

**APN 021-261-04
ANNEXATION TO CITY OF
FERNLEY
Fiscal Impact Analysis**

DECEMBER 2019

Prepared by:

EKAY | ECONOMIC CONSULTANTS

550 West Plumb Lane
Suite B459
Reno, NV 89509
(775) 232-7203
www.ekayconsultants.com

Table of Contents

APN 021-261-04 Annexation Fiscal Impact Analysis

EXECUTIVE SUMMARY	I
INTRODUCTION.....	1
DEVELOPMENT DESCRIPTION.....	1
Figure 1. Preliminary Phase 1 Master Plan-Victory Logistics District	2
METHODOLOGY.....	3
FINDINGS	6
CITY OF FERNLEY.....	6
Table 1. Summary of Estimated City of Fernley Revenue Impacts	7
OTHER JURISDICTIONS	7
Table 2. Summary of Estimated North Lyon County Fire Protection District Revenue Impacts	8
Table 3. Summary of Estimated Lyon County Revenue Impacts.....	9
Table 4. Summary of Estimated Lyon County School District Revenue Impacts	10
LIMITING CONDITIONS & DISCLOSURES.....	11
APPENDICES	12

Executive Summary

APN 021-261-04 Annexation Fiscal Impact Analysis

EXECUTIVE SUMMARY

Ekey Economic Consultants, Inc. (EEC) of Reno, Nevada was retained to conduct a fiscal impact analysis of the annexation of a 170-acre parcel (APN 021-261-04) to the City of Fernley. The parcel is currently located in the unincorporated portion of Lyon County, while the majority of the proposed Victory Logistics District industrial project, which includes the subject parcel, is located in the City of Fernley.

The fiscal impact analysis focuses on this parcel only, estimating the impact of the parcel on the City of Fernley as if annexed to the City and developed as proposed with two industrial buildings with 1.18 million of building space. This parcel is likely to include an additional 800,000 to over 1.0 million square feet of industrial space given current plans to relocate the Rail Transload facility northeast of Buildings E-1 and E-2 as shown in the Preliminary Master Plan for the project. The impact of this additional square footage is not included in the analysis. Findings of the analysis are summarized below:

City of Fernley

- The project is estimated to generate a \$4.41 million in revenue over the 20-year analysis period for the City of Fernley. This includes revenue from property tax, sales tax, and building permit sources.
- The project is not estimated to generate any significant costs for the City of Fernley.
- The analysis, therefore, concludes the proposed project will have a positive fiscal impact on the City of Fernley.

Other Jurisdictions

- The project is estimated to generate \$1.72 million in property and sales tax revenue for the North Lyon County Fire Protection District General Fund over the 20-year analysis period. This revenue will help offset costs for the Fire District to provide fire services to the parcel.
- The project is estimated to generate \$5.41 million in property and sales tax revenue for Lyon County over the 20-year analysis period. This revenue will help offset costs for the County to provide law enforcement and county-level services to the parcel.
- The project is estimated to generate \$8.14 million in property and sales tax revenue for the Lyon County School District over the 20-year analysis period. The project will not directly generate costs for the School District, though project employees living in Lyon County will generate some School District costs to be offset by these revenues.

Introduction

APN 021-261-04 Annexation Fiscal Impact Analysis

INTRODUCTION

Ekay Economic Consultants, Inc. (EEC) of Reno, Nevada was retained to conduct a fiscal impact analysis of the annexation of a 170-acre parcel (APN¹ 021-261-04) to the City of Fernley. The parcel is currently located in the unincorporated portion of Lyon County, while the majority of the proposed Victory Logistics District industrial project, which includes the subject parcel, is located in the City of Fernley.

The fiscal impact analysis focuses on this parcel only, estimating the impact of the parcel on the City of Fernley as if annexed to the City and developed as proposed with two industrial buildings with 1.18 million of building space. This parcel is likely to include an additional 800,000 to over 1.0 million square feet of industrial space given current plans to relocate the Rail Transload facility northeast of Buildings E-1 and E-2 as shown in the Preliminary Master Plan for the project (Figure 1). The impact of this additional space is not included in the analysis. Parcel description, and methodology and findings of the fiscal impact analysis are described below.

DEVELOPMENT DESCRIPTION

Parcel 021-261-04 is part of a larger 4,300-acre Victory Logistics District development proposed for the City of Fernley. The proposed Phase I Master Plan information for the District is summarized below in Figure 1. The subject parcel is expected to house buildings H-1 and H-2 totaling 1.18 million square feet of industrial space, with the potential to add another 800,000 to 1.0 million square feet after moving the rail transload facility as previously noted.

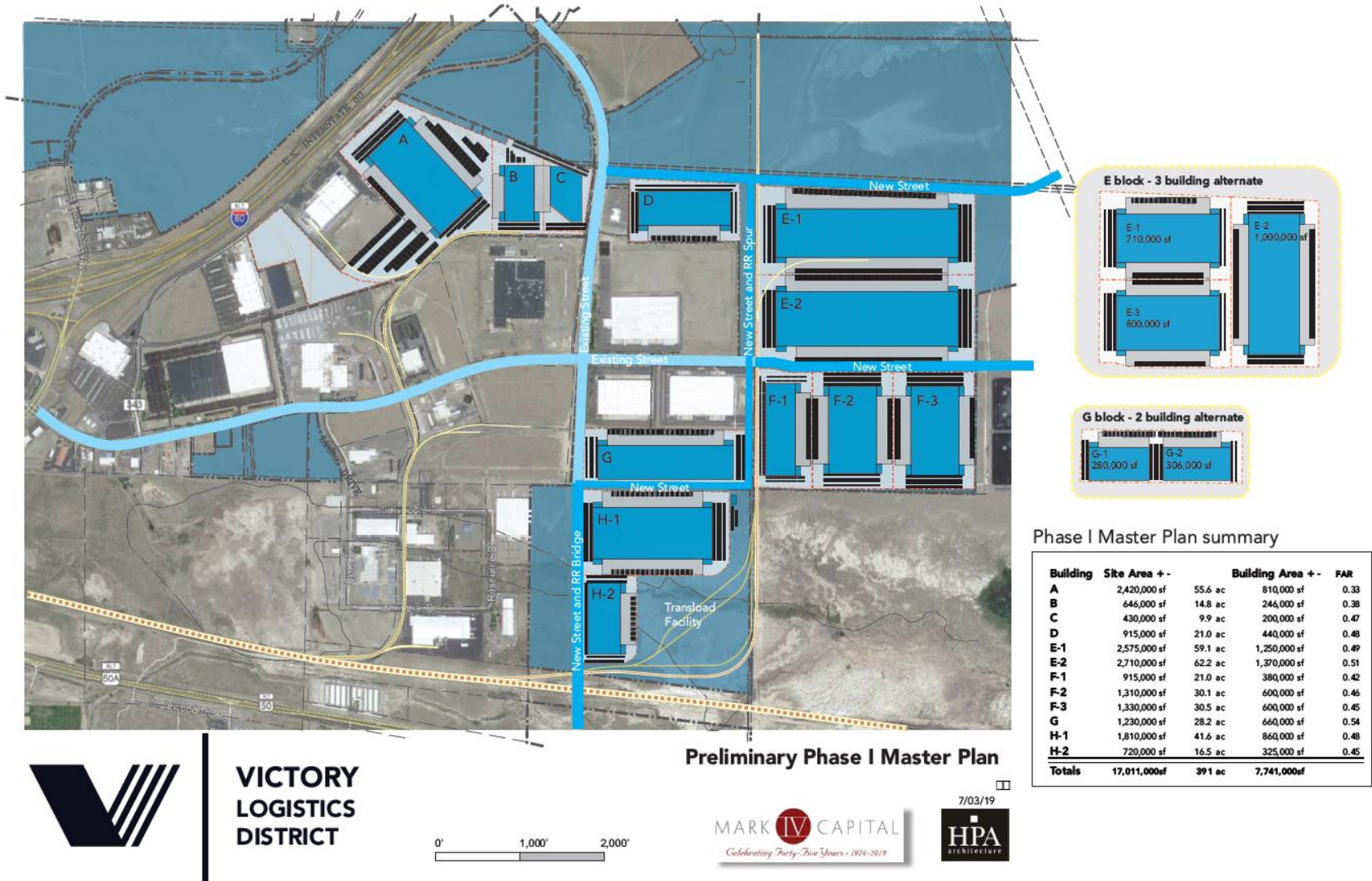
The parcel provides the critical path for the extension of Nevada Pacific Pkwy to connect to US 50A and expanded rail service necessary for the successful development of the Victory Logistics District and improved road and railroad access to the region. As a result, the annexation of this parcel, which is surrounded on all sides by the City of Fernley, is critical for the successful development of the proposed District.

¹ Assessor Parcel Number (APN).

Introduction

APN 021-261-04 Annexation Fiscal Impact Analysis

Figure 1. Preliminary Phase 1 Master Plan-Victory Logistics District

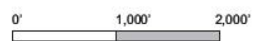


Phase I Master Plan summary

Building	Site Area +- sf	ac	Building Area +- sf	FAR
A	2,420,000	55.6	810,000	0.33
B	646,000	14.8	246,000	0.38
C	430,000	9.9	200,000	0.47
D	915,000	21.0	440,000	0.48
E-1	2,575,000	59.1	1,250,000	0.49
E-2	2,710,000	62.2	1,370,000	0.51
F-1	915,000	21.0	380,000	0.42
F-2	1,310,000	30.1	600,000	0.46
F-3	1,330,000	30.5	600,000	0.45
G	1,230,000	28.2	660,000	0.54
H-1	1,810,000	41.6	860,000	0.48
H-2	720,000	16.5	325,000	0.45
Totals	17,011,000sf	391 ac	7,741,000sf	



VICTORY LOGISTICS DISTRICT



Methodology

APN 021-261-04 Annexation Fiscal Impact Analysis

METHODOLOGY

Buildout assumptions for the development provide the foundation on which the fiscal impact analysis is based. These assumptions are presented in Appendix 1 and represent information provided by the developer based on past experience and existing market data. As mentioned above, while the subject parcel is part of the larger Victory Logistics District project, this fiscal impact analysis focuses only on the subject parcel and its impact on the City of Fernley once annexed and developed.

Appendix 1 shows annually the number of building square feet constructed, land and improvement taxable values, and construction materials costs for the subject parcel. *It should be noted that information in Appendix 1 is based on the best information available to the developer and EEC as of the date of the report and may change as the project moves through the approval process and begins development. This fiscal impact analysis may be revised if such changes occur.*

Buildout assumptions shown in Appendix 1 are used to estimate revenue and costs generated by the development for the City of Fernley, as well as selected other jurisdictions. Appendices at the end of this report present revenue projections on an annual basis over the analysis period. Assumptions used in developing these estimates are presented at the end of each appendix.

The following important assumptions were made in this analysis:

1. Rail construction on the subject parcel is expected to be completed by the end of 2020, with parcel development starting in 2021.
2. The subject parcel is expected to be developed for industrial uses. As a result, the project is not expected to directly add residents to the City of Fernley or Lyon County. The project will require employees for the companies operating on the subject parcel, once developed. However, due to relatively low housing vacancy rates in the City of Fernley, new employees to the area will require additional housing to be constructed.

Methodology

APN 021-261-04 Annexation Fiscal Impact Analysis

The fiscal impact of these resulting residents will be considered as part of any proposed residential projects, not the industrial development proposed for the parcel.

3. The analysis includes revenue estimates from three sources: property tax, sales tax, and building permits.

Property Tax Revenue

Property tax revenue (Appendix 2) for the City and select jurisdictions is estimated over the 20-year analysis period starting in 2021. As the subject parcel is currently located in unincorporated Lyon County, all property tax revenue generated by the project's annexation and buildout will be new revenue for the City.

Revenue is estimated based on construction costs projected for the subject parcel and taxable land values for developed industrial parcels surrounding the subject parcel. The analysis estimates real property tax revenue only, the project will also generate personal property revenue from its machinery and equipment. However, the value of this equipment is unknown and is conservatively excluded from the analysis.

Sales Tax Revenue

Sales tax revenue (Appendix 3) is estimated for purchases of construction materials during the construction of the project only. The analysis estimates the value of construction purchases at 50% of project construction costs with 75% of all purchases assumed to be made in or shipped to Lyon County, and therefore, taxable in the County.

The project will also generate sales tax revenue from purchases of machinery and equipment. However, the value of this equipment is unknown and is conservatively excluded from the analysis.

Lyon County is currently a "guaranteed" county in terms of the Supplemental City-County Relief (SCCRT) sales tax rate. This means the County receives a certain amount of SCCRT revenue regardless of the amount of taxable sales generated in the

Methodology

APN 021-261-04 Annexation Fiscal Impact Analysis

County. The analysis estimates the County will be ineligible to remove its guaranteed status as a result of the project's construction or operation. As the project is not expected to directly add any new residents to the City or the County, no additional SCCRT revenue is estimated.

Building Permit Revenue

Building permit revenue for the City of Fernley (Appendix 4) is estimated using suggested building valuation for industrial buildings and the City's existing building permit rates. This is one-time revenue occurring only during the construction of the project.

Other Revenue

City of Fernley receives revenue from other sources, including various other licenses and permits, intergovernmental, and fines and forfeits. The majority of these revenues, such as liquor, gaming, and animal license fees are resident-driven revenues and, as discussed above, the project will not directly generate new residents for the City. The subject parcel's operations may impact some revenues such as business licenses and gas taxes, but the impact is difficult to estimate and is conservatively excluded from the analysis.

4. The analysis does not estimate any City of Fernley costs associated with the subject parcel annexation and development. This is based on a number of reasons. Public safety services to the parcel will be provided by Lyon County (Sheriff) and North Lyon County Fire Protection District (Fire). These services will be provided to the parcel whether it is annexed to the City of Fernley or remains in Lyon County.

As discussed above, the parcel is not expected to direct generate any costs for typically resident-related services-Judicial, Animal Control, and Cemetery departments. The parcel will be developed as part of the larger Victory Logistics District, which is already located in the City of Fernley. The Victory Logistics District will create costs

Methodology

APN 021-261-04 Annexation Fiscal Impact Analysis

for the City Engineering, Building, and Planning departments, with the parcel generating only a small incremental cost compared to the cost of the entire project.

The subject parcel will include a number of new streets, including the extension of the Nevada Pacific Parkway. These streets will provide access to the remainder of the Victory Logistics District development and improved regional access between I-80 and US 50A. As these streets will provide benefits to the entire District and the region, costs of street maintenance need to be considered in the context of the entire Victory Logistics District, not only the subject parcel, which will directly generate only a small portion of these costs.

Utilities provided to the project by the City are provided through a proprietary fund, with occupants of parcel buildings paying for any costs of water and sewer provision at no additional cost to the City.

Finally, administrative costs, such as those associated with Attorney, Finance, Clerk, and other departments are expected to be minimal, as they provide services to other departments, which are not expected to be significantly impacted by the annexation and development of the subject parcel, as discussed above. As a result, the analysis does not expect the annexation and development of the subject parcel to have a significant impact on City of Fernley services and no costs are estimated in this analysis.

FINDINGS

The findings of the fiscal impact analysis are presented below with summaries for estimated impacts for the City of Fernley and other impacted jurisdictions.

CITY OF FERNLEY

Table 1 below summarizes the estimated revenue impact of the project on the City of Fernley over the 20-year analysis period. Detailed methodology and calculations for these estimates are found in Appendices 2-4. The table shows the project is estimated to result in a revenue surplus for the City of Fernley in the amount of \$4.41 million over the

Findings

APN 021-261-04 Annexation Fiscal Impact Analysis

analysis period. ***As a result, the analysis concludes the annexation and development of the subject parcel will have a positive fiscal impact on the City of Fernley.***

Table 1. Summary of Estimated City of Fernley Revenue Impacts

Year	Property Tax Revenue	Sales Tax Revenue	Building Permit Revenue	Total Revenue
2021	\$ 142,181	\$ 1,013	\$ 586,430	\$ 729,623
2022	146,446	-	-	146,446
2023	150,840	-	-	150,840
2024	155,365	-	-	155,365
2025	160,026	-	-	160,026
2026	164,827	-	-	164,827
2027	169,772	-	-	169,772
2028	174,865	-	-	174,865
2029	180,111	-	-	180,111
2030	185,514	-	-	185,514
2031	191,079	-	-	191,079
2032	196,812	-	-	196,812
2033	202,716	-	-	202,716
2034	208,798	-	-	208,798
2035	215,062	-	-	215,062
2036	221,513	-	-	221,513
2037	228,159	-	-	228,159
2038	235,004	-	-	235,004
2039	242,054	-	-	242,054
2040	249,315	-	-	249,315
TOTAL	\$ 3,820,458	\$ 1,013	\$ 586,430	\$ 4,407,900

OTHER JURISDICTIONS

North Lyon County Fire Protection District

Fire protection services will be provided to the project by the North Lyon County Fire Protection District. The District receives revenues primarily from property and sales tax, as well as other sources. Appendices 2 and 3 of the report estimate property and sales tax revenue generated by the project for the Fire Protection District. These revenues will be used to offset any costs for the District associated with the subject parcel. These costs are not expected to be significant as the District is already providing services to the surrounding parcels and due to the industrial nature of the project, which typically generates fewer calls for service than other land uses.

Findings

APN 021-261-04 Annexation Fiscal Impact Analysis

Table 2 shows the 20-year estimated revenue impact of the project on the North Lyon County Fire Protection District, by year. The table shows the project is estimated to generate property and sales tax revenue for the District in the amount of \$1.72 over the 20-year analysis period.

Table 2. Summary of Estimated North Lyon County Fire Protection District Revenue Impacts

Year	Property Tax Revenue	Sales Tax Revenue	Total Revenue
2021	\$ 63,891	\$ 1,048	\$ 64,939
2022	65,808	-	65,808
2023	67,782	-	67,782
2024	69,816	-	69,816
2025	71,910	-	71,910
2026	74,068	-	74,068
2027	76,290	-	76,290
2028	78,578	-	78,578
2029	80,936	-	80,936
2030	83,364	-	83,364
2031	85,865	-	85,865
2032	88,441	-	88,441
2033	91,094	-	91,094
2034	93,827	-	93,827
2035	96,641	-	96,641
2036	99,541	-	99,541
2037	102,527	-	102,527
2038	105,603	-	105,603
2039	108,771	-	108,771
2040	112,034	-	112,034
TOTAL	\$ 1,716,783	\$ 1,048	\$ 1,717,831

Lyon County

Lyon County will provide law enforcement and county-level services to the project, as well as receive revenues from property tax, sales tax, and other sources. Appendices 2 and 3 estimate revenues for the County from property tax and sales tax sources.

These revenues will be used to offset any costs for the County associated with the subject parcel. These costs are not expected to be significant as the County is already providing

Findings

APN 021-261-04 Annexation Fiscal Impact Analysis

services to the surrounding parcels and due to the industrial nature of the project, which typically generates fewer calls for service than other land uses.

Table 3. Summary of Estimated Lyon County Revenue Impacts

Year	Property Tax Revenue	Sales Tax Revenue	Total Revenue
2021	\$ 195,699	\$ 151,066	\$ 346,764
2022	201,570	-	201,570
2023	207,617	-	207,617
2024	213,845	-	213,845
2025	220,261	-	220,261
2026	226,868	-	226,868
2027	233,675	-	233,675
2028	240,685	-	240,685
2029	247,905	-	247,905
2030	255,342	-	255,342
2031	263,003	-	263,003
2032	270,893	-	270,893
2033	279,020	-	279,020
2034	287,390	-	287,390
2035	296,012	-	296,012
2036	304,892	-	304,892
2037	314,039	-	314,039
2038	323,460	-	323,460
2039	333,164	-	333,164
2040	343,159	-	343,159
TOTAL	\$ 5,258,498	\$151,066	\$ 5,409,564

Table 3 shows the estimated revenue impact of the project on Lyon County, by year, totaling \$5.41 million over the 20-year analysis period.

Lyon County School District

Lyon County School District will receive revenues from property tax, sales tax, and other sources generated by the subject parcel. Appendices 2 and 3 estimate revenues for the School District from property tax and sales tax sources. No costs for the School District associated with the project are estimated as the subject parcel will not directly generate any costs for the School District.

Findings

APN 021-261-04 Annexation Fiscal Impact Analysis

Table 4 shows the estimated revenue impact of the project on the Lyon County School District, by year, totaling \$8.14 million over the 20-year analysis period.

Table 4. Summary of Estimated Lyon County School District Revenue Impacts

Year	Property Tax Revenue	Sales Tax Revenue	Total Revenue
2021	\$ 281,674	\$ 573,355	\$ 855,029
2022	290,124	-	290,124
2023	298,828	-	298,828
2024	307,793	-	307,793
2025	317,026	-	317,026
2026	326,537	-	326,537
2027	336,333	-	336,333
2028	346,423	-	346,423
2029	356,816	-	356,816
2030	367,520	-	367,520
2031	378,546	-	378,546
2032	389,902	-	389,902
2033	401,600	-	401,600
2034	413,648	-	413,648
2035	426,057	-	426,057
2036	438,839	-	438,839
2037	452,004	-	452,004
2038	465,564	-	465,564
2039	479,531	-	479,531
2040	493,917	-	493,917
TOTAL	\$7,568,681	\$ 573,355	\$ 8,142,036

Limiting Conditions & Disclosures

APN 021-261-04 Annexation Fiscal Impact Analysis

LIMITING CONDITIONS & DISCLOSURES

In the preparation of this report, EEC asserts:

- The report is to be used in its entirety, and no part is to be used without the whole.
- In preparing this report, EEC relied on information provided by other individuals or found in previously existing records and/or documents. This information is assumed to be reliable. However, no warranty, either expressed or implied, is given by EEC for the accuracy of such information and EEC assumes no responsibility for information relied upon later found to have been inaccurate.
- EEC may amend this report in the event additional documents and/or other material discovered subsequent to the submission of this report and pertinent to the report and/or the conclusions contained herein are made available.
- EEC assumes no responsibility for economic, physical, or demographic factors, which may affect or alter the opinions of this report if said economic, physical or demographic factors were not present or known as of the date of this report.
- Possession of this report, or a copy of this report, does not carry with it the right of publication. Without the consent of EEC, this report may not be used for any purpose by any person other than the party for whom this report was prepared.

APPENDICES

**APPENDIX 1
BUILDOUT ASSUMPTIONS**

<u>YEAR</u>	<u>USE TYPE</u>	<u>SQ.FT. ADDED</u>	<u># OF ACRES</u>	<u>LAND VALUE</u>	<u>IMPROV. VALUE</u>	<u>CONSTRUCT. MATERIALS</u>
2021	Building H-1	860,000	41.60	\$ 729,369	\$ 43,000,000	\$ 21,500,000
	Building H-2	325,000	16.50	289,293	16,250,000	8,125,000
	Open Space/Roads	-	112.03	119,563	-	-
Subtotal		1,185,000	170.13	\$ 1,138,225	\$ 59,250,000	\$ 29,625,000

APPENDIX 1, ASSUMPTIONS:

1. The following information represents the Developer's best estimate and market data as of the date of this report:

	<u>Building Square Feet</u>	<u>Land Acres</u>	<u>Land Value/Acre</u>	<u>Improvement Value/Sq. Ft.</u>	<u>Total Land Value</u>	<u>Total Improv. Value</u>
Building H-1	860,000	41.60	\$ 17,533	\$ 50.00	\$ 729,369	\$ 43,000,000
Building H-2	325,000	16.50	17,533	50.00	289,293	16,250,000
Other	-	112.03	1,067	-	119,563	-
Total	1,185,000	170.13			\$ 1,138,225	\$ 59,250,000

Source: Development acreage, buildout schedule, square footage, and construction cost data from Developer. "Other" uses include open space, road, and railroad space.

Land value information from actual taxable values for similar surrounding land uses (LU 150 and 500) in the City of Fernley, data from Lyon County Assessor's website for FY 2019-20.

2. Construction Materials Cost: **50%** of construction cost is assumed to be materials cost.

Source: Discussions with contractors.

**APPENDIX 2
ESTIMATED PROPERTY TAX REVENUE**

YEAR	LAND USE	ANNUAL INCREMENTAL TAXABLE VALUE OF		CUMULATIVE TAXABLE VALUE	CITY OF FERNLEY	LYON COUNTY		NORTH LYON CO. FIRE	LYON COUNTY SCHOOL DISTRICT	
		LAND	IMPROVS.			GENERAL FUND	SPECIAL REVENUE		GENERAL	DEBT
2021	Building H-1	\$ 729,369	\$ 43,000,000	\$ 43,729,369						
	Building H-2	289,293	16,250,000	16,539,293						
	Open Space/Roads	119,563	-	119,563						
	Subtotal	1,138,225	59,250,000	60,388,225	\$ 142,181	\$ 161,983	\$ 33,716	\$ 63,891	\$ 158,042	\$ 123,631
2022	Building H-1	-	-	45,041,250						
	Building H-2	-	-	17,035,472						
	Open Space/Roads	-	-	123,150						
	Subtotal	-	-	62,199,872	\$ 146,446	\$ 166,842	\$ 34,727	\$ 65,808	\$ 162,784	\$ 127,340
2023	Building H-1	-	-	46,392,487						
	Building H-2	-	-	17,546,536						
	Open Space/Roads	-	-	126,845						
	Source: Development ac	-	-	64,065,868	\$ 150,840	\$ 171,848	\$ 35,769	\$ 67,782	\$ 167,667	\$ 131,161
2024	Building H-1	-	-	47,784,262						
	Building H-2	-	-	18,072,932						
	Open Space/Roads	-	-	130,650						
	Subtotal	-	-	65,987,844	\$ 155,365	\$ 177,003	\$ 36,842	\$ 69,816	\$ 172,697	\$ 135,095
2025	Building H-1	-	-	49,217,790						
	Building H-2	-	-	18,615,120						
	Open Space/Roads	-	-	134,569						
	Subtotal	-	-	67,967,479	\$ 160,026	\$ 182,313	\$ 37,947	\$ 71,910	\$ 177,878	\$ 139,148
2026	Building H-1	-	-	50,694,324						
	Building H-2	-	-	19,173,574						
	Open Space/Roads	-	-	138,607						
	Subtotal	-	-	70,006,504	\$ 164,827	\$ 187,783	\$ 39,086	\$ 74,068	\$ 183,215	\$ 143,323
2027	Building H-1	-	-	52,215,153						
	Building H-2	-	-	19,748,781						
	Open Space/Roads	-	-	142,765						
	Subtotal	-	-	72,106,699	\$ 169,772	\$ 193,416	\$ 40,258	\$ 76,290	\$ 188,711	\$ 147,622
2028	Building H-1	-	-	53,781,608						
	Building H-2	-	-	20,341,244						
	Open Space/Roads	-	-	147,048						
	Subtotal	-	-	74,269,900	\$ 174,865	\$ 199,219	\$ 41,466	\$ 78,578	\$ 194,372	\$ 152,051
2029	Building H-1	-	-	55,395,056						
	Building H-2	-	-	20,951,481						
	Open Space/Roads	-	-	151,459						
	Subtotal	-	-	76,497,997	\$ 180,111	\$ 205,195	\$ 42,710	\$ 80,936	\$ 200,203	\$ 156,613
2030	Building H-1	-	-	57,056,908						
	Building H-2	-	-	21,580,026						
	Open Space/Roads	-	-	156,003						
	Subtotal	-	-	78,792,937	\$ 185,514	\$ 211,351	\$ 43,991	\$ 83,364	\$ 206,210	\$ 161,311
2031	Building H-1	-	-	58,768,615						
	Building H-2	-	-	22,227,427						
	Open Space/Roads	-	-	160,683						
	Subtotal	-	-	81,156,725	\$ 191,079	\$ 217,692	\$ 45,311	\$ 85,865	\$ 212,396	\$ 166,150
2032	Building H-1	-	-	60,531,674						
	Building H-2	-	-	22,894,250						
	Open Space/Roads	-	-	165,503						
	Subtotal	-	-	83,591,427	\$ 196,812	\$ 224,222	\$ 46,670	\$ 88,441	\$ 218,768	\$ 171,135
2033	Building H-1	-	-	62,347,624						
	Building H-2	-	-	23,581,077						
	Open Space/Roads	-	-	170,469						
	Subtotal	-	-	86,099,169	\$ 202,716	\$ 230,949	\$ 48,071	\$ 91,094	\$ 225,331	\$ 176,269

**APPENDIX 2
ESTIMATED PROPERTY TAX REVENUE**

YEAR	LAND USE	ANNUAL INCREMENTAL TAXABLE VALUE OF		CUMULATIVE TAXABLE VALUE	CITY OF FERNLEY	LYON COUNTY		NORTH LYON CO. FIRE	LYON COUNTY SCHOOL DISTRICT	
		LAND	IMPROVS.			GENERAL FUND	SPECIAL REVENUE		GENERAL	DEBT
2034	Building H-1	-	-	64,218,053						
	Building H-2	-	-	24,288,509						
	Open Space/Roads	-	-	175,583						
	Subtotal	-	-	88,682,144	\$ 208,798	\$ 237,877	\$ 49,513	\$ 93,827	\$ 232,091	\$ 181,557
2035	Building H-1	-	-	66,144,594						
	Building H-2	-	-	25,017,165						
	Open Space/Roads	-	-	180,850						
	Subtotal	-	-	91,342,609	\$ 215,062	\$ 245,014	\$ 50,998	\$ 96,641	\$ 239,053	\$ 187,004
2036	Building H-1	-	-	68,128,932						
	Building H-2	-	-	25,767,680						
	Open Space/Roads	-	-	186,276						
	Subtotal	-	-	94,082,887	\$ 221,513	\$ 252,364	\$ 52,528	\$ 99,541	\$ 246,225	\$ 192,614
2037	Building H-1	-	-	70,172,800						
	Building H-2	-	-	26,540,710						
	Open Space/Roads	-	-	191,864						
	Subtotal	-	-	96,905,374	\$ 228,159	\$ 259,935	\$ 54,104	\$ 102,527	\$ 253,612	\$ 198,392
2038	Building H-1	-	-	72,277,984						
	Building H-2	-	-	27,336,931						
	Open Space/Roads	-	-	197,620						
	Subtotal	-	-	99,812,535	\$ 235,004	\$ 267,733	\$ 55,727	\$ 105,603	\$ 261,220	\$ 204,344
2039	Building H-1	-	-	74,446,323						
	Building H-2	-	-	28,157,039						
	Open Space/Roads	-	-	203,548						
	Subtotal	-	-	102,806,911	\$ 242,054	\$ 275,765	\$ 57,399	\$ 108,771	\$ 269,057	\$ 210,474
2040	Building H-1	-	-	76,679,713						
	Building H-2	-	-	29,001,750						
	Open Space/Roads	-	-	209,655						
	Subtotal	-	-	105,891,118	\$ 249,315	\$ 284,038	\$ 59,121	\$ 112,034	\$ 277,128	\$ 216,788
TOTAL		\$ 1,138,225	\$ 59,250,000		\$ 3,820,458	\$ 4,352,544	\$ 905,954	\$ 1,716,783	\$ 4,246,660	\$ 3,322,021

APPENDIX 2, ASSUMPTIONS:

1. FY 2019-20 property tax rates are assumed to remain unchanged over the analysis period:

City of Fernley General Fund	\$ 0.6727	North Lyon Co. Fire Protection District	\$ 0.3032
Lyon County		Lyon County School District	
General Fund	\$ 0.7687	General Fund	\$ 0.7500
Special Revenue Funds	0.1600	Debt Fund	0.5867
Total	\$ 0.9287	Total	\$ 1.3367

2. As the parcel is currently located in unincorporated Lyon County, all property tax revenue generated by the project will be new revenue for the City of Fernley upon annexation and buildout. For other jurisdictions, the existing taxable value of the property of **\$ 181,570** is subtracted from taxable values for the project to arrive at incremental property tax revenue only.

3. Property tax calculation: Taxable X 35% = Assessed Value; Assessed Value/100 X Tax Rate = Property Tax Revenue.

4. Land and improvement values increased **3.00%** per year.

**APPENDIX 3
ESTIMATED SALES TAX REVENUE**

YEAR	LAND USE	TAXABLE MATERIALS COST	CITY OF FERNLEY		LYON COUNTY			LYON CO.	N. LYON CO. FIRE DIST.	
			BCCRT REVENUE	SCCRT REVENUE	BCCRT REVENUE	SCCRT REVENUE	INFRASTR. REVENUE	SCHOOL DIST. REVENUE	BCCRT REVENUE	SCCRT REVENUE
2021	Building H-1	\$ 16,125,000								
	Building H-2	6,093,750								
	Open Space/Roads	-								
Subtotal		\$ 22,218,750	\$ 1,013	\$ -	\$ 96,491	\$ -	\$ 54,575	\$ 573,355	\$ 1,048	\$ -

APPENDIX 3, ASSUMPTIONS:

1. Sales tax rates are assumed to remain at FY 2019-20 amounts:

	<u>Designation</u>
0.50%	Basic City County Relief Tax (BCCRT)
1.75%	Supplemental City County Relief Tax (SCCRT)
0.25%	Infrastructure
2.60%	Local School Support Tax (LSST)
<u>2.00%</u>	State of Nevada
7.10%	TOTAL

Distribution of BCCRT AND SCCRT sales tax revenue to City of Fernley, Lyon County, and North Lyon County Fire Protection District is calculated at

City of Fernley	0.93%
Lyon County	88.40%
North Lyon Co. Fire District	0.96%

Source: State of Nevada Department of Taxation. "Consolidated Tax Distribution." Three year average for fiscal years 2017-18, 2018-19, partial year 2019-20.

State of Nevada administrative fee of **1.75%** is subtracted from estimated sales tax revenue each year for State uses, with a State fee of **0.75%** for LSST revenue.

- The project is not expected to cause Lyon County to lose its SCCRT "guaranteed" status. As a result, no additional SCCRT revenue is estimated for the County. BCCRT and revenue from other tax rates is calculated using actual taxable sales generated by the development.
- Construction materials cost estimated in Appendix 1. Analysis assumes **75%** of all materials purchases will be made in or shipped to Lyon County and will generate sales tax revenue for the County and its jurisdictions.

APPENDIX 4					
ESTIMATED BUILDING PERMIT REVENUE					
<u>YEAR</u>	<u>LAND USE</u>	<u># OF SQ.FT. BUILT</u>	<u>CONSTRUCTION VALUATION</u>	<u>BUILDING PERMIT FEE</u>	<u>PLAN CHECK FEE</u>
2021	Building H-1	860,000	\$ 78,724,400	\$ 256,799	\$ 166,919
	Building H-2	325,000	29,750,500	98,613	64,099
	Open Space/Roads	-	-	-	-
Subtotal		1,185,000	\$ 108,474,900	\$ 355,412	\$ 231,018

APPENDIX 4, ASSUMPTIONS:

1. Construction Valuation is calculated as follows:

	<u>Construction Value/Sq.Ft.</u>	
Building H-1	\$91.54	Source: February 2019 ICBO Building Valuation Data. Analysis uses data for IIIA construction, F-2 Factory and industrial, low hazard.
Building H-2	\$91.54	

2. Building permit fee calculation:

\$ **5,748.97** per first \$ **1,000,000** plus \$ **3.23**
 for each additional \$ **1,000** of value.

Source: Building Permit Fee Schedule (BPFS), City of Fernley, August 2017.

3. Plan Check fee revenue calculated at **65.0%** of building permit revenue.

Source: Building Permit Fee Schedule (BPFS), City of Fernley, August 2017.