

Economic Impact of Operating Coronado Canyons, a Vacant Mixed-Use Commercial Building in Henderson, NV, as Part of an Existing EB-5 Regional Center located in Clark County, NV

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1. Executive Summary

- Nevada California Regional Center, LLC plans to purchase a currently vacant mixed use commercial building located at 650 S. Green Valley Pkwy., Henderson, NV 89052, which is in Clark County. The building consists of four units, with first-floor retail space of about 74,760 square feet and second-floor office space of approximately 13,800 square feet, for a total of 88,560 square feet. The building is located within the Green Valley Ranch master planned community, with close access to the Green Valley Corporate Center, Green Valley Ranch Resort and Casino, the District, and St. Rose Hospital. The Nevada California Regional Center, LLC has already received approval for an EB-5 regional center in Clark County and other areas.
- The office space may be filled by a variety of professional services, including lawyers, accountants and tax preparers, architects and engineers, computer designers and programmers, management and technical consultants, and advertising and public relations personnel. These jobs will generate total billings of \$7.0 million per year. When multiplied by the RIMS II weighted average final demand multiplier of 16.47 for these six types of professional services, that will create 115 permanent new jobs.
- The retail space will consist of a variety of stores and shops, with total annual revenue estimated at \$41.1 million, which translates into approximately \$18.5 million in value added. When multiplied by the RIMS II final demand multiplier for Clark County for retail trade of 19.93, those operations will create 369 permanent new jobs. The restaurant space will have an estimated annual revenue of 2.6 million, which will create 65 permanent new jobs.
- Renovation expenditures are expected to average \$50 per square foot for the 88,560 square feet, for a total of \$4.43 million. The indirect and induced job creation from this activity is estimated at 32 new jobs.
- **Combining these figures, there will be a total of 115 jobs from office operations, 369 jobs from retail operations, 65 jobs from restaurant operations, and 32 jobs from construction expenditures, for a total of 581 permanent new jobs created by this project (see Table A for details).**
- The annual increase in output for this project is estimated at \$52.7 million, and the annual increase in household earnings is estimated at \$17.6 million.
- Because the unemployment rate in the State of Nevada rose to 14.9% last year, the entire state is a TEA. Hence a total of 581 jobs means that up to 58 EB-5 investors can participate in this project, and raise up to \$29 million.

2. Tabulation of Principal Results and Schematic Diagram

The results for the employment multipliers for each project are summarized in Table A. For construction, only the indirect and induced jobs are counted. All figures in this table represent permanent new jobs created.

Table A. Summary of Revenue and Employment Effects				
Activity	Expenditures or Revenues (\$ million)	Final Demand Multiplier	Total Jobs	Direct Jobs
Construction *	4.43	7.268	32.2	x
Retail Stores **	18.5	19.927	368.6	252.5
Restaurants	2.6	25.075	65.2	48.7
Offices of lawyers	0.93	15.514	14.4	5.3
Accounting, tax preparation	0.79	19.986	15.8	9.2
Architectural, engineering	1.32	14.372	19.0	6.7
Computer systems design services	1.51	16.963	25.6	9.2
Consultants	1.07	16.582	17.7	6.7
Advertising, public relations	1.36	16.531	22.5	5.3
Total	32.51		581.1	343.6
* Indirect and induced jobs only				
** Sales are value added				
All figures calculated from unrounded numbers				

Table B shows the 6-digit NAICS codes used for each of the above activities. In several cases, there are 2 or more 6-digit codes corresponding to 1 RIMS II code.

Table B. List of NAICS Codes Used in Model	
<u>236220</u>	Commercial and Institutional Building Construction
<u>443112</u>	Radio, Television, and Other Electronics Stores
<u>445110</u>	Supermarkets and Other Grocery (except Convenience) Stores
<u>446110</u>	Pharmacies and Drug Stores
<u>448120</u>	Women's Clothing Stores
<u>448210</u>	Shoe Stores

<u>448310</u> Jewelry Stores
<u>451110</u> Sporting Goods Stores
<u>452112</u> Discount Department Stores
<u>453220</u> Gift, Novelty, and Souvenir Stores
<u>722110</u> Full-Service Restaurants
<u>541110</u> Offices of Lawyers
<u>541211</u> Offices of Certified Public Accountants
<u>541310</u> Architectural Services
<u>541330</u> Engineering Services
<u>541512</u> Computer Systems Design Services
<u>541611</u> Administrative Management and General Management Consulting Services
<u>541618</u> Other Management Consulting Services
<u>541810</u> Advertising Agencies
<u>541820</u> Public Relations Agencies

If all the buildings in the proposed regional center were to be completely finished and occupied within two and a half years, the economic impact as measured by household earnings, demand for business services, utilities, maintenance and repair, and new supplier and vendor relationships is summarized in Table C.

Table C. Summary Measures of Economic Impact for All Buildings in Regional Center

Category	Total
All figures in thousands of dollars	
Household income from:	
Construction jobs	\$1,112
Office space	\$4,871
Retail space and restaurants	\$11,587
Total Household Income	\$17,570
Demand for professional and business support services	\$11,145
Demand for utility services:	
electric, natural gas, and water	\$711
Maintenance and repair construction	\$272
New supplier/vendor relations created with manufacturers	\$1,291
Total of these 4 categories	\$13,419

Household Earnings (Labor Income)

The jobs created by the various components of the Coronado Canyons Building will subsequently create new sources of household income. The household income for the total jobs created by construction totals about \$1.1 million. The household income for the total jobs created by the operation of the office space is about \$4.8 million, and for the retail and restaurant space is about \$11.6 million, for a total of about \$17.6 million for this building. This income calculation comes from the RIMS II input-output model, which measures the average income per job by industry. The model calculations are based on the types of jobs that will be created within the regional center, with indirect/induced impacts allocated based on the types of commodity inputs required by the businesses that would potentially locate in the regional center.

Demand for Business Services, Utilities, Maintenance and Construction, and New Supplier/Vendor Relationships Created with Manufacturers

The total economic impact of the regional center from the supplier purchases and business relationships for the Coronado Canyons Building will create approximately \$13.4 million in additional economic activity across the region. These supplier purchases are calculated from the indirect increase in output generated by the RIMS II model. It should be noted that some of these supplier industries might potentially locate within the regional center, and their economic output is included in this total.

The estimate of supplier purchases is based on the commodity data in the RIMS II input-output model. This data specifies the amount and type of commodity input needed to maintain specific types of business operations. The model estimates the supplier purchases based on the types of jobs and number of jobs that will be created within the regional center. In addition, the model allocates the supplier purchases to businesses within the region, based on trade flow data from the U.S. Bureau of Economic Analysis.

The regional center will create demand for business services including, professional services, management of companies, and administration and waste management services. The impact of this activity totals about \$11.1 million annually. Most of this represents the direct output of the office space in the building.

Utilities include services such as electricity, natural gas, and water and sewer facilities. The economic impact on utility services totals about \$0.7 million.

Maintenance and repair services include some building and construction activity on existing buildings. The regional center would create an economic impact of about \$0.3 million within these sectors in the region. This figure is in addition to the \$4.43 million in renovation construction that will be undertaken before the building is occupied.

New supplier/vendor relationships with manufacturers would create an economic impact of \$1.3 million. Most of this represents the purchases of locally manufactured goods used in construction.

3. Introduction and Scope of Work

Nevada California Regional Center, LLC plans to purchase a currently vacant mixed use commercial building located at 650 S. Green Valley Pkwy., Henderson, NV 89052, which is in Clark County. The building consists of four units, with first-floor retail space of about 74,760 square feet and second-floor office space of approximately 13,800 square feet. The building is located within the Green Valley Ranch master planned community, with close access to the Green Valley Corporate Center, Green Valley Ranch Resort and Casino, the District, and St. Rose Hospital.

Section (4) contains a brief discussion of the RIMS II model. Section (5) presents the data for the principal economic parameters for this region for Clark County, compared to the statistics for the state of Nevada and the overall U. S. economy. Section (6) shows the location of Clark County area and explains why no other counties are included in the multiplier analysis. It also describes the location of the Coronado Canyons Building.

Section (7) discusses the construction expenditures for renovation, and presents the economic impact of that activity. Results are shown for the increase in employment, output, and earnings, and the average level of output and earnings per new worker, for the 20 major industrial classifications calculated by the RIMS II model. Section (8) discusses the employment and revenue effects that will occur from the operations of the retail space and restaurants, and presents the economic impact tables for these operations. Section (9) provides similar material for the office space. The combined results for the entire project are summarized in Section (10).

4. Discussion of RIMS II Final Demand Methodology

The following material has been condensed from the RIMS II User Handbook

Introduction and General Comments

Effective planning for public- and private-sector projects and programs at the State and local levels requires a systematic analysis of the economic impacts of these projects and programs on affected regions. In turn, systematic analysis of economic impacts must account for the inter-industry relationships within regions because these relationships largely determine how regional economies are likely to respond to project and program changes. Thus, regional input-output (I-O) multipliers, which account for inter-industry relationships within regions, are useful tools for conducting regional economic impact analysis.

In the 1970s, the Bureau of Economic Analysis (BEA) developed a method for estimating regional I-O multipliers known as RIMS (Regional Industrial Multiplier System), which was based on the work of Garnick and Drake. In the 1980s, BEA completed an enhancement of RIMS, known as RIMS II (Regional Input-Output Modeling System), and published a handbook for RIMS II users. In 1992, BEA published a second edition of the handbook in which the multipliers were based on more recent data and improved methodology. In 1997, BEA published a third edition of the handbook that provides more detail on the use of the multipliers and the data sources and methods for estimating them.

RIMS II is based on an accounting framework called an I-O table. For each industry, an I-O table shows the industrial distribution of inputs purchased and outputs sold. A typical I-O table in RIMS II is derived mainly from two data sources: BEA's national I-O table, which shows the input and output structure of nearly 500 U.S. industries, and BEA's regional economic accounts, which are used to adjust the national I-O table to show a region's industrial structure and trading patterns.

Using RIMS II for impact analysis has several advantages. RIMS II multipliers can be estimated for any region composed of one or more counties and for any industry, or group of industries, in the national I-O table. The accessibility of the main data sources for RIMS II keeps the cost of estimating regional multipliers relatively low. Empirical tests show that estimates based on relatively expensive surveys and RIMS II-based estimates are similar in magnitude.

BEA's RIMS multipliers can be a cost-effective way for analysts to estimate the economic impacts of changes in a regional economy. However, it is important to keep in mind that, like all economic impact models, RIMS provides approximate order-of-magnitude estimates of impacts. RIMS multipliers are best suited for estimating the impacts of small changes on a regional economy. For some applications, users may want to supplement RIMS estimates with information they gather from the region undergoing the potential change. To use the multipliers for impact analysis effectively, users must provide geographically and industrially detailed information on the initial

changes in output, earnings, or employment that are associated with the project or program under study. The multipliers can then be used to estimate the total impact of the project or program on regional output, earnings, and employment.

RIMS II is widely used in both the public and private sector. In the public sector, for example, the Department of Defense uses RIMS II to estimate the regional impacts of military base closings. State transportation departments use RIMS II to estimate the regional impacts of airport construction and expansion. In the private-sector, analysts and consultants use RIMS II to estimate the regional impacts of a variety of projects, such as the development of shopping malls and sports stadiums.

RIMS II Methodology

RIMS II uses BEA's benchmark and annual I-O tables for the nation. Since a particular region may not contain all the industries found at the national level, some direct input requirements cannot be supplied by that region's industries. Input requirements that are not produced in a study region are identified using BEA's regional economic accounts.

The RIMS II method for estimating regional I-O multipliers can be viewed as a three-step process. In the first step, the producer portion of the national I-O table is made region-specific by using six-digit NAICS location quotients (LQs). The LQs estimate the extent to which input requirements are supplied by firms within the region. RIMS II uses LQs based on two types of data: BEA's personal income data (by place of residence) are used to calculate LQs in the service industries; and BEA's wage-and-salary data (by place of work) are used to calculate LQs in the non-service industries.

In the second step, the household row and the household column from the national I-O table are made region-specific. The household row coefficients, which are derived from the value-added row of the national I-O table, are adjusted to reflect regional earnings leakages resulting from individuals working in the region but residing outside the region. The household column coefficients, which are based on the personal consumption expenditure column of the national I-O table, are adjusted to account for regional consumption leakages stemming from personal taxes and savings. In the last step, the Leontief inversion approach is used to estimate multipliers. This inversion approach produces output, earnings, and employment multipliers, which can be used to trace the impacts of changes in final demand on and indirectly affected industries.

Advantages of RIMS II

There are numerous advantages to using RIMS II. First, the accessibility of the main data sources makes it possible to estimate regional multipliers without conducting relatively expensive surveys. Second, the level of industrial detail used in RIMS II helps avoid aggregation errors, which often occur when industries are combined. Third, RIMS II multipliers can be compared across areas because they are based on a consistent set

of estimating procedures nationwide. Fourth, RIMS II multipliers are updated to reflect the most recent local-area wage-and-salary and personal income data.

Overview of Different Multipliers

RIMS II provides users with five types of multipliers: final demand multipliers for output, for earnings, and for employment; and direct-effect multipliers for earnings and for employment. These multipliers measure the economic impact of a change in final demand, in earnings, or in employment on a region's economy.

The final demand multipliers for output are the basic multipliers from which all other RIMS II multipliers are derived. In this table, each column entry indicates the change in output in each row industry that results from a \$1 change in final demand in the column industry. The impact on each row industry is calculated by multiplying the final demand change in the column industry by the multiplier for each row. The total impact on regional output is calculated by multiplying the final demand change in the column industry by the sum of all the multipliers for each row except the household row.

RIMS II provides two types of multipliers for estimating the impacts of changes on earnings: final demand multipliers and direct effect multipliers. These multipliers are derived from the table of final demand output multipliers.

The final demand multipliers for earnings can be used if data on final demand changes are available. In the final demand earnings multiplier table, each column entry indicates the change in earnings in each row industry that results from a \$1 change in final demand in the column industry. The impact on each row industry is calculated by multiplying the final demand change in the column industry by the multipliers for each row. The total impact on regional earnings is calculated by multiplying the final demand change in the column industry by the sum of the multipliers for each row.

Employment Multipliers

RIMS II provides two types of multipliers for estimating the impacts of changes on employment: final demand multipliers and direct effect multipliers. These multipliers are derived from the table of final demand output multipliers.

The final demand multipliers for employment can be used if the data on final demand changes are available. In the final demand employment multiplier table, each column entry indicates the change in employment in each row industry that results from a \$1 million change in final demand in the column industry. The impact on each row industry is calculated by multiplying the final demand change in the column industry by the multiplier for each row. The total impact on regional employment is calculated by multiplying the final demand change in the column industry by the sum of the multipliers for each row.

The direct effect multipliers for employment can be used if the data on the initial changes in employment by industry are available. In the direct effect employment multiplier table, each entry indicates the total change in employment in the region that results from a change of one job in the row industry. The total impact on regional employment is calculated by multiplying the initial change in employment in the row industry by the multiplier for the row.

Choosing a Multiplier

The choice of multiplier for estimating the impact of a project on output, earnings, and employment depends on the availability of estimates of the initial changes in final demand, earnings, and employment. If the estimates of the initial changes in all three measures are available, the RIMS II user can select any of the RIMS II multipliers. In theory, all the impact estimates should be consistent. If the available estimates are limited to initial changes in final demand, the user can select a final demand multiplier for impact estimation. If the available estimates are limited to initial changes in earnings or employment, the user can select a direct effect multiplier.

5. Economic Parameters for Clark County

This section is organized as follows. Table 5-1 shows the key economic parameters for Clark County and compares them with Nevada and the U.S. Table 5-2 shows the labor force, employment, and unemployment statistics for Las Vegas, Clark County, and Nevada from 2000 through 2010.

Table 5-1. Comparison of Clark County, Nevada, and the U.S.

Category	Clark County NV		Nevada		United States		%
EMPLOYMENT STATUS							
Population 16 years and over	1,423,938	100.0%	2,003,468	100.0%	238,764,455	100.0%	
In labor force	998,060	70.1%	1,384,364	69.1%	157,465,113	65.9%	
Civilian labor force	989,412	69.5%	1,374,480	68.6%	156,225,077	65.4%	
Employed	917,302	64.4%	1,273,822	63.6%	146,266,253	61.3%	
Unemployed	72,110	5.1%	100,658	5.0%	9,958,824	4.2%	
Armed Forces	8,648	0.6%	9,884	0.5%	1,240,036	0.5%	
Not in labor force	425,878	29.9%	619,104	30.9%	81,299,342	34.1%	
OCCUPATION							
Civilian employed population 16 +	917,302	100.0%	1,273,822	100.0%	146,266,253	100.0%	
Management & professional	243,258	26.5%	347,001	27.2%	51,064,301	34.9%	
Service occupations	250,434	27.3%	326,054	25.6%	25,084,498	17.1%	
Sales and office occupations	235,890	25.7%	329,307	25.9%	37,252,708	25.5%	
Farming, fishing, & forestry	630	0.1%	3,019	0.2%	997,997	0.7%	
Construction, maintenance, repair	105,465	11.5%	148,914	11.7%	13,612,976	9.3%	
Production & transportation	81,625	8.9%	119,527	9.4%	18,253,773	12.5%	
INDUSTRY							
Civilian employed population 16 +	917,302	100.0%	1,273,822	100.0%	146,266,253	100.0%	
Agriculture & mining	2,115	0.2%	20,152	1.6%	2,653,081	1.8%	
Construction	96,842	10.6%	132,098	10.4%	10,777,675	7.4%	
Manufacturing	31,928	3.5%	57,897	4.5%	16,381,624	11.2%	
Wholesale trade	18,307	2.0%	28,004	2.2%	4,383,802	3.0%	
Retail trade	103,556	11.3%	151,241	11.9%	16,994,717	11.6%	
Transportation & utilities	42,821	4.7%	62,421	4.9%	7,595,843	5.2%	
Information	15,963	1.7%	21,560	1.7%	3,527,777	2.4%	
Finance, insurance & real estate	62,592	6.8%	81,270	6.4%	10,112,239	6.9%	
Professional & administrative	96,545	10.5%	128,205	10.1%	15,242,426	10.4%	
Educational services & health care	115,676	12.6%	170,598	13.4%	31,757,530	21.7%	
Arts, entertainment, hotel, food svcs	257,223	28.0%	309,995	24.3%	12,904,517	8.8%	
Other private services	39,040	4.3%	51,654	4.1%	7,092,352	4.8%	

Public administration	34,694	3.8%	58,727	4.6%	6,842,670	4.7%
INCOME AND BENEFITS						
Total households	684,605	100.0%	952,856	100.0%	113,101,329	100.0%
Less than \$10,000	35,790	5.2%	52,212	5.5%	8,149,557	7.2%
\$10,000 to \$14,999	25,892	3.8%	36,982	3.9%	6,141,047	5.4%
\$15,000 to \$24,999	58,746	8.6%	86,534	9.1%	12,049,123	10.7%
\$25,000 to \$34,999	68,720	10.0%	95,560	10.0%	11,718,207	10.4%
\$35,000 to \$49,999	107,273	15.7%	143,748	15.1%	16,028,909	14.2%
\$50,000 to \$74,999	144,646	21.1%	202,151	21.2%	21,251,695	18.8%
\$75,000 to \$99,999	99,108	14.5%	137,512	14.4%	14,015,215	12.4%
\$100,000 to \$149,999	90,548	13.2%	127,347	13.4%	13,921,120	12.3%
\$150,000 to \$199,999	29,599	4.3%	38,334	4.0%	4,954,443	4.4%
\$200,000 or more	24,283	3.5%	32,476	3.4%	4,872,013	4.3%
Median household income (dollars)	56,696	109.0%	56,361	108.3%	52,029	
Mean household income (dollars)	72,696	101.7%	72,233	101.0%	71,498	
Families	440,732	100.0%	615,019	100.0%	75,030,551	100.0%
Less than \$10,000	14,053	3.2%	21,484	3.5%	3,211,198	4.3%
\$10,000 to \$14,999	9,470	2.1%	13,614	2.2%	2,404,943	3.2%
\$15,000 to \$24,999	30,023	6.8%	43,042	7.0%	6,148,998	8.2%
\$25,000 to \$34,999	40,261	9.1%	53,409	8.7%	6,827,538	9.1%
\$35,000 to \$49,999	67,329	15.3%	88,860	14.4%	10,239,597	13.6%
\$50,000 to \$74,999	96,484	21.9%	136,737	22.2%	15,144,495	20.2%
\$75,000 to \$99,999	71,269	16.2%	101,857	16.6%	11,047,974	14.7%
\$100,000 to \$149,999	69,466	15.8%	99,278	16.1%	11,568,389	15.4%
\$150,000 to \$199,999	22,957	5.2%	30,253	4.9%	4,251,923	5.7%
\$200,000 or more	19,420	4.4%	26,485	4.3%	4,185,496	5.6%
Median family income (dollars)	64,255	101.4%	64,910	102.4%	63,366	
Mean family income (dollars)	81,802	98.1%	81,931	98.3%	83,351	
Per capita income (dollars)	27,383	99.3%	27,421	99.4%	27,589	
Median earnings for workers	31,605	105.8%	31,241	104.6%	29,868	
Median earnings for male full-time	43,643	95.8%	45,178	99.2%	45,556	
Median earnings for female full-time	34,875	98.3%	34,724	97.9%	35,471	
PERCENTAGE BELOW POVERTY						
All families	7.6%	78.4%	7.9%	81.4%	9.7%	
All people	10.8%	81.8%	11.3%	85.6%	13.2%	

Note: in this table, the percentage figures in black are proportions of the total in that category, while the percentage figures in red are relative to the U.S. figures.

The occupational figures for Clark County show a larger than average proportion of employees in construction, with 10.6% of the workforce in that industry compared to 7.4% nationally, although that figure may diminish as the housing slump continues. The county has a very small manufacturing base -- 3.5% compared to 11.2% nationally. Of course the huge difference occurs in tourism – leisure time activities, hotels, and restaurants – with a whopping 28.0% of the workforce engaged in that sector, compared to 8.8% nationally. As a result, there are relatively fewer people employed in virtually all other sectors, with the biggest decrement in education and health care, with only 12.6% of the workforce employed there, compared to 21.7% nationally.

In spite of the marketing slogan that “What happens in Vegas, stays in Vegas”, the city is not particularly wealthy; only 3.5% of the households have incomes of over \$200,000 per year, compared to 4.3% nationally. However, there are also relatively few poor people, so median household income is 109% of the national average. Family income is only 101% of the national average, as many of the relatively affluent households are not families as defined by the Census. The poverty levels are well below average, and are about 2 percentage points below the U. S. figures.

Table 5-2. Key Labor Market Statistics, Clark County, Las Vegas, and Nevada, 2000-2010

	Labor Force	Employed	Unemployed	Un Rate, %
Clark County				
2000	727521	693933	33588	4.6
2001	759562	717631	41931	5.5
2002	783659	737301	46358	5.9
2003	806062	762771	43291	5.4
2004	830951	793908	37043	4.5
2005	872410	833717	38693	4.4
2006	911492	873249	38243	4.2
2007	934560	891813	42747	4.6
2008	960679	896809	63870	6.6
2009	971430	847668	123762	12.7
2010	969098	821597	147501	15.2
Las Vegas				
2000	245183	233195	11988	4.9
2001	256125	241159	14966	5.8
2002	264315	247769	16546	6.3
2003	271780	256328	15452	5.7
2004	280014	266792	13222	4.7
2005	269094	257161	11933	4.4
2006	274709	262958	11751	4.3

2007	276023	263020	13003	4.7
2008	279201	260070	19131	6.9
2009	282262	245079	37183	13.2
2010	281753	237541	44212	15.7

State of Nevada

2000	1062845	1015221	47624	4.5
2001	1101020	1042182	58838	5.3
2002	1130780	1066477	64303	5.7
2003	1153910	1093507	60403	5.2
2004	1180314	1128223	52091	4.4
2005	1228339	1173425	54914	4.5
2006	1276387	1222277	54110	4.2
2007	1307321	1247491	59830	4.6
2008	1336309	1246696	89613	6.7
2009	1354126	1184431	169695	12.5
2010	1350309	1149537	200772	14.9

Nevada has been harder hit by the recession than any other state, with the result that the unemployment rate soared to 14.9% in 2010, meaning the entire state is a TEA. The unemployment rate in Clark County was even higher, at 15.2%, while for the city of Las Vegas the rate was 15.7%. There were more than 147,000 unemployed people in Clark County in 2010.

6. Maps of Area and Location of Building

Figure 6-1 shows the map of Clark County, which is located at the southern tip of Nevada, wedged in between California and Arizona. It is basically a self-contained county; of the total reported workforce of 644,266 in 2000, 620,500 of those people were residents of the county. That 96.3% is an unusually high percentage. As a result, the multiplier estimates used throughout this report are based only on Clark County.

Figure 6-2 shows the map of Henderson, NV, and Figure 6-3 shows the location of the Colorado Canyons building, which is at the southeast corner of S. Green Valley Pkwy and W. Horizon Ridge Pkwy

Figure 6-1. Map of Clark County

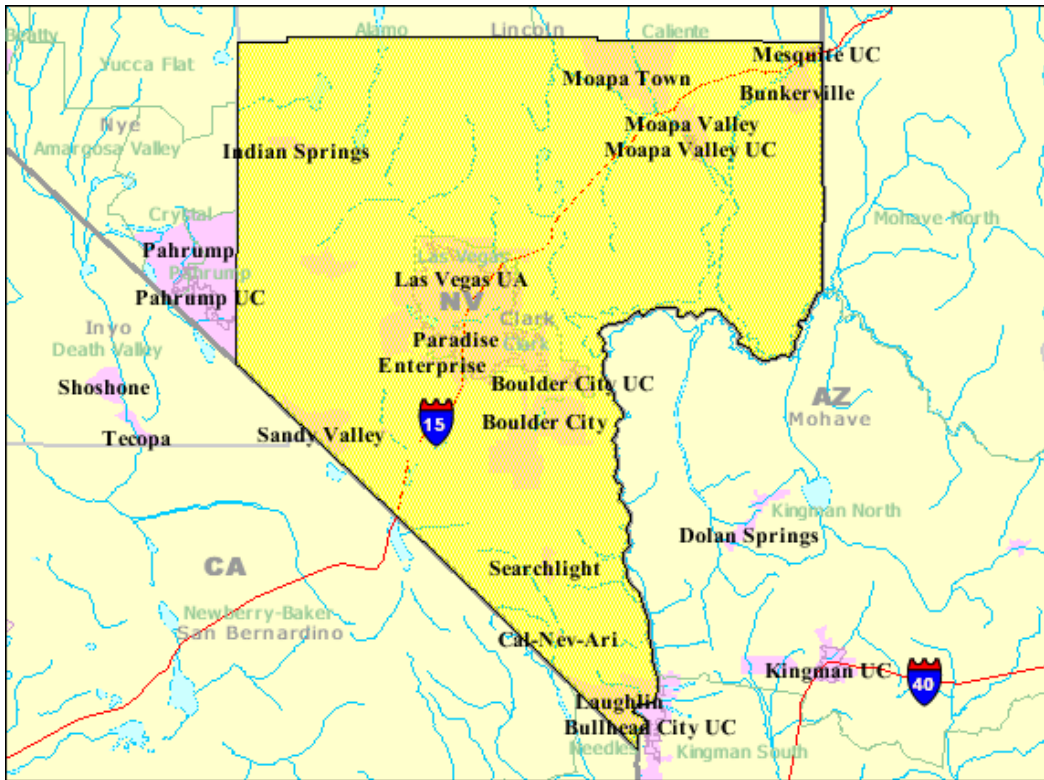


Figure 6-2. Map of Henderson, NV

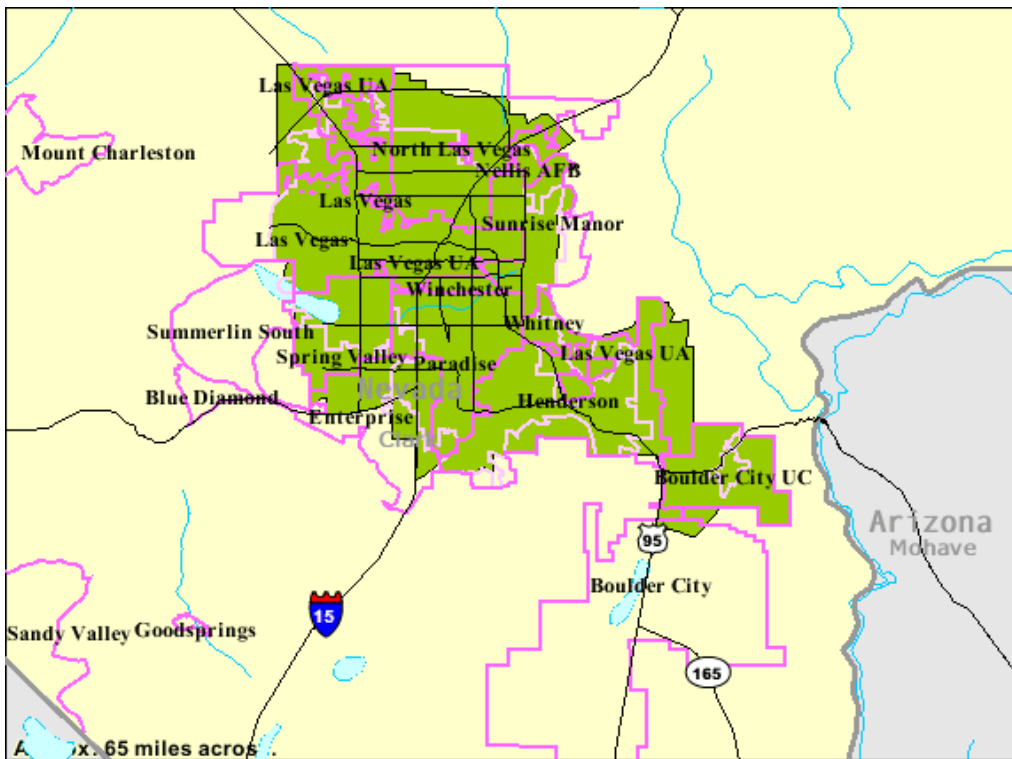
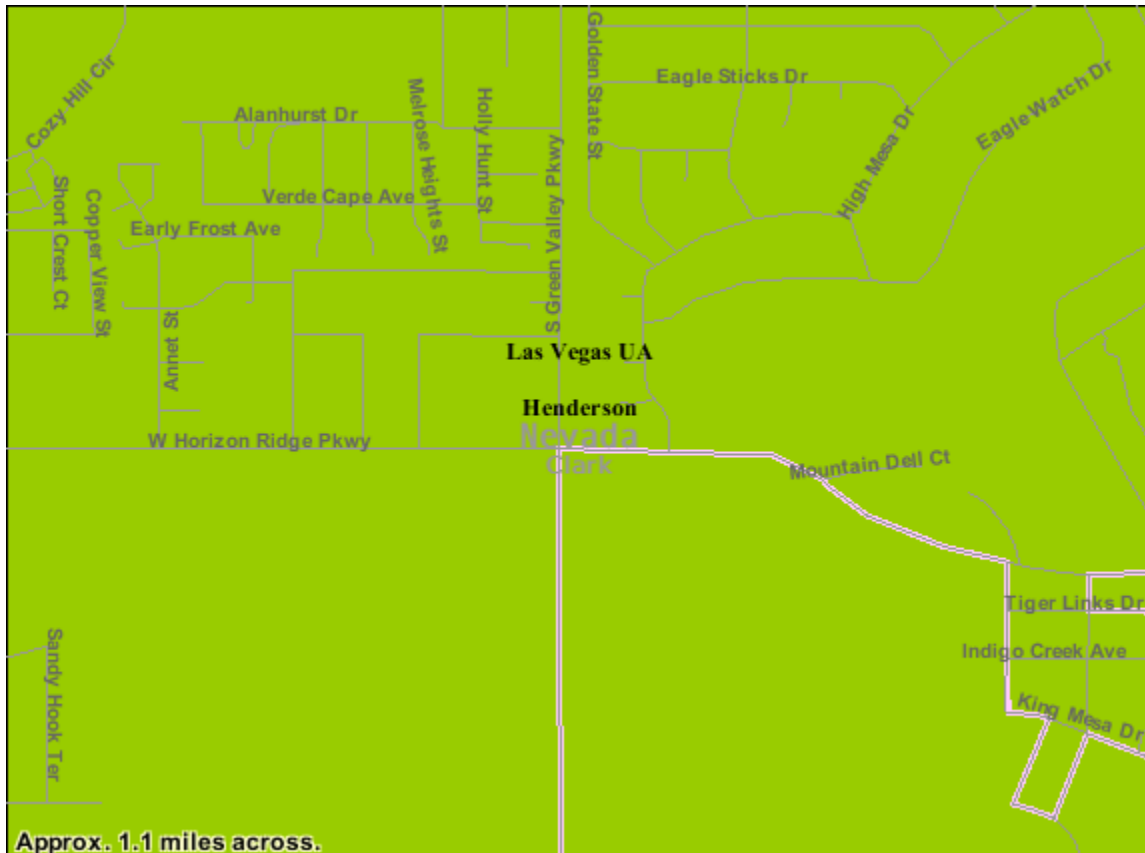


Figure 6-3. Location of Colorado Canyons Building

7. Economic Impact of Construction Expenditures for Renovation

According to the developer, about \$50 per square foot will be spent to renovate the building, so for a total of 88,560 square feet, that would be about \$4.43 million.

Even if the construction project takes less than two years, the indirect and induced jobs can be counted. On January 16, 2009, James W. McCament, Chief of USCIS, wrote a letter to Senator John Cornyn, which contained the following language:

Indirect and induced jobs created as a result of construction jobs whether counted or not may be included in the job count. Even when the construction jobs may not be counted towards the job creation requirement, they do have indirect and induced impacts that are eligible to be included in the final job count because they are "continuous, permanent employment."

The economic argument behind this logic may be summarized as follows.

Consider a tax cut that is temporary (perhaps a rebate). It clearly provides some initial stimulus, but then it is not repeated. Nonetheless, the overall state of the

economy has improved; no one argues that real GDP drops back to its previous level once the rebate expires. Instead, the temporary stimulus has boosted overall demand; during the time of the rebate, money was spent, people were hired, and those benefits continued after the rebate period had passed.

In this light, we can also look at a stimulus program (perhaps public works) which would be even more appropriate considering we are analyzing temporary investment. Public funds are expended for various projects over (say) one year, and when the projects are completed, the stimulus is not repeated. However, the economy is clearly better off because that stimulus has in fact created jobs, caused new workers to spend their paychecks, etc., which has a multiplier (or ripple) effect throughout the economy that does not disappear even after the public works funds have been expired. In fact, in the case of public works projects such as highways, railroads, utilities, etc. the argument is also made that the productive capacity of the economy has been increased, so the economy benefits from a supply-side as well as a demand-side stimulus. To the extent that overall capacity has increased, the economy is able to produce more as it gradually returns to a position of full employment.

Tables 7-1 and 7-2 show the economic impact of the construction activity for renovating the building.

Table 7-1. Increase in Employment, Output, and Earnings, \$4.43 Million in Construction Expenditures, Indirect and Induced Jobs Only

Industry Group	Employment	Output	Earnings
Agriculture, forestry, fishing,	0.0	0	0
Mining	0.1	20	5
Utilities	0.2	81	15
Construction	0.3	31	12
Manufacturing	2.3	428	97
Wholesale trade	1.1	188	59
Retail trade	7.1	518	181
Transportation and warehousing	1.3	137	51
Information	0.6	144	31
Finance and insurance	1.3	260	66
Real estate and rental and leasing	2.7	624	50
Professional and scientific services	3.4	436	190
Management of companies	0.3	89	37
Admin and waste mgmt services	2.5	128	53
Educational services	0.5	28	11
Health care and social assistance	3.0	282	135
Arts, entertainment, and recreation	0.6	40	13
Accommodation	0.5	48	14
Food services and drinking places	2.4	130	41
Other services	1.7	162	50

Household	0.4	0	4
Total	32.2	3774	1112

Table 7-1 shows there would be a total of 32 indirect and induced new jobs created by this activity, with an increase in output of about \$3.8 million, and an increase in labor income of \$1.1 million. Table 7-2 shows that the average output per new worker would be about \$117,200, and average annual earnings would be about \$34,500.

Table 7-2. Output, and Earnings, \$4.43 Million in Construction Expenditures, Indirect and Induced Jobs Only

Industry Group	Employment	Output/Empl	Earnings/Empl
Agriculture, forestry, fishing,	0.0	142.9	0.0
Mining	0.1	189.3	49.4
Utilities	0.2	516.9	96.0
Construction	0.3	118.7	45.4
Manufacturing	2.3	189.5	42.7
Wholesale trade	1.1	177.2	56.0
Retail trade	7.1	73.3	25.5
Transportation and warehousing	1.3	104.0	38.4
Information	0.6	223.8	47.5
Finance and insurance	1.3	206.8	52.2
Real estate and rental and leasing	2.7	227.4	18.1
Professional and scientific services	3.4	129.5	56.4
Management of companies	0.3	272.4	112.5
Admin and waste mgmt services	2.5	50.3	20.8
Educational services	0.5	57.1	21.8
Health care and social assistance	3.0	94.1	45.1
Arts, entertainment, and recreation	0.6	61.4	20.5
Accommodation	0.5	105.1	31.1
Food services and drinking places	2.4	53.3	16.9
Other services	1.7	95.5	29.2
Household	0.4	0.0	9.7
Total	32.2	117.2	34.5

8. Discussion of Revenue and Employment, and Economic Impact, for Retail Space and Restaurants

The methodology used for determining the economic impact of retail jobs is as follows.

First, the national figures for sales per square foot for 16 different categories of retail chain stores are taken from the 2009 Bizminer survey, as shown in Table 8-1.

Second, these figures are adjusted for sales per square foot in Clark County.

Third, these figures are multiplied by the projected number of square feet for each type of retail establishment, which provides revenue estimates. These are also shown in Table 8-1 for retail stores, and are estimated to be 70,000 square feet of stores plus 4,760 square feet for the restaurant, for a total of 74,760 square feet of retail space.

Fourth, the retail sales (but not restaurant) figures are converted from sales to value added by multiplying by the average retail margin of 0.45; that step is necessary because in all input/output models, the trade sector figures for “output” are actually value added.

Fifth, the value added figures for retail sales are multiplied by the RIMS II final demand multiplier of 19.93 for retail sales in Clark County, and the sales figures for restaurants are multiplied by 25.075. Those results are shown in Tables 8-3 and 8-4.

Table 8-1. Calculation of Retail Sales for Coronado Canyons Building

Category	sal/emp	sal/emp	Ratio	Sales/sf	Sales/sf	Square Feet	Sales Mil \$
	Natl	Clark		Natl	Clark		
Auto parts, accessories	151.9	157.6	1.038	198	206		
Furniture, home furnishings	191.6	239.8	1.07	243	260		
Electronics and appliances	224.1	227	1.194	769	918	10	9.2
Bldg materials	239.6	233.9	0.976	281	274		
Food and beverage	190.2	191.6	0.874	559	489	10	4.9
Pharmacies	247.6	182	1.389	911	1265	5	6.3
Clothing stores	123.9	162.9	1.282	329	422	10	4.2
Shoe stores	127.1	294.8	1.541	354	546	5	2.7
Jewelry, luggage	191.4	148.6	1.136	783	889	5	4.4
Sporting goods, hobby	135.5	161.2	1.35	234	316	5	1.6
Books, magazines	119.3	228.6	1.094	238	260		
General merchandise	208.9	182.9	1.07	548	586	10	5.9
Misc stores	131.1	144.8	1.104	175	193	10	1.9
Total						70	41.1

Key to Table 8-1.

Sal/emp, Natl = sales per employee, national, \$000s, 2007 Economic Census

Sal/emp, Clark= sales per employee, Clark County, \$000s, 2007 Economic Census

Ratio = Col (2)/Col (1)

Sales/sf, Natl = sales per square foot from 2009 Bizminer survey

Sales/sf, Clark = sales per square foot for Clark County equals national * ratio

Square Feet = assumed square feet for each type of sales in Spring Mountain building

Sales = square feet times sales/sf for Clark County, Mil \$

The sales per square foot for restaurants are based on data taken from the Retail Traffic Magazine website and shown in Table 8-2. According to these figures, restaurant sales for major chains average about \$550 per square foot.

Table 8-2. Sales of Restaurants by Major Chain

Chain	Units	Average Sq. Ft.	Seats	Annual (\$millions)	Sales
Cheesecake Factory	76	11,000	340	\$11	\$1,000
P.F. Chang's	90	6,700	215	\$5.70	\$851
Cracker Barrel	484	10,000	187	\$4.10	\$410
Olive Garden	532	8,000	235	\$3.90	\$488
Red Lobster	680	6,600	190	\$3.70	\$561
Outback Steakhouse	665	6,200	247	\$3.40	\$548
Macaroni Grill	198	7,100	265	\$3.30	\$465
Carraba's	133	6,650	255	\$3.10	\$466
Joe's Crab Shack	138	8,000	215	\$3.10	\$388
Chili's	711	5,400	210	\$3	\$556
California Pizza Kitchen	135	5,000	150	\$2.90	\$580
Red Robin	110	6,400	200	\$2.90	\$453
O'Charley's	206	6,750	255	\$2.80	\$415
Longhorn Steakhouse	180	5,100	190	\$2.60	\$510
Applebee's	372	4,850	185	\$2.20	\$454
Ruby Tuesday	449	5,100	205	\$2.20	\$431
Average		108,850		60	\$550

The retail sales revenue of \$41.1 million, and the restaurant sales of \$2.6 million, are entered in the RIMS II model, and the results are shown in the next two tables.

Table 8-3. Increase in Employment, Output, and Earnings for \$41.1 Million of

Retail Sales (\$18.5 Million of Value Added) and \$2.6 Million of Restaurant Sales			
Industry Group	Employment	Output	Earnings
Agriculture, forestry, fishing,	0.0	2	0
Mining	0.0	2	0
Utilities	1.0	508	98
Construction	1.6	187	72
Manufacturing	3.6	663	145
Wholesale trade	3.4	604	192
Retail trade	270.6	19819	6912
Transportation and warehousing	9.2	853	357
Information	4.2	852	207
Finance and insurance	6.2	1286	327
Real estate and rental and leasing	21.1	3468	310
Professional and scientific services	9.2	1022	482
Management of companies	2.2	592	244
Admin and waste mgmt services	14.3	744	300
Educational services	2.2	130	50
Health care and social assistance	12.3	1154	553
Arts, entertainment, and recreation	3.5	214	70
Accommodation	1.8	188	57
Food services and drinking places	59.4	3173	1005
Other services	6.5	635	192
Household	1.5	0	15
Total	433.7	36096	11587

Table 8-3 shows that the operations from the retail stores and restaurants would create a total of 434 new jobs, with an increase in output of about \$36.1 million, and an increase in household earnings of about \$11.6 million. Table 8-4 shows that the average output (value added) per retail sales employee is about \$73,200, and average annual earnings are about \$25,500. For restaurants, the comparable figures are \$53,400 for output and \$16,900 for earnings; the latter figure excludes most tips. For all new workers, the comparable figures are \$83,200 for output per worker and \$26,700 for average annual earnings.

Table 8-4. Output and Earnings per New Worker for \$41.1 Million of Retail Sales

and \$2.6 Million of Restaurant Sales			
Industry Group	Employment	Output/Empl	Earnings/Empl
Agriculture, forestry, fishing,	0.0	112.7	0.0
Mining	0.0	176.3	0.0
Utilities	1.0	499.6	96.7
Construction	1.6	119.1	45.9
Manufacturing	3.6	186.1	40.7
Wholesale trade	3.4	177.0	56.2
Retail trade	270.6	73.2	25.5
Transportation and warehousing	9.2	93.2	39.0
Information	4.2	202.7	49.2
Finance and insurance	6.2	208.0	52.9
Real estate and rental and leasing	21.1	164.2	14.7
Professional and scientific services	9.2	111.5	52.6
Management of companies	2.2	272.2	112.2
Admin and waste mgmt services	14.3	52.2	21.0
Educational services	2.2	58.6	22.4
Health care and social assistance	12.3	94.0	45.0
Arts, entertainment, and recreation	3.5	60.5	19.7
Accommodation	1.8	104.9	31.5
Food services and drinking places	59.4	53.4	16.9
Other services	6.5	97.7	29.6
Household	1.5	0.0	9.8
Total	433.7	83.2	26.7

9. Discussion of Revenue and Employment, and Economic Impact, for Office Space

We start this section by estimating the number of direct employees per square foot. The number of lawyers and similar professions per square foot for office buildings can be taken from data supply by the U.S. Energy Information Agency. As part of its comprehensive study on energy use, the Energy Information Agency prepares annual estimates on the amount of energy used by type and size of commercial building. This study also estimates the number of mean square feet per worker by type of building. Their figure for office buildings, 434 square feet per worker, is used in this study. The complete table from the EIA study is given below, in Table 9-1.

Table 9-1. Estimates of Square Feet per Worker by Type of Building

	Number of Buildings (thousand)	Total Floorspace (million square feet)	Total Workers in All Buildings (thousand)	Mean Square Feet per Building (thousand)	Mean Square Feet per Worker	Mean Hours per Week
All Buildings*	4,645	64,783	72,807	13.9	890	61
Building Floorspace (Square Feet)						
1,001 to 5,000	2,552	6,789	9,936	2.7	683	57
5,001 to 10,000	889	6,585	7,512	7.4	877	61
10,001 to 25,000	738	11,535	10,787	15.6	1,069	67
25,001 to 50,000	241	8,668	8,881	35.9	976	72
50,001 to 100,000	129	9,057	8,432	70.4	1,074	80
100,001 to 200,000	65	9,064	11,632	138.8	779	89
200,001 to 500,000	25	7,176	6,883	289.0	1,043	100
Over 500,000	7	5,908	8,744	896.1	676	115
Principal Building Activity						
Education	386	9,874	12,489	25.6	791	50
Food Sales	226	1,255	1,430	5.6	877	107
Food Service	297	1,654	3,129	5.6	528	86
Health Care	129	3,163	6,317	24.6	501	59
Inpatient	8	1,905	3,716	241.4	513	168
Outpatient	121	1,258	2,600	10.4	484	52
Lodging	142	5,096	2,457	35.8	2,074	167
Retail (Other Than Mall)	443	4,317	3,463	9.7	1,246	59
Office	824	12,208	28,154	14.8	434	55
Public Assembly	277	3,939	2,395	14.2	1,645	50
Public Order and Safety	71	1,090	1,347	15.5	809	103
Religious Worship	370	3,754	1,706	10.1	2,200	32
Service	622	4,050	3,667	6.5	1,105	55
Warehouse and Storage	597	10,078	4,369	16.9	2,306	66
Other	79	1,738	1,819	21.9	956	63

However, an additional adjustment should be made. The 434 square feet per person assumes that the professionals in those offices need space for customer

accommodations, which is indeed the case for lawyers and other professions such as advertising executives or public relations firms. However, for other types of businesses, the number of square feet per employee is substantially smaller, and the number of employees larger, since it is not necessary to have reception areas, conference rooms, and other similar amenities for customers.

For example, data available on 10 web sites of companies who specialize in research and development reveals the following number of square feet per employee: 250, 215, 219, 230, 250, 200, 200, 300, 300 and 250 -- for an average of 245 square feet per employee. Hence a 100,000 square foot office building housing those types of businesses would have 408 employees, or 77% more than the example given above.

In terms of office staffing and space requirements for computer programmers, the layout would probably be similar to a company such as Amazon or Google. Amazon states that it allocates 180 to 250 square feet per programming employee, although the higher number is reserved for senior level personnel. Google states that it allocates 150 to 200 square feet per programming employee. Other similar office arrangements, based on Internet data, also show figures of 150 to 200 square feet per employee.

In terms of other professional offices, it is assumed that the average number of space per employee will be midway between the 250 square foot figure for civic organizations and the 434 square foot figure for lawyers and accountants, or 342 square feet per employee. That provides room for some conference and meeting rooms, but less space for luxurious lobbies and reception areas. That is the figure used in this study.

Since the type of tenants that would occupy this office building is not yet known, we use a combination of six different types of professions, as shown below in Table 9-1. For the calculations in this table, it is assumed that the 434 sq ft/employee figures applies to lawyers and advertising/public relationship, the 342 sq ft/employee figure applies to architects/engineers and consultants, and the 250 sq ft/employee figure applies to accountants/tax preparers and computer system and design services. The total amount of office space is 13,800 square feet, and is assumed to be divided equally among the six professions, which is 2,300 square feet for each type of profession given below in Table 9-2.

Table 9-2. Estimate of Job Creation for Office Space

Category	Rev/e	FD		direct		total
		mult	e/sqft	jobs	rev	Jobs
Offices of lawyers	175.3	15.51	434	5.3	0.93	14.4
Accounting, tax preparation, bookkeeping, and payroll services	85.4	19.99	250	9.2	0.79	15.7
Architectural, engineering, and related services	197	14.37	342	6.7	1.32	19.0
Computer systems design services	163.7	16.87	250	9.2	1.51	25.4
Consultants	159.2	16.58	342	6.7	1.07	17.8

Advertising, public relations, and related services	257.3	16.54	434	5.3	1.36	22.6
Total Office				42.4	6.98	114.9

Key to Table 9-2.

Rev/e, revenue per employees, Clark County, 2007 Economic Census, \$000/yr

FD mult = RIMS II Final Demand multiplier for Clark County

e/sq ft = employees per 1000 sq ft, see previous table and associated commentary

empl = employees, calculated as 2,300 sq ft divided by previous column

rev = revenue, equals employees times revenue/employee, millions of \$

jobs = RIMS II final demand multiplier times revenue

All figures are calculated from unrounded numbers

Table 9-3 and 9-4 show the economic impact of operations in 13,800 square feet of office space.

Table 9-3. Increase in Employment, Output, and Earnings for 13,800 Square Feet of Professional Office Space

Industry Group	Employment	Output	Earnings
Agriculture, forestry, fishing,	0.0	1	0
Mining	0.0	1	0
Utilities	0.2	122	23
Construction	0.5	55	21
Manufacturing	1.1	199	46
Wholesale trade	1.0	172	55
Retail trade	7.2	528	184
Transportation and warehousing	2.5	242	97
Information	1.8	355	78
Finance and insurance	2.4	501	128
Real estate and rental and leasing	6.2	1186	94
Professional and scientific services	66.7	7620	3425
Management of companies	0.7	186	77
Admin and waste mgmt services	6.9	329	142
Educational services	0.9	49	19
Health care and social assistance	5.2	485	232
Arts, entertainment, and recreation	1.8	116	37
Accommodation	1.2	128	38
Food services and drinking places	5.7	305	96
Other services	2.5	245	73
Household	0.6		6
Total	115.0	12824	4871

Table 9-3 shows that the operations of the office space would create 115 new jobs. The increase in output would be about \$12.8 million, and the increase in household earnings would be about \$4.9 million. Table 9-4 shows that the average output per new worker would be about \$115,000, and average annual earnings would be about \$42,300.

Table 9-4. Output and Earnings Per New Worker for 13,800 Square Feet of Professional Office Space

Industry Group	Employment	Output/Empl	Earnings/Empl
Agriculture, forestry, fishing,	0.0	157.5	0.0
Mining	0.0	150.7	24.0
Utilities	0.2	511.1	95.9
Construction	0.5	118.7	45.2
Manufacturing	1.1	183.1	42.0
Wholesale trade	1.0	177.0	56.2
Retail trade	7.2	73.2	25.5
Transportation and warehousing	2.5	95.9	38.4
Information	1.8	203.0	44.7
Finance and insurance	2.4	207.1	52.8
Real estate and rental and leasing	6.2	192.5	15.2
Professional and scientific services	66.7	114.3	51.4
Management of companies	0.7	272.0	112.4
Admin and waste mgmt services	6.9	47.3	20.4
Educational services	0.9	57.4	22.4
Health care and social assistance	5.2	94.0	45.0
Arts, entertainment, and recreation	1.8	63.3	20.3
Accommodation	1.2	105.4	31.4
Food services and drinking places	5.7	53.4	16.9
Other services	2.5	98.1	29.3
Household	0.6	0.0	10.2
Total	115.0	111.5	42.3

10. Summary Statistics for Entire Project

The figures shown in Tables 10-1 and 10-2 are the summary of the tables presented in Sections (7), (8), and (9) and hence are shown for ease of exposition.

Table 10-1. Increase in Employment, Output, and Earnings, Renovation and Operation of Colorado Canyons Building

Industry Group	Employment	Output	Earnings
Agriculture, forestry, fishing,	0.0	3	0
Mining	0.1	24	5
Utilities	1.4	711	136
Construction	2.3	272	105
Manufacturing	6.9	1291	287
Wholesale trade	5.4	964	306
Retail trade	284.9	20865	7277
Transportation and warehousing	13.0	1231	504
Information	6.6	1351	316
Finance and insurance	9.9	2047	520
Real estate and rental and leasing	30.0	5278	453
Professional and scientific services	79.2	9078	4097
Management of companies	3.2	867	358
Admin and waste mgmt services	23.8	1200	495
Educational services	3.6	207	80
Health care and social assistance	20.4	1921	920
Arts, entertainment, and recreation	6.0	370	120
Accommodation	3.5	365	109
Food services and drinking places	67.5	3608	1143
Other services	10.7	1043	315
Household	2.5	0	25
Total	581.0	52695	17570

Table 10-1 shows there will be a total of 581 new jobs created from the renovation and operations of the Coronado Canyons building. The increase in output will be about \$52.7 million, and the increase in household earnings will be about \$17.6 million. Table 10-2 shows that the average output per new workers will be about \$90,700, and average annual earnings will be about \$30,200.

Table 10-2. Output and Earnings Per New Worker, Renovation and Operation of Colorado Canyons Building

Industry Group	Employment	Output/Empl	Earnings/Empl
Agriculture, forestry, fishing,	0.0	123.8	0.0
Mining	0.1	186.2	43.0
Utilities	1.4	503.5	96.5
Construction	2.3	118.9	45.7
Manufacturing	6.9	186.7	41.6
Wholesale trade	5.4	177.0	56.1
Retail trade	284.9	73.2	25.5
Transportation and warehousing	13.0	94.8	38.8
Information	6.6	204.8	47.8
Finance and insurance	9.9	207.6	52.8
Real estate and rental and leasing	30.0	175.8	15.1
Professional and scientific services	79.2	114.6	51.7
Management of companies	3.2	272.1	112.3
Admin and waste mgmt services	23.8	50.5	20.8
Educational services	3.6	58.1	22.3
Health care and social assistance	20.4	94.0	45.0
Arts, entertainment, and recreation	6.0	61.5	20.0
Accommodation	3.5	105.1	31.4
Food services and drinking places	67.5	53.4	16.9
Other services	10.7	97.5	29.5
Household	2.5	0.0	9.9
Total	581.0	90.7	30.2