

FIRST AMENDMENT  
(VICTORIAN SQUARE DEVELOPMENT PLAN)  
TO THE  
SPARKS TOWN CENTER  
2000 AMENDED REDEVELOPMENT PLAN



SPARKS REDEVELOPMENT AGENCY  
CITY OF SPARKS, NEVADA

Public Hearing Draft  
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(VICTORIAN SQUARE DEVELOPMENT PLAN)  
TO THE  
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**1. INTRODUCTION AND PURPOSE**

The *Town Center Redevelopment Plan* was originally adopted on February 27, 1978 and amended in 1987, 1993 and, most recently, in July 2000. This amendment (the “First Amendment”) to the *Sparks Town Center 2000 Amended Redevelopment Plan* (the “2000 Redevelopment Plan”) is limited in scope to providing a mixed-use development plan for the Victorian Square project area. All provisions of the 2000 Redevelopment Plan that are inconsistent with this First Amendment are hereby modified to the extent necessary to make them consistent with the First Amendment.

The 1993 amended plan (the *Sparks Town Center Phase III Amended Redevelopment Plan*) called for the Redevelopment Agency of the City of Sparks (the “Agency”) to “broaden the entertainment value of the downtown core with a collection of non-gaming attractions that as a group would have sufficient ‘critical mass’ to attract visitors and tourists from outside as well as inside the Truckee Meadows area.” The 1993 plan envisioned Victorian Square as an “entertainment hub” for the region and a venue for special and cultural events.<sup>1</sup>

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<sup>1</sup> *Sparks Town Center Phase III Amended Redevelopment Plan*, p. 89.

The 2000 Redevelopment Plan acknowledged that some of the entertainment facilities envisioned in the 1993 amended plan were not economically viable outside a theme park environment. The 2000 Redevelopment Plan stated that “retail is a significant component of entertainment based development”. It focused the Agency’s efforts on completing the redevelopment of Victorian Square by producing a “major retail project in Victorian Square” with a potential scale of 400,000 to 600,000 square feet of new retail space.<sup>2</sup> The 2000 Redevelopment Plan further stated, however, that if the commercial market does not produce extensive retail development, a mixed-use project of retail, office, residential and restaurant uses was authorized.

Despite a concerted effort, the Agency has failed to accomplish the goal of producing a major retail project in Victorian Square in the period since the adoption of the 2000 Redevelopment Plan. The First Amendment is the outgrowth of the Agency’s experience during this period and the decision in the fall of 2004 to reevaluate the Agency’s goals for, and approach to, completing the redevelopment of Victorian Square. This reconsideration led to a six month planning process, described in the following section, which produced new development recommendations and a physical development plan for the Victorian Square project area.

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<sup>2</sup> *Sparks Town Center 2000 Amended Redevelopment Plan*, p. 95.

The First Amendment modifies the provisions of the 2000 Redevelopment Plan emphasizing large scale retail development. It shifts the plan's focus from a predominantly retail orientation to producing a mixed-use project. This change is enabled by the 2000 Redevelopment Plan, which directs the Agency to consider "alternate uses such as mixed-use development that includes retail, office, and residential based on market potential"<sup>3</sup> if dictated by market conditions. The First Amendment also fulfills the 2000 Redevelopment Plan's call for a "revised development plan for the area that capitalizes on the market opportunity created so far by the development of the Square to date".<sup>4</sup>

## 2. PLANNING GOALS AND PROCESS

In September 2004<sup>5</sup> the Agency board of directors directed staff to initiate a three pronged strategy to renew the Victorian Square redevelopment initiative:

- Determine what types of retail, housing and other uses are most likely to be viable at Victorian Square, and prepare a new master plan.
- Assemble the project site.
- Identify, select and retain the appropriate developer(s) to implement the project.

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<sup>3</sup> *Sparks Town Center 2000 Amended Redevelopment Plan*, p. 95.

<sup>4</sup> *Sparks Town Center 2000 Amended Redevelopment Plan*, p. 95.

<sup>5</sup> In August 2004 McCaffery Interests, Inc., the most recent developer to pursue a retail project at Victorian Square, terminated their exclusive negotiating agreement with the Agency. The agreement was originally approved in October 2003.

The First Amendment to the 2000 Redevelopment Plan addresses the first of these three steps.

In October 2004, the Agency board of directors approved professional services agreements with the Linda S. Congleton and Associates (LSCA), a real estate market analysis consultant, and RTKL Associates Inc, an architecture and urban design firm, to assist the Agency with the planning component. The consultant team's role was to help the Agency identify retail and mixed-use development alternatives for Victorian Square, evaluate the market demand for and feasibility of these alternatives, formulate development programming recommendations, and translate these recommendations into conceptual site plans.

The City and Agency formulated the following goals and objectives for the Victorian Square redevelopment project area development programming assignment:

- Create a market-driven, financially feasible plan that is achievable within a few years.
- Assess the optimal mix of retail, dining, entertainment and residential uses.
- Use City room tax for project(s) that attract and expand tourism.
- Enhance the City's image and Victorian Square's appeal as a destination.
- Consider integrating new civic facilities, including multi-use programming/entertainment space, to serve as project area amenities.

- Create a development program that is synergistic with adjacent land uses, including the Nugget casino hotel to the south, the Silver Club to the east, the planned new transit center to the southwest and the low-density residential neighborhoods surrounding the site which includes several historic homes and structures.
- Create a downtown parking strategy that realistically addresses the amount, location and cost of parking for the uses planned, but accounts for joint-use shared parking.
- Create a development program that can withstand the significant competition underway or proposed in outlying areas, including suburban Sparks and Reno.
- Create a special, urban place with a distinct image and character.
- Increase residents' quality of life by offering amenities, civic features, entertainment venues and a desirable pedestrian atmosphere.
- Capitalize on previous Agency investments in infrastructure improvements and public spaces.

As the Agency started the planning process, it continued to believe that a strong retail, dining and entertainment component that appeals to visitors as well as the local market is both essential and possible at Victorian Square. However, the planning process also reflected a view that a project consisting strictly of retail uses is likely to be at a competitive disadvantage relative to the region's existing and proposed shopping centers due to factors such as size, demographics, and development costs

(especially land). Given these factors, the Agency's consultant team advised that it was becoming increasingly unlikely that a suburban style shopping center in a downtown location such as Victorian Square could succeed with so many other shopping centers currently under development in the region's suburban areas.

The Agency's planning process consequently is based on the idea that a Victorian Square project needs to have an urban character to succeed, sees density as an asset, features retail in an environment distinct from the region's other retail offerings, both existing and planned, and incorporates a mix of uses. In addition to retail (including dining and entertainment), other possible uses to be considered include rental and owner-occupied housing, civic functions/buildings, tourist-oriented attractions, and gaming.

The principal steps and tasks undertaken during the planning process included:

- A review of past Victorian Square studies, research and plans.
- A retail market analysis based on assessment of the overnight and visitor markets and other demographic factors affecting downtown retail demand, including nearby residents, daytime workers, Reno-Sparks' regional demographics, and special events.
- An assessment of existing and proposed competitive regional retail facilities and town

center or mixed-use type projects in the Reno-Sparks region.

- Analysis of regional residential data to provide housing programming recommendations for mixed-use project concepts.
- An assessment of the potential of civic uses and tourist oriented attractions to provide programming recommendations for potential mixed-use projects.
- A planning workshop led by the consultant team and held December 15, 2004 to present initial findings from the consultant team's market research and site capacity analyses and solicit public input. The workshop was attended by over 100 persons, including Victorian Square property and business owners, real estate development professionals, city and agency staff, elected officials, and other project stakeholders. The workshop was conducted as a joint workshop of the Agency, Sparks Planning Commission and Victorian Square Design Review Committee.
- The preparation of sizing and programming recommendations for Victorian Square retail/mixed-use projects based on the consultants' research and Agency and public input.
- Drawing on the consultant team's market research and programming recommendations and input from the Agency, stakeholders, advisory groups and other sources, RTKL prepared a draft development plan for Victorian Square. The document, attached as Exhibit A, includes illustrative site plans and color renderings illustrating general massing, form, and thematic elements.

- The draft conceptual development plan was presented on March 21, 2005 to a group of Victorian Square property and business owners, to the Sparks Tourism Facility and Revitalization Steering Committee, and at a public meeting of the Agency board of directors, and to the Sparks Planning Commission on April 7, 2005, to solicit input and public comment, build consensus and make plan/development program adjustments as necessary.

Upon approval (by the Agency board of directors and Sparks City Council) of the Victorian Square Development Plan, adopted as the First Amendment to the 2000 Redevelopment Plan, the plan will be used to recruit and retain a qualified developer(s) for the project and to guide the future redevelopment of – including site assembly for – the Victorian Square project area. LSCA is also preparing a final report with supporting exhibits highlighting the market-based programming recommendations and the rationale for the recommendations. This final report is being prepared for transmittal to third parties, including prospective developers for the project.

### **3. VICTORIAN SQUARE PROJECT AREA DESCRIPTION**

For the purposes of this amendment, the Victorian Square project area is defined as the area bounded by Fifteenth Street on the west, D Street and Victorian Plaza Circle on the north, Victorian Plaza Circle/Eleventh Street on the east, and Victorian Avenue on the south. The

Victorian Square project area currently has the following features and attributes.

- **Site size.** This area is comprised of what were formerly eight city blocks and is approximately 26 acres in size, inclusive of roads, right-of-way, and other public areas. The 26 acres includes the cinema, courthouse block and parking structure; exclusive of these features the site is 21 acres.
- **Property ownership.** The City and Agency currently own 56 percent of the area within the project site that is held as parcels. John Ascuaga's Nugget and various members of the Ascuaga family own 24 percent of the parceled square footage, with the remaining 21 percent of the parceled square footage held by other parties. Nearly half of the site is not subdivided, is owned by the City, and is currently used as public spaces or streets. These areas might be reconfigured and/or reduced to accommodate a future project.
- **Current land use.** The project site includes several commercial uses (e.g., small casinos, a few bars, and convenience store) fronting Victorian Avenue. Anchoring Victorian Plaza's north end is a 14-screen Century Theatres cinema which opened in 1998. Residential uses comprise about 2 percent of the project area. Public pedestrian spaces – primarily the plaza that runs north/south and the broad sidewalk that runs east/west along the north side of Victorian Avenue – account for approximately 20 percent of the site.

The remainder of the site is used for the street network or parking. A 702-space public parking structure and surface parking lots account for approximately 35 percent of the site. A second, 420 space public parking structure is located two blocks from the site. The surface lots are an interim use reflecting past land assembly for redevelopment.

- **Site description.** This is a redevelopment project located within an existing built environment. However, the majority of the site is currently used as parking. The remaining portion of the site has one- to two-story buildings housing various businesses and a few residences which may have to be demolished and cleared if they cannot be incorporated into the project. The site is level with no vegetation other than landscaped areas and no prominent natural features other than views of the mountains and hills to the west and east.
- **Vehicular access.** The site is adjacent to, visible from, and has good access to and from I-80. The two nearest interchanges are at Pyramid Way (three blocks to the east) and Rock Boulevard/Nugget Boulevard (three blocks to the west). From the west, primary access to the project site is via Rock Boulevard and Victorian Avenue or, for vehicles exiting I-80, via Nugget Boulevard, which allows direct access to the Victorian Avenue/Victorian Plaza Circle intersection. For traffic traveling west, the primary access from I-80 is via the Pyramid Way

interchange to C Street, as no left turn is permitted from Pyramid Way onto Victorian Avenue.

- Public transportation. Bus transit service is provided by the Regional Transportation Commission (RTC). There is regular service along Victorian Avenue and to the Nugget, and RTC's Sparks transfer station (CitiStation) is currently located two blocks east of the project site on C Street between 9th and 10th Streets. RTC's other transfer station is located in downtown Reno. CitiStation provides good access to all of the Sparks bus routes and, via the Reno transfer station, to all of the Reno routes. Convenience should improve by the end of 2006 as RTC plans to complete an attractive new CitiStation facility across Victorian Avenue from the southwest corner of the project site.
- Parking. The project site constitutes approximately half of the area covered by the City's town center Parking District No. 1. The district was established to provide parking in city owned parking facilities, including the City's existing 702- and 420-space downtown parking structures, to private businesses assisting redevelopment efforts. To date, no fees have been established by the City Council for the district but the City retains this option. The district also provides for reduced parking standards.
- Public infrastructure and public spaces. The Agency has invested heavily in new infrastructure

and public spaces within the part of the Victorian Square area bound by Victorian Plaza Circle. One opportunity for minimizing development costs is to capitalize on this investment in place in and around Victorian Square to the extent possible. In 1995-96, the Agency initiated the preparation of a conceptual, pedestrian-oriented retail plan for Victorian Square and then proceeded through the design and construction process that resulted in Victorian Square as it essentially exists today. Victorian Square Plaza was dedicated in 1999. The improvements included features such as the fountain, public plazas, and infrastructure. The infrastructure installed included new sanitary and storm sewers, water lines, underground electricity distribution lines, underground telecommunications and cable conduit, natural gas lines and dedicated fire (water) lines.

#### **4. DEVELOPMENT PROGRAM**

This section of the First Amendment describes the development program proposed for Victorian Square. The development program was prepared by LSCA with Agency, stakeholder and public input and is the basis for the physical development plan prepared by RTKL.

Based on their market research, LSCA concluded that the highest and best use concept most closely paralleling the Agency's goals for the Victorian Square project area is a mixed-use retail, office and residential development. This concept of mixed-use retail/residential/office has been shown in recent years to be the optimum program

for revitalizing existing downtowns throughout the country, including smaller downtowns outside major metropolitan areas. Not only does the concept attract new permanent and second-home residents who will live, work, shop, dine and recreate in a pedestrian-oriented environment, it also energizes the “heart of the city” for short-term overnight visitors and day-trippers.

### Victorian Square: Re-Energizing the Heart of Downtown Sparks

It is an accepted retail industry principle that retail space follows residential, office, hotel and attractions uses in an urban setting. All of the most highly populated and successful retail downtowns across the United States and abroad have residential units occupied by a broad spectrum of income groups, including affluent households with high discretionary spending. Typically, those downtowns with successful retail also contain office space, hotel accommodations and entertainment venues attractive to residents and out-of-town visitors. The more residential units, office space (with employee shoppers) and hotel rooms (attracting out-of-town customers) located in a downtown, the greater the attraction of retail in an urban setting. Retailers are attracted to large and small downtowns if they see high quantities of their customers living, working and visiting the urban environment, providing a stable customer base.

One of the leading development trends in the visitor-oriented resort development business is the creation of small “downtowns” or town centers in the heart of the community. These small “downtowns” are mixed-use amenities that serve as the heart of the visitor

destination, with a blend of primary residences, second-homes, retirement homes, timeshare units, hotel rooms and condo rentals built as part of the mix of uses. Close-in retail customer support is provided by those staying in the residential and hotel/condo units. Additional customers, however, are also drawn to these destinations. Other out-of-town visitors, including those not staying in the close-by accommodations, come to these destinations because of the strong “sense of place,” the entertainment and evening venues, and the pedestrian-oriented atmosphere.

Moreover, many permanent resident, master-planned communities are now developing or proposing “town centers” with residential mixed with retail on the ground floors. Most of these projects are developing “from scratch” on undeveloped tracts of land. In contrast, Sparks has the infrastructure, highway proximity and location already in place to become the “heart of the City”. Downtown Sparks also has major entertainment and attractions amenities which can serve as catalysts for additional venues: the Nugget and Silver Club hotel casinos and the 14 screen Century Theatres. Whereas many smaller downtowns start with very little to create any sense of recreation or entertainment, downtown Sparks already contains a strong attractor for residents and visitors. Future permanent and second home residents will view the Nugget, Silver Club and cinema as in-town amenities, which they can easily enjoy within walking distance.

Although much is left to accomplish, the City and Agency have been able to alleviate significant blighting conditions



in the Victorian Square project area by implementing a number of projects, programs and infrastructure improvements that have resulted in improved conditions. As a result, Victorian Square does not suffer from a poor image of commercial buildings in disrepair, high quantities of unsightly building stock and/or an image of crime or lack of safety on the streets. The biggest problem with the Victorian Square project area is the sheer lack of activity and lack of development uses in the area. Over half of the land area is used for parking, with most of the parking in surface lots.<sup>6</sup> In order to succeed as a truly successful urban heart, the Victorian Square project area must add the key components of thriving small downtown areas: residential, office, and other commercial components (such as live-work). Retail, dining and entertainment businesses are drawn to locations with high density uses that include their customer segments. Other visitors to the Sparks/Reno region, as well as local residents, are significantly more likely to visit Victorian Square if a highly energized, village-like core with a unique ambiance is developed – in contrast to the sea of surface parking that exists today.

#### Proposed Mixed-Use Retail Concept

The mixed-use retail concept for the Victorian Square project area recommended by LSCA is proposed for the following reasons:

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<sup>6</sup> Most of the surface parking within the Victorian Square project area is owned by either the City or Agency. The property currently serving as surface parking was acquired by the Agency specifically for the purposes of alleviating blighting conditions and to assemble sites for future redevelopment projects.

- An on-street shopping experience can be created that feels indigenous to the City of Sparks.
- This retail concept can be highly differentiated from the plethora of big box, power center and regional mall competition, both existing and planned and proposed.
- An intimate, village-like atmosphere can be created that delivers a sense of special identity to Downtown Sparks.
- Unique and one-of-a-kind entrepreneurial businesses may be attracted to this kind of special on-street experience.
- This type of retail experience is compatible with the flavor, style and atmosphere desired by property stakeholders, as assessed during our stakeholder meetings.
- Visitors to the Nugget and the Silver Club will find this type of retail concept appealing, particularly because the atmosphere and merchants offered will not be a replication of what out-of-town visitors find in their home town shopping centers.

As part of their market analysis, LSCA conducted an evaluation of existing and planned retail centers in the region. The Sparks/Reno region has a wide array of anchored shopping centers, big box retailers, power centers and typical strip centers. Typical of many high-growth residential areas, the region has many characteristics of over-supply conditions in the suburban areas. Moreover, new, anchored centers are proposed that will add even more department store and specialty center supply. This array of suburban centers provides

competition to any proposed traditional shopping center project.

Moreover, Sparks' demographics in its urban core contain insufficient numbers of higher income residents in a fairly low-density environment to attract specialty retailers needed to fully occupy a "lifestyle center." Research has shown that lifestyle center retailers require minimum median household incomes in excess of \$60,000 a year, often exceeding \$70,000 a year (in today's dollars), to thrive. The City of Sparks regional demographics report median household incomes, according to Claritas Corporation, of less than \$50,000 (\$49,846) for the year 2004. Also, lifestyle centers are typically located in areas with somewhat high density communities surrounding them.

In contrast, a mixed-use village retail concept has the potential to create a special on-street shopping area that is differentiated from the regional malls and strip centers of the region. Moreover, by blending residential housing for primary and second-home occupants with retail, the pedestrian-oriented, small-scale shopping/dining areas become part of Sparks' Victorian Square village atmosphere, more akin to highly individualized European villages.

#### Key Mixed-Use Components

Key components of the recommended mixed-use retail concept for Victorian Square include:

- A strong dining/entertainment component.
- High quality restaurants.

- Live entertainment.
- Appetizer or tapas-serving, sports or pub type bars with evening entertainment.
- Local/regional entrepreneurial operators.
- Unique/highly differentiating uses vis-à-vis typical mall/strip center facilities.
- Mixed-use residential/office/civic uses on upper levels with retail on the ground floor.
- Creation of a special "sense of place" through architecture, streetscape design and improvements/amenities, as well as adjacencies to existing venues, including The Nugget, Silver Club, cinema, restaurants and downtown transit center.
- Inclusion of compatible retail merchants with appeal to out-of-town visitors, conventioners, as well as regional residents.

Similar to many visitor-oriented destinations across the nation, the dining/entertainment component is expected to be a significant portion of the total square footage of the project. This is important because visitors spend such a high proportion of their daily expenditures on dining/entertainment, and because these attractors are expected to be major draws to the downtown area. Because the dining uses can generate high levels of pedestrian traffic in the village-like area, securing specialized cafes, restaurant/entertainment venues, a sports bar and other appetizer/entertainment venues will be desirable for the area. If potential operators can see that the Agency is committed to building mixed-use retail/residential development by seeing that

development is underway, even if in phases, over the next few years, local and regional operators will take the business risk of committing investments to new enterprises.

Much can be accomplished by superior architectural design to create an individualized identity for Victorian Square. Many lessons can be learned from the village centers of European villages, with upper level uses. With the incremental development of the mixed-use phases, an eclectic mix of styles and offerings can provide varied interest and a sense of authenticity to Victorian Square.

It should be recognized that the mixed-use concept is not the same as creating a “shopping center.” The same square footage and “critical mass” issues do not apply. The developer expertise and leasing issues are different and require a developer or several developers with mixed-use skills. Most traditional shopping center developers of regional malls and strip centers, in fact, do not have strong experience in mixed-use development, often because they tend to develop traditional shopping centers in suburban settings or they have no desire to own or develop residential or office uses. In contrast, a growing number of developers are gaining residential/retail experience. In second-home and visitor settings, mixed-use, with retail serving as a critical amenity, is frequently seen as a key component to the overall resort uses. Moreover, a number of developers are embracing the mixed-use concept in downtowns that are trying to re-energize their cities with new residential components.

### Proposed Housing Products

Multi-level townhome/loft style and live-work, condominium for-sale products are recommended for Victorian Square in a three-level configuration. Ground floor retail may be incorporated into the housing programs. The target customer groups include the following:

- Second-home buyers.
- Pre-retirees.
- Retirees.
- Empty nester (childless) older couples.
- Young professional couples.
- Young professional singles.

The Sparks/Reno market, like many areas of the western United States, is experiencing a robust for-sale housing market. With mortgage interest rates at an unprecedented low level for a remarkably long, consistent time period, the region has become highly attractive to second-home, pre-retiree and retiree buyers, particularly those from California. California buyers find the Sparks/Reno area particularly attractive for its multitude of outdoor sports activities, its splendid natural beauty and the plethora of entertainment (including gaming) venues. The ability to experience the best of urban entertainment in an area close to some of the finest ski facilities in the nation and great natural wonders is an attractive package drawing out-of-state residents.

Moreover, the region’s strong employment growth, even if interest rates rise, is likely to continue to fuel the need

for housing for young professional singles and couples. Increasingly across the nation, these groups are favorably disposed to urban living, if offered units with contemporary styling within walking distance to desirable urban amenities. Loft and live-work units, all within walking distance of the Nugget and the Silver Club, would provide appealing amenities for this young, sophisticated professional or couple seeking an alternative to the typical suburban tract home.

Live-work spaces are becoming highly popular new products in urban and “small downtown” nodes, including resort-oriented communities, as households for young professionals, empty nesters and pre-retirees who desire to own and operate their own business and also want an attractive place to live and retire. From the “artists lofts” of downtown Santa Ana, California, to the expensive second-home units in Rosemary Beach, Florida, live-work is a viable option for downtown living. The live-work spaces could serve as a highly differentiating product, attracting unique businesses, including entrepreneurs and professionals who currently live outside the area but would like to have a second home that can also function as a place of business.

The Victorian Square Development Plan therefore proposes that live-work spaces be programmed as part of the Victorian Square redevelopment area. The live-work spaces are expected to attract a broad array of businesses, including business professionals, artists and galleries, designers, consultants, health and wellness professionals, commercial and home interior decorators, and specialized retail outlets.

In order to attract the widest array of developer interest and to ensure the greatest probability of success, LSCA recommends that the housing products not exceed three to five levels of height, depending on local building codes. High rise development that requires steel frame construction is not recommended as part of the housing mix. This type of new construction is very costly, requiring very high prices for the end user and thereby increasing the risk of development. The number and type of developers willing to take the risk of this type of development are far fewer than those that are active in typical low-rise construction. Because Victorian Square (and downtown Sparks generally) are not yet established as an upscale, affluent buyer residential area, LSCA did not recommend taking on this type of housing type – particularly given the need to initiate active mixed-use development within the next few years. Also, any high-rise development, with its expensive pricing, is likely to be the first type of housing product to see severe cutbacks in demand at the first sign of rising interest rates. In contrast, a low-rise three level product, for example, has greater appeal due to its lower pricing and attractiveness to the growing, young employee market coming to Sparks.

#### Proposed Office/Civic Uses

An increased number of employees in the Victorian Square redevelopment project area provides added lunchtime and after-work customers for retail operations, particularly for restaurant, quick food, bar/pub and café spaces. In fact, many restaurant operations will not go to downtown settings unless they see high numbers of downtown employees. The ability to create a lively mid-

week and midday customer base would be a great asset to the Victorian Square area.

The City of Sparks is seriously considering building a new city hall in the Victorian Square project area as part of the second phase of the project. Even if these facilities are not added as part of the first phase of development, the commitment by the City for a future phase of City offices would assist in generating retail interest in the area.

To the extent the City of Sparks can assist in attracting other civic or cultural uses that draw visitors and local residents, more retailers may find the “heart of the City” an appealing destination for their business. The development program proposes the addition of a “band shell” or similar feature as part of Victorian Plaza that could be enclosed during the cooler months of the year to create a multi-use, indoor-outdoor venue to house concerts, events, artists groups and other specialized programs. To the extent this space increases the ability to program Victorian Square for events, it should be considered.

Another civic space possibility are cultural facilities (e.g., children's or science museum). Such facilities serve as downtown and community amenities and can help generate interest in families with children to come downtown. Because word-of-mouth is such an important element in promoting downtown areas, the more positive reasons suburban residents come to the heart of the City, the greater the possibility that the Victorian Square will

become a “must-see” destination for friends and relatives visiting residents living in the region.

#### Development Program Benefits

The proposed Victorian Square development program is intended to accomplish the following:

- A mixed-use retail/residential program presents a highly differentiated destination in comparison with the plethora of competing retail in the Sparks/Reno region.
- The development has a high probability of increasing downtown Sparks property values.
- The development plan is likely to foster a revitalized, positive image for downtown Sparks.
- The scale and image of the recommended retail is compatible with the small European character suggested by numerous persons in the stakeholder and public meetings.
- The retail/entertainment component of the master plan gives the residential component a unique, specialized downtown living niche that is likely to be viewed as highly favorable by prospective, discriminating buyers.
- The dining/entertainment and retail/residential village atmosphere is likely to be well received by visitors staying at the Nugget, and may serve as a distinguishing characteristic for meeting planners considering various convention/meeting accommodations.

- The new residential units and proposed city hall offices are important draws to potential retail, food and service businesses considering a downtown Sparks location.
- The new residents living in the Victorian Square village will re-energize the redevelopment area and have a long-term stake in the success of the Downtown.
- The live-work component will bring new entrepreneurial businesses to the area.
- The development plan, once implemented, will enhance the quality of the total downtown experience, and should draw out-of-town regional Sparks/Reno visitors to Victorian Square for an entertainment/dining/shopping and browsing/pedestrian activity.
- Citywide events will have a more year-round, established home to stage special seasonal, monthly and weekly programs.
- The development program offers the opportunity to provide new housing opportunities for urban lifestyle households drawn to the Sparks/Reno region, as well as pre-retirees, retirees, second-home and other empty nester households.
- The retail components may offer great opportunities for highly individualized businesses to open dining, shopping and service businesses, thereby establishing a local flavor and atmosphere that gives the area a special identity.

- The plan shows market-driven uses that are achievable over a short-term horizon, thereby enriching the City’s reputation in the real estate and retail business community.

## 5. DEVELOPMENT PLAN

The physical development plan for Victorian Square is based on the proposed development program. Exhibit A describes and illustrates the Victorian Square Development Plan.

## 6. IMPLEMENTATION

As noted in the “Planning Goals and Process” section, the Victorian Square Development Plan represents one of three principal aspects of the Agency’s strategy to renew the Victorian Square redevelopment initiative. With the adoption of the First Amendment, the Agency will focus on the other two components of the strategy: assembling the project site and identifying, selecting and retaining the appropriate developer(s) to implement the project. Both components are necessary to implement the development plan.

### Site Assembly

The phasing strategy described in Exhibit A is one key to implementing the development plan and accomplishing the Agency’s goals for the Victorian Square project. The phased approach distinguishes the current development

effort from those of recent years<sup>7</sup> and is essential to restarting Victorian Square's redevelopment in the near term, with the goal of producing new private investment and development quickly to "kick-start" the project and complete the project within a few years.

Phase I relies exclusively on property already owned by the Agency or the City of Sparks. Without the need for any further site assembly, the Agency is able to proceed with selection of a developer for Phase I.

Phase II involves a combination of property currently owned by the Agency, City and four private parties. Two of these entities are controlled by John Ascuaga's Nugget or the Ascuaga family. The Agency will assemble the Phase II site by purchasing the property and/or by affording property owners project participation opportunities in accordance with the 2000 Redevelopment Plan and N.R.S. 279.566. The Agency will initiate formal negotiations for acquisition and/or project participation agreements once it has obtained the necessary summary and review appraisals and environmental assessments and the First Amendment is adopted.

All of the property needed for Phase III is owned by private parties, of which there are nine, including the

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<sup>7</sup> The effort to produce a major retail project had been based on the premise that due to the relatively small size of the Victorian Square project area (in comparison to suburban sites), the entire project area would be needed to create the "critical mass" necessary for the retail uses to succeed, that a single developer would be involved, and that the project would have to be constructed in a single phase.

Nugget and an Ascuaga family member. As it will do for Phase II, the Agency will assemble the Phase III site through a combination of acquisitions and project participation agreements.

Phase IV involves the possible future redevelopment of the Sparks Municipal Court.

#### Developer Selection

Upon City and Agency approval of the Victorian Square Development Plan, the Agency will issue a formal solicitation for a developer for Phase I of the project. Developer(s) for Phases II and III will be selected once the Agency completes financing (including site assembly) and schematic development plans for those phases. Phase IV is dependent on the City deciding at a future date to relocate or rebuild the Municipal Court. Given the relatively higher level complexity associated with mixed-use (versus single use) development and the need to create a cohesive – even while architecturally and functionally diverse – downtown, the Agency will coordinate the three phases to create an integrated project. The tools the Agency and City will employ to coordinate the phases include design review, disposition and development agreements, and integrating design elements in the public components of the project.

#### Financing

The Agency is authorized to finance the project in accordance with N.R.S. Chapter 279 and the 2000 Redevelopment Plan, which among other provisions enables the City to provide financial assistance. The First Amendment anticipates that the principal costs and

uses related to Agency and City financial participation in the Victorian Square project will be as follows. As the phases are specifically designed, development agreements are entered into, and actual costs for acquisition, preparation, construction and financing are estimated, the Agency shall prepare and recommend to the City Council detailed financing plans for each phase establishing the financial feasibility of the phase and supplementing the "Implementation Tables" contained in the overall Plan. The phase-by-phase detailed financing plans are considered as implementory supplements to the Plan, not amendments, and shall be reviewed and approved by the Agency and City Council as general business items. Once approved, they shall be deemed incorporated by reference and filed with this First Amendment.

Phase I. No further property acquisition is required for Phase I. The Agency will sell the land for Phase I to the selected developer as prescribed by the terms of a disposition and development agreement to be negotiated between the Agency, City and developer. The Agency anticipates that subsidies or incentives will be necessary to accomplish Phase I as follows:

- Infrastructure: As indicated on Page 5 of the 2000 Amended Redevelopment Plan, the City and Agency have already provided significant infrastructure improvements to the area. It is further expected that more infrastructure projects will be necessary, including street improvements (e.g., extending Avenue of the Oaks).

- Entitlements: Before selling the land to a developer, the Agency may be required to provide zoning entitlements assuring that the land can be used as intended. That may be through the use of a planned development or a special use permit. It is anticipated, however, that the costs of subdivision maps will be borne by the developer.
- Land Write Down: It will be necessary to sell the land to a developer at a price below appraised value and in some cases below what the Agency paid for it.

The Agency anticipates that, aside from the benefits to the project of past infrastructure investments in Victorian Square, the primary subsidy for Phase I will be the sale of the property to the developer at a below-market value, and most likely, at a price below that originally paid for the property by the Agency. The negotiated land price is expected to be comparable to the price developers are paying for land for high quality, mid-to-high density (20 - 30 units per acre) residential projects with market prices in the \$300,000 - \$425,000 range in the Sparks/Reno market. Proceeds from this sale will be dedicated to financing the Agency's Phase II costs. The balance of the Phase I project costs will be privately financed by the developer selected for the project.

Phase II. The Agency anticipates that its primary costs and incentives for Phase II will be for:

- Additional property acquisitions, including any related costs for relocating existing tenants and owner-occupants, both residential and commercial.



- Infrastructure, including design. Because the area inside Victorian Plaza Circle had new utilities installed in the late 1990s, the primary infrastructure need will be for new north-south roads along both sides of Victorian Square Plaza. These roads are necessary to provide visibility for retailers and create the small block pedestrian-scale environment typical of traditional downtowns.
- Improvements and modifications to Victorian Square Plaza, the fountain, and other public spaces and right-of-way, including public areas to the edge of private property (i.e., “finishback” costs).
- Entitlements. Before selling any land to a developer, the Agency may be required to provide zoning entitlements assuring that the land can be used as intended. That may be through the use of a planned development or a special use permit. It is anticipated, however, that the costs of subdivision maps will be borne by the developer.
- Assisting the City with costs related to the construction of the new city hall and related facilities, including parking facilities.

The City of Sparks will have primary responsibility for financing and constructing the city hall and related facilities, including parking. The Agency is evaluating its options for financing Phase II and the anticipated nature of involvement, if any, by a developer (e.g. whether the developer would be a fee developer or at-risk developer). For example, financing for Phase II will be considerably different if it is pursued as a public works project rather

than using an at-risk developer. The financing structure is also dependent on whether the City will own or lease its space.

Phase III. Primary costs and incentives the Agency anticipates incurring or providing for Phase III are:

- Property acquisitions, including any related costs for relocating existing tenants and owner-occupants, both residential and commercial.
- Infrastructure, including design. The western block bordered by 15<sup>th</sup> Street, C Street, Victorian Plaza Circle and Victorian Avenue may need upgrades or new sanitary and storm sewers, water lines, (underground) electricity distribution lines, (underground) telecommunications and cable conduit, natural gas lines and dedicated fire (water) lines.
- Improvements and modifications to public spaces and right-of-way, including public areas to the edge of private property (“finishback” costs).
- Assisting the City with costs for structured parking for the city hall facilities and commercial uses. Structured parking will become essential once the surface parking available on Phase 3 properties is redeveloped.
- Entitlements. Before selling the land to a developer, the Agency may be required to provide zoning entitlements assuring that the land can be used as intended. That may be through the use of a planned development or a special use permit. It is anticipated, however, that the costs of subdivision maps will be borne by the developer.

Phase IV involves the possible future redevelopment of the Sparks Municipal Court. The primary cost is anticipated to be incurred is the possible relocation of the existing court facility to make this property available for redevelopment.

All costs will be financed using sources that include, but are not limited to:

- Bond proceeds (approximately \$2.5 million) from the Agency's Tax Allocation Refunding Revenue Bonds, Series 2000A. These are tax exempt bond proceeds secured by property tax increment revenues and will primarily be used for publicly owned components (e.g., infrastructure, land for and cost of public facilities) of the project.
- Victorian Square Revenue Bonds, Series 2004 (approximately \$8 million, based on projected annual revenues of +/- \$800,000). These bonds are not tax exempt and are secured by revenues the City receives as a result of a 2.5% room tax increase authorized under Assembly Bill 205 (AB 205) approved by the Nevada Legislature in 2003 and the proceeds of a long-term bond issue ("take-out" financing). Use of the room tax bond proceeds must conform to the requirements of AB 205, is subject to the review of the Sparks Tourism Facility and Revitalization Steering Committee required by AB205, and must be consistent with the Committee's Victorian Square Master Plan (as it may amended from time to time). In general, the room tax bond proceeds may be used for projects, land and capital improvements that are intended to attract and expand tourism in Victorian Square.

This resource is expected to be used primarily to subsidize the project's retail components, particularly land acquisition and possibly such capital improvements (e.g., parking, the north-south streets along the plaza) as may be necessary to support the retail component of the project.

- Proceeds from the sale of property to private developers, initially from Phase I but potentially from Phases II and III as well. The Agency will negotiate land sales as part of the disposition and development agreements it anticipates executing for each phase of the project. The price may be set below that originally paid for the property by the Agency and will reflect the economics of each project phase and market prices paid by developers of other residential and retail projects in the Sparks-Reno region.
- City bonds or other financing mechanisms, including possibly lease obligations, for construction of city hall and related improvements, including parking facilities. The City is establishing a civic facilities investment plan and a fund to be built from the City's general revenues for this purpose.
- The Agency's property tax increment revenues are currently sufficient to cover the Agency's existing debt service but, due to devaluations of property within the Town Center Redevelopment Area in recent years, are insufficient to meet the debt coverage standard required before the Agency can issue additional bonds secured by this revenue source. Once Phase I is completed and

the value of the improvements is assessed by the Washoe County Assessor's Office, the Agency's tax increment revenues may rise to a level where the Agency regains additional bonding capacity, or at least the ability to undertake projects on a "pay as you go basis" in support of the Victorian Square Development Plan.

- Parking facilities may be financed in part by fees charged to participating property owners under the parking ordinance establishing a parking district for the area.
- Some acquisition and construction costs may be averted through participation agreements with property owners in accordance with the Agency's participation policy and NRS 279.566.

These resources for the implementation of Phases II and III will be allocated on a priority basis, with Phase II having priority over Phase III and Phase III having priority over Phase IV.

### Land Use, Zoning and Entitlements

Master Plan. Agency staff believe that the projects contemplated in this First Amendment are consistent with the "Tourist-Commercial" (TC) Land Use Designation for the area in the City's Master Plan, and this amendment shall be reviewed with the Sparks Planning Commission for verification. If a Master Plan amendment is necessary, the Agency will apply for one.

Zoning and discretionary entitlements. As specific projects are designed, it is expected that zoning discretionary entitlements such as special use permits and zoning changes (or a planned development approval) will be necessary, and that approval may be necessary by the Regional Planning Commission as a project of regional significance. Unless otherwise agreed with developers, the Agency will be responsible for obtaining all discretionary entitlements.

### Disposition of Property Acquired.

As required by NRS 279.574, all property acquired by the Agency under this Redevelopment Plan shall eventually be leased or sold by the Agency.

Except as provided in NRS 279.488, the Agency will not acquire any real property on which an existing building is to be continued on its present site and in its present form.

### Safeguards to Assure Implementation of Plan.

To assure that the work of redevelopment is carried out pursuant to the Redevelopment Plan and NRS Chapter 279:

1. As properties are acquired by the Agency, the Agency shall record a declaration making the "Declaration of Covenants, Conditions, Restrictions and Easements for Victorian Square" recorded on March 5, 1997 in Book 4802 beginning at page 624 as Document No. 2077410, as amended, apply to the acquired property.
2. Development agreements with developers (and purchasers of property if land writedowns or other

incentives are involved) shall provide that development must be consistent with the Redevelopment Plan, the CC&Rs (identified above), and applicable law, including NRS Chapter 279. Without limiting the generality of the foregoing, development agreements shall specifically include provisions, if applicable, regarding the payment of prevailing wages (NRS 279.500), the requirement for employment plans (NRS 279.482); and providing relocation assistance (NRS 279.478).

3. Written policies regarding relocation assistance and payments (NRS 279.478) and participations (NRS 279.566) shall be approved by the Agency prior to initiation of Phase II acquisitions.
4. The Redevelopment Manager is responsible for assuring that all agreements and actions are consistent with the Plan and applicable law.