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## City of Carson City Agenda Report

Date Submitted: August 7, 2007 Agenda Date Requested: August 16, 2007

Time Requested: 10 minutes

To: Redevelopment Authority

From: Joe McCarthy, Office of Business Development

Subject Title: Action to direct staff to negotiate an incentive agreement with City Management Services, owner Robert Rothe, which will provide for funding for rehabilitation of the vacant and former Wal-Mart building in the Southgate Shopping Center in an amount not to exceed S2 million and which will be contingent upon the opening of a Burlington Coat Factory Store no later than October 30, 2008.

Staff Summary: Two weeks ago, Mr. Rothe accepted a letter of intent from Burlington Coat Factory for the lease of 70,000 square feet of retail space in his building. In order to achieve a the required rate of return on his investment and to attract this national retailer that the City strongly encouraged, Mr. Rothe's project will require a sufficient incentive from the Redevelopment Authority to offset the specific provisions for tenant improvements required by Burlington Coat Factory. Burlington Coat Factory is now intent on a fast tracked grand opening in Carson City, March 2008. To achieve this tight deadline, Mr. Rothe must begin by next month his substantial interior remodel and exterior improvements of this blighted empty big-box.

Staff will bring an incentive agreement to the Redevelopment Authority and the Board of Supervisors for approval in September. The incentive agreement's subsidy will be specific to the improvements associated with the opening of a Burlington Coat Factory Store in 2008 and subject to the applicant providing a lien on the property and a go-dark provision.

This redevelopment project meets the intent of NRS 279.586, the redevelopment of communities. The rehabilitation of this blighted building is consistent with the objectives of the Redevelopment Plan for Redevelopment Project Area No. 2, is of benefit to the immediate neighborhood, and could not be completed but for this incentive. The elements of the redevelopment incentive agreement will consist of a reimbursement of the incentive amount only after the work has been completed and the Burlington Coat Factory store has opened. It will contain a "go-dark" provision to ensure sufficient sales tax revenue offsets the incentive. Compliance with the prevailing wage requirements as provided for in NRS 279.500 will include an agreement with the developer to ensure that the project is subject to the provisions of NRS 338.010 to 338.090. The Redevelopment Authority will secure a second position on the property with a ten-year, declining lien, \$200,000 per year, the life of the lease with Burlington Coat Factory.

Type of Action Requested: (check one)	
( ) Resolution ( ) Ordinance	
(X) Formal Action/Motion () Other (Specify) - None	
Does This Action Require A Business Impact Statement: () Yes (_X) Yes	Νo
Recommended Board Action: I move to direct staff to negotiate an incentive agreer City Management Services, owner Robert Rothe, which will provide for funding for rehabilitation of the vacant and former Wal-Mart building in the Southgate Shopping an amount not to exceed \$2 million and which will be contingent upon the opening of Burlington Coat Factory Store no later than October 30, 2008.	Center in
Explanation for Recommended Board Action: This incentive award is an inducem accelerate completion of the tenant improvements associated with Burlington Coat Fa specific requirements needed for a turnkey contract to lease.	
A conservative pro-forma estimates that the new store will produce approximately \$1 in annual taxable sales revenues. This productivity will yield approximately \$300,000 sales tax annually. Thus, it will take approximately seven years to accumulate enough to the general fund to ensure full reimbursement. Full reimbursement might occur ear Burlington Coat Factory exceeds our conservative projections.	0 in new h sales tax
Applicable Statue, Code, Policy, Rule or Regulation: NRS 279	
Fiscal Impact: \$2,000,000 of economic development funds only after final approva incentive agreement by the Redevelopment Authority and Board of Supervisors.	l of the
Explanation of Impact: Growth in revenues intended to stimulate sales tax generatic commercial redevelopment district.	on in our
Funding Source: Economic development funds	
Alternatives: Give staff other direction	
Supporting Material:	
Prepared By: Joe McCarthy	

Reviewed By:	ruy Dat	e: f.7-07
(Department Head)	LA. A. Dai	e: 8-7-07
(City Manager)	ouo Da	e: <u>8-7-07</u>
(District Attorney)	) Dar	e: <u>8/7/7</u>
(Finance Director)		
Board Action Taken:		
Motion:	1) 2)	Aye/Nay
(Vote Recorded By)		