



Carson City Center Feasibility Report Board of Supervisors Meeting, February 17, 2011

FAQ'S Frequently Asked Questions

Q. What are the specific findings that P3 was asked to further address by the Project Advisory Committee and the City staff?

A. On November 22, 2010, P3 made a second presentation to the Carson City Center Project Advisory Committee with its initial program and feasibility results. From that meeting, P3 was asked to refine and provide additional information to be presented to the Carson City Board of Supervisors. These FAQs provide this additional information.

Public Investment Components:

Parking – City Planning Director, Lee Plemel conducted a comprehensive parking analysis for the proposed project using various accredited sources that are industry standards in preparing parking demand analysis and that are accepted by Carson City in determining required parking per the Carson City Municipal Code.

- The parking analysis indicated that there will be enough parking within the project area, including on-street parking, to accommodate the peak weekday demand of approximately 754 spaces;
- The parking analysis indicates that peak parking demand will occur during the weekday lunch-time period, closely followed by weekday morning and afternoons, due to the parking demand of the offices. More than adequate parking will be available during the weeknights and weekend, when Nugget Casino and downtown event demand are highest;
- 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.
- While the final design is not set for the exact garage placement, there will be approximately 65 parking spaces immediately around the library and plaza and additional on-street parking is anticipated on the opposite sides of the streets, serving library and office customers.

Transit Hub – The Transit Hub will stay in its current location next to the Federal Building. Based on the City Public Works staff, the Hub is now moved off the project property boundary. The current location will serve the project, not negatively impact the land for development and is cost neutral.

Maintenance and Operational Costs –Costs were reviewed again and analysis was done for the Knowledge and Discovery Center, plaza and parking structure. The Mae B. Adams Trust and Carson City propose the following:

- The Knowledge and Discovery Center can be maintained and operated using the library’s typical budget allocations;
- The year-round interactive Plaza will be maintained and operated by the library through funds generated by the land lease payment (for 30 years) and a Project Management Association (PMA); and
- The parking garage will be maintained and operated with assistance from the PMA.

Hotel – A hotel feasibility study has been conducted by Colliers PKF Consulting to see about the potential market demand for the development of an upscale, focus service hotel. The study indicated the hotel is feasible and should be located on Carson Street across from the Nugget Casino in the parking lot known as Arlington Square (northeast corner of W. Robinson and N. Carson Street). It will have 125 rooms and 4,000 square feet of meeting space. Parking for it was considered in the parking analysis.

Office Building #1 – 50,000 square feet to include a mix of retail and office space is proposed to be located just to the south of the public plaza area and will accommodate the following proposed tenants:

- Carson City Business Development and Community Development Departments
- The Business Incubator (Carson Careers, LLC)
- Other general purpose office space
- Retail mix – expected to include coffee shops, specialty retail, tourist related and food

The Business Incubator (BIC) – the Business Incubator will eventually be located in Office Building #1 and be a non-profit organization that will generate tangible results in expanding, diversifying and stabilizing the economy in and around Carson City. With support from Carson City, Northern Nevada Development Authority (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.

Initially, the Nugget’s D’Vine Wine building located at 200 N. Stewart Street, at the corner of Stewart and Musser will be the current location of the 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.

Q. Have the priorities for the project changed, based on the updated feasibility report?

A. No. The following community priorities still continue to set the tone for the Project and its overall goal to enrich Carson City:

- Celebrate downtown as a lively, welcoming, fun and energetic place with distinct character.
- Embrace Carson City as a city of learning and discovery ...a city of civic engagement rooted in business.

- Realize downtown's potential both as a neighborhood enriched with students and residents, and as a place with ample opportunities for lifelong learning by people of all ages, backgrounds and interests. Downtown is a welcome place for learning and can support efforts that move students into meaningful work and citizenship.
- Enhance downtown's role as the heart of a regional transportation network linking the City with the Reno-Tahoe International Airport, Western Nevada College, Carson Tahoe Regional Healthcare, suburban residential and employment centers and other Northern Nevada cities and locations beyond.
- Capitalize on and grow downtown's position as the foremost center for art, entertainment and culture in the state. We aspire to provide a built environment for today's and tomorrow's arts and culture organizations, and support their efforts in order to thrive.
- Support Carson City's efforts to become a place that respects the local and global environment and develops in ways that are healthy, sensitive and sustainable.
- Reinforce downtown's historical role as an anchor location in the region for commerce and as the state's principal venue for city, state and federal governmental functions.

Q. How will this project help Carson City?

A. Unemployment within Carson City is high, and there is no foreseeable improvement. Career opportunities for Carson's young people are limited, perhaps nonexistent. The lack of jobs creates a growing pressure to relocate away from Carson City.

The mission of the Project is to achieve long-term sustainable and focused economic growth by building a diverse, innovative downtown economy that attracts high-wage, high-impact jobs that provide opportunity and prosperity for the City's residents, businesses and entrepreneurs throughout the entire community.

This project could be a lifeline to carry this community from its current unstable and fragile economic state into a smarter, more diversified economy that offers a long –term plan for the future of the City.

The City Center project partners plan to invest in what is new and relevant and provide access to opportunities through a catalytic civic investment; the Carson City Knowledge and Discovery Center. If the community doesn't invest in what's new and relevant, Carson City will have no future.

The single most important purpose of the City Center project is to bring desperately needed jobs and careers (in sectors not currently a part of the region's economy). The City Center project is an opportunity for Carson City to take control of its own destiny, further supporting the shared vision that has already been established by community members.

Q. What will get built first?

A. Because the centerpiece of this Project is the Knowledge and Discovery Center, the Library Board of Trustees, the Library Foundation, the Mae B. Adams Trust, the Hop and Mae Adams Foundation, and P3 Development understand the Project itself requires a special approach.

The mission of the Project is to achieve long-term sustainable and focused economic growth by building a diverse, innovative downtown economy that attracts high-wage, high-impact jobs that provide opportunity and prosperity for the City's residents, businesses and entrepreneurs throughout the entire community.

Development of a state-of-the-art Knowledge and Discovery Center (KDC), a year-round interactive plaza, a 50,000 sf office building and a parking garage will become the first catalytic pieces of the overall development and are referenced as, *Phase 1a*.

The portfolio of remaining private project opportunities is organized with an investment/venture capital approach. Currently P3 Development has determined feasibility of *Phase 1b* consists of a limited service hotel and conference center, assuming a brand or independent owner/operator is willing to commit to that element. P3 Development will continue to seek out a hotel owner/operator as a part of its development duties.

To manage the entire master plan portfolio, partners will work closely together to continually assess progress toward full completion of the master plan. The project elements requested by the public will be implemented first, as well as one of the desired private elements on *Phase 1a*. This will provide the community a firm foundation for market-led implementation of private development.

Built First - Phase 1a:

The first phase of the project will be developed on approximately 6-acres of land owned by the Hop and Mae Adams Foundation.

Its public elements are:

- A 52,500 sf state-of-the-art Carson City Knowledge and Discovery Center (KDC)
- Year-round interactive central outdoor public plaza
- Shared parking system to include new parking structure

Its private elements are:

- Office building #1 at 50,000 square feet to include a mix of retail and offices is proposed to be located just to the south of the public plaza area and will accommodate the following proposed tenants:
 - Carson City Business Development and Community Development Departments
 - The Business Incubator (Carson Careers, LLC)
 - Other General Purpose Office Space
 - Retail – retail mix is expected to included coffee shops, specialty retail, tourist related, and food/deli/catering.

Built Later -Phase 1b:

- Hotel and conference center – As noted earlier, assuming final approval of the public improvements and financing, the private development opportunities
- determined to currently be most feasible during *Phase 1b* are a limited service hotel
- and conference center. The limited service hotel, to be located on the northwest corner of Carson and Robinson streets is proposed to include 125 rooms and 4,000 square feet of meeting space. The hotel will be connected to the Nugget Casino with a sky bridge.

- Office building #2 -- 65,000 sf – with market demand

Phase 2a:

- Evening entertainment venue – with market demand
- Residential space – with market demand

Some of the Development Coordination Agreement (DCA) Desired Elements are not called out specifically in the phasing due to adjustments in the building program that integrate some of the pieces, albeit in a different way, into either the public or private elements:

- Business and technology incubator: now a private development element – slated for launch in Phase 1a as Carson Careers
- Public Transit Hub: determined to be best suited in current location immediately adjacent to the project area in front of the old post office
- Digital media lab: integrated space within the Knowledge and Discovery Center’s space plans – completely open to the public

The proposed development budget for the Project is comprised of both public investment in the amount \$31,967,000 and private investment of \$52,324,000. For Phase 1a public investment is \$31,967,000 and private investment of \$12,671,000.

Q. Is the City Center project still financially feasible?

A. Yes. P3 Development has determined that the desired elements in the master plan can be built on the Project site identified as available for construction, and 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.

A financing plan has been prepared for the publicly funded portions of the Project. 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 public elements’ financing plan 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, 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 publically 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.

It’s very important to note that an 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 leased-based financing plan is a flexible and viable method. Additionally, for the purposes of determining the public elements’ feasibility, the development team has created a best case and worst-case scenario. Both scenarios show that the project is still feasible.

Q. What about the land ownership for this complex project:

A. The proposed Project master plan site is currently owned by Carson Nugget, Inc. / Mae B. Adams Trust. Upon Carson City's approval of Project *Phase 1a*, which contains the master plan's public use elements, the entire site will be deeded to the Hop and Mae Adams Foundation. It is proposed the land required for the Knowledge and Discovery Center and the public plaza remain under the Foundation's ownership during the term of the lease, however, any land lease proceeds charged to the City by the Foundation during the entire term will be immediately returned to the Carson City Library Foundation for use as restricted funds for technology as well as for costs related to the plaza.

When the lease term has expired, the Hop and Mae Adams Foundation will transfer the library and plaza land to the Carson City Library Board of Trustees. The land under the parking garage could be deeded to Carson City in good faith as the Nugget's contribution toward costs of the shared use-parking garage.

The remainder of the project site will remain under the ownership of the Hop and Mae Adams Foundation and all private development will be required to pay market rate lease payments for the land to the Hop and Mae Adams Foundation to benefit the youth of Carson City.

Q. Why is the Carson Nugget involved with this project?

A. The Mae B. Adams Trust owns 100 percent of Carson Nugget, Inc. 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, thus the Hop and Mae Adams Foundation was then established as a 501 (c)(3) charitable organization.

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 non-existent. And the lack of jobs creates a growing pressure to relocate away from Carson City. In short, times are tough for families in Carson City.

Trustees conducted an extensive inquiry on how the community could be best helped, both today and in the future. Addressing 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, is the over arching goal.

The holistic economic plan was designed to optimize resources with these ends in mind. The key element would be a downtown development showcasing a resource center with career-building tools easily and free accessible by all of Carson City.

Trustees are firm in the belief that a library – rather, a 21st century Knowledge Center with the latest literary, educational, and economic tools and technology that would be managed by the Library – should stand center stage in the downtown Project.

Since 2009, Mae's Trust and the Foundation have continued to test and vet the concept of the City Center Project to the community and leadership of Carson City.

Mae's Trust and the Foundation have maintained throughout the process, the City is not beholden to Mae to move forward with the Project. If the Carson City Board of Supervisors determines it does not want to go forward with the Project, Mae's Trust and the Foundation will move forward to explore other options with its assets.

Q. What about timing for the Project and next steps?

A. Time is of the essence. Interest rates are at a very temporary historic low, which help make the project feasible. Carson City has extremely high unemployment. Families need help now. Carson is losing its professional base and many of its citizens and young people at an alarming rate.

The Project is constructed with physical assets in the heart of Carson City. It is based on sound expectations. It is designed and financed without City loans and bonds. It targets true economic development and diversity. It speaks well for the community's self-image as Nevada's capital city.

If the Board accepts the Program and authorizes staff to proceed, development agreements will be negotiated. The 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. Carson City could be living its new future by 2014!

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