

## SECTION 3: Feasibility Case Study

The motivation for preparing a case study development site was to inform the feasibility and implementation actions required by the Town, County and their private sector partners. It includes an assumed development program and feasibility findings.

- Purpose of Case Study
- Development Program Summary
- Financial Feasibility Findings

### Purpose of Study

The intent of the financial feasibility case study was to determine if certain development prototypes and uses:

- Were viable from a financial perspective;
- Were able to support the full cost of the proposed on-site parking (structured or surface parking); and
- Would potentially require public financing assistance in order to make the project financially feasible.

Several different development alternatives were identified, reviewed and analyzed in regard to the determination of financial feasibility. These alternatives included various combinations of:

- Commercial uses – retail, office and hotel fractional ownership units;
- Tenure – lease space (e.g. retail), ownership (e.g. office condominiums), etc.; and
- On-site parking – surface lots and structured parking.

The estimated development costs (land acquisition, construction, etc.) and revenue (lease income, sale proceeds, etc.) were based on current real estate market conditions for the Town of Gardnerville, adjusted for the size and type of the subject development alternatives and uses.

### Development Program Summary

This section presents information related to a particular development alternative as a means to present a summary of the general information derived from the review and analysis of various development alternatives. This alternative includes multiple proposed uses and structured parking (Exhibit 4A and 4B).

The site of the subject development alternative includes the existing properties located at the west and south corners of Highway 395 and Gilman Avenue. The combined site includes approximately 96,020 square feet or 2.20 acres. The west corner of the intersection is vacant with exception of some existing surface parking and an existing residential building. The south corner of the intersection is occupied with an existing commercial building (casino).

The proposed development includes commercial mixed-uses including retail lease space and office condominium space in one building, retail lease space and hotel units (fractional ownership units) in the second building and a parking garage as outlined below.

**Table 6:  
Summary of Development Program**

<u>Building</u>	<u>Site Area</u>	<u>Gross Building Area</u>	<u>Use(s)</u>
Building No. 1	0.41 acres	12,000 SF <u>12,000 SF</u> 24,000 SF	Retail lease space Office condominiums

Building No. 2	0.57 acres	12,000 SF <u>24,000 SF</u> 36,000 SF	Retail lease space Hotel fractional ownership units
Parking Garage	<u>1.22 acres</u>	<u>131,650 SF</u>	Public parking (348 spaces)
Total	2.20 acres	191,650 SF	

The on-site parking for the retail, office and hotel (fractional ownership units) is based on a suggested parking ratio of three (3) spaces per 1,000 square feet of building area, resulting in a need for approximately 180 spaces. This on-site parking is to be provided through a combination of surface parking (22 spaces) and spaces (158 spaces) in the proposed structured parking garage.

For the purposes of this study it is assumed that the two proposed commercial mixed-use buildings would be developed privately, and that the proposed parking garage would be developed publicly (either by the Town and/or Douglas County). The estimated development cost of the onsite parking (22 surface parking spaces and 158 structured parking spaces) is included in the estimated overall development cost for the overall development project.

**Financial Feasibility Findings**

Based on the financial feasibility analysis of the subject development alternatives, the following are certain key findings related to the financial feasibility of such development, and ability to financially support structured parking:

- The subject development alternatives are not able to financially support the cost of structured parking based on current market conditions (costs, revenues, etc.) without public support under current market conditions.
- The cost of the structured parking decreases the financial feasibility of commercial mixed-use development including retail, office (lease space or condominiums) and hotel fractional ownership units without public support under current market conditions.
- Assuming current rents and sales prices, the Town and/or Douglas County would need to financially participate in the provision of structured parking for proposed commercial mixed-use development, through direct financing/development of such parking and participation in agreements with the private sector to provide parking for certain commercial mixed-use development
- Surface parking (instead of structured parking) could be more cost effective initially (under current market conditions) depending on the proposed site and extent of land acquisition, demolition, site preparation and public improvement costs and may be a more feasible approach to an initial phase of a mixed-use project.
- Currently, commercial mixed-use development can probably only support the cost of on-site parking of approximately \$4,500 to \$6,000. This assumes either construction of surface parking or an in-lieu fee program.
- Parking standards tailored to urban downtown commercial and residential uses would help facilitate infill and mixed-use development through reduced on-site parking requirements, recognizing shared uses of private parking and availability of nearby public parking.
- Land acquisition costs potentially could negatively impact the economic feasibility of the subject commercial mixed-use development, particularly if a development site to be acquired includes substantial existing buildings/uses.

- Retail or office lease space (with structured parking) is challenged economically due to the fact that current achievable lease rates in the market would probably not fully support the overall cost of the building(s) and structured parking.
- Office condominium space and hotel fractional ownership units could enhance the economic feasibility of mixed-use development.
- Increased densities (e.g. commercial floor area or residential units) could increase economic feasibility by increasing the “economic productivity” of a development site.

Exhibit 4A

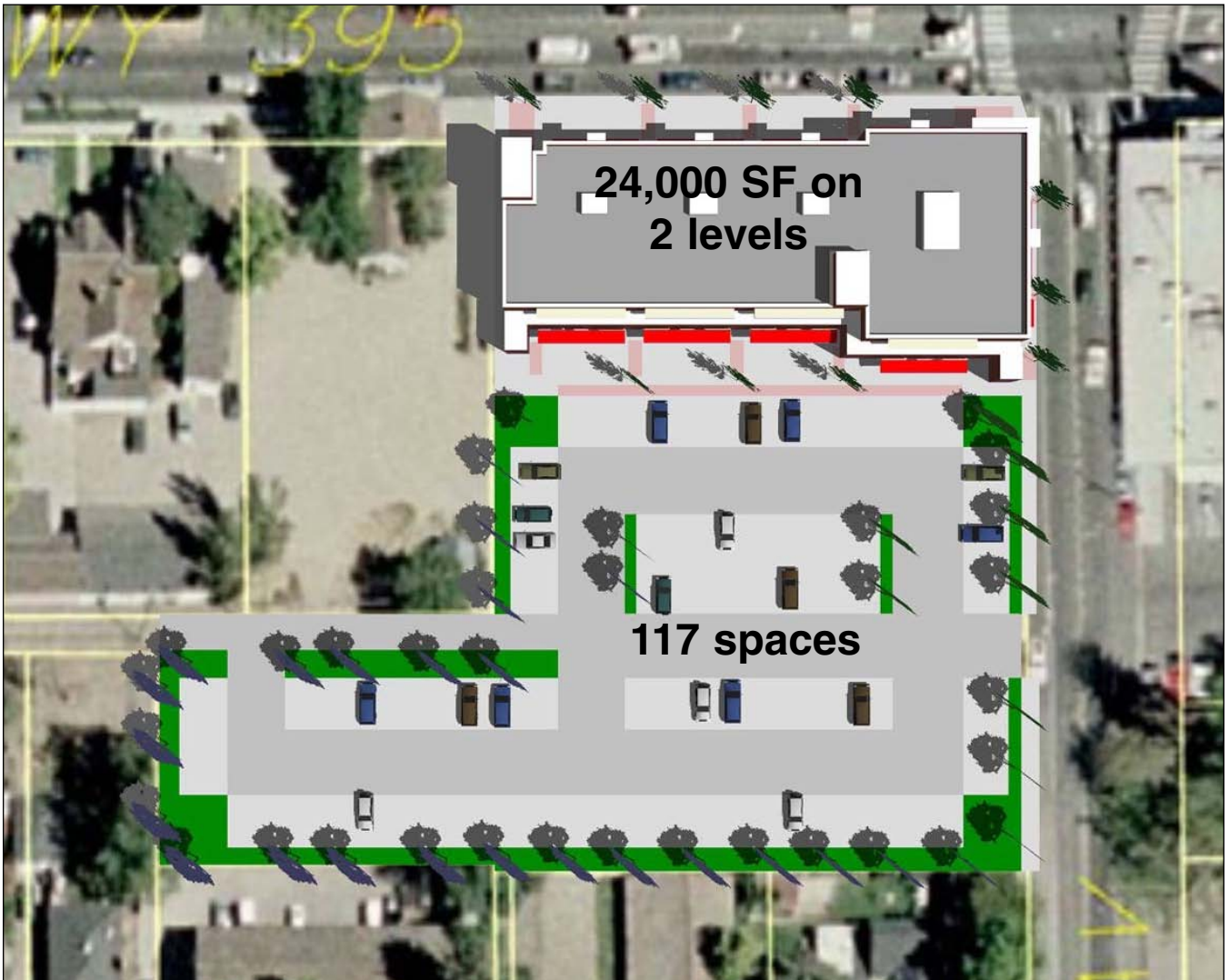


Exhibit 4B

