space is unavailable.

To meet community needs, the overall collection needs to grow to 2.6 items per capita. This translates into a collection of 183,000 items to serve the city's projected population. This will allow for expansion of several in-demand collections, including AV media, browsing collections for adults and teens and Spanish language materials.

A larger percentage of shelving that provides face-out display is needed, to enhance collection browsability. Shelving units should be medium height with minimal use of the lowest shelf. Children's shelving should be low to medium height with plenty of room for face-out display. Shelving for popular media, such as DVDs and audiobooks, needs to emphasize browsing and access

E. Computers and Technology

The number of public access computers needs to be increased significantly to support demand, from the current 31 workstations to a minimum of 105, distributed through the building to serve adults, teens and children. This will enable the Library to provide 1.5 computers per 1,000 people served, a service level that is in keeping with library industry current best planning practice.

Approximately 20 of these workstations should be located in an acoustically enclosed space to provide a space for computer-based training for both the public and staff. Some computers should be located adjacent to a homework study area.

All public seating should provide convenient electrical outlets for laptop computer users who wish to plug in their own equipment at both table and lounge seating. Computers that provide quick access to the Library online catalog are needed at key locations close to shelving.

F. Meeting Room and Programming Space

A meeting room that can accommodate 175 adults seated auditorium-style is recommended for the Library, equipped with movable wall partitions with acoustical properties to enable the Library to schedule two meetings at or near the same time. The meeting room needs to be located adjacent to the building entrance to enable programming to take place whether or not the Library is open. A catering kitchen is needed that can support major events in the space. Secure storage rooms are needed to accommodate stacking chairs and folding tables on dollies, with immediate access



into each side of the meeting room. The meeting room needs to be equipped with adjustable lighting controls and an AV projection and sound amplification system that supports fully functional multimedia presentations.

Dedicated programming space for events that target children and their families is also needed in space that is adjacent to the Youth Services area. The space should comfortably accommodate groups of 40 children and adults in an area that does not disrupt individual use of the Library. In addition, the Library's open seating areas should be designed so that some area may be used for informal programming, as needed, without disturbance to general users.

Finally, a medium-sized space for group and/or collaborative activities is recommended, to accommodate special events, such as programming for teens. Approximately 900 square feet is recommended for this type of space, as the Library's service program is developed.

## G. Service Desks/Check-out/Holds Shelves

Space is needed to accommodate multiple self check-out machines, generous holds shelving, self-service check-in equipment, tied to an enclosed space for returns and sorting. Service desks should be designed for efficiency and to reflect recent trends in library service delivery – self-service circulation and accounts management, mobile staff who interact with customers on the public floor as much as behind a service counter. An allocation of approximately 5% of the public space is recommended for these functions.

## H. Staff Work Space/Storage

Staff work space that will support an efficient, productive, sustainable work environment needs to be allocated. Dedicated space for returns and sorting is needed, designed to accommodate either an automated or manual sorting operation. Return drop-off should be located on the exterior of the building, accessible to customers 24 hours per day. Return slots should empty directly into the returns and sorting space.

Staff members need work spaces that match their job responsibilities, including desks, cubicles or work tables that provide sufficient work surface, acoustical separation and supplies storage to perform their tasks efficiently and effectively. Work space for volunteers is also needed. Sufficient storage space, a conference room, an appropriately-sized staff break room and staff restrooms are also needed.

A space allocation of approximately 4,500 square feet is recommended for staff workspace and storage areas – roughly 15% of the public space allocation. An additional 800 to 1,000 square feet allocation for volunteer workspace is recommended.

## I. Friends of the Library Book Sale

The Friends' book store now occupies space in the library meeting room. Book

donations are received through the delivery entrance and are stored in various locations in the library building and off-site. Book sale revenues bring in approximately \$50,000 annually, even though the ongoing book sale space is small and congested. Dedicated retail space, between 750 to 1,000 SF, is needed for the ongoing book sale, as well as dedicated work space for donation receiving, sorting and storage. An allocation of 1,500 to 3,000 SF is recommended as a placeholder for the workspace as the Friends and the Library continue to research successful book store operations. It is assumed that the Friends will continue to sponsor periodic large-scale book sales in the Library meeting room space. Ideally, the work/sorting/storage space should be adjacent to the ongoing sale area, for efficiency and flexibility. An attractive, spacious public book sale area will encourage sales. This, in turn, will tend to decrease inventory that must be stored.

J. Overall Building Size

The 60,000 square foot facility recommended will provide an average 0.85 square foot of space on a per-person basis, targeted to the 2030 projected service population. This level is within the range that current library planning practice calls for - 0.6 to 1.0 for independent city libraries that serve a population between 50,000 and 100,000 people. The space needs analysis assumes that the building will be 70% efficient, with 30% of the overall building envelope needed for non-assignable purposes, such as mechanical space, corridors, restrooms, elevators and wall thicknesses.

As the City develops its plan for downtown development, it may want to consider future expansion potential beyond the 60,000 square feet recommended for the library. Possible expansion options include:

- Conversion of a portion of underground parking space to library interior space, should the development incorporate such a facility.
- Inclusion of shelled-out building space on one of the library floors or an additional floor above the library facility.
- Inclusion of shared “commons” space that links the library to one or more collocated buildings, such as a museum, business incubation center or retail space.

K. Parking

Adequate parking is needed for Library visitors. The site needs to accommodate sufficient space to meet the City's parking standard of 2.5 spaces per 1,000 square feet of building space – a total of 150 parking spaces. Parking may be addressed by means of surface parking, a multilevel parking structure, underground parking or a combination of these approaches.

L. Recommendations Summary

The space recommendations in this report will provide a library that offers the community the breadth and depth of services needed currently and that will be needed well into the future. The recommended service levels are well within library industry best planning practices. The chart below summarizes the recommendations and

compares each major space component recommendation to the level provided at the existing library.

Service Levels – Current and Recommended

	2009	2030
Population	58,177	70,300
Seating	89 seats	300 seats
	1.5 seats per 1,000 people	4.25 seats per 1,000 people
Collection/Shelving	120,400 volumes	183,000 volumes
	2.1 volumes per capita	2.6 volumes per capita
Public Computers	31 computers	105 workstations
	0.53 computers per 1,000 people	1.5 computers per 1,000 people
Meeting Room/Programming Space	50 to 60 seats	175 seats
	832 SF	2,100 SF
Children's Programming Space	20 floor seats	40 floor seats
	150 SF (estimated)	400 SF
Group Study/Tutoring Rooms	NONE	48 seats in 8 rooms
Square Feet of Building Space	21,532 SF	60,000 SF
	0.37 SF per capita	0.85 SF per capita

## 8. Spatial Relationship Needs

While a library of 60,000 square feet can be organized on a single level or as a multi-level facility, this report recommends a two to three level building design, for several reasons. Acoustical zones can be most effectively created by stacking the library's spaces, with the first floor generally more appropriate for active, busy functions while the upper floors become home to quieter, more contemplative uses. The entrance and lobby can be organized to provide direct access to many spaces. The building itself becomes more prominent and lends itself to providing a civic presence to its setting.

### A. Acoustical and Activity Level Zoning

The library's spaces must be organized to create distinct physical and acoustical zones that support different activity and noise levels, so that users can find the space and environment to match their needs. Noisy, active spaces, such as Youth Services or the Teen area, need to be directly accessible from the public entrance and core public space. Areas for quiet, concentrated reading and study need to be separated from the entrance and core public space. Spaces for group study and collaboration and technology-filled spaces should be acoustically enclosed to contain noise.

### B. Core Public Space

Space is needed directly adjacent to the lobby to house several services, including the new books and media browsing areas,, a greeter station, self checkout and holds

shelving, and related spaces that will constitute a central hub of public space within the library. Many people will come to the library specifically to visit this area. The entire space should be designed as an open “marketplace”, with individual areas contiguous and visible, with generous circulation space. The first floor service desk as well as the cluster of public access computers on the first floor should be easily visible from this area.

**C. Children’s Space**

The library’s areas for children and families should be considered a “library within the library”, a self-contained cluster of spaces and services designed to serve this audience. Direct access to the space from the public entrance is essential, as is effective acoustical separation from the rest of the facility. A staffed service desk will be a primary focal point and needs to be both centrally located and visible from the entrance to the space. Within the space, areas are needed to serve different age groups, with proper attention paid to each group’s interests and needs. Storytelling programs and other activities for children and families will take place regularly in parts of the space. The programming space must be arranged with acoustical considerations in mind.

**D. Teen Space**

Teens (middle school through high school age youth) need an area within the library they recognize as “their own”, to gather, study after school and socialize. Although the space for teens needs its own identity and acoustical isolation, the space must also be oriented to allow monitoring from outside, through a glass wall or open separation. Some of the library’s enclosed group study rooms should be placed in proximity to the teen area, as should the quiet study/homework center.

**E. Quiet Reading and Study**

Several spaces designed to support quiet individual reading and study are recommended for the building to provide options for users who visit the library to do research, work on laptop computers or simply browse the library’s resources. These spaces include the Reference and Business Reference areas, Quiet Reading, Large Print Books, Magazine and Newspaper Browsing, Adult Circulating books and the Local History collection. Seating areas need to be dispersed throughout these spaces.

**F. Public Computers**

The new library will provide considerably more computers than the current facility. These workstations need to be distributed to serve all age levels – children, teens and adults – and need to be clustered for visibility and effective management and staff oversight. Computers should be visible from the public entrance and from the entrance to the second floor to enable visitors to easily find this equipment.

G. Collaborative Space

Several enclosed group study rooms are proposed for the library, as well as casual seating areas in the Café and core public space. In addition, some of the library computers should be designated for collaborative use and organized to support this use.

H. Programming and Meeting Space

The main meeting room needs to be located directly adjacent to the public entrance and lobby, to facilitate convenient arrival and exiting by program attendees. This will also allow events to be scheduled independent of Library open hours. Other meeting and programming spaces should be located adjacent to the building's main paths of travel.

I. Staff Work Space

Staff work spaces need to be positioned adjacent to the public spaces each staff is assigned to cover: Youth Services staff work space needs to be adjacent to the children's area; the Information Services staff work space needs to be adjacent to the adult services area; the Circulation Services work space, Sorting and Returns, Technical Services, Mail and Delivery and Donations Drop-off need to be adjacent to both the first floor Service Desk and the Staff/Delivery Entrance. Offices for Library Administration as well as for Programming and Outreach staff need to be located directly adjacent to the public space and close to the public entrance in order to be accessible to the public, volunteers and others who need to visit these areas.

J. Number of Floor Levels

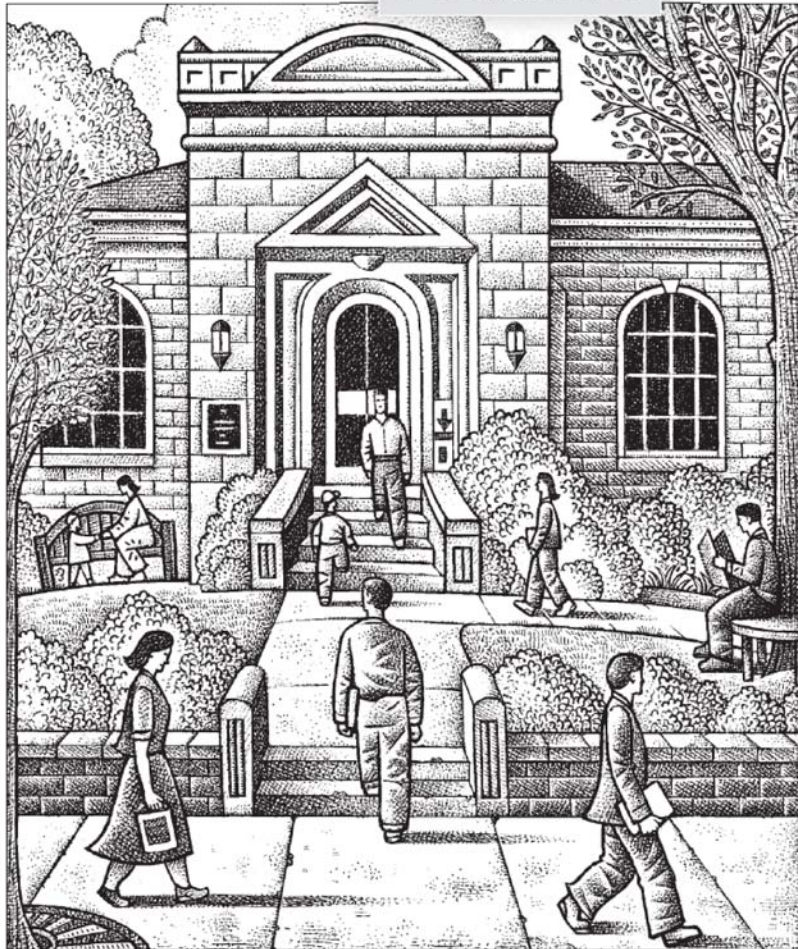
A total of 60,000 square feet of building space is recommended for the library. A library of this size can operate functionally on one to three levels. For the proposed downtown location of the proposed new library, a two to three story design is preferable. By stacking the library's spaces, a smaller building footprint will be required and more space will be available on the site for parking. A multilevel facility will also create well defined activity zones – one floor can house services that generate comparatively high ambient noise levels while other floors can provide quieter spaces that are acoustically separate.

PLANNING  
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# Journal

NEWS & INFORMATION FOR CITIZEN PLANNERS

## Libraries AT THE HEART OF OUR COMMUNITIES



PLANNING COMMISSIONERS JOURNAL / NUMBER 75 / SUMMER 2009

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Inside you'll find a complimentary copy of the feature article from our Summer 2009 issue, "Libraries at the Heart of Our Communities."

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Check out our web site for a variety of information & resources on planning and land use related topics ... and follow PCJ Editor Wayne Senville's travels across America at: [www.CircleTheUSA.com](http://www.CircleTheUSA.com)

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CircleTheUSA.com

Follow PCJ Editor Wayne Senville's reports on planning and land use issues.

## FROM THE EDITOR

### Libraries Bring Value to Our Communities

Sometimes the key to a vibrant, healthy community can lie right under our nose, hidden in plain sight, so to speak.

That's the sense I got after researching and writing the article about public libraries that starts on page 12. For too long, libraries have been under-appreciated, often drawing less interest and attention than a new sports arena, shopping complex, office tower, or theater. But the good news is that this has begun to change, as more communities are recognizing the value that having a strong library brings.

Not only do libraries provide valuable services for residents of all ages, incomes, and ethnic backgrounds, but they can also inject a healthy dose of vitality into downtowns, main streets, and neighborhood centers.

In times of economic stress like we're currently experiencing, libraries provide especially important services to those trying to find a job, or residents just looking for a place to read a book, listen to a CD, or go online, without racking up a bill.

But the most interesting thing I discovered is that libraries in cities big and small are becoming dynamic places, actively seeking to engage the community. Instead of simply providing a place to read or take out a book (as important as these services are), libraries are expanding their mission.

There's one troublesome cloud over this bright picture. In almost every state (the most notable exception being Ohio), libraries receive close to no state financial assistance. Yet our states lavish support on many "economic development" projects, of sometimes questionable value.

Visit your public library, and help it become the hub of your community.

Please feel free to share a copy of our article with your local librarian.



*Wayne M. Senville*  
Wayne M. Senville,  
Editor

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PLANNING  
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# Journal

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<b>Editor</b> Wayne M. Senville	<b>Editorial Advisory Board</b>  Larry Frey, AICP Bradenton, Florida
<b>Office Staff</b> Elizabeth M. Krumholz Manager Margaret Ellis-Green	Lee A. Krohn, AICP Manchester, Vermont
<b>Assistant Editor</b> Larry Pflueger Clearwater, Florida	Ross Moldoff Salem, New Hampshire
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Hannah Twaddell Charlottesville, Virginia	Barbara Sweet Hyde Park, New York
<b>Cover Illustration</b> Paul Hoffman Greenfield, Massachusetts	Ilene Watson Kelowna, B.C.
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FEATURE

# Libraries at the Heart of Our Communities

by Wayne Senville

Is there a place in your community:

- where residents of all ages and incomes visit and enjoy spending their time?
- where people go to hear interesting speakers discuss new ideas, books, travel, and a broad range of topics?
- where comprehensive databases are available free of charge?
- where you can get help when applying for a job?
- where you can stop by and take home a book, CD, or DVD at virtually no cost?

That's also a place:

- that's "owned" by everyone in the community?
- and can be counted on, day after day, to draw people downtown or to main street?

In a growing number of cities and towns, there's one answer to all these questions: the public library.

## ANCHORS FOR OUR CITIES & TOWNS

Dramatic new or renovated libraries have become cornerstones of downtown in dozens of cities, including Denver, San Antonio, Des Moines, Indianapolis, and Salt Lake City, to name a few.

Noted architect and writer Witold Rybczynski offers an online slide show titled, "How do you build a public library in the age of Google?"<sup>1</sup> His main point: libraries are far from dead in today's Internet age – in fact, they're making a comeback as key anchors in our downtowns. Indeed, they're bringing us full circle to the "end of the 19th century and the beginning of

the 20th, when cities such as Boston, New York, Philadelphia, Detroit, and Chicago built ambitious public libraries."

It's important to recognize, however, that it's not just big cities that benefit from libraries. In fact, smaller cities and towns may have even more to gain from a having a thriving library as they don't have the range of community gathering places that larger cities often have.

Reporter Annie Stamper writes that: "No more just a place to find books, today's library is a place that extends far beyond its physical walls with the addition of digital information and access. Particularly in small towns, the library is



The central rotunda inside the Hudson, Ohio library.

often the hub of the community, providing a place for residents to meet, as well as to learn."<sup>2</sup>

Libraries, like city halls and post offices, are key to strong communities. Ed McMahon, a senior fellow at the Urban Land Institute, has pointed out that "public buildings and spaces create identity and a sense of place. They give communities something to remember and admire. The challenge facing public architecture is to provide every generation with structures that link them with

"THERE IS NOT SUCH A CRADLE OF DEMOCRACY UPON THE EARTH AS THE FREE PUBLIC LIBRARY, THIS REPUBLIC OF LETTERS, WHERE NEITHER RANK, OFFICE, NOR WEALTH RECEIVES THE SLIGHTEST CONSIDERATION."



— Andrew Carnegie

their past, fill them with pride, and reinforce their sense of belonging."<sup>3</sup>

Keeping libraries in the center of town, and having them reflect high standards of design, is a challenge a growing number of communities are successfully meeting.

### Hudson's Star Attraction

I stopped in Hudson, Ohio, this April as part of my "Circle The USA" trip to learn about their library. Hudson is a small city (population 22,439), midway between Cleveland and Akron. It has elements of both a suburb and a small town. In the center of Hudson is its historic Main Street business district, home to the city's library.

Opened in 2005, the library is housed in a stately brick building, with functional but very attractively-designed interior spaces. The focal point of the library is its rotunda, proof that the design of libraries today can match that of the classic Carnegie library buildings of a century ago.

New libraries tend to need considerably more space than their earlier counterparts. That's the case in Hudson, where the new library building (at 50,000 square feet) is much bigger than

1 Available online at: [www.slate.com/id/2184927/](http://www.slate.com/id/2184927/)

2 In an article in the June 2006 *Champlain Business Journal*, "Libraries Anchor Small Communities."

3 From "Public Buildings Should Set the Standard" (PCJ #41, Winter 2001); available to order & download at: [www.plannersweb.com/wfiles/w206.html](http://www.plannersweb.com/wfiles/w206.html)



the old building (at 17,000 square feet).

At first blush, this seems counter-intuitive. Why in today's Internet and digital age would libraries need to be larger? More importantly, why do they seem in even greater demand?

I asked Assistant Director Margie Smith what draws people to the Hudson library. "It's become the cultural, entertainment, and social hub of Hudson," she replied. "The library programs a lot of readings, there are musical performances every week, and we also have meeting rooms."

The library also provides over 50 public computer terminals, access to state and local databases, and a collection of more than 7,000 DVDs. There's also a coffee shop to hang out in, and an outdoor patio. You can even borrow laptops from the library, and use them anywhere in the building or on the patio. What's more, the Hudson library doesn't close till 9 pm, Monday through Thursday, and is open a total of 69 hours each week, making it even more accessible.



Mark Richardson in front of the Hudson library.

The library is funded primarily through a property tax levy (raising \$1.4 million), with just over \$1 million more from the State of Ohio. The library also makes extensive use of volunteers, including "tech wizards" who help out in the computer center.

The residents of Hudson have decided that the library is a key service they want for their community. The numbers attest to this, as there are more than 23,000 registered library users, who checked out 736,000 items last year. The library counted more than 700,000 visits, an average of well over 2,000 every day it was open.

For planners, however, I want to touch on what may be the most interesting aspect of the Hudson library: its location. It is part of an expansion of Hudson's Main Street district.

Indeed, you could say the library is Main Street's star attraction. As Hudson City Planner Mark Richardson told me, "you can't just rely on retail in downtown expansion, you need an activity center like a library." "The library," Richardson continued, "fulfills its role as the anchor by creating opportunities for multi-stop trips downtown."

The Main Street extension (called First & Main) consists of a mix of retail, office, and housing. The City has architectural design standards for the area. As Richardson notes, "the idea was for it to be a natural extension, not a replication, of Main Street." The streets are laid out in a grid, connecting with the old village.

From Richardson's perspective as a planner, having the library downtown is also cost-effective. As he explains, "the library's location downtown has helped facilitate numerous partnerships and collaborations with the merchants; the public, private, and parochial schools; and the City of Hudson because they are all located in close proximity ... these collaborations have allowed the library to stretch its tax dollars and, at the same time, more effectively serve the needs of Hudson."

### The Economic Benefits of Libraries

As is the case in Hudson, libraries can bring substantial benefits to downtowns and main street districts. Planning consultant Robert Gibbs has observed that "a typical public library draws 500 to 1,500 people a day, that's close to the draw of a small department store." Public buildings like libraries, he notes, "add to the authenticity of a town ... they make

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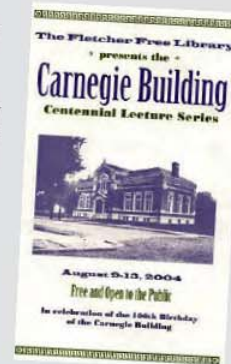
### Carnegie's Legacy to America's Cities & Towns

Many cities and towns across America are still blessed by what was perhaps the greatest philanthropic legacy this country ever received: Andrew Carnegie's grants program to help fund the construction of libraries in communities large and small.

From 1896 to 1925 Carnegie provided grants for the construction of 1,681 libraries in 49 states (plus 156 in Canada) – only Rhode Island was somehow left out! About 70 percent of the Carnegie libraries were built in small towns with fewer than 10,000 people – with the first of the typical Carnegie-funded libraries being constructed in Fairfield, Iowa.

Invariably, a Carnegie library was a well-designed building, often a local landmark in the center of town. Fortunately, most of the Carnegie libraries are still standing, many remaining in active use as local libraries, treasured by generations of residents.

In my hometown of Burlington, Vermont, that's certainly the case – the Fletcher Free Library was built with a \$50,000 gift from Andrew Carnegie in 1904.



The Fletcher Free Library in Burlington, Vermont.

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Left, view of Hudson's Main Street. Right, commercial development is adjacent to the library in the Main Street extension.

## Libraries

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it less of a shopping center and more of a town center."<sup>4</sup>

Seattle is another city that has gained substantial economic benefits from its new downtown library, opened in 2004. An economic assessment prepared for the City found that "the Library is associated with \$16 million in net new spending in Seattle in its first year of operations – equal to \$80 million for 5 years," and that "nearby businesses report increases in spending associated with Library visitors." As a result, "the increased number of Library visitors contributes to Downtown vitality and vibrancy, making Downtown a more attractive residential and commercial market."<sup>5</sup>

As Brian Murphy of the Seattle-based Berk & Associates, which prepared the economic assessment, told me, "the library has become an important part of a network of attractions in Seattle." In part, this is because of the library's dramatic design. Its location close to downtown residential neighborhoods and the city's retail core is also a big plus, he added.

Perhaps more surprising is another major draw that Murphy pointed to, the Seattle library's extensive genealogical resources, which attract visitors from a wide area. Indeed, the library has more than 40,000 items in its collection, and three full-time genealogy reference librarians to provide assistance.

### "A Harbor You Can Sail Into"

Those are the words that Stephen Coronella used to describe the role of the Putney, Vermont, public library. For Coronella, who's the librarian in this

small Vermont town (population 2,600), a good library works a lot like a harbor. It provides a place where people can dock themselves for a while, socialize with others, and feel some comfort and security.

When I met with Coronella, he explained that over the years libraries have become more multi-faceted. They're no longer just places to read and take out books (though that's still a key function). Increasingly, libraries are providing a broader range of services, from access to research databases, to loaning videos and CDs, to providing Internet access, to offering space for lectures and public meetings.

The Putney library attracts one hundred or more people on a daily basis, and forty or fifty more often show up for evening programs. You'll find people of all ages, incomes, and backgrounds using the Putney library. Its seven public access computers are very popular, and offer a



valuable service in this rural community where residential broadband service is limited. <sup>6</sup> Internet Access, p. 16.

The library's beautiful new building is located within walking distance of the town center (less than half-a-mile away) and next to a co-op market and senior housing. The new building was made possible in part from a generous donor, but also through extensive fund-raising in the Putney community.

The importance of libraries like Putney's to village and town centers was underscored in a public forum sponsored by the Windham Regional Commission (the WRC's service area includes Putney, Brattleboro, and 25 other small towns in southeastern Vermont). As Kendall Gifford, a planner with the WRC, told me, it "opened up perceptions of what libraries have to offer."

One by-product of the forum was the formation of a task force to develop recommendations for strengthening local libraries within the region. The task force's report, *The New Heart of the Old Village Center: The Role of the Library in Community Development*, includes a series of recommendations centered on three goals: to achieve universal access to library services; to assure adequate funding for libraries; and to use libraries to strengthen village centers.

Susan McMahan, another planner with the WRC, has been struck by how often people have mentioned the value of their libraries "as community places, where you can see your neighbors," and by the importance that seniors, in particular, place on having a library nearby.

One problem facing local libraries in Vermont – and many other states – is the



Views of the Seattle Public Library. Left: "Living Room" by Padriac, [www.flickr.com/photos/padraics\\_travels/2179049925](http://www.flickr.com/photos/padraics_travels/2179049925). Right: "Seattle Public Library" by Rodefeld, [www.flickr.com/photos/rodefeld/1622522316](http://www.flickr.com/photos/rodefeld/1622522316). Images licensed, Creative Commons.

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ALL PHOTOS: W. SERRILLE



Putney library and librarian Stephen Coronella, below nearby food co-op.

lack of state financial support. This puts the burden on cities and towns to provide funding from their municipal budget. Not surprisingly, this can be a major hurdle, especially in communities with limited resources. *What's the State of Your Library?*

While private organizations like the Freeman Foundation (in Vermont) and the Gates Foundation (nationwide) have stepped up to provide financial support, this is not a long-term solution. Recognizing this, the Windham Regional Commission task force report points out the importance of educating legislators, community leaders, and residents about libraries' funding needs "in the context of all the positive community and economic benefits" they bring.

From a national perspective, why shouldn't libraries be more highly valued? In 2006, the most recent year for which data is available, there were some 1.4 billion visits to the nation's 9,208 public libraries.<sup>4</sup>

To put library visits in perspective, consider that in 2007 the attendance at



major league baseball games was 81 million and NFL football, 22 million – add in NCAA men's and women's basketball (43 million) and football (49 million) and the total is less than 15 percent the number of visits to public libraries.<sup>7</sup>

Yet libraries may well be the single most important civic institution in America today. As scholar Vartan Gregorian has noted, "Across America we are coming to realize the library's unsurpassed importance as a civic institution ... In our democratic society, the library stands for hope, for learning, for progress, for literacy, for self-improvement and for civic engagement. The library is a symbol of opportunity, citizenship, equality, freedom of speech and freedom of thought, and hence, is a symbol for democracy itself. It is a critical component in the free exchange of information, which is at the heart of our democracy."<sup>8</sup>

### The Hub of Moab

Twenty-two hundred miles west of Putney, Vermont, is the small city of Moab, Utah. Their new library, opened in 2006, is just two blocks off Main Street in the heart of the city's compact downtown.

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## What's the State of Your Library?

Due to the recession and hard economic times, many libraries have been cutting their hours, and some have even been forced to close down. In researching this article, I came across countless news reports from across the country with examples of this.

Ironically, it's during an economic downturn that libraries are in even more demand, both as a resource for job seekers, and as a place where people can borrow a book, video, or CD, or spend some time using the computer. Moreover, as you'll read elsewhere in this article, libraries are too often under-valued for the economic benefits they also bring to downtowns, main streets, and neighborhood commercial districts.

How much support do libraries receive from state government? Data from the U.S. Department of Education's National Center for Educational Statistics (*Public Libraries in the United States: Fiscal Year 2004*) shows there's an extremely wide variation in state fiscal support for public libraries. On a per capita basis, it ranges from \$40.06 in Ohio and \$19.51 in Hawaii (the two highest) to virtually zero in South Dakota and just over 1 cent per person in Vermont (the two lowest). The national average is only \$3.21 per person, a very low figure.\*

Once the economy is back to full strength, consider ways in which your state can better support local libraries. It can be done. Ohio, for one, provides substantial financial support to its libraries, with a dedicated 2.22% of all tax revenue from the state's General Revenue Fund going to public libraries. Perhaps this explains why Ohio has more public libraries – and higher levels of library use – per capita than any other state.

\* This data is available online at: [http://nces.ed.gov/pubs2006/2006349\\_1.pdf](http://nces.ed.gov/pubs2006/2006349_1.pdf) (Table 16).

4 Quoted by journalist Phil Langdon in "Public Buildings Keep Town Centers Alive" (*PCJ* #49, Winter 2003); available to order & download at: [www.plannersweb.com/wfiles/w144.html](http://www.plannersweb.com/wfiles/w144.html).

5 *The Seattle Public Library Central Library: Economic Benefits Assessment* (prepared for the City of Seattle Office of Economic Development and The Seattle Public Library Foundation by Berk & Associates, July 2005); available at: [www.spl.org/pdfs/SPLCentral\\_Library\\_Economic\\_Impacts.pdf](http://www.spl.org/pdfs/SPLCentral_Library_Economic_Impacts.pdf).

6 *Public Libraries Survey, Fiscal Year 2006* (Institute of Museum & Library Services, Dec. 2008), pp. 4-6.

7 Sports attendance data from *The 2009 Statistical Abstract* (U.S. Bureau of the Census), Tables 1204/1205. Unfortunately, the *Statistical Abstract* does not include attendance for all sports, but you get the picture.



## Internet Access

One of the essentials of being informed today is having Internet access. That's still a problem in many rural areas, and for low-income households. Public libraries are a critically important resource in terms of broadening the availability of this access.

A nationwide survey conducted last year by the Florida State University's Information Institute focused on the Internet and libraries. Two of the most striking findings: 72.5 percent of libraries reported that they are the only provider of free public computer and Internet access in their community, while 98.9 percent of public libraries indicated that they offer Internet access.\* Moreover, according to the Institute of Museum & Library Service, in 2006 a total of 196,000 Internet computers were available in America's public libraries (3.4 per 5,000 people).\*\*

Another sign of the times: the rapid increase in the number of libraries offering wireless access – an increase from 54 to 66 percent of libraries in just the past year.\*\*\* Wireless access is of value not just to residents, but to tourists and business travelers when they visit a community.

\* *Public Libraries and the Internet 2008: Study Results and Findings.*

\*\* *Public Libraries Survey Fiscal Year 2006* (Institute for Museum & Library Services, Dec. 2008), p. 5.

\*\*\* *Id. Public Libraries and the Internet ...*

## Libraries

*continued from page 15*

Moab is located in a remote, but spectacularly beautiful, corner of Utah, and is home to Arches National Park, a thriving recreational industry, and residents who love the outdoors.<sup>9</sup> But it is also home to a fine new county library, at 15,000 square feet, triple the size of its former location.

The library itself is a delightful place. When I stepped inside, it was a beehive of activity, with people of all ages engrossed in reading and, yes, in using the Internet.

In fact, Internet use has been booming. When I followed up with Library Director Carrie Valdes this May, she told me that the number of online sessions last year exceeded 93,000, up from 75,000 in 2007. The library building is also wireless. In part, the growth in Internet use owes to the fact that anything faster than dial-up service is very costly in Moab. Valdes also believes that the economic downturn has led to increased use, especially as more people are looking to access online job search services.

The Grand County library is part of a small complex of public buildings, making it even more convenient for area residents. Right next door are the municipal offices, in a recently rehabbed former elementary school building.

The Library Board saw the need to purchase the property the library is now

since there are few large parcels available close to downtown). Valdes believes that keeping the library downtown was critically important. As she put it, “everything that happens in Moab, happens downtown.”

Owing to its welcoming environment, expanded size (allowing for the addition of a dedicated children's room), and the state of the economy, library use has surged – from an annual average of about 90,000 visits before the new building opened to 150,000 last year. It has become, says Valdes, “a true community center.”

## LIBRARIES MIX IT UP

“Among private sector developers of malls, commercial corridors, mixed-use developments and joint-use facilities, libraries are gaining recognition for other qualities – their ability to attract tremendous foot traffic, provide long-term tenancy, and complement neighboring retail and cultural destinations.” That's from a recent report, *Making Cities Stronger: Public Library Contributions to Local Economic Development*, prepared by the Urban Library Council.<sup>10</sup>

As the report continues, “Library buildings are versatile. They fit in a wide mix of public and private sector developments. Library leaders and private developers across the country are beginning to notice distinct advantages to incorporating public libraries into mixed use, retail and residential areas.”

You can now find libraries not just in malls, but as part of residential developments, and other mixed-use projects.

In the Chicago suburb of Des Plaines, the new library – which opened in August 2000 – is located next to a stop on one of the METRA commuter rail lines. It is the central element of



located on several years ago. It wanted to “lock in” a downtown site for use when the time came for expansion (important

*Views of the Grand County library in Moab, Utah.*



<sup>8</sup> Vartan Gregorian, “Libraries as Acts of Civic Renewal” (speech given in Kansas City, Missouri, July 4, 2002; available online at: [www.carnegie.org/sub/pubs/gregorianspeech.html](http://www.carnegie.org/sub/pubs/gregorianspeech.html)).

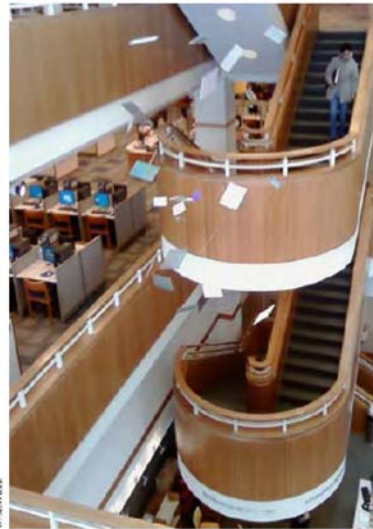
<sup>9</sup> See also my report from Moab (part of my Crossing America on Route 50 trip) at: [www.rte50.com/2007/07/two-moabs.html](http://www.rte50.com/2007/07/two-moabs.html).

<sup>10</sup> Prepared by the Urban Library Council (Jan. 2007); currently available at: [www.urban.org/publications/1001075.html](http://www.urban.org/publications/1001075.html)

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The Des Plaines library seen on right of above photo; adjacent housing on the left. Center photo shows library's interior.



a 6.2-acre redevelopment that also includes 30,000 square feet of retail, a 180-unit condominium, and a parking garage. This mix of complementary uses has created a hub of activity in the heart of this suburban city of 58,000.<sup>11</sup>

In putting together the project, the library served as the traffic anchor, “much like a large retailer would” explained Stephen Friedman of S.B. Friedman & Co. His firm, which specializes in advising communities on public/private partnerships, worked with the City of Des Plaines on the redevelopment. Having a high quality library, Friedman adds, is also an important part of being a “full service” community, something that suburbs are increasingly focusing on as they seek to create a high quality of life for residents.

Another interesting point that Friedman makes is the importance of libraries in middle-income communities like Des Plaines. “People can’t always afford Barnes & Noble or Borders,” he notes, but many middle-income individuals are highly educated, “so the library becomes a critical public service for them.”

In St. Paul, Minnesota, the 31,000-square foot Rondo Community Outreach library is on the ground floor of a new building that includes three floors of mixed-income housing, plus a floor of parking immediately above the library (serving the apartments) and under-

ground parking below (for library patrons).

The project grew out of a desire by the City and neighborhood to redevelop what had been the site of an adult entertainment theater – a focal point of community anger – demolished after the City acquired the property. The idea of a mixed-use building emerged from a conjunction of interests: the City’s goal of providing more affordable housing and the fact that the existing neighborhood public library had outgrown its building.<sup>12</sup>

According to Alice Neve, Supervisor of the Rondo Area Libraries, having the library in the same building as the housing provided some significant economies of scale, allowing for more space than if the library had been built as a stand-alone building. Families living in the apartments above, Neve notes, are also (not surprisingly) frequent visitors to the library.

### A HOME FOR ALL OF THE COMMUNITY

Libraries provide something increasingly scarce in our cities and towns, what Brattleboro, Vermont, library director Jerry Carbone described to me as “neutral public space.”

Carbone explained that Brattleboro’s Brooks Memorial Library, in the heart of

downtown, makes its community room available at no charge to local organizations three evenings every week. The fact that it is public space, Carbone notes, makes it a more comfortable meeting place for some than a church basement or a business office meeting room – even though these private spaces are typically made available for community meetings in a spirit of good will.

This message was reinforced in a conversation I had with David Lankes, Director of the Information Institute at Syracuse University. As Lankes observed, libraries are in a pivotal role because “there are very few civic organizations left today” that can provide a space accessible to everyone in the community.

But for Lankes, the role of today’s library goes beyond providing community space. Libraries, he argues, should also be actively seeking ways of “enriching and enhancing” issues people are most interested in.

To cite one example, Lankes told me how in several cities, librarians have developed training sessions – open to all – covering the basics of setting up a new business, and putting together a business plan. Along the same lines, some libraries are teaming up with local community development agencies to provide job counseling centers. This level of

*continued on page 18*

<sup>11</sup> The City of Des Plaines even offers a video tour of the library, accessible from their home page: [www.desplaines.org/](http://www.desplaines.org/).

<sup>12</sup> For more on the Rondo library: [www.stpaul.lib.mn.us/locations/rondo\\_about.html](http://www.stpaul.lib.mn.us/locations/rondo_about.html).

## Libraries

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engagement goes well beyond the “traditional” role of just providing books about how to set up a business or find a job.<sup>13</sup>

Another valuable role that libraries play is in integrating immigrants and other newcomers into our communities. As national columnist Neil Peirce reports: “In immigrant-heavy suburbs of Washington, D.C., many public libraries have recast themselves as welcome centers. Some checkout desks have signs in Korean, Chinese, Spanish and Vietnamese. A recent immigrant from the Dominican Republic said: ‘I come to the library almost every day. And two days a week I follow the conversation classes. We have the opportunity not only to improve our English but to get new friends from all over the world.’”<sup>14</sup>

At the other end of the country, Seattle’s Kent Kammerer points out that “Seniors now flood the libraries for many

reasons including taking computer classes and attending special programs. Young people find willing, friendly help at the library ... and yes, though, the library wasn’t designed to be a hygiene center or daytime shelter, some homeless people find the library the most welcoming place to spend their days.”<sup>15</sup>

There’s been a “sea change” in the past five to ten years in the role libraries are playing in communities, says Sari Feldman, Director of the Cuyahoga County, Ohio, Library, which operates 28 branches in Cleveland’s suburbs. Feldman, who is also President-elect of the Public Library Association, told me that “libraries have become vibrant centers of community interaction,” with librarians working more closely with community groups and businesses. In Cuyahoga County, notes Feldman, “the library does extensive focus groups, polling, and market research” to better learn what the community wants.

Libraries have been especially proving their worth during the current recession. As Feldman explains, “we’re clearly the place where people are coming for job information, for preparing online job applications, and for basic financial literacy ... and we provide them support in doing this.”

### SUMMING UP:

The 21st century library has arrived. Its mission goes far beyond loaning out books and providing reference materials. In fact, in a growing number of cities and towns, the library has become the hub of the community, drawing large numbers of new users. This is happening because libraries are providing programs, meeting space, computer access, and resources that are responding to a broader array of community needs.

Moreover, when libraries are located in downtown, village, or neighborhood centers, there’s also a special synergy at work. Libraries generate increased business for local merchants, while those shopping or working downtown visit the library as part of their day.

Libraries and community. They’re really inseparable. ♦

Wayne Senville is Editor of the *Planning Commissioners Journal*. His previous articles and reports for the *PCJ* include “Downtown Futures” (*PCJ* #69, Winter 2008); “Crossing America” (*PCJ* #68, Fall 2007); “Bright Ideas” (*PCJ* #61, Winter 2006); and “Preservation Takes Center Stage” (*PCJ* #52, Fall 2003).



### In the Neighborhood

While this article has focused on the positive impact that libraries can have on downtowns, let’s not forget the powerful benefits that libraries can bring to neighborhoods. Take a look at an excellent short report prepared by the Urban Library Council, *The Engaged Library: Chicago Stories of Community Building*.<sup>\*</sup> It tells of the importance Chicago has placed on strengthening neighborhood libraries:

“Libraries are uniquely positioned to contribute to the local economy. They are local employers. More often than not, libraries bring foot traffic to the neighborhood commercial district. ... The Chicago Public Library has built 40 new branch buildings in the last 11 years. Many of these buildings have gone into areas previously avoided ... Often, CPL has used its capital investments to buy sites that have been neighborhood eyesores. Liquor stores or abandoned buildings are torn down to be replaced with public libraries, changing the streetscape completely. For this strategy to be successful, library administration and planners have to tap into community knowledge and listen to community requests.”

<sup>\*</sup> *The Engaged Library* is available through the ULC web site: [www.urbanlibraries.org](http://www.urbanlibraries.org).



Chicago’s Northtown Library is at the heart of a ethnically diverse neighborhood, and is located just a block from the neighborhood’s retail district.



<sup>13</sup> To learn about other creative ways in which libraries can engage with their community, see the Project for Public Spaces’ “Libraries That Matter,” at: [www.pps.org/info/newsletter/april2007/libraries\\_that\\_matter](http://www.pps.org/info/newsletter/april2007/libraries_that_matter); and *Making Cities Stronger: Public Library Contributions to Local Economic Development* (cited in footnote 10).

<sup>14</sup> “Libraries and New Americans: The Indispensable Link” (April 13, 2008, for The Washington Post Writers Group); available at: [www.postwritersgroup.com/archives/peir080413.htm](http://www.postwritersgroup.com/archives/peir080413.htm).

<sup>15</sup> Kent Kammerer, “A new librarian faces tough economic times,” on *Crosscut.com* (May 19, 2009); <http://crosscut.com/2009/05/19/seattle-city-hall/19003/>

CC: NP  
Sara Jones

NEIL A. ROMBARDO  
District Attorney



GERALD J. GARDNER  
ASSISTANT DISTRICT ATTORNEY  
RANDAL R. MUNN  
CHIEF DEPUTY DISTRICT ATTORNEY

OFFICE OF THE DISTRICT ATTORNEY  
CARSON CITY

885 EAST MUSSER STREET, SUITE 2030  
CARSON CITY, NEVADA 89701  
Fax: (775) 887-2129

CRIMINAL DIVISION  
(775) 887-2072

CIVIL DIVISION  
(775) 887-2070

VICTIM - WITNESS SERVICES  
(775) 887-2268

INVESTIGATIONS  
(775) 887-2098

February 3, 2011

RECEIVED

Larry Werner, City Manager  
Nick Providenti, Finance Director  
Carson City Hall  
201 N. Carson Street, Suite 2  
Carson City, Nevada 89701

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EXECUTIVE OFFICES

**Supplement to Opinion No. 10-02 Question Two:** RDA-1, which originally was limited to a 25 year plan life, was amended to a total plan life of 45 years pursuant to NRS 279.438 and Ordinance No. 2000-21.

Dear Mr. Werner and Mr. Providenti:

With regard to Redevelopment Project Area No.1-Downtown (RDA-1), an opinion was generated by the District Attorney's Office on November 5, 2010, based upon the information that the District Attorney's Office had at that time. Since then, new information was received by the District Attorney's Office. This information revealed that Ordinance No. 1986-10 as amended by ordinance 2000-9, which adopted Carson City's Redevelopment Plan. Pursuant to NRS 279.438, Ordinance No. 2000-21, extended the duration of the redevelopment plan to a maximum of 45 years from its date of original creation.

Original Question Two

What is the maximum time available under law for projects in RDA-1?

Supplemental Analysis

NRS 279.438 expressly provides that redevelopment plans (including any plan amendments) adopted before January 1, 1991, may exist for 45 years from the date of original plan adoption. The original RDA-1 Plan was adopted on February 6, 1986, and thus could exist for the maximum of 45 years from the date of the original plan

appendix 4 - office of the district attorney

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adoption, but the life of the plan was expressly limited to 25 years.<sup>1</sup> However, on June 1, 2000, the Carson City Board of Supervisors passed Ordinance No. 2000-21 which amended and expanded the life of RDA-1 to the statutory maximum of 45 years. As a result of such amendment, the life of RDA-1 will now end at midnight on February 5, 2031.

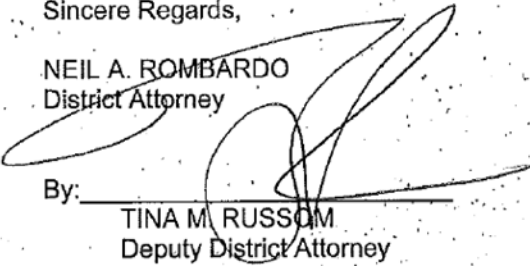
Supplemental Answer to Question Two

Under law, the maximum time available for projects in RDA-1 is 45 years from the date of creation, which means all projects must be conducted before February 5, 2031.

If we can be of any further assistance, please let us know.

Sincere Regards,

NEIL A. ROMBARDO  
District Attorney



By: \_\_\_\_\_  
TINA M. RUSSOM  
Deputy District Attorney

TMR:



NEIL A. ROMBARDO  
District Attorney



<http://www.carson-city.nv.us>

## OFFICE OF THE DISTRICT ATTORNEY CARSON CITY

885 EAST MUSSEY STREET, SUITE 2030  
CARSON CITY, NEVADA 89701  
Fax: (775) 887-2129

CRIMINAL DIVISION  
(775) 887-2072

VICTIM - WITNESS SERVICES  
(775) 887-2268

GERALD J. GARDNER  
ASSISTANT DISTRICT ATTORNEY

RANDAL R. MUNN  
CHIEF DEPUTY DISTRICT ATTORNEY

CIVIL DIVISION  
(775) 887-2070

INVESTIGATIONS  
(775) 887-2098

November 5, 2010

Larry Werner, City Manager  
Nick Providenti, Finance Director  
Carson City Hall  
201 N. Carson Street, Suite 2  
Carson City, NV 89701

### Opinion No. 10-02 : City Center Project Lease-Purchase

**Certificate of Participation (COPs) Financing:** Use of tax increment from a redevelopment Plan area in a separate Plan area must be pursuant to specific determinations of the Board of Supervisors; RDA-1 Plan is expressly limited to 25 years, but may be amended to a 45-year life from the date of original Plan adoption; If the City finds it cannot interlocal for use of an existing government-controlled non-profit corporation as its COP Financing Agent, the Board may authorize and instruct one be created to realize the City benefits intended by the Hop & Mae Adams Trust/Foundation's leasing requirements; COPs are securities with regard to NRS 279.619's 20-year use limitation, however, the limitation is ambiguous and legislative intent only limits their use in the last 10 years of Plan life; Unless the Trust/Foundation property is exempt pursuant to NRS 361.062, the ultimate lease of land to the City will be a taxable lease. The public portion actually owned by the City at the end of the lease-purchase term will become tax exempt. The City's Financing Agent's lease may or may not have taxable possession depending on the lessor's exemption status and whether its mere agency possession may be segregated under NRS 361.157(1). If the Nevada Attorney General were to opine that a COP Trust Indenture is an exempt trust under NRS 361.062, the City Assessor could rely thereon in declaring the Financing Agent's and the City's leases to be tax exempt.

Dear Mr. Werner and Mr. Providenti:

Mike Courtney of P3 Development Inc ("P3") provided the District Attorney with an outline of his financing proposal. Previously P3's financing proposal had produced several questions from the City Manager and staff working on this City Center Project ("Project"). Some preliminary responses to questions were provided orally, which are

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more fully set forth below and are supplemented with additional observations, legal analysis and recommendations. P3 describes the financing model as a "lease/leaseback-purchase." Mr. Courtney describes it in pertinent part:

- 1) Carson City will enter into a long-term agreement with a Limited Liability Company Borrower whose sole member is a not-for-profit corporation. The lease revenue bonds will be issued by a conduit issuer who will loan proceeds to the not for profit corporation and by extension the Borrower.
  - 2) Carson City will promise to make payments to the Borrower via a lease agreement. The Borrower will pledge the lease payments stream as security for Lease Revenue Bonds issued by the conduit issuer.
  - 3) The conduit will issue lease revenue bonds and loan proceeds to the Borrower.
  - 4) Carson's obligation to make payments to the Borrower will be subject to annual appropriations by the Board of Supervisors.
  - 5) The Hop/Mae Adams Foundation will lease the land to the Borrower.
  - 6) the bonds will be issued on a tax-exempt basis.
  - 7) . . .
  - 8) The public improvements will be owned by the Borrower and it's not-for-profit corporation, who will sell them for 1% of the fair market value (FMV) to the City at the end of the bond term.
- . . .

By which, this Office understands P3 to mean the stream of the City's lease payments on the public portion of the Project will be a Project-cost amortization for the life of the Project that will be collateralized in a manner previously found acceptable by bond counsel (and the financial markets). In turn, this will allow capital for the actual construction of the Project to be raised through the sale of all "tax exempt" Certificates of Participation ("COPs") to a securities underwriter (investment banker). The securities underwriter will in turn take the risk of marketing the COPs to one or more retail investment firms for their ultimate sale to investors. As you know, even though the COPs will be issued by a separate non-profit entity, the City's bond counsel would handle this proposed transaction to ensure full compliance with both state and federal law and would be compensated from the transaction's proceeds.

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It is not clear what P3's (or the "Developer's") relationship will be with the non-profit "Limited Liability Company Borrower." It is presumed that the Developer will contract with the Borrower and the City. It is also unclear what entity serves as the "conduit." It is presumed that it is a separate entity from the Borrower. For the purposes of this analysis, it is presumed that the Borrower/conduit is a single non-profit entity, which is called the "FINANCING AGENT." Summarized below are the basic transactional steps (not a complete list) anticipated to be necessary to address the proposed use of COP financing. It is presumed the City (and not the Redevelopment Agency) will need to be the ultimate lessee of the public portion of the Project because the marketability of the COPs will be driven by the City's financial strength to support long-term leases and lease-purchasing of the Knowledge and Discovery Center. These transaction steps (some of which will need to happen simultaneously) frame the context of the legal questions raised:

- **Step 1:** The City will need to enter into a Master Development Agreement that will involve:
  - The Redevelopment Agency,
  - the City's FINANCING AGENT (which is presumed to be the City's agent-owner and issuer of COPs to the marketplace, and thus is both P3's described "borrower" and "conduit" on behalf of the City),
  - P3 Development Inc,
  - A Contractor, and
  - the Hop & Mae Adams Trust/Foundation (whichever entity has title to the land).

The Master Development Agreement would need to address the following:

- **Step 2:** The City will need to obtain the services of a non-profit entity to act as its FINANCING AGENT<sup>1</sup> in the proposed lease/leaseback-purchase financing transaction. It must be determined whether the City:

<sup>1</sup> COPs are not expressly provided for in the Local Government Securities Law, NRS chapter 350. Collateralizing long-term government lease payments in support of investment securities requires a stable, predictable and affordable lessor that is not government, who can hold at least the right to lease the land to government, issue the COP securities and assign the government's lease payments for ultimate payment to the investors. Thus, the creation of the FINANCING AGENT, who is an alter ego under-capitalized non-profit corporation that serves as a mere conduit who issues the COPs supported by a government's agreement to pay a stream of payments (lease payments subject to a non-appropriation clause) to pay the COPs investors. This form of financing is commonly accepted as legal. This is the basis for P3's public statements that this form of financing does not constitute "bonds" or "debt" issued by the City. However, the lease payments will constitute a new current City obligation within each appropriated budget and will appear in its financial reporting. EICON v. State Bd. Of Exams, 177 Nev. 249, 258 (2001) (In a similar long-term lease-purchase case not involving the use of COPs, the Nevada Supreme Court stated: "As a general rule, lease-purchase agreements such as the one presented here will be upheld [as not being government debt] where the lease (1) contains a

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- o 1) can and should create its own non-profit corporation; or
  - o 2) has the authority to utilize P3's proposed use of Pima County Arizona "example" to serve in this role; or
  - o 3) could enter into an interlocal agreement with the Nevada State Treasurer to utilize the State's Nevada Real Property Corporation to serve in the financing agent role.
- **Step 3:** Developer/Contractor leases the land (the "public portions" separately) from the Trust/Foundation for private development of the Project pursuant to the City's specifications.
  - **Step 4:** The City's FINANCING AGENT sub-leases<sup>2</sup> the completed "public portion" of the Project with an end-of-lease purchase option granted by the Trust/Foundation. From the outset, the FINANCING AGENT will irrevocably quitclaim its future "exercised purchase option" to the City (However, a 1% FMV purchase option would be too much if the Project costs are fully amortized into the lease payments; it also appears at this time the purchase option will be limited to the Knowledge & Discovery Center land).
  - **Step 5:** The City sub/sub-leases (with a non-appropriation clause, and as the intended beneficiary of the purchase option) the "public portion" of the Project from the FINANCING AGENT and all lease payments are assigned by the FINANCING AGENT (with a UCC-1 Financing Statement filed with the Secretary of State) to a Trust Indenture Trustee for payment to COP investors.

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nonappropriation clause; (2) limits recourse to the leased property; and (3) does not create a long-term obligation binding on future legislatures [text added].")

<sup>2</sup> While we characterize the FINANCING AGENT's lease as a "sub-lease" (putatively from the Developer/Contractor to the FINANCING AGENT), in reality it will need to be a lease-purchase agreement directly from the Trust/Foundation to the FINANCING AGENT pursuant to the terms of the Master Development Agreement. The Developer/Contractor's private development role is complete with regard to the public improvements upon the event of "sub-lease" and the Developer/Contractor is not engaging in the for-profit activity of leasing real property and improvements to the City's FINANCING AGENT, or a party to the issuance of COPs.

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- **Step 6:** The FINANCING AGENT, following the City's exercise of its Medium-Term Obligation / Lease-Purchase authority under NRS 350.087<sup>3</sup>, issues the COPs with the City's help (including its bond counsel), supported by the City's lease payment revenue stream paid to the FINANCING AGENT and assigned to the Trust Indenture Trustee. For example: the COPs will have an Official Statement of the City's fiscal status and might bear a title like:

"\$\_\_\_\_\_ FINANCING AGENT Carson City Nevada  
Tax Exempt Revenue Certificates, Series 2011."

- **Step 7:** The COP sale proceeds from the securities underwriter are paid pursuant to a Project draw schedule (administered by City Public Works on behalf of the FINANCING AGENT) to the Developer/Contractor for their private develop of the "public portion" of the Project.

<sup>3</sup> NRS 350.087 states:

1. If the public interest requires a medium-term obligation or installment-purchase agreement, the governing body of any local government, by a *resolution adopted by two-thirds of its members*, may authorize a medium-term obligation or installment-purchase agreement. For the purposes of the issuance of a medium-term obligation pursuant to NRS 280.266, a metropolitan police committee on fiscal affairs shall be deemed the governing body of a local government.

2. The resolution must contain:

(a) A finding by the governing body that the public interest requires the medium-term obligation or installment-purchase agreement;

(b) A statement of the facts upon which the finding required pursuant to paragraph (a) is based;

(c) A statement that identifies:

(1) Each source of revenue of the local government that is anticipated to be used to repay the medium-term obligation or installment-purchase agreement; and

(2) The dollar amount that is anticipated to be available to repay the medium-term obligation or installment-purchase agreement from each such source; and

(d) *If the resolution is for an installment-purchase agreement with a term of more than 10 years:*

(1) A statement comparing the cost of installment-purchase financing with other available methods of financing, including, without limitation, financing with general obligation bonds or revenue bonds; and

(2) If such statement concludes that installment-purchase financing is more expensive than other available methods of financing, a statement explaining the reasons for choosing installment-purchase financing instead of a less expensive alternative.

3. Except as otherwise provided in subsection 4, before the adoption of any such resolution, the governing body shall *publish notice* of its intention to act thereon in a newspaper of general circulation for at least one publication. No vote may be taken upon the resolution until 10 days after the publication of the notice. The cost of publication of the notice required of an entity is a proper charge against its general fund.

4. If such a resolution will be adopted by a metropolitan police committee on fiscal affairs, the sheriff of the county in which the metropolitan police department is located shall publish the notice required pursuant to subsection 3. [Emphasis added.]; *see also* NAC chapter 350 (Other requirements related to medium-term obligations).

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- **Step 8:** The Project improvements will be owned by the FINANCING AGENT for the term of the lease/leaseback-purchase. The FINANCING AGENT executes and delivers to the Trust Indenture Trustee a quitclaim deed in favor of the City to be filed upon execution of its purchase option at the end of the lease term. All public portions improvements of the Project that are not included in the purchase option will need a FINANCING AGENT ownership gift to the City, and the Trust/Foundation will need to provide to the City a nominal long-term land lease for the intended beneficial public use of the public improvements owned by the City.

Question One

Whether tax increment from Redevelopment Project Area No. 2-South Carson Street (RDA-2) can be utilized to support expenditures in Redevelopment Project Area No.1-Downtown (RDA-1)?

Analysis

The Carson City Redevelopment Authority RDA-1 Plan was originally adopted on February 6, 1986 and authorizes tax increment funding as one source of Plan funding. See RDA-1 Plan, Section 602, p.30. The RDA-2 Plan was originally adopted on September 28, 2004 and also authorizes tax increment funding as one source of Plan funding.<sup>4</sup> See RDA-2 Plan, Section 5.L., p.15. Section 5.K. of the RDA-2 Plan states in pertinent part:

The Redevelopment Authority is *authorized to finance projects within Project Area No. 2 with* financial assistance from the City, State of Nevada and Federal governments, *tax increment funds*, interest income, Redevelopment Authority bonds, grants, donations, loans from private financial institutions, the lease or sale of Redevelopment Authority owned property or any other available source, public or private. *Id.* at 14. [Emphasis added.]

This language expressly limits the authority of the Redevelopment Authority to use tax increment funds created from RDA-2 for financing projects "within" RDA-2. However, the language of NRS 279.486(1) and (2) appears to allow some use of funds "within or

<sup>4</sup> The Plan adoption dates have been taken from various sources including the face of hard copies of the Plans. These presumed dates should be double checked against the Board of Supervisor's ordinances adopting the "original" Plans.

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without the redevelopment area" provided the legislative body (Board of Supervisors) makes some specific determinations regarding how such would "benefit" RDA-2 or its immediate neighborhood. NRS 279.486 states in pertinent part:

1. An agency may, with the consent of the legislative body, pay all or part of the value of the land for and the cost of the construction of any building, facility, structure or other improvement and the installation of any improvement which is publicly or privately owned and located *within or without the redevelopment area*. Before the legislative body may give its consent, it *must determine* that:

(a) The buildings, facilities, structures or other improvements *are of benefit to the redevelopment area or the immediate neighborhood* in which the redevelopment area is located; and

(b) *No other reasonable means of financing* those buildings, facilities, structures or other improvements *are available*.

Those determinations by the agency and the legislative body are final and conclusive.

2. In reaching its determination that the buildings, facilities, structures or other improvements are of benefit to the redevelopment area or the immediate neighborhood in which the redevelopment area is located, the *legislative body shall consider*:

(a) Whether the buildings, facilities, structures or other improvements are likely to:

(1) Encourage the creation of new business or other appropriate development;

(2) Create jobs or other business opportunities for nearby residents;

(3) Increase local revenues from desirable sources;

(4) Increase levels of human activity in the redevelopment area or the immediate neighborhood in which the redevelopment area is located;

(5) Possess attributes that are unique, either as to type of use or level of quality and design;

(6) Require for their construction, installation or operation the use of qualified and trained labor; and

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(7) Demonstrate greater social or financial benefits to the community than would a similar set of buildings, facilities, structures or other improvements not paid for by the agency.

(b) The opinions of persons who reside in the redevelopment area or the immediate neighborhood in which the redevelopment area is located.

(c) Comparisons between the level of spending proposed by the agency and projections, made on a pro forma basis by the agency, of future revenues attributable to the buildings, facilities, structures or other improvements. [Emphasis added.]

...

Unless City management is confident that the Board of Supervisors has basis in fact to make favorable considerations under subsection 2, leading to a determination under subsection 1 that expenditures of RDA-2 tax increment made in RDA-1 *“are of benefit to the [RDA-2] redevelopment area,”* an amendment to one or both of the existing Plans could be considered. Amending one or both of the Plans to make them contiguous along the commercial corridor of Carson Street could provide more favorable facts that RDA-1 is in the *“immediate neighborhood”* of RDA-2. However, the time necessary to make such a material amendment to either Plan could be problematic in light of the fact that the RDA-1 Plan is set (if not timely amended) to terminate on February 5, 2011 pursuant to its current terms. *See below.*

Answer to Question One

The RDA-2 Plan states in part, the Redevelopment Authority is authorized to finance projects within Project Area No. 2 with financial assistance from tax increment funds. However, NRS 279.486 allows for expenditures outside the project area if the Board of Supervisors determines: 1) such are of benefit to the redevelopment area or the immediate neighborhood in which the redevelopment area is located; and 2) no other reasonable means of financing those buildings, facilities, structures or other improvements are available.

Question Two

What is the maximum time available under law for projects in RDA-1?

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Analysis

As indicated above, the RDA-1 Plan was adopted on February 6, 1986 and the RDA-2 Plan was adopted on September 28, 2004. Because of changes in the law over this time period, different plan termination rules apply to the Redevelopment Authority's two separate Plans. For the RDA-1 Plan, adopted before January 1, 1991, NRS 279.438 provides that the Plan (including any plan amendments) may exist for 45 years<sup>5</sup> from the date of original plan adoption:

A redevelopment plan adopted before January 1, 1991, and any amendments to the plan must terminate at the end of the fiscal year in which the principal and interest of the last maturing of the securities issued before that date concerning the redevelopment area are fully paid or 45 years after the date on which the original redevelopment plan was adopted, whichever is later.

However, the RDA-1 Plan expressly limited itself to 25 years under Section 1000, p.38 of the Plan:

Except for the nondiscrimination and nonsegregation provisions which shall run in perpetuity, the provisions of this Plan shall be effective, and the provisions of other documents formulated pursuant to this Plan may be effective for 25 years from the date of adoption of this Plan by the Board of Supervisors.

The 25-year term ends at midnight on February 5, 2011. If Section 1000 of RDA-1 was amended pursuant to Section 1100, p.39, to allow for a 45-year plan life, the 45-year term would end at midnight on February 5, 2031, providing an additional 20 plus years of Plan life.

Answer to Question Two

RDA-1 Plan expressly limited itself to 25 years under Section 1000, p.38 of the Plan. NRS 279.438 provides that the Plan (including any plan amendments) may exist for 45 years from the date of original adoption of the Plan. The 25-year term

<sup>5</sup> Because RDA-2 was created after January 1, 1991 it is subject to a 30-year termination rule. NRS 279.439 states: "A redevelopment plan adopted on or after January 1, 1991, and any amendments to the plan must terminate not later than 30 years after the date on which the original redevelopment plan is adopted."

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ends at midnight on February 5, 2011. If Section 1000 of RDA-1 was amended pursuant to Section 1100, p.39, of the Plan to allow for a 45-year plan life, the 45-year term would end at midnight on February 5, 2031, providing an additional 20 plus years of Plan life for future projects.

Question Three

Does the City have authority to create its own non-profit entity to act as the lease-purchase FINANCING AGENT for the City or to otherwise contract with an out-of-state local government such as Prima County Arizona or the Nevada State Treasurer to utilize an existing non-profit financing agent tied to a government entity?

Analysis

In essence the first part of the question appears to be whether the City has the authority to create a legal entity that has its own separate legal identity and authority under NRS chapter 82 Non-profit Corporations. The question is further complicated by NRS 82.081, which states in part "[o]ne or more natural persons may associate to establish a corporation no part of the income or profit of which is distributable to its members, directors or officers. . . ." Since it is not possible for the City to be a "natural person," the question must be re-characterized as:

Whether the City has the authority to authorize and instruct one or more natural person City public officer(s) to form and operate a non-profit corporation for the benefit of the City, and indemnify and defend them under NRS chapter 41 for such actions "within the course and scope of their public duty or employment"?

With regard to the authority of municipal political subdivisions, the State of Nevada has long been a "Dillon's Rule"<sup>6</sup> state. The Nevada Supreme Court first confirmed Dillon's Rule in State ex rel. Rosenstock v. Swift, 11 Nev. 128 (1876) by citing to Judge Dillon's treatise on the powers of municipal governments as granted by law:

It is a well-settled principle of law that a municipal corporation possesses and can exercise such powers only as are

<sup>6</sup> In addition to a City's authority being totally dependent upon express grants of authority from the legislature, Dillon's Rule is also a common law statutory construction rule that in the absence of a clear express authority on a subject, the statute is construed against any implied grant of such authority to a city.

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expressly conferred by the law of its creation, or such as are necessary to exercise of its corporate powers, the performance of its corporate duties, and the accomplishment of the purposes for which it was created. (1 Dill. On Mun. Corp., section 55, and authorities cited.)

As the Nevada Supreme Court further stated in Rosenstock, *Id.* at 140:

The existence of a fundamental right of municipal local self-government, is necessarily dependent upon some constitutional grant or manifest implication, neither of which can be found in the constitution of this state. Hence, a municipal corporation, in this state, is but the creature of the legislature, and derives all of its powers, rights and franchises from legislative enactment or statutory implication. Its officers or agents, who administer its affairs, are created by the legislature, and chosen or appointed in the mode prescribed by the law of its creation.

To answer the re-characterized question we must look to the express authority granted to the City by the Nevada Legislature and those implied powers that are "necessary to exercise of its corporate powers, the performance of its corporate duties, and the accomplishment of the purposes for which it was created." The City, as a consolidated city-county municipality, was created pursuant an act of the Nevada Legislature. 1969 Nev. Stat. 287, as amended. The Legislature's intent regarding the City's general powers was expressed in the City's Charter under CCMC §1.010:

1. In order to provide for the orderly government of Carson City and the general welfare of its citizens and to effect the consolidation of the governments and functions of Carson City and Ormsby County, the legislature hereby establishes this charter for the government of Carson City. It is expressly declared as the intent of the legislature that all provisions of this charter be liberally construed to carry out the expressed purposes of the charter and that the *specific mention of particular powers shall not be construed as limiting in any way the general powers necessary to carry out the purposes of the charter.*
2. *Any powers expressly granted by this charter are in addition to any powers granted to a city or county*

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*by the general law of this state. All provisions of Nevada Revised Statutes which are applicable to counties or generally to cities (not including chapter 265, 266 or 267 of NRS) or to both and which are not in conflict with the provisions of this charter apply to Carson City. If there is a conflict between the law pertaining to counties and the law pertaining to cities, the board of supervisors may, by resolution choose which law applies. [Emphasis added.]*

All corporate powers of the City are vested in the Board of Supervisors ("BoS"). CCMC §1.070. NRS 268.008 provides for available (by resolution) BoS' general powers, which in pertinent part include the power to:

- ...
- 2. Purchase, receive, hold and use personal and real property wherever situated.
- ...
- 6. Receive bequests, devises, gifts and donations of all kinds of property wherever situated in fee simple, in trust or otherwise, for charitable or other purposes *and do anything necessary to carry out the purposes of such bequests, devises, gifts and donations* with full power to manage, sell, lease or otherwise dispose of such property *in accordance with the terms of such bequest, devise, gift or donation.* [Emphasis added.]

It is the proposed donation and/or gift of a nominally priced long-term land lease (and partial lease-purchase) apparently required by the Hop & Mae Adams Trust/Foundation<sup>7</sup> that makes this form of lease-purchase financing necessary. To enjoy the benefits of the donation/gift, the development capital must first be raised from the revenue securities' marketplace.<sup>8</sup> Therefore, since: 1) COP financing is the tax-exempt securities market's accepted means to raise development capital from government lease payments; and 2) the City's bond counsel will likely find in this situation the sale of COPs requires the existence of a conduit FINANCING AGENT non-profit corporation to act on behalf of the City; and 3) if there is an absence of

<sup>7</sup> The Foundation's representative expressed at the September 27, 2010 Carson Nugget Development Advisory Committee public meeting that it was their intent to preserve the real property of the trust by the use of long-term leasing rather than conveyances, but the trustee would be willing to allow for a partial lease-purchase of the Project land because of the proposed Knowledge and Discovery Center.

<sup>8</sup> It is our understanding that the sale of City bonds has been ruled out at this time.

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availability of an existing non-profit to affordably and dependably act as the City's FINANCING AGENT for such a transaction; then, 4) it would be necessary for the City to cause the formation of its own non-profit corporation to carry out the purposes of the bequest, devise, gift or donation in accordance with its terms.

In that regard, NRS 268.008 provides broad authority to the BoS to "do anything necessary" to carry out the purposes of such bequest, devise, gifts and donations, which may include directing and indemnifying the City Manager and his staff in the creation and maintenance of a non-profit corporate entity to act as the City's FINANCING AGENT to complete the Project's transactions. Further, NRS 350.568 states in pertinent part the BoS's authority to:

- ...
- 5. Acquire by contract or contracts or *by its own agents and employees* or otherwise acquire any properties for any project or projects, and operate and maintain such properties; and
- 6. Accept grants of money or materials or property of any kind from the Federal Government, the State, any public body or any person, *upon such terms and conditions as the Federal Government, the State, public body or person may impose.* [Emphasis added.]

Therefore, the use of a FINANCING AGENT is an authorized means through which the City may acquire, operate and maintain the properties for the Project upon the terms and conditions imposed by the Trust/Foundation.

While most, if not all lease payments from the City, will be collateralized to pay COP investors' principal and interest for the capital necessary to develop the Trust/Foundation's land with public improvements, those improvements will have a long-term useful life and will ultimately become the property of the City. Further, any excess lease payments will, as represented by the Foundation, be redirected by the Foundation to the Knowledge and Discovery Center. The City will therefore obtain the benefit intended by the Trust/Foundation's bequest, devise, gift or donation within the lease limitations of such. The creation and/or use of a non-profit corporation as the City's FINANCING AGENT appears to be necessary to obtain development money from the capital marketplace to realize the benefit intended by the Trust/Foundation by the City and its citizens.

However, the ultimate necessity of the City's creation of its own non-profit entity to act as its FINANCING AGENT may first be dependent upon whether it can gain

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access to existing alternatives that will be reasonable, dependable and affordable. Because the FINANCING AGENT must exist and remain dependable and affordable for the life of the proposed long-term COP securities, the agent must be tied to and be dependent upon a government entity for its perpetual existence. In that regard, the City could explore the possibility of entering into an interlocal contract with the Nevada State Treasurer<sup>9</sup> or Pima County Arizona ("Pima example" apparently proposed by P3)<sup>10</sup> to utilized their already existing non-profit corporations formed for the purposes of acting as a FINANCING AGENT.

Pursuant to NRS 277.180, interlocal agreement must be with the "public agency" and not their conduit non-profit entity.<sup>11</sup> Unless the anticipated fees for service will be below \$50,000.00, or the non-profit entity proves to be a sole source, or within one of the other exceptions to competitive bidding under NRS 332.115, acquisition of such FINANCING AGENT services from a non-governmental source would need to be pursuant to competitive bidding. At least in the case of the Nevada Treasurer, her conduit non-profit entity exists solely to accomplish a governmental service, activity or undertaking, making interlocal contracting for its use a reasonable

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<sup>9</sup> On or about September 17, 1998, the Nevada State Treasurer first filed Articles of Incorporation of the Nevada Real Property Corporation (NRPC), a non-profit corporation created to assist the State of Nevada in engaging in lease-purchase COP financing. As a political subdivision of the State of Nevada, it is foreseeable that the purpose of the NRPC, through an interlocal with the State Treasurer (who was an incorporator and officer of the NRPC), could also serve the needs of Carson City in accomplishing P3's proposed lease-purchase financing of the Project. In which case, the NRPC would become a necessary party to the Master Redevelopment Agreement.

<sup>10</sup> However, the public record discloses that Pima County's COP transactions primarily involve capital leasing of its own property for the purpose of financing improvements thereon. In those transactions there is a ground lease from the County as owner to U.S. Bank as a trustee/lessee and the trustee executes and delivers the COPs and pays the County's lease payments (subject to a non-appropriation clause) to the COP investors pursuant to a trust agreement. The Pima County Municipal Property Corporation was created to serve as the County-controlled financing agent in some cases. At this time it is not clear from the public record whether this financing agent is available to assist the City's proposed City Center Project. Further explanation of P3's intent regarding the "Pima example" will be necessary to determine whether there is a financing agent that can be reasonably, dependably and affordably obtained through interlocal contracting. <http://www.pima.gov/finance/HTML/Reports.html>

<sup>11</sup> "Any one or more public agencies may contract with any one or more other public agencies to perform a governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized by law to perform." NRS 277.180(1). A "public agency" means ". . . (b) Any agency of this State or of the United States. (c) Any political subdivision of another state. . . ." NRS 277.100(1)(b) and (c).

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extension of the contracting government agency's authority that most likely will be the most dependable and affordable.<sup>12</sup>

Answer to Question Three

If the City finds it is unable to find dependable and affordable interlocal contract terms to use an existing government-controlled agent (non-profit corporation) as its FINANCING AGENT in the proposed COP lease-purchase financing, the Board of Supervisors has the authority under NRS 268.008(2) and (6) and NRS 350.568(5) to authorize and instruct one or more natural person public officer(s) of the City to form and operate a non-profit corporation for the benefit of the City in the proposed City Center Project, and indemnify and defend them under NRS chapter 41 for such actions within the course and scope of their public duty or employment.

Question Four

Are the proposed Certificates of Participation (COPs) "securities" issued by or on behalf of the Redevelopment Agency, and are any of the NRS 279.619 exceptions to the 20-year limit rule on securities financing applicable to P3's proposed financing for the Project?

Analysis

From the outset it must be understood that the proposed COPs will be issued by the non-profit FINANCING AGENT, not the City or the Redevelopment Agency. The FINANCING AGENT will be a legal entity under law (though it may be an under-capitalized alter ego corporation of government). Nevertheless, consistent with law, the non-profit corporation is proposed as the issuer of COPs. So, the question follows whether such issuance of COPs would be "on behalf of" a Redevelopment Agency. Because this aspect of the question becomes moot based upon the following analysis, We do not attempt to answer it. RDA-1 was adopted on February 6, 1986 and the Plan is approximately 24 years old. NRS 279.619 states:

<sup>12</sup> There is a practical consideration why the controlling government agency, rather than the conduit non-profit corporation, should contract with the City. The closing documents of a COP securities sale will require a legal opinion by the attorney representing the non-profit and the attorney representing the controlling government agency. Because the non-profit is merely a corporate shell (without assets, resources or expenses of its own) used as a mere conduit for the financing, the attorney for the government entity will likely be required by bond counsel to execute their legal opinion that the governmental entity and its agent non-profit corporation have acted legally and sufficiently in the transaction under the applicable state and local laws and ordinances.

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1. *Securities must not be issued and no indebtedness may be incurred in any other manner, by or on behalf of an agency to finance, in whole or in part, a redevelopment plan beyond 20 years after the date on which the redevelopment plan is adopted, except that an agency may enter into leases or incur indebtedness at any time before the termination of the redevelopment plan if the leases are terminated and the indebtedness is fully repaid no later than the termination of the redevelopment plan. The maturity date of any securities which are refunded must not extend beyond the date of termination of the redevelopment plan.*

2. *Any securities issued by or on behalf of an agency to finance, in whole or in part, redevelopment pursuant to NRS 279.620 to 279.626, inclusive, and 279.634 to 279.672, inclusive, must mature and be fully paid, including any interest thereon, before the termination of the redevelopment plan. [Emphasis added.]*

As a matter of pure plain meaning statutory construction, there is a clear difference between "securities" and other forms of "indebtedness." The Local Government Securities Law states at NRS 350.536:

"Municipal securities" or merely "securities" means notes, warrants, bonds, temporary bonds and interim debentures authorized to be issued by any municipality hereunder.

The issuance of COPs by the City or a Redevelopment Agency is not expressly provided for in the Local Government Securities Law. Nevertheless, the proposed COPs have the same nature and attributes of revenue securities under NRS 350.572:

The municipality may issue, in one series or more, without the *municipal securities* being authorized at any election in the absence of an expressed provision to the contrary in the act authorizing the project and the issuance of municipal securities therefor or in any act supplemental thereto, in anticipation of taxes or pledged revenues, or both, and constituting either general obligations or special obligations of the municipality, any one or more or all of the following types of municipal securities:

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1. Notes, evidencing any amount borrowed by the municipality;
2. Warrants, evidencing the amount due to any person for any services or supplies, equipment or other materials furnished to or for the benefit of the municipality and appertaining to a project;
3. Bonds, evidencing any amount borrowed by the municipality and constituting long-term financing;
4. Temporary bonds, pending the preparation of and exchangeable for definitive bonds of like character and in like principal amount when prepared and issued in compliance with the conditions and limitations herein provided; and
5. Interim debentures, evidencing any medium-term obligations, construction loans, and other temporary loans of not exceeding 10 years, in supplementation of long-term financing and the issuance of bonds, as provided in NRS 350.672 to 350.682, inclusive.

Therefore, it is reasonable to conclude that COPs are "securities" as intended under NRS 279.619, and certainly they are treated by bond counsel as securities under federal law. With NRS 279.619's express mandatory exclusion of the use of securities beyond 20-years after plan adoption, and the exception's failure to include the possibility of "securities" within the expressed "leases" or "indebtedness," the statute can be read to have a plain meaning that it was the Legislature's intent to bar the use of any securities beyond the 20-year rule. City Council of Reno v. Reno Newspapers, 105 Nev. 886, 891 (1989) (When language of statute is plain and unambiguous, court should give that language its ordinary meaning and not go beyond it.) However, a statute must be read in the context of the act by the Nevada Legislature that creates it. Gilman v. Nevada State Bd. of Veterinary Medical Examiners, 120 Nev. 263, 271 (2004) ("It is a well-recognized tenet of statutory construction that multiple legislative provisions be construed as a whole, and where possible, a statute should be read to give plain meaning to all its parts.")

The NRS 279.619 exceptions to the 20-year securities rule were passed by the 1997 Nevada Legislature and signed into law pursuant to Senate Bill 312 (SB 312), 1997 Nev. Stat. 2559. At the same time, SB 312 also amended in its sections 1 and 2 the redevelopment termination requirements, converting the approach from the former "life of the redevelopment agency" to "life of each redevelopment plan adopted." In that regard both NRS 279.438 and NRS 279.439 were also amended in the same act to provide that a redevelopment plan adopted both before and after July 1, 1987 would

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have a termination life of 30 years. 1997 Nev. Stat. 2557. These various statutory changes in the same legislative act are important in understanding the Legislature's intent in crafting the express exceptions to the "securities" prohibition. With a 30-year plan life, the first 20 years are appropriate for long-term bond financing, which normally involves securities having a life in excess of 10 years. Thus, the exception was intended to deal with allowing, but restricting, other forms of financing in the last 10 years of life of the redevelopment plan.

A statute is ambiguous if it can be reasonably read to have contradictory meanings. State v. Kopp, 118 Nev. 199, 202 (2002) (When a statute is susceptible to reasonable but inconsistent interpretations, the statute is ambiguous, and a court will resort to statutory interpretation in order to discern legislative intent.) In which case, the legislative history may be consulted to determine the legislative intended public policy to resolve the ambiguity. Harris Associates v. Clark County School Dist., 119 Nev. 638, 642 (2003) (If a statute "is ambiguous, the plain meaning rule of statutory construction" is inapplicable, and the drafter's intent "becomes the controlling factor in statutory construction." An ambiguous statutory provision should also be interpreted in accordance "with what reason and public policy would indicate the legislature intended.")

Immediately after the effective date of SB 312, the current ambiguity regarding what "securities" meant under NRS 279.619 was likely bridged by the intent clearly found on the face of the Legislative act. However, the 1999 Nevada Legislature passed Assembly Bill 306 (AB 306), amending NRS 279.438 to extend the life of redevelopment plans adopted before July 1, 1987 from SB 312's 30 years to a new 45-year termination date. This new Legislative act created the current ambiguity in NRS 279.619. 1999 Nev. Stat. 3613; see also 2007 Nev. Stat. 2484 (SB 200 in the 2007 Legislative Session changed the July 1, 1987 date to the current January 1, 1991 date after which adopted plans would have a 30 year life, and before which they would have a 45 year life.) With these changes, the intent of SB 312's use of the word "securities" became clouded with ambiguity with regard to redevelopment plans having a new 45 year life, and the resulting new capacity to utilize long-term securities financing.

Therefore, the word "securities," as it was intended by the Legislature in subsection 1 of NRS 279.619, was directed at prohibiting the use of *long-term securities after 20 years had expired from a 30-year plan*. This intent is evident in the context of the entire legislation and in the legislative history.<sup>13</sup> The strict application of

<sup>13</sup> Mary Walker, Director, Finance/Redevelopment, Carson City stated: "She furthered S.B. 312 proposes short-term financing, medium-term financing, or leases within the 10-year period so as to give latitude for smaller projects while the tax levied would still expire on the same date. She reiterated there

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the 20-year rule to a plan falling within the 45-year life rule would frustrate the purpose of NRS 279.438 in contradiction to the rules of statutory construction. The various statues in the same NRS chapters must be read in a way that promotes harmony in a way that it promotes rather than defeats legislative intent. City of Las Vegas v. Municipal Court, 110 Nev. 1021, 1024 (1994) (Supreme Court will harmonize statutory sections provided that doing so does not violate ascertained spirit and intent of legislature); Bowyer v. Taack, 107 Nev. 625, 627 (1991) (If possible, it is Supreme Court's obligation to construe provisions in such manner as to render them compatible.) Applying the 20-year rule literally to a 45-year Plan would render NRS 279.438 meaningless and mere surplusage in violation of the rules of statutory construction. Eggleston v. Costello (in re Matter of Estate of Thomas), 116 Nev. 492, 495 (2000) (No provision of a statute should be rendered nugatory by this court's construction, nor should any language be made mere surplusage, if such a result can be avoided. In other words, courts should avoid construing statues so that any provision or clause is rendered meaningless); One 1978 Chevrolet Van v. County of Churchill, 97 Nev. 510, 512 (1981) (No language should be turned to mere surplusage.)

Therefore, in the event that the RDA-1 Plan was timely amended to allow for a 45-year life, the use of long-term COP securities in the remaining 20 plus years of Plan life would not violate the Nevada Legislature's intent expressed in NRS 279.619 with regard to the limited right to use securities financing, even if such were issued "on behalf of" the Redevelopment Agency.

Answer to Question Four

Based upon the previously stated presumptions, the proposed COPs will not be issued by the City or the Redevelopment Agency. The FINANCING AGENT is a legally recognized separate issuing entity. The question whether COP "securities" will be issued "on behalf of" the Redevelopment Agency is moot because of the following conclusions. COPs are securities with regard to NRS 279.619's 20-year use limitation. However, the prohibition of the use of securities beyond 20 years of plan life is ambiguous. Legislative intent clearly prohibits the use of long-term securities

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would be no lengthening of the [plan termination] date, but different financing would be allowed during the last 10 years of the redevelopment plan's life.

...  
Jennifer Stern, Attorney, Swendseid & Stern, read from a section-by-section description of S.B. 312 (Exhibit D). She mentioned instead of the redevelopment agency expiring, it would be the redevelopment plan expiring in 30 years and she added an employment plan would be provided for in a redevelopment project. Section 5 [which changed NRS 279.619] of S.B. 312 is changed, she indicated, so the redevelopment agency within the last 10 years of the plan could issue obligations secured by tax increment and/or project revenues." Hearing on S.B. 312 Before the Senate Committee on Government Affairs, 1997 Leg., 69th Sess. 4 (April 23, 1997). [Text added.]

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during the last 10 years of plan life. Therefore, if the RDA-1 Plan was amended to utilize the maximum 45-year life allowed under NRS 279.438, long-term COP securities having a life in excess of 10 years, but not longer than the life of the Plan, would be consistent with the intent of NRS 279.619.

Question Five

If for the life of the Project all improvements on the public portion of the Project will be owned by the City's non-profit FINANCING AGENT and the City will be the lessee, will the FINANCING AGENT and/or the City be responsible to pay real estate taxes?

Analysis

The Trust/Foundation owns the land proposed for the Project and such land is subject to government taxation unless the Trust's terms bring it within the exemption found in NRS 361.062,<sup>14</sup> which provides:

All property, both real and personal, of a trust created for the benefit and furtherance of any public function pursuant to the provisions of general or special law is exempt from taxation; but moneys in lieu of taxes may be paid to the beneficiary pursuant to any agreement contained in the instrument creating the trust.

If the Trust/Foundation does not qualify as exempt under NRS 361.062 (or some other exemption), as a lessor of property it will have tax liability that will be passed on directly, or indirectly through lease payments, to any lessee of the land. Nev. Const. art. 8, § 2.<sup>15</sup> NRS 361.157 provides, however, that even if the Trust/Foundation enjoys an exemption, leasing the exempt land to the Developer/Contractor for a for-profit business use will be subject to taxation. On the other hand, the "sub-lease" (see footnote No. 2, above) by an exempt entity to the FINANCING AGENT would not be taxable under a segregation theory and/or the fact that is not "in connection with a business for profit." NRS 361.157 states in pertinent part:

<sup>14</sup> A search of the tax exemptions in NRS chapter 361 did not reveal any other exemption type that might be applicable. The Hop & Mae Adams Foundation trust agreement declares it is a "charitable trust" operated "exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, pursuant to the provisions of § 501(c)(3) of the Internal Revenue Code." Article I, paragraph 4.

<sup>15</sup> See also NRS 361.159 (which likewise imposes taxation upon exempt personal property leased or used in connection with a for-profit business.)

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1. When any *real estate* or portion of real estate which for any reason is *exempt from taxation is leased*, loaned or otherwise made available to and used by a natural person, association, partnership or corporation *in connection with a business conducted for profit* or as a residence, or both, the leasehold interest, possessory interest, beneficial interest or beneficial use of the lessee or user of the property is *subject to taxation to the extent* the:

(a) *Portion of the property leased or used; and*

(b) *Percentage of time during the fiscal year that the property is leased by the lessee or used by the user, in accordance with NRS 361.2275, can be segregated and identified.* The taxable value of the interest or use must be determined in the manner provided in subsection 3 of NRS 361.227 and in accordance with NRS 361.2275.

3. *Taxes must be assessed to lessees or users of exempt real estate* and collected in the same manner as taxes assessed to owners of other real estate, except that taxes due under this section *do not become a lien against the property.* When due, the taxes *constitute a debt due from the lessee* or user to the county for which the taxes were assessed and, if unpaid, are recoverable by the county in the proper court of the county. [Emphasis added.]

The Developer/Contractor, which is a private for-profit company, will first hold the lease of the land for, in part, private development of a "public work" improvement under NRS 338.010, subject to prevailing wage requirements. NRS 338.020; Carson-Tahoe Hosp. v. Bldg. & Constr. Trades Council, 122 Nev. 218 (2006). This is clearly a taxable lease.

Upon completion of development of the public portion, the Master Development Agreement would automatically "sub-lease" the land and public improvements to the FINANCING AGENT, a private non-profit corporation, who will be the owner the Project's public improvements and be the lease-purchaser of the land under the proposed Knowledge and Discovery Center. Under NRS 361.157(1) if the underlying land is exempt, the statute allows for segregation "to the extent" of the taxable and non-taxable use in accordance with NRS 361.2275 and complete exemption for not-for-profit activity. The portion and percentage of actual taxable lease possession or

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use is limited in the case of a "mere agency" that is "holding the property for another". NRS 361.2275 states:

1. For purposes of NRS 361.157, 361.159 and 361.227, except as otherwise provided in subsection 2, property is leased or used by a natural person or entity at all times the natural person or entity has possession of, claim to or right to the possession of the property that is independent, durable and exclusive of rights held by others in the property, other than the rights held by the owner.

2. Property is not leased or used by a natural person or entity who possesses or occupies the property solely for the purpose of holding the property for another natural person or entity.

3. As used in this section:

(a) "Durable" means for a determinable period with a reasonable certainty that the use, possession or claim with respect to the property will continue for that period.

(b) "Exclusive" means the enjoyment of a beneficial use of property, together with the ability to exclude from occupancy persons or entities other than the owner who may interfere with that enjoyment.

(c) "Independent" means the ability to exercise authority and exert control over the management or operation of the property pursuant to the terms and provisions of the contract with the owner. A possession or use is independent if the possession or use of the property is sufficiently autonomous under the terms and provisions of the contract with the owner to constitute more than a mere agency. [Emphasis added.]

Therefore, pursuant to NRS 361.2275(2) and NRS 361.157(1), since the FINANCING AGENT is merely a non-profit agent conduit entity for the City and is an "entity who possesses or occupies the property solely for the purpose of holding the property for another natural person or entity" (for the City), the FINANCING AGENT's lease possession may be exempted or segregated in total as non-taxable if the Trust/Foundation's original possession is in fact exempt from taxation. The Master Development Agreement will need to anticipate that the FINANCING AGENT will automatically sub/sub-lease the public portion of the Project to the City, a consolidated municipal corporation, and irrevocably quitclaim from the outset its ownership to the City at the end of the lease-purchase term. Thus, the actual possession by the

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FINANCING AGENT is merely a legal agency used to assist in the issuance of COP securities to finance the City's acquisition of the Project land and improvements. However, if the Trust/Foundation is not exempt, the lease to the FINANCING AGENT will be taxable.

Alternatively, regardless of the Trust/Foundations tax exemption status, pursuant to a City interlocal contract with the Nevada State Treasurer (or its ultimate creation of its own non-profit corporation) as its FINANCING AGENT (Nevada Real Property Corporation in the State's case), an untested argument could be made that the NRS 361.062 "public function" trust exemption might apply to the property subject to the Trust Indenture. That argument, as is more fully set forth below,<sup>16</sup> would need

<sup>16</sup> NRS 361.062 states: "All property, both real and personal, of a trust created for the benefit and furtherance of any public function pursuant to the provisions of general or special law is exempt from taxation; but moneys in lieu of taxes may be paid to the beneficiary pursuant to any agreement contained in the instrument creating the trust." This exemption has three required elements: 1) A trust is created; 2) The trust is for the benefit and furtherance of any public function; and 3) The trust is created pursuant to the provisions of general or special law.

Element #1. How a "trust" is created under Nevada law is fairly broad. NRS 163.002 states: "Except as otherwise provided by specific statute, a trust may be created by any of the following methods:

1. A declaration by the owner of property that he or she holds the property as trustee.
2. A transfer of property by the owner during his or her lifetime to another person as trustee.
3. A testamentary transfer of property by the owner to another person as trustee.
4. An exercise of a power of appointment in trust.
5. An enforceable promise to create a trust."

A COP transaction is accomplished through the creation of a "Trust Indenture," through which all the lease and lease-purchase revenue is assigned to the trust for trustee payment to investors in the COP securities. A "trust" is not defined under NRS 361.062 and a trust indenture arguably falls within the broad trust-creation language of NRS 163.002.

Element #2. The Nevada Real Property Corporation (or alternatively a non-profit corporation created by the City) (the "Agent") is the trustor of the Trust Indenture. The Agent is a under-capitalized alter ego private non-profit corporation of the government created solely to assist the government as a financing agent conduit in the acquisition of real property and improvements thereon through leases or lease-purchase real estate transactions. For the life of the COP Trust Indenture, the Agent will be the "owner" of all Project improvements, subject to the Trust. The lease-purchase agreement, the pass-through assignment of lease payments to the trustee, and the Project's improvements are its only assets, all of which are subject to the Trust. Its "ownership" is a legal agency and both improvements and land are irrevocably quitclaimed to ultimate ownership by the City at the end of the lease-purchase term. The government's officers and staff are the only officers and staff to maintain and execute the requirements of the Trust to preserve its assets. The Trust is designed to benefit, and for the furtherance of, a public function.

Element #3. An Indenture of Trust satisfies the minimum creation requirements found in NRS 163.002. It is declared by the owner of lease payments (contingent upon appropriation by the City for payment to the owner) that such shall be irrevocably transferred to a trustee for payment to third parties who have financed a public function. The fact that the Indenture of Trust is not declared expressly under NRS chapter 163 does not diminish the fact that it is a lawful form of "trust created for the benefit and

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to be first posed to the Nevada Attorney General as a Carson City District Attorney's legal question before there could be any firm ground for the City to rely upon regarding this question of taxation. Cannon v. Taylor, 88 Nev. 89 (1972) (A local government official may rely in good faith upon an attorney general's opinion even if such opinion is later found by a court to be mistaken); see NRS 361.275 (The county assessor is liable for the collection of taxes on all taxable property within the county).

This leads to the final holder of the leasehold, the City. When the City leases exempt land, an exempt lessor is leasing to a municipal corporation, which is likewise exempt from taxation. Nev. Const. art. 8, § 2; Nev. Const. art. 4, § 37[A] (Carson City is a consolidated city-county municipality); NRS 361.060. Article 8, section 2 of the Nevada Constitution states:

All real property, and possessory right to the same, as well as personal property in this State, belonging to corporations now existing or hereafter created *shall be subject to taxation*, the same as property of individuals; Provided, that the property of corporations formed for *Municipal, Charitable, Religious, or Educational purposes may be exempted by law.* [Emphasis added.]

While NRS 361.060(1) states "[a]ll lands and other property owned by. . . any county, domestic municipal corporation, . . . are exempt from taxation. . .," the Nevada Attorney General has specifically opined in AGO 86-14 (July 21, 1986) regarding a City of Reno lease-purchase COP financing scheme:

NRS 361.045 declares that "[e]xcept as otherwise provided by law, all property of every kind and nature whatever within this state shall be subject to taxation." See also Nev. Const. Art. 8, §2. Absent a specific exemption law, every piece of real and personal property in Nevada is subject to ad valorem taxation. Our examination of the property tax statutes has failed to reveal any exemption for property which is leased by a private lessor to a municipal corporation like the City of Reno. Property owned by and belonging to municipal corporations may be exempted from taxation, and NRS 361.060 does, in fact, generally exempt such land and other property. However, the key to the ad valorem tax exemption is ownership of (i.e., legal title to)

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furtherance of any public function pursuant to the provisions of general or special law" as minimally required under the NRS 361.062 tax exemption.



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the real or personal property in question. . . it appears clear to us that the City of Reno is not intended to, and in fact will not, have legal title to the trade show and convention hall portion of the building unless it completes all its obligations under the lease purchase agreement for the entire term of said agreement, or alternatively, the city exercises its option to buy the facilities before the end of the lease term. Otherwise, during the lease term, title to the property will at all times be in the lessor/trustee, a private banking entity. State and local governments frequently rent office or other space from private landlords. The mere fact that a governmental entity is a tenant in a building does not by itself change or alter the tax status of the property, which remains fully subject to taxation under NRS ch. 361. [Text omitted.]

Therefore, unless the Trust/Foundation property is exempt pursuant to NRS 361.062, the ultimate lease of land to the City will be a taxable lease. However, the public portion actually owned by the City at the end of the lease-purchase term will become tax exempt.

Answer to Question Five

For the life of the Project, the FINANCING AGENT's ownership of the lease improvements to the land will be subject to ad valorem taxation unless the lessor, Hop & Mae Adams Trust/Foundation, has created a NRS 361.062 trust that is "for the benefit and furtherance of any public function," and the City's FINANCING AGENT's possession may be segregated. Since the FINANCING AGENT is merely an agent who possesses or occupies the property solely for the purpose of holding the property for the City, under NRS 361.2275(2) and NRS 361.157(1) the FINANCING AGENT's lease possession would be segregated as non-taxable if the Trust/Foundation's not-for-profit original possession is in fact exempt from ad valorem taxation. Unless the Trust/Foundation property is exempt pursuant to NRS 361.062, the ultimate lease of land to the City will be a taxable lease. However, the public portion actually owned by the City at the end of the lease-purchase term will become tax exempt. If the Trust/Foundation does not enjoy a NRS 361.062 tax exemption, the City might consider seeking an Attorney General's Opinion that the FINANCING AGENT's COP securities declared Trust Indenture is a qualifying tax exempt trust under NRS 361.062. If the Trust/Foundation property was determined to be tax exempt under NRS 361.062, the City might consider seeking an Attorney General's Opinion whether

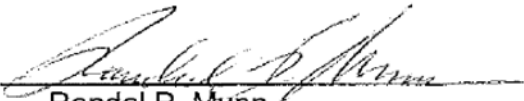
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the FINANCING AGENT's not-for-profit possession may be segregated pursuant to NRS 361.157 and NRS 361.2275.

If we can be of any further assistance, please let us know.

Sincere Regards,

NEIL A. ROMBARDO  
District Attorney

By:   
Randal R. Munn  
Chief Deputy District Attorney

RRM:

Report produced @

