

Las Vegas Convention and Visitors Authority

Financial Impact Analysis

Prepared April 19, 2016

Subject Property: 2901 Las Vegas Boulevard (Formerly owned and operated as Riviera Hotel and Casino)

This analysis summarizes the potential fiscal implications if the LVCVA is compelled to stop the planned demolition and site improvements of the subject property.

The Riviera is 60 years old and requires a substantial amount of investment to remediate hazardous materials prior to any significant renovation to modernize the facility and renovate it for future use as an ongoing concern as a hotel & casino. At this time there is no compelling evidence that a private firm has the interest or wherewithal to acquire this property for that purpose. The LVCVA, as a governmental entity, is not structured under State law for this purpose, and does not have a business use to operate the current buildings in any manner.

The property is a key component of the Las Vegas Convention Center District (LVCCD) project and provides the footprint for the expansion of the Las Vegas Convention Center (LVCC). The LVCC drives business visitation, in direct alignment with the LVCVA's core mission. The property provides connectivity to the current LVCC campus and will allow Southern Nevada to materially grow existing tradeshow and conventions as well as attract new business to the destination. Several shows have already leased the space for outdoor exhibits in 2017.

Attendance at the LVCC is a proven asset to the community, generating \$2.1 billion in economic output for the community in 2015. Using the property for the LVCCD and the expansion of convention visitation offers the highest value long-term benefit to the community, with the greatest opportunity to create jobs and generate economic output.

FINANCIAL IMPLICATIONS OF BLOCKED DEMOLITION:

LVCVA FISCAL IMPACT ESTIMATE:

LVCVA: Estimated Operational Impacts and Carrying Costs

	Annual LVCVA Financial Impact (Year 1)	30 Year LVCVA Cumulative Financial Impact (2% CPI)
Code Compliance (Nevada and Clark County Building Standards)	\$ 145,000	\$ 5,882,371
Life Safety (Minimum Non-Occupancy Building Standards)	27,500	1,115,622
Operations (Engineering, Internal Security, Landscaping, etc)	631,951	25,637,030
Security (Compliance with Non-Occupancy Building Codes)	162,248	6,582,090
Utilities (necessary to support code compliance standards)	599,000	24,300,279
Insurance	50,000	2,028,404
Interest Costs on Municipal Bonds (property acquisition)	2,600,000	78,000,000
	<u>4,215,699</u>	<u>143,545,797</u>

LVCVA: Lost Investment on Unutilized Asset

Purchase Price & Closing Costs	186,000,000	186,000,000
LVCCD Site-Specific Owners Rep / Planning Expenditures	575,000	575,000
HazMat Abatement / Remediation Planning Expenditures	375,320	375,320
Demolition A&E Planning Expenditures	455,982	455,982
HazMat Abatement / Remediation demobilization costs (30 day notice)	98,000	98,000
Demolition contract; demobilization costs (30 day notice period)	4,200,000	4,200,000
Potential lost lease revenue for outdoor exhibit utilization FY 2017	1,375,000	1,375,000
Potential lost facility use revenue - expanded facility	16,500,000	495,000,000
	<u>209,579,302</u>	<u>688,079,302</u>

TOTAL LVCVA FISCAL IMPACT ESTIMATE

\$ 213,795,001 \$ 831,625,099

SOUTHERN NEVADA OPPORTUNITY LOSS, ECONOMIC OUTPUT:

	Annual Average	30 Year Forecast Cumulative Impact
Lost / Unrealized Employment Opportunities:		
Construction Period Jobs Supported	5,900	5,900
Long-term Permanent Jobs Created	6,000	180,000
Lost / Unrealized Construction Period Economic Impact (~8 years)	-	\$3.6B
Lost / Unrealized Post-Construction Period Economic Impact (~22 years)	\$400MM to \$700MM	\$12.2B
TOTAL LOST ECONOMIC OUTPUT - SOUTHERN NEVADA		\$15.8 Billion