



Storey County Regional Impacts:

An Overview of
Economic
Contributions,
Abatements,
Responsibilities, and
Community Planning



Prepared by the Offices of the Storey County Manager,
Comptroller, and Business Development, in consultation with
RCG Economics and EKAY Economic Consultants, Inc.

TABLE OF CONTENTS

I.	Introduction	3
	a. Purpose of Report	3
	b. Scope of Research	4
II.	Recent History	5
III.	Community and Business Background	5
	a. Challenging Geography	5
	b. Federal Land Constraints	5
	c. Communities in Storey County	5
	d. Industries	9
IV.	Economic Conditions in Storey County	10
	a. Revenues and Expenditures	10
	b. TRI-Center Infrastructure Reimbursement Obligation	12
V.	Tax Abatement and Revenue Deferments	15
	a. Tax Abatements	15
	b. Sales Tax Reporting Deficiencies and ZIP-Codes	19
VI.	Reginal Economic Outputs from Storey County	21
	a. Tesla Gigafactory’s Economic Benefit to the State	21
	b. Tesla Gigafactory’s Economic Benefit to Washoe County	24
	c. Construction Benefits	26
	d. Equipment Purchase Benefits	27
	e. Operations Benefits	28
	f. The Gigafactory’s Fiscal Benefits to the State	29
	g. The Gigafactory’s Fiscal Benefit to Washoe County	30
	h. Section VI Conclusion	43
VII.	Regional Coordination for Infrastructure and Services	45
	a. Regional Effluent Pipeline	45
	b. Marlette Waster System	47
	c. Flood Planning, Lockwood	47
	d. Flood Planning, Mark Twain and Dayton	47
	e. Conservation and Protection of Natural Resources	47
	f. Fire and Emergency Aid	47

g. Social Services	49
h. Economic and Workforce Development	49
i. Transportation	50
j. Regional Landfill	51
VIII. Housing, Population, and Transportation	51
a. Population and Housing	51
b. Affordable Housing	53
c. Alternative Housing at the Tahoe-Reno Industrial Center	56
d. Transportation Planning and Coordination	56
e. Alternative Housing at the Tahoe-Reno Industrial Center	56
f. Transportation Planning and Coordination	56
IX. Local Infrastructure and Capital Improvements	58
a. Administrative Facilities	59
b. Municipal Water and Wastewater Systems	60
c. Fire and Emergency Medical Facilities	60
d. Law Enforcement Facilities	61
e. Dispatch	61
f. Telecommunications Facilities	62
g. Public Works Maintenance Facilities	62
h. Flood Mitigation	62
i. Social and Senior Services Facilities	62
j. Parks, Recreation, and Special Use Facilities	63
k. Gas Transmission and Distribution Systems	64
l. Municipal Solid Waste Management	64
X. Regional Economic Development	64
XI. Conclusion	65
References	66

EXHIBITS

- A. Resolution No. 2020-592 and 2021-631 Supporting Truckee Meadows Lands Bill
- B. Letter Supporting Painted Rock Residential Development to SCR-11 Committee
- C. Assembly Bill 63 “Truckee River Safety Corridor”
- D. 2023 Storey County Capital Improvement Plan (Subject to Board Amendment Action)
- E. 2022 Storey County Capital Improvement Plan

I. INTRODUCTION

In 2021 the Board of Storey County Commissioners directed the examination of existing published data related to current and anticipated tax revenue and abatements, fiscal obligations, future public services, housing and community development, and regional cooperation addressing needs in Storey County, Washoe County, and northern Nevada.

Storey County also retained “the Consultant Team” of RCG Economics (RCG) and EKAY Economic Consultants (EKAY) to assist it with Section VI of this report regarding regional economic benefits and impacts of the Gigafactory on Storey and Washoe counties, the cities of Reno and Sparks, and the State of Nevada.

The following major points are discussed in this report. An executive summary also accompanies this report. The executive summary is updated periodically and may contain more current data than this report.

- History of Storey County from the 1990s to today, from the near-collapse of the county to its reinvention through private-public partnerships and economic development.
- Storey County’s influence on northern Nevada becoming a nationally competitive economic powerhouse.
- Overview of Storey County’s budget including:
 - Revenues, expenditures, and end-fund balances.
 - Debt and obligations.
 - Abated taxes.
 - Needs for anticipated post-Tesla FY2025 revenues.
- Insight into two key areas including:
 - Estimate of economic benefits to Washoe County from the Gigafactory operations in Storey County, and
 - Estimate of the net fiscal benefits of Gigafactory employee households to the cities of Reno and Sparks, unincorporated Washoe County, and the Washoe County School District.
 - This section includes an analysis of revenues and expenditures as related to single-family and multi-family dwellings occupied by Gigafactory workers.
- Storey County debt and obligations including:
 - Up to \$25 million to be paid toward regional effluent pipeline project.
 - \$48 million reimbursement for infrastructure at the Tahoe-Reno Industrial Center.
 - \$90 million planned capital expenditures at the Tahoe-Reno Industrial Center.
 - \$140 million critical capital improvement needs across the county over 5 years.

- \$500 million critical capital improvement needs across the county over 10 years.
- Regional cooperation including fire, EMS, and other life-safety response agreements; regional effluent pipeline; and transportation programs.
- Affordable housing opportunities provided in Storey County including:
 - Approval of 3,600 homes in 2006
 - Master plan and code updates facilitating affordable workforce housing.
 - Anticipated 500% population increase with housing development.
 - Extended stay workforce hotel and RV accommodations at the Tahoe-Reno Industrial Center.

Findings in this report are not exhaustive. Further analyses of the subject matter, and broadening scope include Lyon County, Carson City, and other jurisdictions on northern Nevada may also be warranted.

II. RECENT HISTORY

Storey County through the 1990s was heavily reliant on tourism and hospitality for tax revenue. These industries persistently declined in Nevada and Storey County through the 1990s, and by 2000 Storey County was incapable of maintaining a sustainable operating budget and was considered for dissolution and consolidation into its neighboring counties by legislative leaders.

Storey County had to reinvent itself or suffer its demise. In 2000, Storey County and the Tahoe-Reno Industrial Center, LLC and Dermody Partners, LP formed a private-public partnership creating the Tahoe-Reno Industrial Center.

Fast-track permitting, guaranteed zoning and land use entitlements, and contractual protections against current and future bureaucracy quickly attracted companies like Mars/Kal Kan, Alcoa, Royal Extrusions, James Hardie, Tire Rack, Del Computers, and other Fortune 500 companies.

Storey County survived its near demise, and by the mid-2000s it was home to over 100 companies providing over 10,000 jobs. Between 2000 and 2020, Storey County's budget grew from approximately \$1 million to roughly \$20 million. The county, however, maintains reliable annual positive cash flow and is now able to expand critical services, infrastructure, and programs for its residents and businesses.

Working together, Storey County and the Tahoe-Reno Industrial Center also changed the economy of northern Nevada and influenced its potential for future growth and success. Storey County and northern Nevada today have earned a worldwide reputation as an economic leader in technology, energy, and innovation.

III. COMMUNITY & BUSINESS BACKGROUND

Challenging Geography

Storey County has five distinct regions including the Comstock (Virginia City and Gold Hill), Highlands, Mark Twain, River District, and McCarran (Tahoe-Reno Industrial Center). These regions are illustrated in Figures 01 - 03 and described further in the following subsections.

Each region is fragmented by relatively long distances and mountainous geography (See Figure 01). Access between the north and south entails travel through neighboring Lyon and Washoe counties, and drivetime between them is an hour or longer. These conditions also hinder access to the county seat, Virginia City, for residents and businesses at the north end of the county.

The county's geography also hinders transportation systems, utilities, and other infrastructure development. The 2016 Storey County Master Plan discusses these challenges in detail, and it contains goals and objectives to facilitate improved community interconnectivity and to provide equitable and efficient public services countywide.

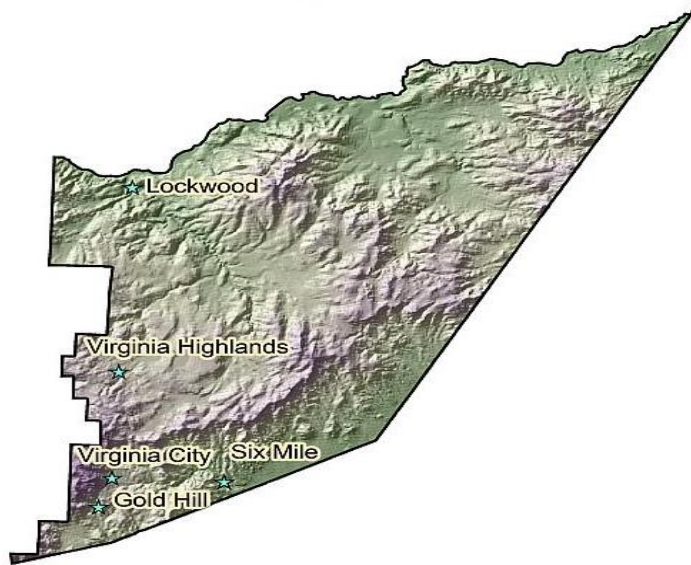


Figure 01 – This map illustrates steep and rugged topography fragmenting each of its communities. (Source: *The Nevada Fire Safe Council, by Resources Concepts, Inc., 2022*)

Federal Land Constraints

Storey County is working with the Bureau of Land Management and federal leadership to identify key strategic parcels across the county for potential federal disposal.

The Virginia City and Gold Hill townsites were created over federal land and without patents in the early 1900s. This created clouded title for hundreds of privately owned and occupied parcels.

In 2018, Public Law 113.291 was passed transferring 1,745 acres of these lands from federal ownership in effort to resolve this problem. A needed change to Nevada law will be proposed in the 2023 legislative session to facilitating local level completion of this project.

Communities in Storey County

The following briefly describes the county’s residential and business communities. Existing population and future growth in these communities is discussed further in Section VIII and in the county master plan.

Comstock – Virginia City and Gold Hill

The Comstock includes Virginia City, Gold Hill, and American Flat. These communities are home to roughly 1,200 residents and 200 businesses. Both are mixed-use communities with tourism and hospitality related businesses occupying historic structures from the nineteenth century. A growing number of modern homes and businesses built in historic fashion have been added over the years. Many new residents to the Comstock are retirees or work remotely for companies located in other parts of the world.

Lockwood

Lockwood is a low-to-moderate-income residential community three miles east of Sparks along the Truckee River and Interstate-80. The population is comprised largely of senior citizens; however, there has been a recent influx of younger families moving to this area. Non-residential uses in Lockwood include a senior and community center, fire station, sheriff sub-station, elementary school, general store, several light-manufacturing businesses, and a quarry mine.

Mark Twain

Mark Twain is situated at the base of Six Mile Canyon to the east of Virginia City and north of Dayton. Roughly 500 residents live in the Mark Twain Estates, the area's only residential community. This neighborhood is composed of one to five-acre parcels containing mostly mobile and manufactured homes served by well and septic. The Mark Twain Estates subdivision is nearing build-out, but growth potential, including rural residential and light-manufacturing uses, remain in the surrounding area. Water is a concern and potential constraint to growth in this area, especially with major growth occurring in neighboring Lyon County.

Virginia City Highlands

Situated five miles north of Virginia City and 10 miles east of Reno on the high plateau of the Virginia Range, the Highlands is a residential community of 1, 10, and 40-acre custom estates. This is a rural area boasting rolling hills of pinion pines, it is almost entirely privately owned. With exception of the Virginia Ranches (40 acre lots), it is managed under homeowners' associations. Roughly 750 of the 1,400 parcels are developed thus far. Water reliability is a major concern for this area, and future growth – including buildout of the existing subdivision – may be at-risk without adding water infrastructure or other means of providing this resource to the area.

Painted Rock

Painted Rock is a rural area located approximately 18 miles east of Sparks and five miles west of Fernley along the Truckee River and Interstate 80. Painted Rock's proximity to the Tahoe-Reno Industrial Center makes it ideally suited for future large-scale mixed-use residential development tailored to workforce housing needs. Interstate-80 is the primary access to Painted Rock; however, the county and developers are exploring alternative road connections including potential future interchanges near Fernley and the possibility of a two-mile-long tunnel connecting Painted Rock directly into the Tahoe-Reno Industrial Center.

McCarran (Tahoe-Reno Industrial Center)

McCarran is a roughly 100,000-acre industrial area 12 miles east of Sparks and situated at the north end of Storey County between Interstate-80 and Lyon County.

McCarran is home to the Tahoe-Reno Industrial Center, a pre-zoned and master planned industrial center covering roughly 70,000 acres. Annexed parcels subject to the development agreement between the county and Tahoe-Reno Industrial Center are zoned I-2 Heavy Industrial and have frozen contracted zoning, master planning, permit fees, and entitlements.

Figures 02 and 03 illustrate areas within McCarran which are annexed into the industrial center and subject to the development agreement. Some parcels in McCarran are zoned heavy industrial but may be technically outside of the Tahoe-Reno Industrial Center annexed area.

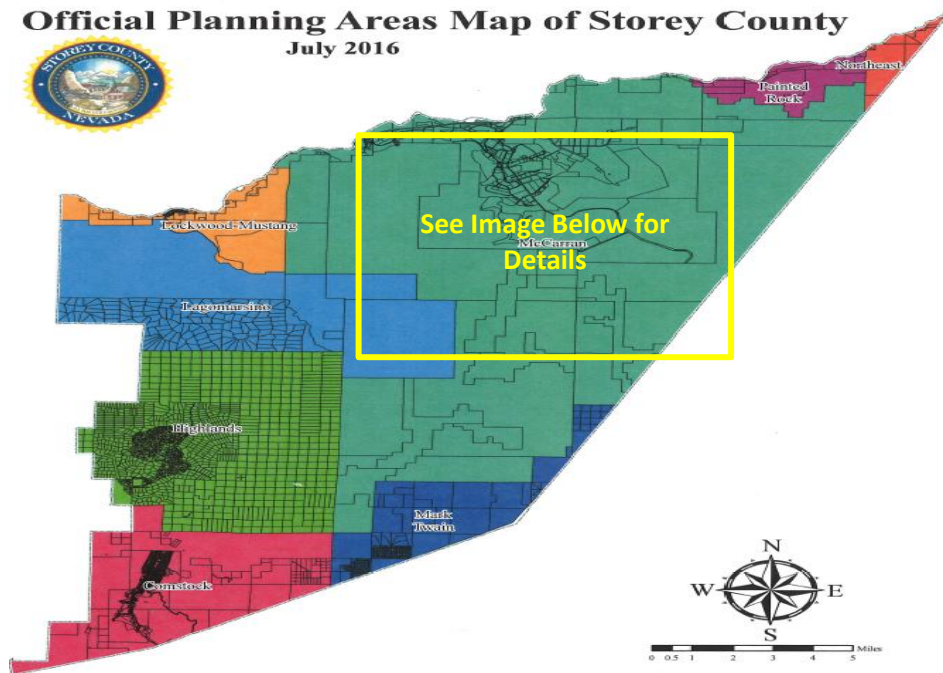


Figure 02 – Storey County Master Plan Areas, 2016. The map above illustrates the eight master planning regions in Storey County. The McCarran planning area, home to the Tahoe-Reno Industrial Center, encompasses nearly 2/3 of the county.

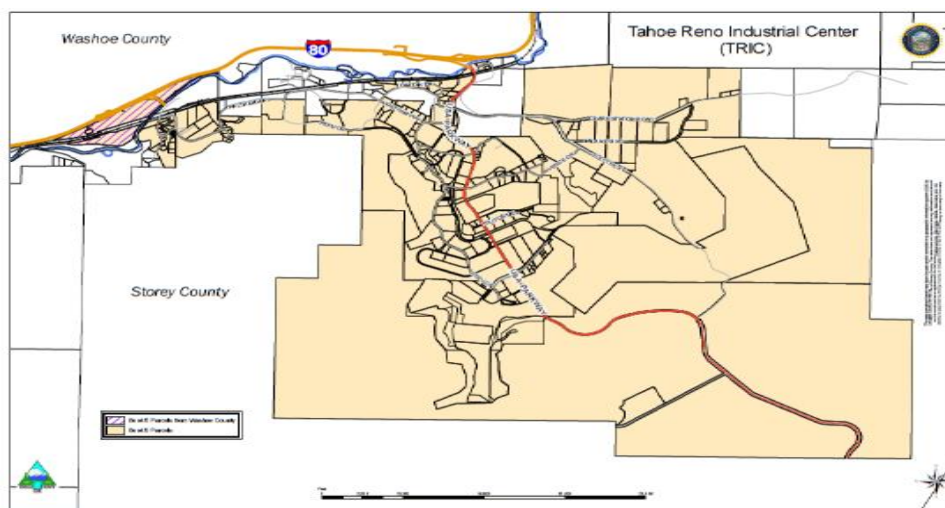


Figure 03: Illustration showing McCarran parcels which are annexed into the Tahoe-Reno Industrial Center and subject to the development agreement. Not all parcels in McCarran are annexed into the industrial center.

Industries

Storey County has become Nevada’s foremost place of business for advanced manufacturing, technology, and energy industries. These uses in Storey County are concentrated in the Tahoe-Reno Industrial Center, and to a lesser degree in Lockwood and Mustang.

Table 01 shows that manufacturing, transportation, and utilities are the fastest growing industry sectors in the county, with growth exceeding 2,500% over the past decade.

The Tesla Gigafactory accounts for most of the manufacturing jobs in the county. The recent announcement of planned expansions of the Gigafactory will significantly inflate employee spending and other economic outputs reported below in this section. Future review is warranted. Other major employers in the county include Switch, Redwood Materials, LiNiCo, Google, Rise Renewables, and Fulcrum Bioenergy.

Potential for manufacturing, energy, technology, and mining growth exists in other parts of the county too, including between Lockwood and Washoe County and in greater Mark Twain.

Tourism and hospitality uses are concentrated in Virginia City and Gold Hill. Hotels, restaurants, and other commercial uses at the Tahoe-Reno Industrial Center, however, are growing rapidly, and the industrial center may soon overtake Virginia City and Gold Hill as the county’s principal employer in this category.

Mining and aggregate uses are scattered throughout the county, with gold and silver mining concentrated in Gold Hill and process beneficiation in nearby American Flat. Aggregate and/or diatomaceous earth mines also operate in Lockwood, Mark Twain, and in McCarran.

Table 01: Number of Jobs in Storey County, Selected Industries				
	2010	2014	2021	2010-2021 % Change
Natural Resources and Mining	84	*	113	35%
Construction	132	219	905	586%
Information			325	-
Manufacturing	376	689	** 10,643	2,731%
Trade, Transportation and Utilities	1,481	3,053	4,546	207%
Financial Activities	7	*	16	129%
Professional and Business Services	192	131	201	5%
Educational and Health Services	*	220	237	-
Tourism and Hospitality	164	191	194	18%
Other Services	138	77	49	-64%
All Sectors: Storey County	2,810	4,806	17,229	513%
Source: Nevada Department of Employment, Training and Rehabilitation; Nevada Governor's Office of Economic Development; Nevada Workforce.				
** = 2020 Statistic.				
* = Data not available.				

IV. ECONOMIC CONDITIONS IN STOREY COUNTY

Revenues and Expenditures

County revenues are generated from ad valorem (property taxes), sales and use taxes, permit, fees, licenses, federal and state grants, and other sources.

The county collected approximately \$23.6 million and spent \$14 million in general fund revenues in 2022. The county’s net-position in 2022 was about \$45 million, and its long-term financial obligations were about \$47 million. Including OPEB and pension liability, this increases to approximately \$94 million.

Overall annual revenues grew approximately \$3.5 million between 2021 and 2022. Some revenue growth was attributed to federal grants and other non-tax revenues. Tax exclusive revenue and overall expenditures between 2021 and 2022 grew by nearly \$1 million (~6.5%).

In addition to current revenue and expenditure trends, Figure 04 illustrates growth that has occurred in the county approximately since the formation of the Tahoe-Reno Industrial Center. Between 2005 and 2022, overall annual revenue in Storey County grew by nearly \$18 million and expenditures grew by nearly \$9 million.

Revenues and expenditures are illustrated in Figures 04 and 05, and Table 02.

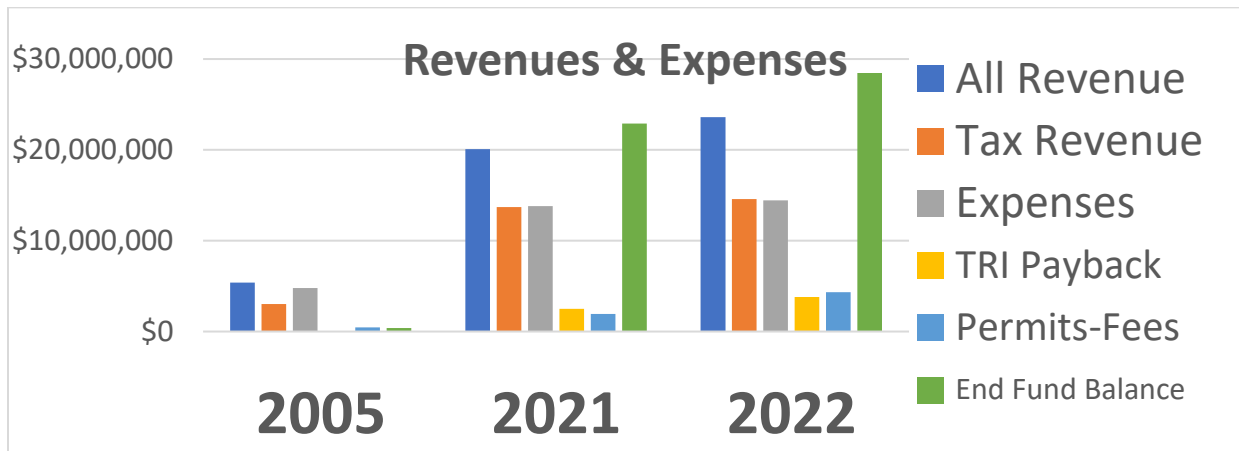


Figure 04: Revenues and Expenditures

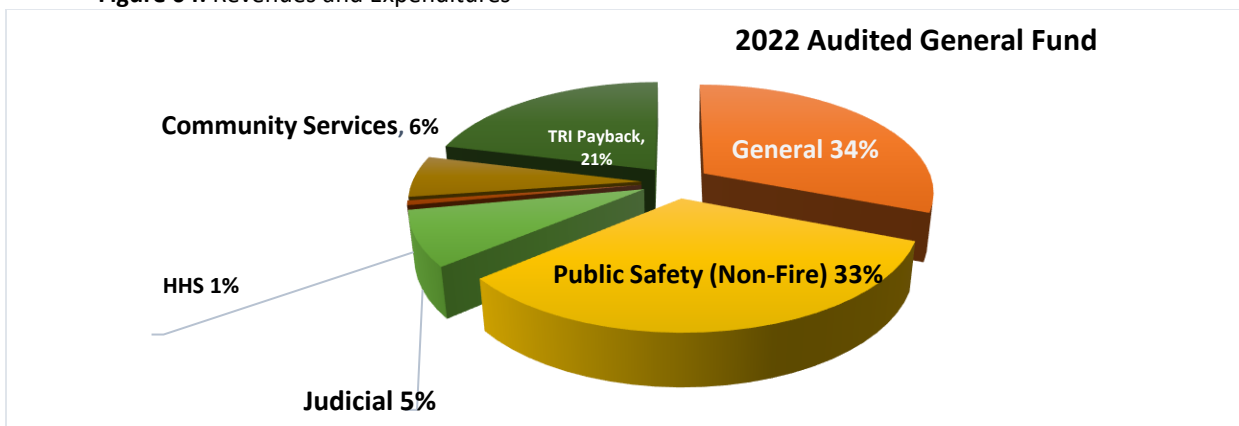


Figure 05: Revenues and Expenditures

Decades of deferred facilities and infrastructure maintenance, and major capital improvements needed to meet new demands necessitate prescribed spending from the county's end-fund-balance and from new revenues. Section IX further discusses capital improvement planning.

The county incurred new debt in 2021, including from three U.S. Department of Agriculture (USDA) loans totaling \$3.2 million for waterline and tank projects, and a USDA loan for \$264,000 for replacement wastewater treatment facility in Gold Hill.

Table 02: General Fund Actual Year Ending 2021 and 2022		
Revenues	2021	2022
Taxes	\$13,693,925	\$14,586,167
Licenses and Permits	\$1,952,013	\$4,315,289
Intergovernmental	\$2,272,666	\$2,784,013
Charges for Service	\$1,776,439	\$2,542,046
Fines and Forfeits	\$216,567	\$213,866
Miscellaneous	\$179,107	\$(830,986)
Total General Fund Revenue	\$20,090,717	\$23,610,395
Expenditures		
General Government	\$5,073,827	\$5,549,248
Judicial	\$1,270,041	\$1,458,868
Public Safety	\$5,973,388	\$5,947,730
Health and Human Services	\$106,204	\$123,904
Culture and Recreation	\$128,251	\$115,955
Community Support	\$1,250,321	1,243,816
Total General Fund Expenditures	\$13,802,032	\$14,457,901
Revenue Over Expenditures	\$6,288,685	\$9,152,494
Transfer out Contingency	-\$1,159,000	\$3,588,000
Net Change in Fund Balance	\$5,129,685	\$5,564,494
Long-Term Debt and Other Fiscal Obligations		
TRI-Center construction reimbursement (See Section IV)	\$40,842,347	\$31,937,583
VC Rail bonds	\$996,000	\$0
SCFPD USDA Loan	\$1,569,960	\$1,396,825
Compensated absences	\$779,093	\$778,373
Water-Sewer Revenue Bonds (Business Activity)	\$6,550,348	\$9,595,293
Total	\$50,737,748	\$43,708,074

TRI-Center Infrastructure Reimbursement Obligation

In 2000, Storey County formed a private-public development agreement with the Tahoe-Reno Industrial Center, LLC, and DP Operating Partners, LP (“developer”).

The agreement states that the developer is responsible to build roads, drainages, and administrative and fire facilities, and other infrastructure immediately as needed. The county then accepts dedication of this infrastructure, and each year a base amount is established using the formula described in the following section by which 100% of the infrastructure is paid back over the 50-year life of the agreement. No interest is charged to the county.

Tahoe-Reno Industrial Center, LLC is the “master developer” for the purpose of this discussion. However, other private companies in the industrial center that build and dedicate to the county roads and infrastructure serving their properties are also considered the “developer”, and they are entitled to the same reimbursement program.

Infrastructure Subject to Reimbursement

As of 2022, over \$47 million in infrastructure improvements were developed by the Tahoe-Reno Industrial Center and dedicated to Storey County. These include USA Parkway, Interstate-80 interchange, interior roads and rail systems, fire station and administrative offices, and drainages.

To date, the county reimbursed \$10 million to the developer, and it still owes \$34.5 million. Obligations and payments are outlined in Tables 03 and 04.

The development agreement master plan projects an additional \$97 million in new infrastructure improvements subject to reimbursement over the remaining agreement term.

Table 03: List of TRI Vouchers Subject to Reimbursement	
Infrastructure Improvement	Cost Subject to Reimbursement
USA Parkway Interchange	\$10,725,755
USA Parkway	\$15,023,346
USA Parkway RR Bridge	\$2,380,905
Other TRI-Center Roads	\$11,534,088
Rail Spur	\$4,918,261
Fire Station 75 and Hydrants	\$3,093,856
Other Infrastructure	\$158,389
Total Vouchers	\$48,834,600

Source: (2019) TRI-Center Vouchers Audit: Schedules of Project Revenue and Net Revenue for the Years Ending June 30, 2019, 2019, and 2017. Christiansen Accounting Network. Page 11.

Table 04: Tri Center Reimbursement Obligation	
\$47,834,600	Total infrastructure subject to reimbursement
\$34,842,347	Total remaining obligation as of 06-30-22
\$2,500,000	Payment made by the county in FY2021

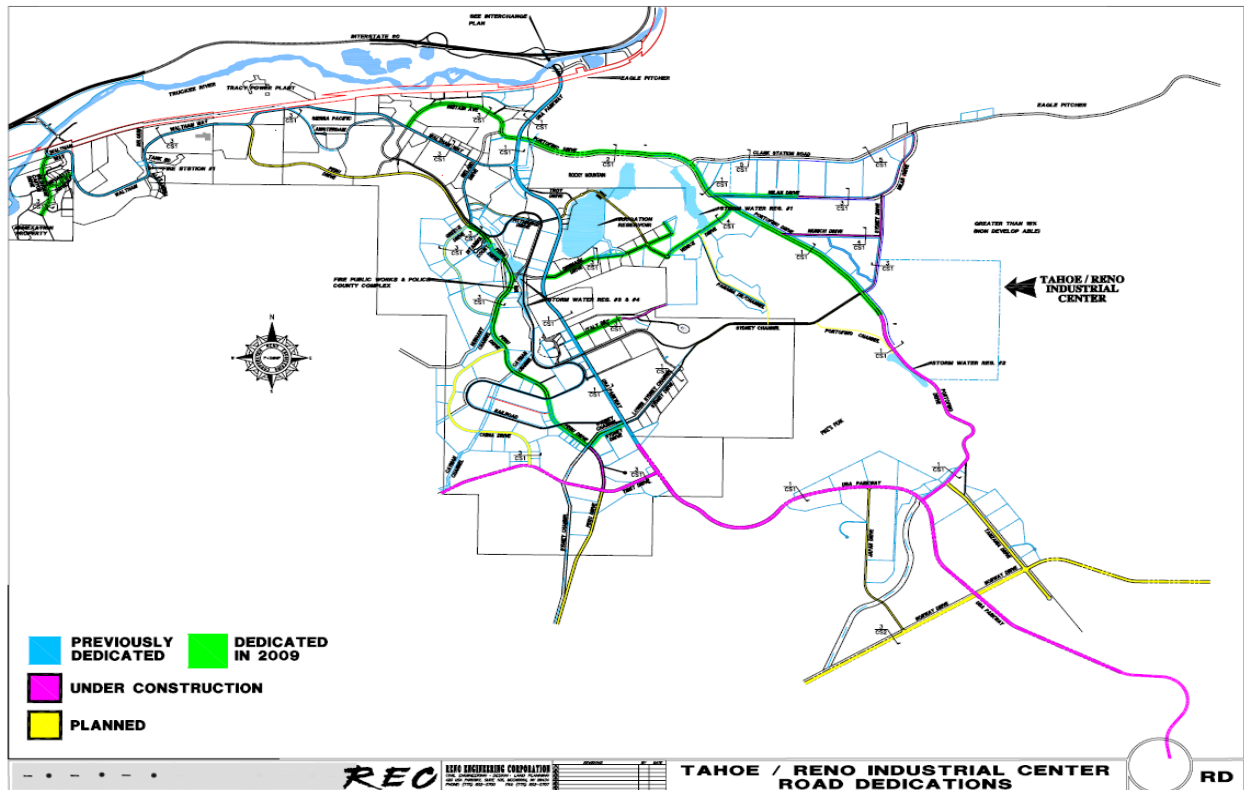


Figure 06: Both images illustrate the scale of road infrastructure at the Tahoe-Reno Industrial Center that Storey County must pay back to the developer. (upper) All roads at the industrial center; (lower) USA Parkway Interchange including bridges over Interstate-80, Union Pacific Railroad, and the Truckee River. (Source: Tahoe-Reno Industrial Center Development Agreement Infrastructure Dedication Map, 2000).



Revenues Subject to Developer Reimbursement

The following formula is used to determine annual county reimbursement to the Tahoe-Reno Industrial Center developer.

Total Industrial Center Revenues <i>Minus</i> Stipulated Industrial Center County Operating Cost <i>Equals</i> Determined Base Net Revenues <i>Times</i> 35 Percent <i>Equals</i> Total Annual Net Reimbursement to Developer

The amounts are determined by an annual audit of county revenues and expenses applicable to the industrial center. Reimbursements are spread over duration of the 50-year agreement, and zero interest is charged.

Revenues subject to the base reimbursement include:

- Personal and real property taxes
- Sales and use taxes
- Permits and plan review fees
- Inspection fees
- Business license fees
- Real property transfer taxes

County operating cost deducted from the base amount include:

- Administration
- Infrastructure maintenance
- Capital improvement costs
- Fire and emergency services
- Other government services

The amount subject to developer reimbursement increases when revenues from industrial center related activity increase. For instance, the expiration of Tesla Gigafactory property tax abatements will by 2025 increase revenues to the county, and it will increase the rate of annual reimbursement to the developer. Revenues generated from the industrial center were approximately \$9.7 million in 2020 and \$9.4 million in 2021. Approximately \$2.5 million and \$2.4 million, respectively, was reimbursed to the developer during these years.

Table 06(a): TRI-Center Revenue Subject to Reimbursement (Audited 2021)

Revenues from TRI-Center	2019	2021	2022
Sales Tax	\$1,315,518	\$623,581	\$974,330
Real and Personal Property Tax	\$6,184,803	\$8,132,737	\$7,359,529
Business License Fees	\$44,020	\$78,301	\$50,918
Building and Fire Permit Fess	\$1,622,168	\$583,611	\$1,257,998
Real Property Transfer Tax	\$86,206	\$69,927	\$75,697
Recording Fees	\$18,273	\$7,640	\$7,602
Centrally Assessed Taxes	-		
Utility Fees	-		
Solid Waste Franchise Fees	-		
Liquor and Gaming Fees	-	\$3,980	\$3,980
Gross Tri-Center Revenues	\$9,274,568	\$9,499,777	\$9,730,054
Operating Costs	\$2,907,577	\$3,205,604	\$3,052,956
Net Revenues	6,366,991	\$6,294,173	\$6,677,098

Source: TRI Public-Private Partnership Audit for Years Ending June 30, 2019, 2018, and 2017 and Audit for year ending June 30, 2020 and 2021

V. TAX ABATEMENTS & REVENUE DEFERMENTS

Tax Abatements

Tax Abatement Categories

NRS provides partial and full tax abatements to companies seeking to relocate, invest, and employ residents in the state. The abatements are administered through the Governor’s Office of Economic Development.

Special property tax abatements include the following categories (some are not-to-exceed):

- 50% Standard base for qualified companies
- 25% Data centers (personal property)
- 20% LEED “green” certified buildings
- 100% \$3.5 billion investment companies
- 75% \$1 billion investment companies

Special sales and use tax abatements include the following categories:

- 2% Standard base for qualified companies
- 100% Data centers (and co-located businesses)
- 100% \$3.5 billion investment companies for 20 years
- 100% \$1 billion investment companies for 15 years.

A 50% abatement of the 1.378% State Modified Business Tax rate on quarterly wages exceeding \$50,000 may occur.

Voter approved county sales tax categories are abated for Tesla, but they may not be abated for future SB1 (2014) qualified tax abated companies. Voter-approved sales and use tax categories in Storey County include:

- 0.25% Infrastructure
- 0.25% Virginia & Truckee Railroad
- 0.25% Virginia City Tourism Commission

Tax Abatements Impacting Storey County

Table 06(b) demonstrates that Storey County leads all counties in Nevada in overall tax abatement burden.

Storey County leads Clark County by nearly \$1 billion and Washoe County by \$1.2 billion in tax abatements.

Table 06(b): Incentivized Companies in Storey, Washoe, Lyon and Clark Counties, and Carson City				
County	Number of Businesses	*Total Partial Tax Abate-ments	** Population	Amount Per Resident
Storey	38	\$1,342,454,458	4,143	\$324,029
Clark	145	\$432,153,818	2,292,476	\$188
Washoe	62	\$164,336,434	493,392	\$333
Lyon	14	\$8,800,757	60,903	\$144
Carson	3	\$983,521	58,993	\$16

*Source: Governor's Office of Economic Development (GOED). 2010 through 2022 both "new" and "expansion".
 **US Census Populating Estimate, July 1, 2021 (www.census.gov)

The following provides a summary of tax abatement impacts to Storey County. Details are shown in Tables 06(b) and 07.

Gigafactory-1

- 100% Property tax \$1.06 billion
- 100% Permit and plan review fees \$27 million
- 100% Sales and use tax \$240 million

Switch

- 75% Personal property tax \$37 million
- 100% Permit and plan review fees \$83 million

Redwood Materials (pending contract with Governor’s Office of Economic Development).

- 75% Property tax \$54 million
- 100% Sales and use tax \$47 million

(Source: December 2, 2022, Redwood GOED application for \$1B tax incentive).

Table 07: Businesses Receiving Partial Tax Abatements in Storey County			
Month/Year	Company Name	Type	Total Partial Tax Abatements
October-10	Scougal Rubber	New	\$87,978
January-11	Benco Dental Supply Co.	New	\$139,631
April-11	GSI Commerce Solutions, Inc	New	\$477,592
April-11	Schluter Systems, LP	New	\$34,934
January-12	Zulily, Inc	New	\$57,005
March-13	Zulily, Inc	Expansion	\$1,547,405
May-13	Schwabe North America	New	\$81,127
July-13	Ardagh Metal Packaging USA, Inc.	New	\$5,680,976
July-13	eBay, Inc. - GSI Commerce	Expansion	\$418,763
November-13	Randa Accessories	Expansion	\$139,558
December-13	Zulily, Inc	Expansion	\$661,652
May-14	James Hardie Building Products Inc.	Expansion	\$1,866,752
November-14	Tesla Motors	New	\$1,104,157,627
November-14	Fulcrum Sierra Biofuels, LLC	New	\$2,016,500
March-15	Deceuninck North America	New	\$220,600
May-15	Greeley Development Corp	New	\$485,000
July-15	BI Nutraceuticals, Inc.	New	\$207,300
July-15	Fulcrum Sierra BioFuels, LLC	Expansion	\$22,336,600
July-15	Chewy.com, LLC	Expansion	\$352,800
July-15	Switch, LTD #1	New	\$12,564,500
July-15	Switch, LTD #2	New	\$107,815,753
July-16	Aqua Metals Inc.	New	\$3,614,319
July-16	Thrive Market, Inc.	New	\$258,352
September-16	Ryze Renewables Reno	New	\$7,000,086
May-17	Asia Union Electrical Chemical Corp., Inc.	New	\$1,657,380
September-17	ERG Aerospace Corporation	Expansion	\$330,288
January-18	US Ordnance	Expansion	\$190,873
March-18	MECP1 Reno 1, LLC	New	\$26,272,322

May-18	Fulcrum Sierra BioFuels, LLC	Expansion	\$1,909,038
November-18	Aqua Metals, Inc.	Expansion	\$109,350
December-19	Golden Gate Renewables	New	\$10,542,784
September-20	Design LLC	Expansion	\$25,054,937
March-21	Plant Prefab, Inc.	New	\$1,623,210
March-21	ThyssenKrupp Industrial Solutions, Inc.	New	\$266,757
December-21	LiniCo Corporation	New	\$618,836
December-21	Stericycle, Inc	New	\$974,795
September-22	TLS Supply Chain Solutions, Inc.	New	\$479,204
September-21	RIBUS, Inc.	New	\$201,574
Total:			\$1,342,454,158

Tesla Gigafactory Abatements and Cost Defrayment

Storey County in 2015 negotiated a government services agreement with Tesla in accordance with NRS 360.880 to defray costs of fire and medical response, law enforcement, building permits and inspections, infrastructure, and other costs related to the Gigafactory.

The 2015 agreement provided \$1.6 million by the company to the county over 10 years for this purpose. Tesla also purchased a \$750,000 quintuple combination pumper fire truck capable of reaching the 75-foot height of the Gigafactory.

The parties renegotiated the agreement in 2020 when the 2015 contract was found to no longer cover all county and fire district costs of responding to Gigafactory needs. The amended contract added roughly \$1.1 million in annual base payments to the county to defray fire and medical, administration, justice, staffing and overtime, and road infrastructure costs.

The agreement will expire in 2024 when Gigafactory property taxes are set to expire. 100% sales and use tax abatements will continue for an additional 10 years.

Redwood Materials Abatement Infrastructure Financing

NRS 360.880 provides for bond financing and other potential methods to fund certain county infrastructure needed to service a company seeking 75% property tax and 100% sales tax abatements per a \$1 billion pledged investments in Nevada. Redwood Materials was approved in 2022 for this incentive package.

Storey County and Redwood Materials are discussing potential financing for certain roads and fire infrastructure to serve its facility in the Tahoe-Reno Industrial Center. The company is expected to receive full approval of its abatement application on or before April 2023.

Negotiations between the parties are not complete, and the county cannot yet assume that its costs of responding to the company’s needs will be defrayed.

Sales Tax Reporting Deficiencies and ZIP-Codes

The Nevada Department of Taxation utilizes United States Postal Service (USPS) ZIP Codes to track sales and use tax activity and report corresponding sales and use tax revenue generation to each city and county in the state. Until 2018, McCarran (and the Tahoe-Reno Industrial Center) shared an 89434 ZIP Code with Sparks, Washoe County, despite it being situated entirely within Storey County.

Sales and use tax revenue data in Table 08 and Figure 07 suggests that the shared ZIP-Code caused loss of Storey County sales and use tax revenues to Sparks and possibly Washoe County.

Following a decade of government relations work in Washington D.C., Storey County officials successfully secured an 89437 USPS ZIP Code assigned exclusively to McCarran, Storey County. A notable upward shift in tax revenue to Storey County occurred at the time the postal code was modified. Table 08 shows average sales and use tax revenues in Storey County before and after the postal code amendment:

- 1.98% Average annual increase *before* ZIP-Code change
- 23.5% Average annual increase *after* ZIP-Code change
- \$1.9 million Average amount of sales tax collected *before* change (2010-2017)
- \$3.6 million Average amount of sales tax collected *after* change (2018-2020)

The sharp increase and persistent upward trend following the postal code change suggests that revenues to Storey County increased because of the ZIP-Code amendment. Data for 2022-2023, when available, should be reviewed to further validate this trend. Sales and use tax data for 2020 and 2021 may be skewed by the Covid pandemic and should be avoided.

Sales and use tax loss to neighboring jurisdictions may still be occurring as many businesses in McCarran continue using Sparks and 89434 as their mailing address and continue reporting the same for business related activities.

Table 08: Storey County Sales Tax Revenue		
Year	Amount	% Change from Previous Year
2010	\$1,984,483	
2011	\$1,808,276	-8.88%
2012	\$1,740,781	-3.73%
2013	\$1,921,613	10.39%
2014	\$1,990,724	3.60%
2015	\$2,024,274	1.69%
2016	\$2,120,713	4.76%
2017	\$2,248,070	6.01%
2018	\$3,192,713	42.02%
2019	\$3,668,778	14.91%
2020	\$4,162,041	13.44%
CCRT Storey County Independent Auditor's Reports 2010 - 2020		

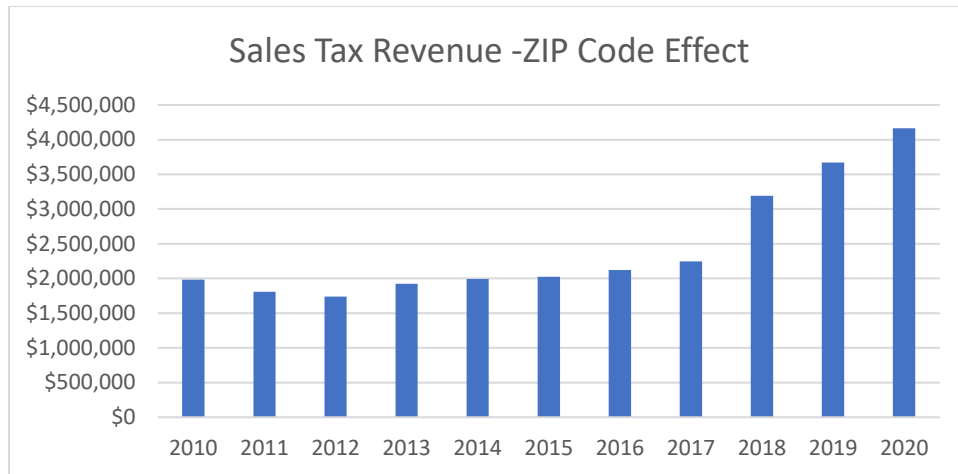


Figure 07 – Sales Tax Revenue and Potential ZIP-Code Effect

The following map illustrates ZIP Codes assigned to the Sparks and McCarran areas. The gray shaded area south of Interstate-80 is entirely in Storey County, and the shaded area to the north of the interstate is in Washoe County. Prior to 2018, the entire gray shaded area was designated as an 89434 Sparks postal code. The approximate area within the dotted line illustrates the 89437 McCarran postal code that was established in 2018. Lockwood, Mustang, Painted Rock, and other areas outside of McCarran today remain in the 89434 ZIP Code.

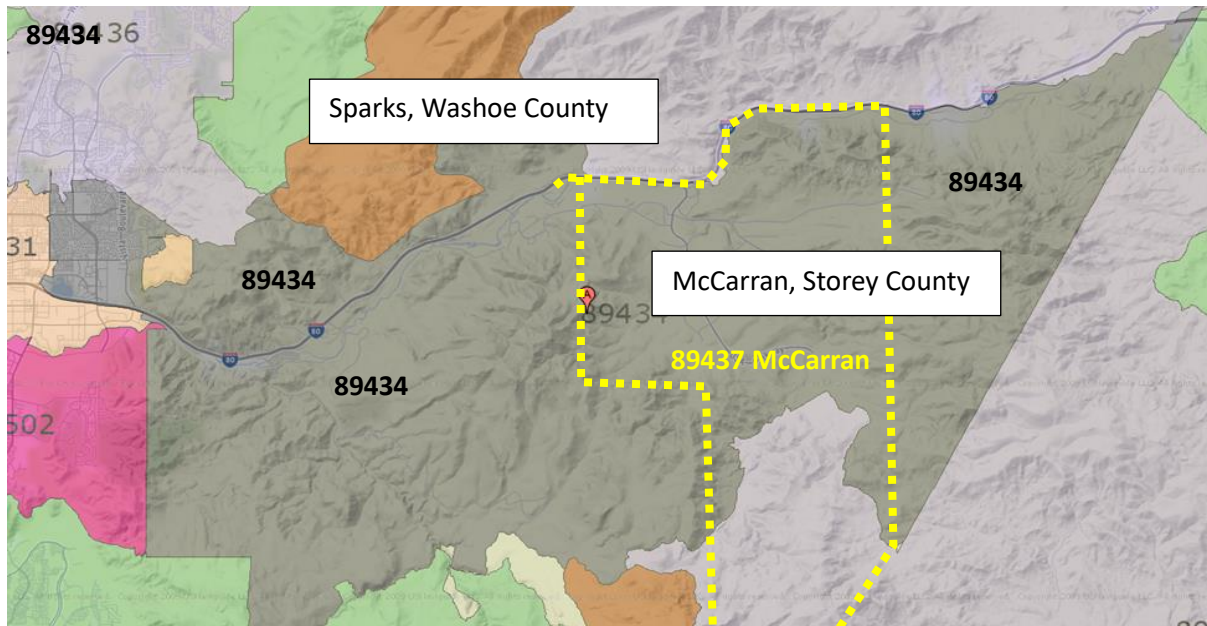


Figure 08 – USPS Zip-Code Map with overlay depicting the new 89437 ZIP-Code. Depictions are approximate. (Source: Base map from United State Postal Services, circa 2018.)

VI. REGIONAL ECONOMIC OUTPUTS FROM STOREY COUNTY

Economic Transition and Stamina

Section II described how Storey County, in the late 1990s, was being considered by legislative leaders for dissolution and consolidation into its neighboring counties because of its inability to generate self-sustaining tax revenues, and how the County reinvented itself in the 2000s to become Northern Nevada’s leader in economic development and diversification.

Neighboring jurisdictions followed Storey County’s lead by investing in the expansion of non-gaming industries and by building a foundation for Northern Nevada to become an internationally recognized leader in manufacturing, technology, and energy industries.

Washoe County’s fiscal-year 2022 final budget states that “economic diversification beyond the gaming and tourism industry was essential” to the region’s success, and that efforts by area counties and economic development agencies “resulted in notable success including decisions by Apple, Tesla, Switch, Google, Amazon, Zulily, BlocWatch, Rackspace and other major companies to locate significant plants and business operations in Northern Nevada” (p. 24).

The companies listed in the quote above, except Amazon, Apple, and BlocWatch, are all located in Storey County.

The Nevada Department of Employment Training and Rehabilitation (DETR) in its *Nevada Statewide & Metro Area Labor Market Overview* (June 16, 2022) shows Nevada having the fastest annual employment growth in the U.S. The DETR report also shows that the recovery of pre-pandemic peak employment is 108% for manufacturing, 109% for trade and utilities, 104% for financial activities, 103% for education and health services, and 91% for leisure and hospitality. Total employment, excluding agriculture, as of May 2022 stood at a 99.8% of its pre-pandemic peak (p. 1).

The Washoe County fiscal year 2022 final budget highlights this in Figure 09, showing positive job growth and diversity in the Reno-Sparks MSA during the past decade, including the addition of 69,900 new jobs in the region.

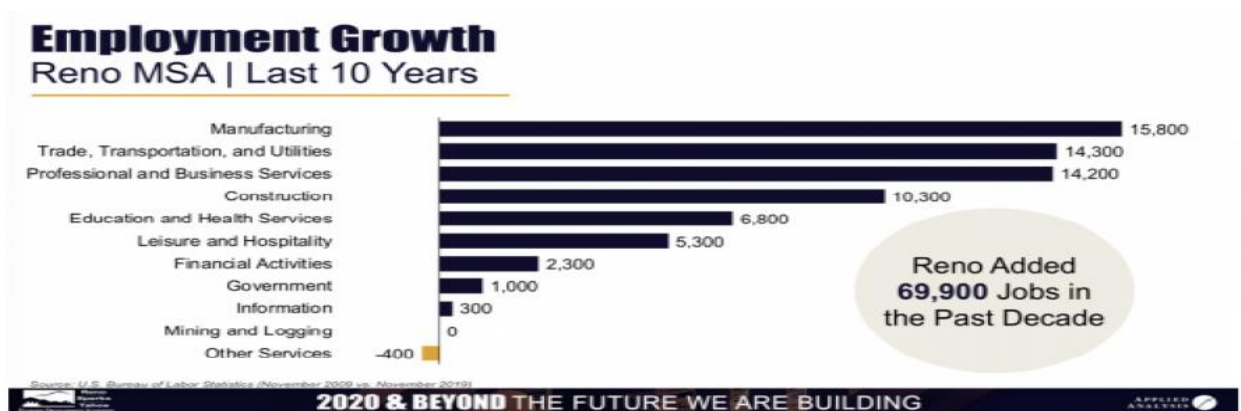


Figure 09: Employment growth in the Reno MSA 2009-2019. Source: U.S. Bureau of Labor Statistic, November 2009 vs. November 2019. Obtained from Washoe County FY 2022 Final Budget, p. 25.

Washoe County’s fiscal year 2022 budget also highlights the following economic benefits resulting from economic development in the Northern Nevada over the past decade (pp. 25-30):

- 4.9% unemployment in 2021 versus 14% in 2010
- Fast recovery from 19.9% pandemic-related unemployment in 2020
- 22% increase in median household income between 2017 and 2021
- 10% higher estimated median household income than Nevada
- 24% higher per-capita personal income than Nevada
- 43% assessed valuation increase from 2016 to 2022 (14.34 to 20.55 billion)
- 61% taxable sales increase 2011 – 2018
- 6.3% average annual increase in sales tax 2011 – 2020.
- 6.2% (\$11.9 million) projected property tax revenue increase for FY 2022
- 4.5% (\$5.7 million) projected Consolidated Tax increase for FY 2022

Table 09: Reno-Sparks MSA Employment					
Year	Labor Force	Employment	Employment % Change from Previous Year	Unemployment	Unemployment Rates
2017	238,361	228,460		9,901	4.2
2018	249,881	241,134	5.55%	8,747	3.5
2019	257,268	248,694	3.14%	8,574	3.3
2020	249,862	229,466	-7.73%	20,396	8.2
2021	254,732	243,752	6.23%	10,980	4.3

Source: U.S. Bureau of Labor Statistics - Series Id: LAUMT3239900000000006 - As of November 7, 2022

Table 10: Sales & Use Tax Statistics for Storey and Washoe Counties					
Storey County			Washoe County		
Combined Sales & Use Statistics - by Fiscal Year			Combined Sales & Use Statistics - by Fiscal Year		
Year	Amount	% Change	Year	Amount	% Change
2017	\$1,609,711,143		2017	\$7,989,009,111	
2018	\$1,275,451,338	-20.8%	2018	\$8,531,252,745	6.8%
2019	\$718,439,041	-43.7%	2019	\$8,829,863,974	3.5%
2020	\$825,949,152	15.0%	2020	\$9,250,415,486	4.8%
2021	\$737,381,372	-10.7%	2021	\$11,049,067,465	19.4%

Source: Nevada Department of Taxation, 2017-2021

Tesla Gigafactory’s Economic Impact on the State

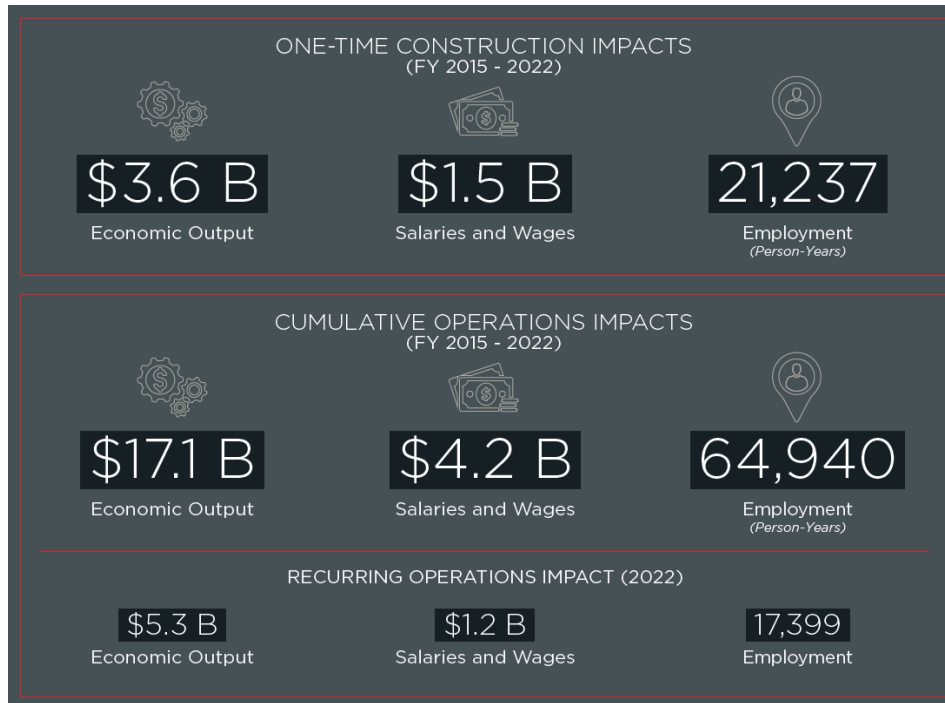
Multiple economic impact studies have been performed for the Tesla Gigafactory (the Gigafactory) since the announcement of its location in Storey County in 2014 (Note: The Gigafactory also includes Tesla’s vendors: Panasonic Energy Corporation of North America (PENA), H&T Nevada and Valeo North America). Two reports issued by the Nevada Governor’s Office of Economic Development (GOED) in 2014 and 2018 reported that the Gigafactory has generated substantial positive economic benefits for Storey County and neighboring jurisdictions (counties, municipalities, etc.).

The latest analysis of the Gigafactory’s economic benefits to the region is discussed in “*Tesla Gigafactory Nevada Economic and Fiscal Impact Analysis 2022*” (the 2022 report) prepared by Applied Analysis for Tesla. Key findings included in the 2022 report include:

Gigafactory Nevada’s operations make it a sizable contributor to Storey, Washoe and the balance of Northern Nevada’s counties. In addition to manufacturing battery packs for Tesla’s electric vehicles, the factory produces electric motors and energy storage products, as well as materials needed for the company’s newest semi-truck product line. In order to keep up with demand, [Gigafactory] Nevada operates around the clock. Recent output metrics shows a tremendously productive facility. Ensuring these activities are maintained at appropriate levels requires a substantial labor force and is capital intensive. To date, the facility has generated \$17.1 billion in total operational economic activity and \$4.2 billion in salaries and wages paid to 17,399 employees (including direct, indirect and induced). (p. 14)

The above estimates are ongoing benefits related to the Gigafactory’s operations. According to the 2022 report, construction of the Gigafactory has also generated significant economic benefits for the state, though these were one-time benefits occurring during the construction period. Page 38 of the report notes that, “[w]hile the Gigafactory is physically located in Storey County, the impacts span much further, including into the urban core of Northern Nevada.”

The following infographic from the 2022 report summarizes the Gigafactory’s state-wide economic benefits.



Source: Applied Analysis “Tesla Gigafactory Nevada Economic and Fiscal Impact Analysis 2022”

The Gigafactory’s Economic Benefits for Washoe County

The 2022 report by Applied Economics estimated significant economic benefits to Washoe County generated by the Gigafactory—from construction, purchases of equipment, and operations. Furthermore, the 2022 report estimates these impacts for not only Storey and Washoe counties, but for the rest of Nevada.

To estimate the specific benefits to Washoe County from the Gigafactory’s investment in Storey County, the following methodology was employed. First, the primary industries responsible for the economic benefits to the region and operating at the Gigafactory were identified. These industries are: 1) Construction of New Commercial and Manufacturing Structures, 2) Wholesale Trade (machinery, equipment, and supplies), and 3) Storage Battery Manufacturing.

Next, the benefits of the Gigafactory to Washoe County were estimated on a per \$1 million basis. In other words, these benefits were estimated based on \$1 million spent in Storey County by the three industries noted above. For example, \$1 million spent on Storage Battery Manufacturing was used to assess the various benefits to Washoe County from that spending. This \$1 million calculation provides a ratio/scaling factor to estimate the potential effects of past or future spending, i.e., the benefits that would inure to Washoe County and its municipalities from future spending by the Gigafactory within Storey County. Finally, known values of spending from the Applied Analysis 2022 report were multiplied by these calculated ratios to estimate the benefits for Washoe County.

To derive these estimates, the IMPLAN (IMPact Analysis for PLANning) analysis tool was utilized, a widely accepted economic input-output model which has been in use since 1979. The model accounts closely follow the accounting conventions used in the “Input-Output Study of the U.S. Economy” by the U.S. Bureau of Economic Analysis. For this report, and on behalf of

Storey County, and the Consultant Team of RCG Economics (RCG) and EKAY Economic Consultants (EKAY) utilized IMPLAN’s Multi-Regional Input-Output Analysis (MRIO) function. The MRIO analysis herein estimates the benefits of activities occurring in one region (e.g., Storey County) on other regions (e.g., Washoe County) based on their economic trade patterns.

The concept of a direct benefit is relatively straightforward. However, the concepts of indirect and induced benefits, while critically important in assessing the totality of industry sectors’ economic contributions, are often misunderstood in economic analysis. Fundamentally, these secondary and tertiary benefits are based on an extension of the direct expenditures/spending associated with a group of sectors. Each type of benefit is briefly summarized below.

- Direct benefits are due to consumer spending at businesses; jobs created to support those firms; and the earnings (employee compensation, proprietor income and benefits paid) in a region.
- Indirect benefits are the local purchases of goods and services resulting from the initial direct spending at a business. For example, a golf course’s spending on retail merchandise will cause its suppliers to replenish inventories, etc. These sales are counted as an indirect economic benefit.
- Induced benefits are the output, employment and earnings growth generated by the employees of a company and its local suppliers as they consume goods and services in the regional economy. Put another way, induced benefits are benefits from earnings spent by direct and indirect employees. For example, an employee works for a country club. Some portion of his or her personal income will be spent locally, will cycle through the region, and will be exchanged among local merchants, thus, inducing additional new spending (retail, food, gas, etc.) and employment in the region.

The sum of these benefits provides the total contributions of a sector or group of sectors. Table 11 below displays the Consultant Team’s estimates (using IMPLAN) of the benefits from the Gigafactory’s construction, equipment purchases, and operations that would inure to Washoe County per \$1 million in spending within Storey County.

Table 11. Economic Benefits in Washoe County of \$1M in Spending on Construction, Equipment Purchases, and Operations of the Gigafactory			
Benefit	Employment¹	Earnings	Output/Spending
Construction			
Indirect	0.6	\$ 44,485	\$134,698
Induced	1.16	\$ 69,768	\$218,242
Total	1.76	\$ 114,253	\$352,940

¹ Please note, employment results in the IMPALAN model are measured in total jobs (full-time and part-time jobs).

Table 11. Economic Benefits in Washoe County of \$1M in Spending on Construction, Equipment Purchases, and Operations of the Gigafactory			
Benefit	Employment¹	Earnings	Output/Spending
Equipment Purchases			
Indirect	0.33	\$ 23,925	\$60,946
Induced	0.22	\$ 13,555	\$42,401
Total	0.55	\$ 37,479	\$103,347
Operations			
Indirect	0.30	\$ 22,479	\$66,725
Induced	0.85	\$ 51,441	\$160,913
Total	1.16	\$ 73,921	\$227,637

Source: IMPLAN, the Consultant Team

Since all direct benefits of the Gigafactory's capital expenditures and operations have occurred in Storey County, where the Gigafactory is located, Table 11 shows no direct benefits accruing Washoe County as estimated by EKAY. That said, purchases of goods and services from Washoe County by the Gigafactory and its contractors would create Indirect benefits in Washoe County. Furthermore, spending of wages earned by Gigafactory employees and employees of Gigafactory contractors and suppliers within Washoe County would create Induced benefits for Washoe County.

As noted in the Applied Analysis 2022 report,

Tesla was granted an incentive package for relocating to Nevada, and the resulting return on that investment is clear. The gains from an economic perspective have far outweighed the dollar amount of the abated taxes and subsidies. Specifically, Gigafactory partners have invested 10.2 times more capital and stimulated 28.2 times more in total economic activity than the public investment since inception. (p. 5)

Construction Benefits

Table 11 shows that for every \$1 million in construction expenditures by in Storey County, 1.76 jobs are supported (and possibly created) in Washoe County, with earnings of \$114,253 and total output of \$352,940.² This equates to earnings (including salaries and benefits) of \$64,917 per employee.

The 2022 report also shows a direct benefit of construction between fiscal years 2015 and 2022

² According to IMPLAN.com, output is the value of production in a calendar year. It can also be described as annual revenues plus the net change in inventory. It represents the economic activity created by purchases of goods and services by the project in question, its suppliers and their employees.

of \$1,239.3 million (i.e., \$1.2 billion; page 13). Using this value and the ratios in Table 11, the Gigafactory’s construction activities supported 2,181 jobs (i.e., $1,239.3 * 1.76$) in Washoe County, with earnings of \$141.6 million and \$437.4 million in total output (spending).³ It should be noted these are not Gigafactory jobs, but jobs created in Washoe County through construction spending by the Gigafactory and its contractors.

The Top 10 industries in Washoe County with the highest level of output benefits from Gigafactory construction activities include:

Owner-Occupied Dwellings	Accounting, Tax Preparation, Bookkeeping etc.
Hospitals	Ready-Mix Concrete Manufacturing
Employment Services	Management of Companies and Enterprises
Insurance Carriers	Wholesale-Machinery, equipment, supplies
Other Real Estate	Wholesale-Other durable goods merchants

The Top 10 industries in Washoe County with the highest level of employment benefits from Gigafactory construction activities include:

Employment Services	Retail-General Merchandise Stores
Hospitals	Full-Service restaurants
Limited-Service Restaurants	Architectural, engineering, and related industries
Offices of Physicians	Landscape and horticultural services
Other Real Estate	Accounting, Tax Preparation, Bookkeeping etc.

As these benefits include both induced and indirect sources, industries impacted by construction activities include a combination of those catering to businesses and households (i.e., business to consumer).

Equipment Purchase Benefits

For every \$1 million spent by the Gigafactory in purchasing equipment, 0.55 jobs would be created in Washoe County with earnings of \$37,479 and total output of \$103,347. This equates to earnings of \$67,736 per employee. The Applied Analysis 2022 report showed a direct benefit of equipment purchases between fiscal years 2015 and 2022 of \$810.2 million (page 13). Using this value and the ratios in Table 11, the Gigafactory’s equipment purchases would support 448 jobs in Washoe County (i.e., $\$810.2 * 0.55$), with earnings of \$30.4 million and \$83.7 million in total output (spending). Please note, input-output models like IMPLAN translate dollar investments into jobs supported. Construction and equipment purchase benefits are considered one-time benefits, occurring only when these expenditures are made.

³ It should be noted there are potential differences between the Consultant Team’s and Applied Analysis’ calculations due to the year of the IMPLAN model data. The present analysis relies on the 2021 data from IMPLAN, but the 2022 report does not indicate the data year.

The Top 10 industries in Washoe County with the highest level of output benefits from Tesla equipment purchase activities include:

Other Real Estate	Management of Companies and Enterprises
Employment Services	Insurance Carriers
Owner-Occupied Dwellings	Couriers and Messengers
Business Support Services	Services to Buildings
Hospitals	Accounting, Tax Preparation, Bookkeeping etc.

The Top 10 industries in Washoe County with the highest level of employment benefits from Tesla equipment purchase activities include:

Employment Services	Other Real Estate
Hospitals	Management of Companies and Enterprises
Couriers and Messengers	Accounting, Tax Preparation, Bookkeeping etc.
Full-Service Restaurants	Management Consulting Services
Business Support Services	Services to Buildings

Operations Benefits

For every \$1 million spent by Tesla through its operations, 1.16 jobs would be created in Washoe County with earnings of \$73,921 and total output of \$227,637. This equates to earnings of \$63,830 per employee. The 2022 report showed a direct impact of operations in fiscal year 2022 of \$3,131.7 million (page 17). Using this value and the ratios in Table 11, the Gigafactory’s operating activities would support 3,633 jobs (i.e., 3,131.7 * 1.16) in Washoe County with earnings of \$234.5 million and \$712.9 million in total output (spending). As with construction and equipment purchase jobs, these jobs do not represent Tesla employees but employees of businesses providing goods and services to Tesla and its employees. Unlike construction and equipment purchases, operating impacts are on-going, occurring in every year of the Gigafactory’s operations.

The Top 10 industries in Washoe County with the highest level of employment benefits from Tesla operating activities include:

Owner-Occupied Dwellings	Wholesale-Other durable goods merchants
Hospitals	Management of Companies and Enterprises
Other Real State	Insurance Carriers
Services to Buildings	Retail/Non-Store Retailers
Offices of Physicians	Tenant-Occupied Housing

The Top 10 industries in Washoe County with the highest level of employment impacts from Tesla operating activities include:

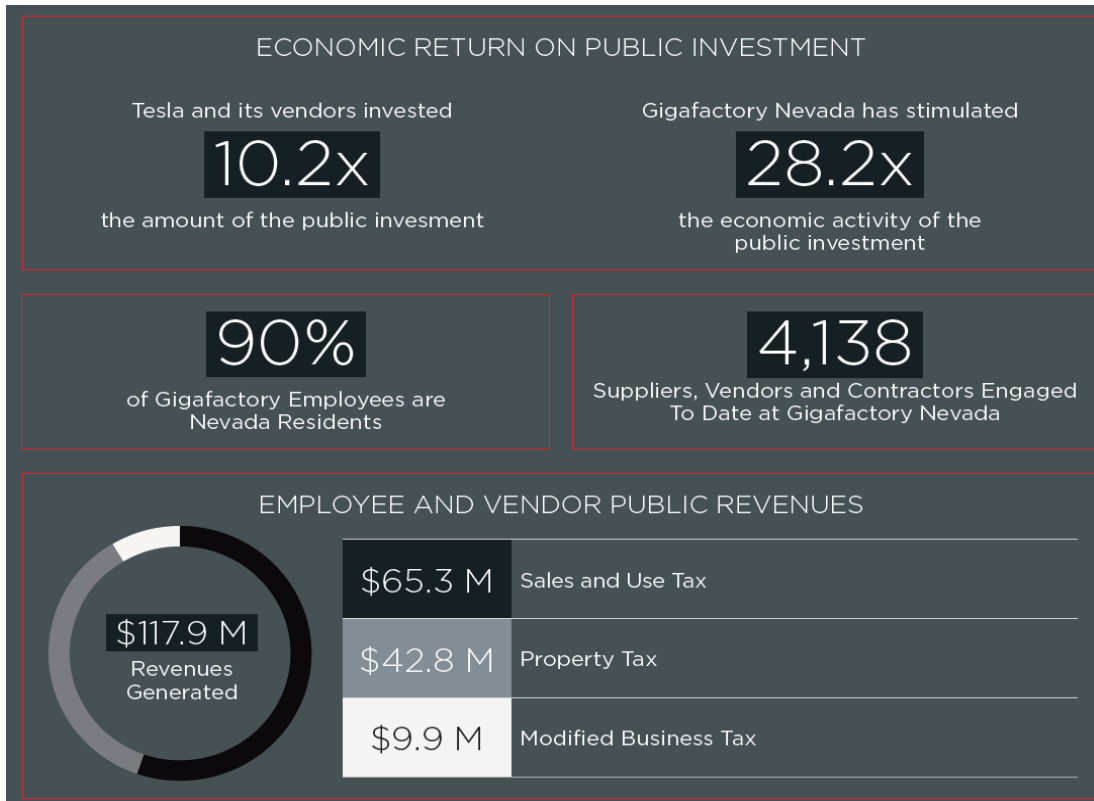
Services to Buildings	Wholesale-Other durable goods merchants
Other Real Estate	Retail-General Merchandise Stores
Employment Services	Full-Service Restaurants
Limited-Service Restaurants	Offices of Physicians
Hospitals	Management of Companies and Enterprises

The 2022 report indicates that, “[a]lthough physically located in Storey County, impacts are realized in neighboring Washoe County and the balance of the state” (p. 9; p. 38), but it does not estimate those impacts/benefits for Washoe County alone. The preceding pages, however, do show that Storey County economic activities generate significant economic benefits for Washoe County in the form of employment, earnings, and support for existing and new business in Washoe County. Businesses who have benefitted from the Gigafactory’s construction, purchases of equipment, and its operations include those providing goods and services for other commercial enterprises and to new and existing households in Washoe County and surrounding region, not only raising the level of economic activity but expanding the offerings of products and services the region’s residents.

The Gigafactory’s Fiscal Benefit on the State

The Applied Analysis 2022 report also estimated the public sector revenue (“net fiscal benefits”)—generated by spending from Tesla’s vendors and employees—payable to various government entities throughout the state, including the state treasury, department of education, and state municipalities. The report estimated that Tesla employees and vendors generated \$117.9 million in public revenues, including \$65.3 million through sales and use taxes (SUT), \$42.8 million through property taxes, and \$9.9 million through the Modified Business Tax (MBT). These benefits are shown below in the figure below from the 2022 report.

The figure also shows that Gigafactory investments have significantly exceeded the amount of public investment in the project, with a return of 10.2 times the original investment.



Source: “Tesla Gigafactory Nevada Economic and Fiscal Impact Analysis 2022”

The Gigafactory’s Fiscal Benefit to Washoe County

While the foregoing economic analysis illustrates the economic benefits of the Gigafactory to the region, the following fiscal analysis focuses on the public revenue/tax benefits of the Gigafactory. This analysis was conducted by EKAY Economic Consultants. The firm is well-known and respected in Nevada for its fiscal impact analyses. EKAY’s work in this analysis was reviewed by RCG Economics.

The Applied Analysis 2022 report estimates a significant amount of unabated tax revenues for state and local governments in Nevada generated by the Gigafactory through its employees and vendors. While the 2022 report uses the term “fiscal impact analysis,” the report estimates only the revenue portion (the benefits) of the impact.

Note: The 2022 report does not address or reference any potential fiscal (i.e., public service costs) expenditures related to the Gigafactory.

The 2022 report does provide a number of key details that facilitate the estimation of a full impact analysis (i.e., Fiscal benefits and costs) of the Gigafactory on Washoe County, but first a discussion of the sources of potential fiscal effects is warranted. Fiscal benefits for Washoe County would be generated by all Gigafactory activities, including construction, equipment purchases, and operations. As construction and equipment purchase benefits are one-time benefits, their fiscal benefits are also temporary. As a result, the analysis herein focuses only on ongoing fiscal benefits generated by the Gigafactory’s operating activities and the spending of its employees.

Since the Gigafactory is in Storey County, its construction and operations would not generate significant direct fiscal/tax revenues for Washoe County, nor would the Gigafactory itself create significant direct fiscal costs for Washoe County. The fiscal impacts on Washoe County would be associated primarily with new residents to Washoe County (e.g., for schools, infrastructure, fire, police etc.).

To assess the cost-benefit of new housing for local governments, the National Association of Homebuilders (NAHB) conducted a study in 2015, publishing a report titled, “*The Economic Impact of Home Building in a Typical Local Area: Comparing Costs to Revenue for Local Governments*.”⁴ In the introduction to that report, NAHB writes,

“In the typical case shown here, average-value residential construction [both single-family and multi-family] pays for itself and begins generating surplus revenue for local governments within the first year of construction. Not only is the revenue more than enough revenue to cover current government expenses in a given year, it is enough to pay off interest on the debt within a year, even under the NAHB model’s assumption that governments debt finance all capital investment needed to provide public infrastructure for the homes before they are built and any fees are collected. ...

The difference between government revenue and current expenditures is defined as an “operating surplus.” In this case, the first year operating surplus is large enough to pay off all debt incurred by investing in structures and equipment at the start of the first year by the end of the first year. After that, future operating surpluses will be available to finance other projects or reduce taxes. After 15 years, the homes will generate a cumulative \$27.6 million in revenue compared to \$20.5 million in costs, including annual current expenses, capital investment, and interest on debt” (pp. 1-3).

Tesla employees living in Washoe County generate fiscal revenues and require public services in the same ways that other residents of Washoe County do. The 2018 report from GOED notes that “Tesla has had a 93-percent in-state residency rate for qualified employees” since 2014.

However, it is not known how many employees at the Gigafactory were already residents of Nevada and how many became residents of Nevada because of their employment at the Gigafactory. For context, as of December 2022, Washoe County had an unemployment rate of 3.4 percent, significantly lower than the 4.4 percent the U.S. unemployment rate for the nation as reported by the Congressional Budget Office.⁵ According to EmployNV data (from the Nevada Department of Employment, Training, and Rehabilitation), as of March 10, 2023, Washoe County had 10,737 job openings with 5,581 job candidates, or 0.52 candidates available per job opening. For those job openings that provided salary information, average salary was estimated at \$40,716.⁶

⁴ <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics/economic-impact/economic-impact-local-area-comparing-costs-2015.pdf>

⁵ Local Area Unemployment Statistics (LAUS). Nevada Department of Employment, Training, and Rehabilitation; U.S. Congressional Budget Office, Noncyclical Rate of Unemployment [NROU], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/NROU>, March 11, 2023.

⁶ Area Profile, EmployNV, State of Nevada. <https://www.employnv.gov/vosnet/Default.aspx>

According to the Applied Analysis 2022 report, Tesla Gigafactory has 10,521 employees with an average hourly wage in fiscal year 2022 of \$42.35. This hourly wage is significantly higher than the \$31.50 per hour average wage in Washoe County as of the 3rd Quarter of 2022.⁷

According to 2019 data from the US Census Bureau, 34.6 percent of employees working in the north portion of Storey County (where the Gigafactory is located; Census Block Group- 1/Tract 9702)⁸ lived in the City of Reno, 22.4 percent in the City of Sparks, and 10 percent in the remainder of Washoe County.⁹ In total, 67.1 percent of all northern Storey County employees live in Washoe County, followed by 16.7 percent living in Lyon County, 3.9 percent in Churchill County, 3.4 percent in Carson City, and 1.2 percent in Douglas County.

Based on the information above from the Census Bureau, approximately 7,060 Gigafactory employees (10,521 * 67.1%) reside in Washoe County, either in the Cities of Reno and Sparks or in unincorporated Washoe County. Since it is unknown how many “Gigafactory households” are made up of more than one Gigafactory workers, the fiscal analysis herein is on a per-household basis. If the analysis shows that a single Gigafactory household provides a positive fiscal impact on a jurisdiction, we can conclude that Gigafactory households in the aggregate will also have a positive fiscal impact.

The first step in the analysis is to estimate the income of an average household living in Washoe County of which one household member is a full-time employee at the Gigafactory. According to data for Washoe County from the American Community Survey in 2021 there were 1.77 workers per household.¹⁰ Assuming one person in the household earns the average Gigafactory level wage of \$42.35 per hour and the remaining 0.77 worker earns wages at the average Washoe County wage of \$31.50, this results in a household income of \$138,651. Given this household income and using a home affordability calculator (developed by the Center for Regional Studies at the University of Nevada—Reno in partnership with EKAY),¹¹ a Washoe County household with an income of \$138,651 can afford to purchase a single family detached (SFD) home valued up to \$570,000, a single family attached (SFA) home (condominium or townhouse) valued up to \$555,000,¹² or a multi-family (MF) rental of \$3,750 per month. This information is shown in Table 12.

⁷ Quarterly Census of Employment and Wages (QCEW). Nevada Department of Employment, Training, and Rehabilitation.

⁸ This geographical area includes some employees outside of the Tahoe Reno Industrial (“TRI”) Center in Lockwood and Mustang but excludes the other major employment area of Virginia City, which, due to its location in the south of Storey County, will have different commuting patterns from the TRI Center where Tesla is located.

⁹ “Home Destination Report - Where Workers Live Who are Employed in the Selection Area.” U.S. Census Bureau, Center for Economic Studies, LEHD.

¹⁰ Table B23009 “Presence of Own Children Under 18 Years by Family Type by Number of Workers in Family in the Past 12 Months.” US Census Bureau, American Community Survey (ACS), 2021: ACS 1-Year Estimates Detailed Tables. Data for Washoe County.

¹¹ The home affordability calculator estimates the income necessary to purchase a home or afford monthly rental rates given home-related costs including rent/mortgage, utilities, insurance, HOA, and property tax expenditures.

¹² The reason the SFA affordability is below that of SFD, given the same income level, is due to typically higher HOA costs associated with condominium and townhome communities, compared to detached home communities. This information is derived from the American Community Survey data on home-related expenditures.

Table 12. Estimated Gigafactory-Employee Household Income, Affordable Housing Value/Rent, and Related Taxable Value	
Gigafactory Employee Hourly Wage	\$42.35
Additional Worker Hourly Wage	31.50
Additional Workers	0.77
Household Income	\$138,651
Single Family Detached	
Affordable Purchase Price	\$570,000
Taxable Value-Reno	\$353,005
Taxable Value-Sparks	\$350,392
Taxable Value-Unincorporated Washoe	\$349,214
Single Family Attached	
Affordable Purchase Price	\$555,000
Taxable Value-Reno	\$ 288,093
Taxable Value-Sparks	\$ 274,699
Taxable Value-Unincorporated Washoe	\$271,418
Multi-Family	
Affordable Rent/Month	\$ 3,750
Taxable Value-Reno	\$ 129,619
Taxable Value-Sparks	\$ 156,027
Taxable Value-Unincorporated Washoe	No Significant MF Developments

Sources: Washoe County Assessor, EKAY Economic Consultants

As of January 2023, the median sales price of homes in the Reno-Sparks region (Washoe County excluding Incline Village) was \$549,500 for SFD homes and \$332,500 for SFA homes.¹³ Rental rates in the region averaged \$1,625 per month, ranging from \$1,099 per month for 1 bedroom/1 bath units to \$2,123 for 3 bedroom/2 bath units.¹⁴ Based on Table 12, households with a Gigafactory employee earning average Gigafactory wages could afford to purchase or rent

¹³ Home Sales Activity Report, Reno-Sparks Subregions-Washoe County, Nevada, 4th Quarter 2022. Center for Regional Studies, University of Nevada, Reno.

¹⁴ Apartment Survey 4th Quarter 2022 Data, Reno/Sparks Metro Area. Johnson Perkins Griffin, LLC.

homes in the Reno-Sparks region well above the median/average values.

Table 12 also includes estimated taxable values of various residential types assumed to be purchased or rented by households with a Gigafactory employee. This information is used later in the fiscal impact analysis herein to estimate property tax revenues generated by these households. It should be noted that while renters do not directly pay property taxes, their payment of rent to landlords enables landlords to pay those taxes.

Given Nevada's unique property tax valuation system, which values land based on market value and improvements based on replacement value minus depreciation, taxable values of properties are not directly related to their market values. Taxable values associated with each residence type shown in Table 12 were estimated using QuickInfo¹⁵ data provided by the Washoe County Assessor's Office for fiscal year 2023-2024.

Taxable values for MF properties include total taxable value for high-end City of Reno and Sparks properties (including the Retreat, Double R, Innova, Vintage at South Meadows, Waterfront, Azure, Villas at D'Andrea, and Trails at Pioneer Meadows) divided by the total units in each development. Unincorporated Washoe County does not have any significant multi-family development, so value analysis for this land use was not included.

These taxable values include an average of taxable values for all properties sold in 2022 and 2023 and include discounts for depreciation and abatement, resulting in a wide cross-section of new and existing homes across each jurisdiction. Based on the above base information, the fiscal impact of a single household with a primary worker employed at the Gigafactory is estimated for each of the three Washoe County jurisdictions.

City of Reno

The City of Reno requires a fiscal impact analysis to be conducted for real estate developments requesting annexation, large development over 20 acres in size, as well as master plan and zoning amendments. According to the City's fiscal impact guidelines:

“The purpose of [the] fiscal impact analysis is to provide an objective estimate of the costs and revenue impacts to the City of anticipated new development. The analysis compares the estimated revenues generated by new development to the estimate costs of public services required to serve the development to determine the net fiscal impact. The fiscal impact analysis should analyze impacts to the City of Reno's General Fund and Street Fund. These funds are directly impacted by new development and/or are not cost recovery funds where fees for services are tied to cost to provide services.”¹⁶

The City of Reno found these studies to be so important that they retained the services of Economic & Planning Systems, Inc. (EPS) in 2018 to create fiscal impact analysis guidelines, outlining the methodology and assumptions for consultants to undertake in preparing fiscal impact studies for the City. EPS worked with Reno staff to identify cost and revenue impacts as they relate to growth drivers (residential, commercial, office, etc.).

Using the April 22, 2019, guidelines (latest available) for the City, along with the metrics shown

¹⁵ Data Downloads, Washoe County Assessor's Office. Accessed March 10, 2023.
https://www.washoecounty.gov/assessor/online_data/DataDownloads.php

¹⁶ City of Reno Fiscal Impact Analysis Guidelines, Economic & Planning Systems, Inc. April 22, 2019.

in Table 12, Table 13 provides a summary of the impacts of a household with a Gigafactory employee on the City's General and Street Funds. The Guidelines provide per-unit revenue and expenditure cost information (except property tax revenue, which is estimated based on taxable value for the project), plus street maintenance cost information per square foot.

Square feet of streets added by each use type is estimated using the average addition of streets for various City of Reno projects for which EKAY conducted fiscal impact studies over previous years. Other city funds were excluded from analysis as they are primarily enterprise and proprietary funds designed to adjust revenues to accommodate costs and are not considered by the City of Reno in reviewing new projects in terms of fiscal impacts.

Table 13. Fiscal Impact of a Gigafactory-Employee Household on the City of Reno

GENERAL FUND			
	Single-Family Detached	Single-Family Attached	Multi-Family
Estimated Revenue			
Property Tax	\$ 902	\$ 736	\$ 331
Consolidated Tax	\$ 108	\$ 80	\$ 80
Business/Liquor Licenses	\$ 63	\$ 47	\$ 47
Fees, Permits, Charges	\$ 180	\$ 134	\$ 134
TOTAL	\$ 1,252	\$ 997	\$ 593
Estimated Costs			
General Government	\$ 165	\$ 123	\$ 123
Police	\$ 178	\$ 122	\$ 122
Fire	\$ 224	\$ 168	\$ 168
Parks	\$ 36	\$ 27	\$ 27
TOTAL	\$ 603	\$ 440	\$ 440
Revenue Surplus/(Deficit)			
Estimated Surplus/(Deficit)	\$ 649	\$ 558	\$ 153

GENERAL FUND			
	Single-Family Detached	Single-Family Attached	Multi-Family
STREET FUND			
	SFD	SFA	MF
Estimated Revenue			
Property Tax	\$ 284	\$ 232	\$ 104
Other Sources	\$ 77	\$ 58	\$ 58
Total Revenue	\$ 361	\$ 289	\$ 162
Estimated Costs			
Major Maintenance	\$ 251	\$ 173	\$ 39
Regular Maintenance	\$ 65	\$ 45	\$ 10
Total Costs	\$ 315	\$ 218	\$ 49
Revenue Surplus/(Deficit)			
Estimated Surplus/(Deficit)	\$ 46	\$ 71	\$ 113

Sources: EPS, Washoe County Assessor, EKAY Economic Consultants

Table 13 shows that households with a primary earner working at the Gigafactory and living in any of the three residential use types will generate net positive fiscal impacts for the City of Reno’s General and Street Funds.

City of Sparks

Similar to the City of Reno, the City of Sparks requires larger developments and those seeking annexation or amendments to conduct a fiscal impact analysis. The City also retained EPS to estimate revenue and expenditure values for use in estimating fiscal impacts of projects on the City’s General and Street Funds.¹⁷ Using taxable information estimated for each use type in Table 12 (along with revenue and expenditure factors shown in the EPS report and average surface area of streets added by each use type), the fiscal impact of households with Gigafactory employees on City of Sparks is estimated in Table 14.¹⁸

¹⁷ City of Sparks 2019 Fiscal Impact Analysis Guidelines, Economic & Planning Systems, Inc. November 1, 2019.

¹⁸ As with the City of Reno, projects for which EKAY Economic Consultants conducted fiscal impact studies over previous years informed these estimates.

Table 14. Fiscal Impact of a Gigafactory-Employee Households on City of Sparks

GENERAL FUND			
	Single-Family Detached	Single-Family Attached	Multi-Family
Estimated Revenue			
Property Tax	\$ 1,177	\$ 923	\$ 524
Consolidated Tax	\$ 115	\$ 90	\$ 90
Business/Liquor Licenses	\$ 0	\$ 0	\$ 0
Fees, Permits, Charges	\$ 93	\$ 73	\$ 73
TOTAL	\$ 1,385	\$ 1,086	\$ 687
Estimated Costs			
General Government	\$ 167	\$ 134	\$ 134
Police	\$ 171	\$ 230	\$ 230
Fire	\$ 164	\$ 211	\$ 211
TOTAL	\$ 502	\$ 575	\$ 575
Revenue Surplus/(Deficit)			
Estimated Surplus/(Deficit)	\$ 884	\$ 511	\$ 112
STREET FUND			
	SFD	SFA	MF
Estimated Revenue			
Property Tax	\$ -	\$ -	\$ -
Other Sources	\$ 66	\$ 52	\$ 52
Total Revenue	\$ 66	\$ 52	\$ 52
Estimated Costs			
Major Maintenance	\$ 424	\$ 225	\$ 55
Regular Maintenance	\$ -	\$ -	\$ -
Total Costs	\$ 424	\$ 225	\$ 55
Revenue Surplus/(Deficit)			
Estimated Surplus/(Deficit)	\$ (358)	\$ (173)	\$ (3)

Sources: EPS, Washoe County Assessor, EKAY Economic Consultants

Table 14 shows that households with a primary earner working at the Gigafactory and living in any of three residential use types will generate net positive fiscal impacts for the City of Sparks' General and Street Funds.

It should be noted that the City of Sparks does not have significant revenue sources dedicated to its Street Fund (City of Reno has a property tax rate dedicated to this Fund). Shortfalls in the Fund are typically funded through transfers from other funds, including the General Fund. It is not uncommon for projects adding streets to the City of Sparks inventory to show a negative impact on the Street Fund. According to conversations with city staff for past projects, the City considers a project to have a positive fiscal impact on the City as long as the General Fund surplus exceeds the Street Fund deficit, as shown above.

Unincorporated Washoe County

Unlike the two cities, Washoe County does not have a county-mandated fiscal impact system. In her Doctoral Dissertation at the University of Nevada, Reno, Eugenia Larmore, President of EKAY, created a fiscal impact model for Washoe County, which included the impact of development on cost and revenues for the General Fund. For more information regarding this model, please see Dr. Larmore's dissertation.¹⁹ This model has been used to create fiscal impact studies for past projects seeking development approval in Washoe County.

Using this methodology, as well as household-specific information provided in Table 12, the fiscal impact of a household including a Gigafactory worker on Washoe County's General Fund were estimated. The analysis also adds impacts for other funds affected by socio-economic growth (primarily funded by property tax revenue), including the Library Expansion Fund, Animal Services Fund, Indigent Tax Levy Fund, Child Protective Services Fund, Senior Services Fund, Other Restricted Special Revenue Fund, Roads Special Revenue Fund, and Truckee Meadows Fire Protection District. Tables 15 and 16 show summaries of these impacts by housing type.

Table 15. Fiscal Impact of a Gigafactory-Employee Household on Washoe County General Fund

GENERAL FUND		
	Single-Family Detached	Single-Family Attached
Estimated Revenue		
Property Tax	\$ 1,400	\$ 1,088
Licenses and Permits	\$ 36	\$ 29
Intergovernmental Revenue	\$ 406	\$ 385

¹⁹ Larmore, Eugenia (2016). "Methodologies for Forecast Modeling for Small Areas with Limited Data Availability and Unique Tax Structures" Doctoral Dissertation, Thomas Harris, Dissertation Advisor, University of Nevada, Reno.

Charges for Services	\$ 49	\$ 39
Fines and Forfeitures	\$ 35	\$ 28
Miscellaneous	\$ -	\$ -
TOTAL	\$ 1,926	\$ 1,568
Estimated Costs		
General Government	\$ 316	\$ 253
Judicial	\$ 397	\$ 317
Public Safety	\$ 949	\$ 759
Public Works	\$ 69	\$ 55
Welfare	\$ 9	\$ 7
Culture and Recreation	\$ 92	\$ 74
Intergovernmental	\$ 27	\$ 21
TOTAL	\$ 1,859	\$ 1,486
Revenue Surplus/(Deficit)		
Estimated Surplus/(Deficit)	\$ 67	\$ 82

Sources: EKAY Economic Consultants, Washoe County budget for FY 2022-23

Table 16. Fiscal Impact of Gigafactory-Employee Households on Washoe County Other Funds and Truckee Meadows Fire Protection District (TMFPD)

Fund	SFD			SFA		
	Est. Revenue	Est. Costs	Revenue Surplus/ (Deficit)	Est. Revenue	Est. Costs	Revenue Surplus/ (Deficit)
Washoe County						
General Fund	\$ 1,926	\$1,859	\$ 67	\$ 1,568	\$1,486	\$ 82
Library Expansion Fund	\$ 24	\$ 17	\$ 7	\$ 19	\$ 14	\$ 5
Animal Services Fund	\$ 39	\$ 32	\$ 7	\$ 31	\$ 26	\$ 5
Indigent Tax Levy Fund	\$ 73	\$ -	\$ 73	\$ 57	\$ -	\$ 57
Child Protective Services Fund	\$ 316	\$ 268	\$ 47	\$ 251	\$ 215	\$ 37
Senior Services Fund	\$ 35	\$ 10	\$ 25	\$ 28	\$ 8	\$ 20
Other Restricted Special Rev.	\$ 12	\$ -	\$ 12	\$ 9	-	\$ 9
Roads Special Revenue Fund	\$ 55	\$ 53	\$ 2	\$ 44	\$ 42	\$ 2
TMFPD						
General Fund	\$ 736	\$ 665	\$ 70	\$ 578	\$ 532	\$ 46

Sources: EKAY Economic Consultants, Washoe County budget for FY 2022-23

Tables 15 and 16 show that households with a primary earner working at the Gigafactory and living in any of the three residential use types will generate positive fiscal impacts on Washoe County's General and other funds as well as the Truckee Meadows Fire Protection District.

It should be noted that the findings in Table 15 are based on the assumption that the typical Gigafactory-worker household resides in unincorporated Washoe County, with the home valued at unincorporated Washoe County taxable value levels. However, households with Gigafactory workers living within the Cities of Reno and Sparks will also generate revenue for Washoe County and receive county-level services from the county. As the of homes across all residential types is higher in the two cities than those homes in unincorporated Washoe County, Gigafactory-worker households—regardless of their housing location—generate net positive fiscal impacts for Washoe County.

Washoe County School District

To conclude this fiscal analysis, the impact of Gigafactory-worker households on the Washoe County School District is estimated as follows. Based on income and taxable sales data shown in Table 12, combined with the property tax and sales tax rates received by the School District, Table 17 shows estimated revenues from these two tax sources generated by Gigafactory worker households living in Sparks, Reno, or remainder of Washoe County by residential type. The property tax revenues include those generated by the \$0.75 General Fund rate and \$0.3885 Debt Fund rate for the School District. The sales tax revenue includes those generated by the 2.6 percent Local School Support (LSST) rate and 0.54 percent WC1 rate dedicated to school construction and improvements.

Table 17. Revenue Impact of Gigafactory-Employee Households on Washoe County School District²⁰

	Single-Family Detached	Single-Family Attached	Multi-Family
Residents of City of Reno			
Property Tax-General Fund	\$ 927	\$ 756	\$ 340
Property Tax-Debt Fund	\$ 480	\$ 392	\$ 176
Sales Tax-LSST	\$ 602	\$ 602	\$ 602
Sales Tax-WC1	\$ 125	\$ 125	\$ 125
TOTAL	\$ 2,133	\$ 1,874	\$ 1,243
Residents of City of Sparks			
Property Tax-General Fund	\$ 920	\$ 721	\$ 410
Property Tax-Debt Fund	\$ 476	\$ 374	\$ 212
Sales Tax-LSST	\$ 602	\$ 602	\$ 602
Sales Tax-WC1	\$ 125	\$ 125	\$ 125
TOTAL	\$ 2,123	\$ 1,821	\$ 1,348
Residents of Unincorporated Washoe County			
Property Tax-General Fund	\$ 917	\$ 712	\$ -
Property Tax-Debt Fund	\$ 475	\$ 369	\$ -

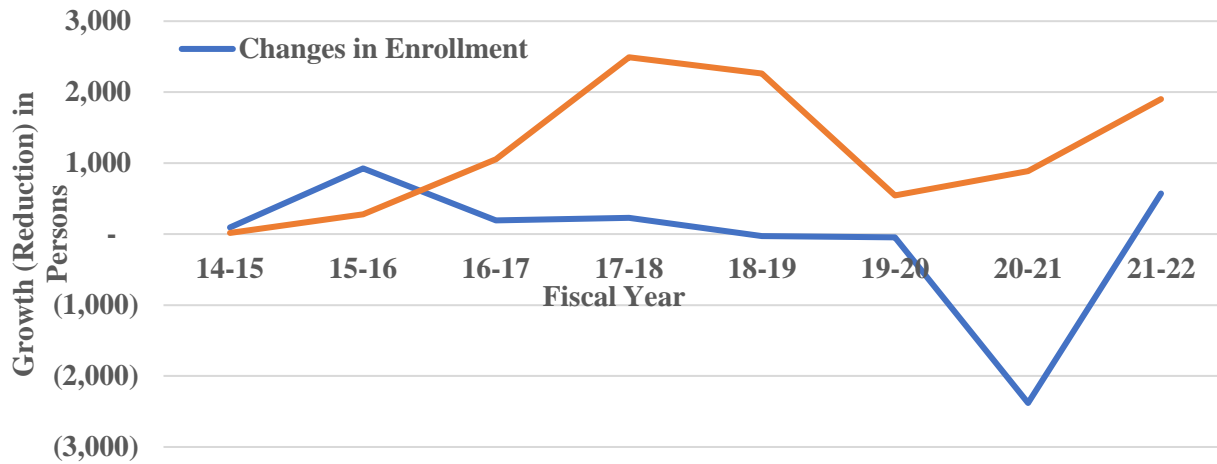
²⁰ It should be noted sales tax revenues are the same across all locations and residential types as the analysis assumes the same level of income for each household.

	Single-Family Detached	Single-Family Attached	Multi-Family
Sales Tax-LSST	\$ 602	\$ 602	\$ -
Sales Tax-WC1	\$ 125	\$ 125	\$ -
TOTAL	\$ 2,118	\$ 1,808	\$ -

Table 17 shows that Gigafactory worker households generate significant levels of revenues for the School District. It is unclear what level, if any, of additional costs these households may generate. Figure 10a shows annual changes in Washoe County school enrollment, including charter schools, between the fiscal year (FY) 2014-15 and 2021-22, compared to Gigafactory employment as provided in the 2022 report. The figure shows that the biggest change in enrollment during this period (925 new students) occurred in FY 2015-16. At this point, the Gigafactory had only 296 employees, according to the 2022 report.

While Gigafactory employment increased from 296 employees to 9,437 in FY 2021-22, a gain of over 9,000 persons, school enrollment actually declined by almost 1,500 students. Immediately prior to the COVID-19 pandemic (FY 2018-19), school enrollment was estimated at 66,960 and Gigafactory employment at 6,646. By 2021-22, as all school closures had been lifted, enrollment was estimated at 65,104, over 1,800 students short of its pre-pandemic levels. Employment at the Gigafactory, however, increased to 9,437, according to the 2022 report, a gain of over 3,300 employees. This shows that Gigafactory growth and location of Gigafactory employees in Washoe County did not contribute to an increase in enrollment; in fact, enrollment declined during much of this period.

Figure 10a. Annual Changes in Washoe County School District Enrollment and Gigafactory Employees²¹



While the analysis above shows that Gigafactory-worker households living in Washoe County generate revenues to support existing school operations, it is difficult to conclude that these Gigafactory households have resulted in an increase in school expenses causing a negative fiscal impact to the school district.

Section VI Conclusion

As noted, this update of Section 6 builds on the February 2023 “*Storey County Regional Impacts*” report prepared by Storey County. It also builds on the “*Tesla Gigafactory Economic and Fiscal Impact Analysis*” conducted by Applied Analysis in 2022. In preparing this update, the Consultant Team also reviewed GOED’s 2014 and 2018 economic impact reports (“*Economic Impact of Tesla on Washoe and Storey Counties*” and “*Tesla Gigafactory Economic Impact Summary 2015-2018*”, respectively) the agency prepared for the Gigafactory.

Section VI herein provides additional insight in two key areas: 1) it provides an estimate of the economic benefits to Washoe County, specifically, rather than the Northern Nevada region from the Gigafactory’s operations in Storey County and 2) it provides an estimate of the net fiscal benefits of Gigafactory employee households to the Cities of Reno and Sparks, unincorporated Washoe County, and the Washoe County School District.

To more fully understand the economic benefits of the Gigafactory to Washoe County, the Consultant Team demonstrated that for every \$1 million spent on various activities (Construction, Equipment Purchases, and Operations) in Storey County, Washoe County (including its jurisdictions) experiences benefits in employment, earnings, and total output across a number of industries. For example, for every \$1 million spent on construction of the Gigafactory, 1.76 jobs, \$114,253 in earnings, and \$352,940 in output/spending is supported or generated in Washoe County. For every \$1 million spent on equipment purchases from the

²¹ Enrollment, including charter schools, from Enrollment Counts, Washoe County School District <https://www.washoeschools.net/>. Tesla employment from “*Tesla Gigafactory Nevada Economic and Fiscal Impact Analysis 2022*.” Data for both measures provided by fiscal year.

Gigafactory, 0.55 jobs, \$37,479 in earnings, and \$103, 347 in output/spending in Washoe County are supported or generated. And finally, for every \$1 million spent on operations of the Gigafactory, 1.16 jobs, \$73,921 in earnings, and \$227,637 in output/spending is supported or generated in Washoe County. These businesses and jobs include providing goods and services for other commercial enterprises (B2B) and to new and existing households in Washoe County (B2C) and the surrounding region, not only raising the level of economic activity in the region but expanding the products and services the region's residents enjoy.

Secondly, the Consultant Team estimated the net cash flow to Northern Nevada local governments (Reno, Sparks, and unincorporated Washoe County). To accomplish this, the Consultant Team utilized official City of Reno and City of Sparks fiscal impact analysis guidelines together with a proprietary fiscal impact model for unincorporated Washoe County. The analysis shows that Gigafactory-worker households that live in SFD, SFA, or MF developments generate net positive fiscal benefits for all relevant local government jurisdictions. Additionally, the analysis shows that Gigafactory-worker households generate more than sufficient revenues to support existing school operations throughout Washoe County. The results of this particular analysis were based on the research of EKAY and were reviewed by RCG.

Therefore, the economic benefits to the region (not merely Storey County) from the presence of the Gigafactory are clear. The net fiscal benefits are also clear. The Applied Analysis 2022 report, then, appears to support the Consultant Team's findings that the Gigafactory provides significant benefits to the Northern Nevada region, including Washoe County, as discussed in the following paragraph of the 2022 report:

The benefit of approving these incentives [the tax abatements for the Gigafactory] lies in the significant impact generated in the local economy as a result of sustained capital investments and operations of the Gigafactory. Further, workers employed at the facility help to generate additional tax revenue through spending at local businesses and paying non-abated taxes on property in the area [not only in Storey County]. Finally, new businesses attracted to the area due to Tesla and PENA's investments generate additional tax revenue in the areas of sales and use tax, modified business and property tax, among others. ... Although the Gigafactory has received tax abatements, [the] tax revenue generated by on-site employees and suppliers is significant. Assuming the majority of these employees work and live in Northern Nevada, public revenues stemming from sales and use tax and property tax have likely inured to the benefit of the state, education and local governments. ... Since 2014, a total of \$117.9 million in tax revenue is likely to have been generated indirectly by factory employees and suppliers to the benefit of the state of Nevada, education and counties and other local entities (pp. 19-20).

Finally, our review of the three previous economic and fiscal impact reports referred to herein, along with our own independent research and analysis, indicates that the economic and fiscal benefits to the region and its component counties associated with the Gigafactory outweigh the public service costs identified thus far.

VII. REGIONAL COORDINATION FOR INFRASTRUCTURE & SERVICES

This section describes of existing cooperative aid agreements and regional efforts between Storey County, Washoe County, and other area jurisdictions. Fire protection and prevention, emergency medical services, emergency management, facilities and equipment sharing, emergency dispatch, law enforcement aid, water transmission, flood management, and other services are made possible to each county in the region through coordination of shared resources.

Regional Effluent Pipeline

Pipeline Development and Benefits

The effluent pipeline (see Figure 10a) between the Truckee Meadows Water Reclamation Facility (TMWRF) and the TRI-General Improvement District was built to transmit up to 8,000 acre-feet of effluent wastewater from Washoe County communities to businesses at the Tahoe-Reno Industrial Center.

The project is funded in-part by participating companies and Storey County through a Tax Increment Area causing reimbursement of certain county tax revenues toward project development.

The pipeline provides the following benefits to northern Nevada:

- Returns 1,500 acre-feet of water from the Tahoe-Reno Industrial Center to the Truckee River and Pyramid Lake
- Improves the quality of the Truckee River water by diverting effluent high-nitrate water away from the Truckee River and into industrial uses
- Saves TMWRF and its ratepayers ~\$150 million in avoided treatment plant upgrades
- Increases capacity for manufacturing and tech company expansion
- Facilitates career opportunities that could not exist without industrial process water
- Facilitates more efficient use of limited water resources
- Increases direct, indirect, and induced tax revenues to Storey and Washoe counties

Infrastructure Financing

The regional effluent pipeline project is financed through a Tax Increment Area formed in 2019 in accordance with NRS 287C. Companies participating in the effluent line project paid for the pipeline infrastructure at the time that it was developed. The participating companies are Switch, Google, Tesla, and Reno Land.

A portion of property tax revenues from new development within each participant parcel is placed into an account from which the county reimburses each company over time for its initial investment into the pipeline. The participants are only eligible for reimbursement for costs actually incurred and paid.

Reimbursement is made solely from incremental tax revenue received in the Tax Increment Area account from property tax, sales tax, and modified business tax. School district, special voter-approved sales and use taxes, and 50% of State Modified Business Taxes are not subject to deposit in the account.

The flow of funds out of the Tax Increment Area account is as follows:

1. County administrative expenses
2. Reimbursement to participants based on an amortization of costs paid
3. 50% of remaining revenues are distributed as normally required
4. Remaining 50% is used to repay any shortfalls required by #2 in prior years

Any remaining revenue is distributed to the state, county, school district, etc., as normally required.

Development subject to the Tax Increment Area has occurred at the Google and Switch campuses, which are expected to generate approximately \$500,000 of incremental tax revenue for the account in Fiscal Year 2022. Future growth subject to tax increment is anticipated.

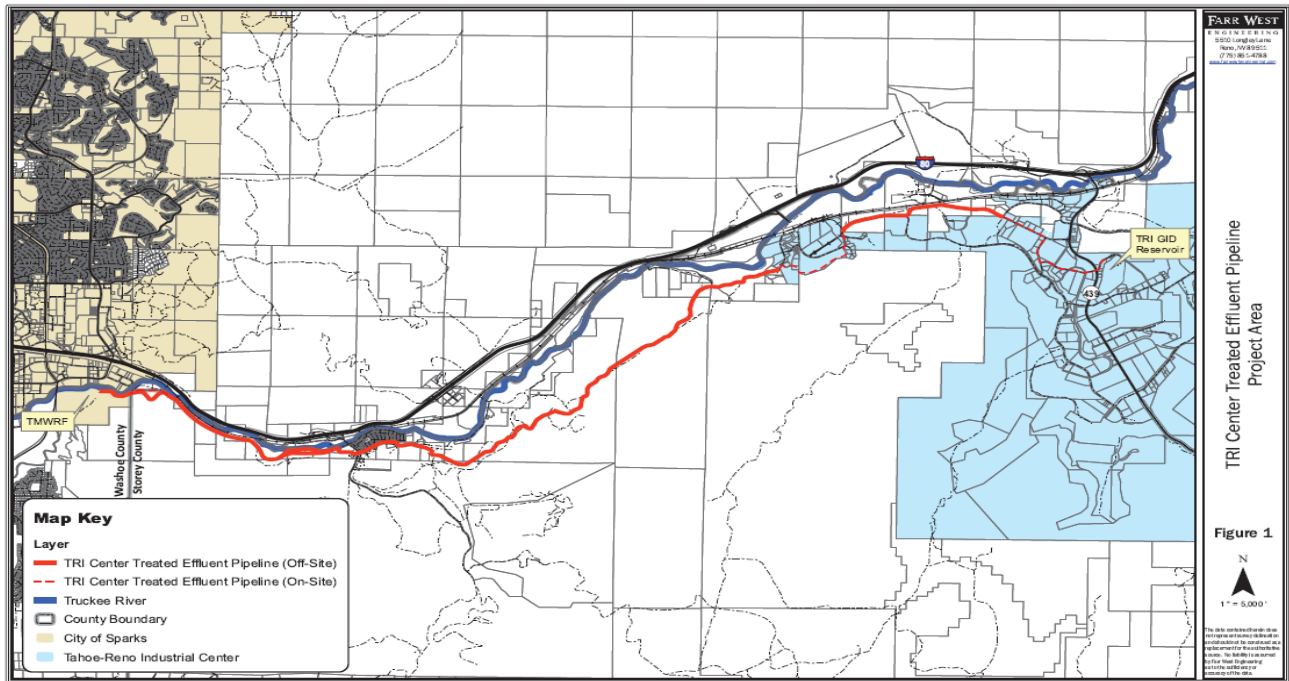


Figure 10b: Treated Effluent Pipeline Project Map

Marlette Water System

Storey County, Carson City, and Truckee Meadows Water Authority are preparing to negotiate a successor agreement to the current Carson City Water Agreement for the delivery of water to each jurisdiction from the Marlette Water System. Storey County is updating its water master plan to better reflect existing land policy and plans, data, and future use intentions to be considered in negotiating a successor agreement.

Flood Planning, Lockwood

Roughly two-thirds of the Lockwood community is situated within the FEMA 100-year special flood hazard area (floodplain). Storey County and Truckee Meadows Flood Management Authority officials have worked together developing flood models and mitigation plans affecting both jurisdictions for this segment of the river. The agencies are also coordinating plans that may facilitate Washoe County achieving upstream Truckee River flows with no adverse impacts to downstream communities. The agencies are together exploring Federal Emergency Management Agency and State of Nevada Department of Emergency Management funding opportunities.

Flood Planning, Mark Twain and Dayton

Storey County through a charter with FEMA, Lyon County, and the Carson Water Subconservancy District has undergone extensive flood modeling and planning efforts for future regional flood mitigation in the Mark Twain and Dayton areas of both counties.

Conservation and Protection of Natural Resources

2021 Membership to Carson Water Subconservancy District

Storey County in 2021 sponsored Senate Bill 98 to become a dues-paying member of the Carson Water Subconservancy District. The bill passed and was signed into law enabling Storey County to engage with the district in conservation efforts affecting Storey County, Lyon County, and other jurisdictions within the Carson River Watershed.

Noxious Weed Management

Through its membership with the Carson Water Subconservancy District and Washoe-Storey Conservation District, Storey County participates and provides funding for annual noxious weed mitigation programs mutually benefiting Storey County and its neighboring jurisdictions.

Fire and Emergency Aid

Fire District Automatic and Mutual-Aid

The Storey County Fire Protection District maintains automatic-aid and mutual-aid agreements for fire and EMS response with neighboring jurisdictions. Agencies include Truckee Meadows Fire Protection District, REMSA, Sparks Fire Department, Central Lyon Fire Protection District, North Lyon County Fire Protection District, Nevada Division of Forestry, and Pyramid Lake Fire Department.

The Storey County Fire Protection District responds to 2,036 calls annually (CY2021) throughout the 260 square-mile area of the county (See Tables 18 and 19). Through mutual aid and mandatory aid agreements, 529 of those calls were in Washoe County and other outside areas.

Table 18: Storey County Fire Protection District Total Calls, 2021	
Station 71 - Virginia City	555
Station 72 - Highlands	364
Station 73 - Mark Twain	2
Station 74 - Lockwood	399
Station 75 - McCarran	714
Station Not Assigned	2
TOTAL	2,036
Source: Storey County Fire Protection District, 2021	

Table 19: Storey County Fire District Out-of-District Calls		
2021 Out-of-County Response	Mutual Aid	Auto Aid
Carson City Fire Department	1	
Central Lyon County Fire Protection District	47	27
East Fork Fire Protection District	3	1
North Lyon County Fire Protection District	4	1
Pyramid Lake Fire Department	3	7
REMSA - Regional Emergency Medical Services Authority	38	19
Reno Fire Department	1	1
Sparks Fire Department	18	10
Truckee Meadows Fire Protection District	54	294
TOTAL	169	360
* Mutual Aid = Aid given upon request. Auto Aid = Aid automatically given without being requested. Source: Storey County Fire Protection District, 2021		

Quad-Counties Hazardous Materials Response

The Storey County Fire Protection District is the coordinating agency for the Quad-Counties Hazardous Materials Response Team consisting of Carson City Fire Department, all Lyon County fire agencies, Tahoe-Douglas Fire District, and East Fork Fire Protection District. Storey County Emergency Management also works closely with these agencies coordinating hazmat responses.

Telecommunications Facilities

Approximately \$1.7 million has been invested in Storey County’s information technology network, with \$578,000 remaining in the county’s capital improvement plan over the next five-year period. The upgrades maintain compatibility with changing technologies, connect the

county's five residential and business communities, and facilitate best interconnectivity and system redundancy with neighboring jurisdictions.

Nevada Highway Patrol Substation

Storey County leases to the Nevada Highway Patrol at no cost police substation space at its county complex at the Tahoe-Reno Industrial Center for patrol units.

Quad-Counties Health Services and Covid-19 Response

Storey County and Carson City Health and Human Services continue to work together to provide residents and businesses with health-related services including public health preparedness, epidemiology, and other services.

Storey County and CCHHS have discussed a potential interlocal agreement for CCHHS to serve as Storey County's health district; however, anticipated changes in state requirements are needed before this may proceed.

Social Services

Adult and Youth Social Services

Storey County through a 2013 inter-local agreement contributes general funds, capital improvements, and other resources toward social services with the Community Chest, Inc. including youth and adult education, early childhood education, community library services, telehealth and clinic services, at-risk youth services, workforce development, protections for victims of domestic abuse, and other programs.

Economic and Workforce Development

Business Development

Storey County in 2021 recruited a Business Development Officer tasked with various duties to attract and retain business and enhance the county's capacity to coordinate with surrounding jurisdictions to enhance transportation services, workforce development, general infrastructure, affordable housing, business community relations, data collection and management, and utilization of area resources will be a significant part of the responsibilities of this position.

Nevadaworks

Storey County is a member of and is heavily engaged in activities of Nevadaworks, a workforce development board which distributes federal Workforce Innovation and Opportunity Act (WIOA) funds for career and workforce development programs benefiting northern Nevada.

Regional Development Authorities

Storey County's membership with the Economic Development Authority of Western Nevada (EDAWN) and Northern Nevada Development Authority (NNDA) helps it attract new

companies and enhance workforce development in the county, and engage with agency subcommittees in addressing regional transportation, housing, education, workforce development, and other issues.

The county is also a member of the Western Nevada Development District (WNDD), and it participates in strategic planning and other WNDD programs that cause direction of funding toward critical infrastructure projects throughout northern Nevada for the purpose of facilitating future business development.

Truckee Meadows Lands Bill

The Storey County Commission approved Resolutions 2020-592 and 2021-631 (Exhibit A) supporting the Truckee Meadows Lands Bill facilitating economic development opportunities for Washoe County and potentially the City of Sparks along the Interstate-80 corridor, and the development of a north-south interconnection from La Posada to USA Parkway.

The resolution cited, in part, the following findings of regional significance:

- Provides jobs and workforce opportunities
- Provides economic development opportunities including recreation, tourism, agriculture, energy development, mining opportunities
- Improves housing opportunities
- Facilitates critical transportation system capacities
- Enhances access for recreational and conservation improvements

Mark Twain Lands Bill

Storey County submitted a lands bill request for the Mark Twain area that, if approved, will facilitate a stormwater management project being developed through coordination with the Carson Water Subconservancy District, and Storey and Lyon counties.

State Health Department Offices

Storey County leases to the Nevada Division of Public and Behavioral Health at, no cost, office space at its McCarran Government Complex at the Tahoe-Reno Industrial Center. The division utilizes the space to maintain close-proximity to businesses along the Interstate-80 corridor and to reduce travel time for its staff and for businesses needing permits and inspections. The arrangement is mutually beneficial to the health division and area companies.

Transportation

Assembly Bill 63 – I-80 Safety Corridor (2023 Legislative Session)

Assembly Bill 63 “Interstate-80 Safety Corridor Bill”, Sponsored in 2023 by Storey County, proposes to:

- Designate Interstate-80 between Sparks and Fernley for “safety corridor” status

- Require planning and coordination between county, city, and state leadership
- Facilitate expedited state consideration and funding for short-term and long-term solutions toward traffic congestion and safety concerns on this segment of the interstate

The core of this bill is about meaningful regional coordination between the affected counties and cities, and state officials to arrive at affordable short-term solutions to save lives, and to explore long-term capital improvements and funding mechanisms.

Regional Landfill

Storey County is home to the Lockwood Regional Landfill, a regional landfill owned and operated by Waste Management, Inc. and located approximately 10 miles east of Sparks. The roughly 500-acre (4,900 permitted acres) landfill accepts solid municipal waste from Washoe, Lyon, and Douglas counties, the cities of Reno and Sparks, and ten counties in the State of California.

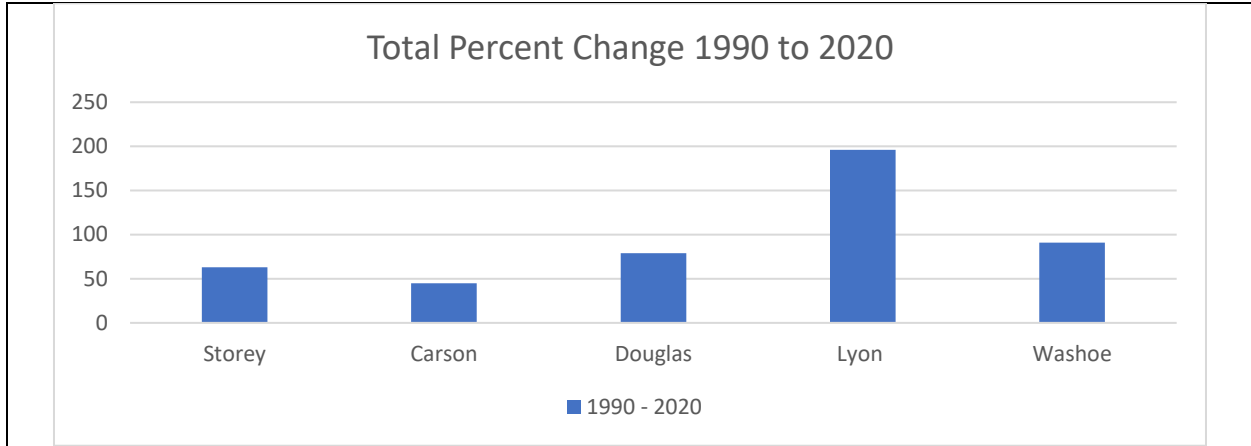
VIII. HOUSING, POPULATION & TRANSPORTATION

Population and Housing

This section explains how Storey County is responding to area population growth and increased demands for affordable housing.

Storey County’s average population increase is low in relation to surrounding jurisdictions; however, Table 20 shows that its rate of population increase is commensurate with its neighbors, except Lyon County. General residential areas are illustrated in Figure 12.

Table 20: County and Regional Population Trends					
Year	1990	2000	2010	2020	% Change 1990 - 2020
Storey	2,526	3,399	4,010	4,104	62.47%
Carson	40,443	52,457	55,274	58,639	44.99%
Douglas	27,637	41,259	46,997	49,488	79.06%
Lyon	20,001	34,501	51,980	59,235	196.16%
Washoe	254,667	339,486	421,407	486,492	91.03%



Note: 2022 population of Storey County is approximately 4,331.

Source: U.S. Census Bureau, 1990, 2010, and 2020, Nevada State Demographer 2020.

The 2016 county master plan identifies 1,699 vacant lots in Storey County available for residential development. At 2.5 persons-per-household (PPH), buildout would nearly double the county’s current population of 4,331 to nearly 9,000 residents.

In 2006, a master plan and zoning approval of 3,600 dwelling units in Painted Rock was approved by Storey County Commission. Table 21 and Figure 11 show a near six-fold population increase at 2.5 PPH to roughly 26,000 residents with buildout of existing vacant parcels across the county and the 3,600 parcels at Painted Rock in accordance with the board’s 2006 approval.

The project at Painted Rock became null due to inactivity by the developer following the 2008 recession. The county master plan, overhauled in 2016, supports Painted Rock becoming a major mixed use residential community if an application were once again proposed.

Area	Parcels	Population (current + buildout)
Countywide	1,669	8,504
Painted Rock PUD	3,600	17,504
Total	5,269 units	26,008

Notes:
 -The data based on master plan support for 2006 board approval of 3,600 residential units in Painted Rock.
 -The 2022 population: 4,331 according to the Nevada State Demographer.

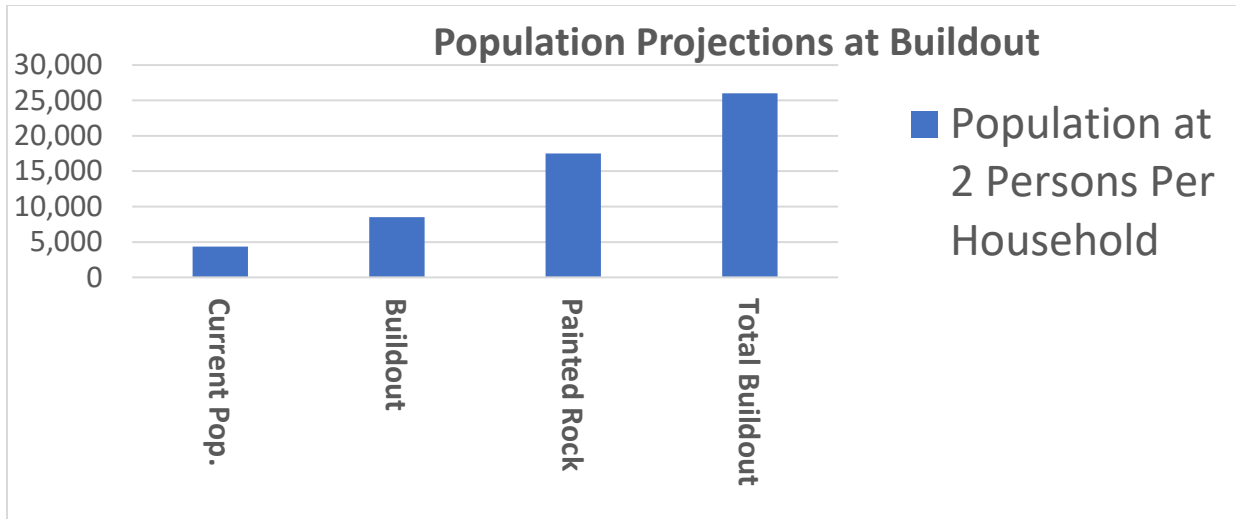


Figure 11: The chart compares current population of Storey County with estimated population increases that would occur if vacant parcels in the county and available master planned parcels at Painted Rock were developed.

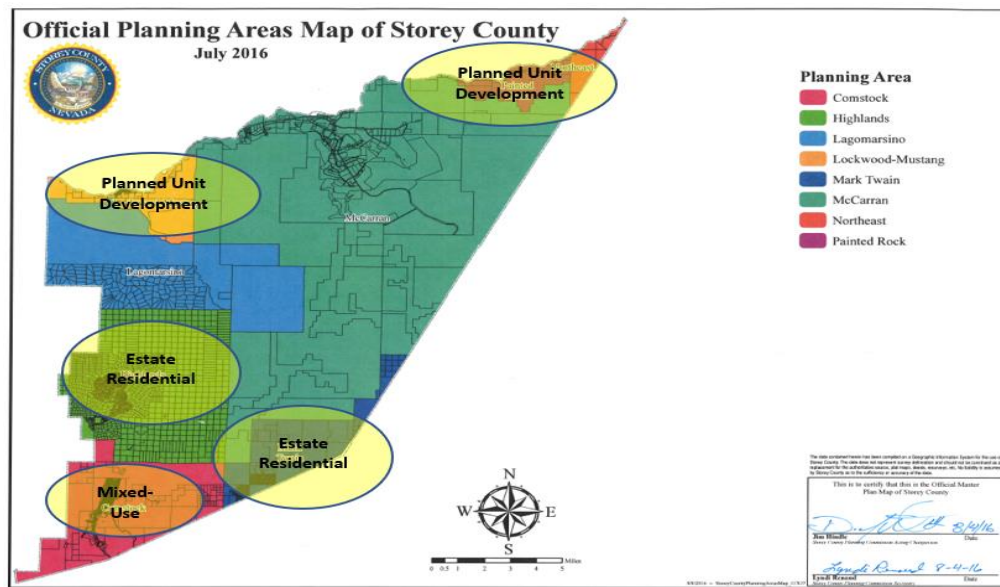


Figure 12: Residential Areas in Storey County. Areas depicted in the map generally illustrated where residential and mixed-use areas are situated in the county. The depiction is approximate.

Affordable Housing

The county amended its development codes between 2016 and 2020 to facilitate affordable housing aligned with its new master plan. The new codes provide for:

1. Increased density
2. Transfer of development rights
3. Setbacks and minimum lot and building size reductions

4. “Tiny houses” and variety of other small housing sizes
5. Accessory dwelling units
6. Mixed-use expansions
7. Planned unit development entitlements
8. Alternative building material and technique considerations

These efforts and the county’s responsive and nimble culture make it well-positioned to facilitate new and affordable community development projects.

The subject property in Painted Rock was sold to Blockchains, LLC in 2018. The company sponsored a bill in the state legislature that would have separated much of the property from the county and into a semi-autonomous local government called an “Innovation Zone”. BDR 1109 (to become SCR-11 during interim legislative session) also proposed to create a mixed-use “smart city” of roughly 30,000 residential units at Painted Rock.

While opposing the idea of bifurcated local government, the county supported the “smart city” concept if created and managed within existing regulatory framework for planned unit developments.

The county commission submitted letters supporting the residential development concept to Governor Sisolak and members of the SCR-11 Interim Legislative Committee (Exhibit B), and it reaffirmed its position 11 times over the year. The commission supported the concept residential community because the proponent indicated that the development would exhibit the following attributes supported by the county master plan and illustrated in Figures 13 and 14.

1. Create an orderly, efficient, and diverse community by applying:
 - A planned unit development
 - Town centers
 - Walkability
 - Mixed uses
 - Central schools and community centers
 - Alternative building techniques
 - Affordability
2. Create direct access to the Tahoe-Reno Industrial Center by:
 - Exploring alternatives to Interstate-80 interchange
 - Exploring a direct connection with The Boring Company
3. Support multi-modal transportation by:
 - Reserving land and easements
 - Clustering neighborhoods around multi-modal nodes

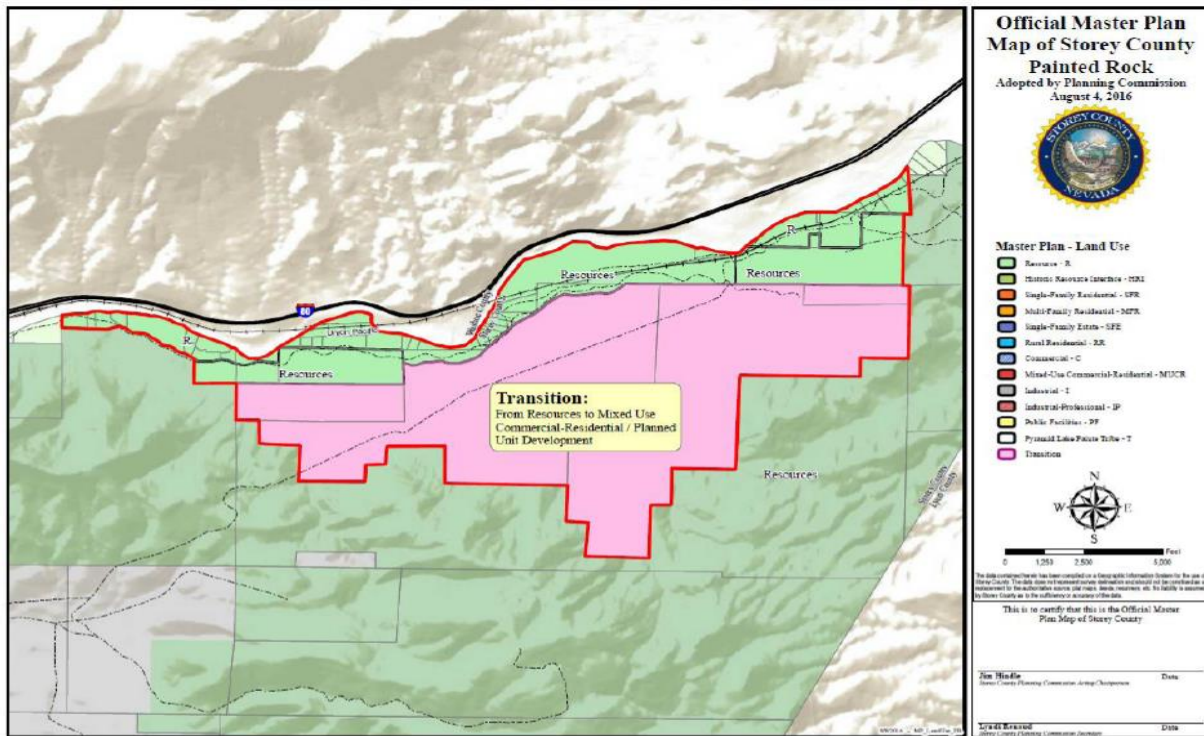


Figure 13: Master plan map of Painted Rock, 2016



Figure 14: The map illustrates the approximate location of the Painted Rock planned unit development approved in 2006 and considered by land developers in 2021. The subject properties are roughly 2,500 acres. No master plan amendment is required for this development to occur, and the master plan supports a zone change to planned unit development. (Source: American Planning Association "Great Places", 2015)

Alternative Housing at the Tahoe-Reno Industrial Center

Residential uses are contractually prohibited in the annexed areas of the Tahoe-Reno Industrial Center. Residential uses are also incompatible with many of the intense and volatile companies located at the industrial center.



Extended stay boarding accommodations for area workers are allowed, and thus far include:

- 100 complete and occupied hotel units
- 50 complete recreational vehicle spaces
- 135 near-complete hotel units
- 50 near-complete recreational vehicle spaces
- 200 additional units in plan review or pre-application discussions.

Permitted units are outfitted with self-serve laundry facilities, kitchens, and other accommodations necessary for extended stay quartering.

Transportation Planning and Coordination

In January 2020, The Nevada Department of Transportation published their *I-80 Corridor Study North McCarran Boulevard to USA Parkway Reno/Sparks Freeway System*. The Executive Summary acknowledges that the need to improve the corridor is obvious.

Its overall recommendation is to widen Interstate-80 from Vista Blvd in Sparks to USA Parkway, providing one additional lane in each direction. Widening the interstate may exceed \$2 billion and require a decade of environmental assessments before construction begins. Both prevent immediate traffic needs from being addressed.

Counties, cities, and transportation officials are exploring the following alternatives to increase capacity or reduce vehicle load on the interstate more quickly:

1. Developing an alternative road connector from the McCarran area to Spanish Springs, also known as the “La Posada connector” (see Figure 15)

This thus far appears to be the most practical way to connect the Tahoe-Reno Industrial Center, Fernley, and future industrial areas of Sparks to north of Reno and Sparks where more than 75% of area working families live.

This alternative needs further review of different road alignments, and to address federal lands, culturally sensitive sites, and funding.

This project is also dependent on passage of the Truckee Meadows Lands Bill.

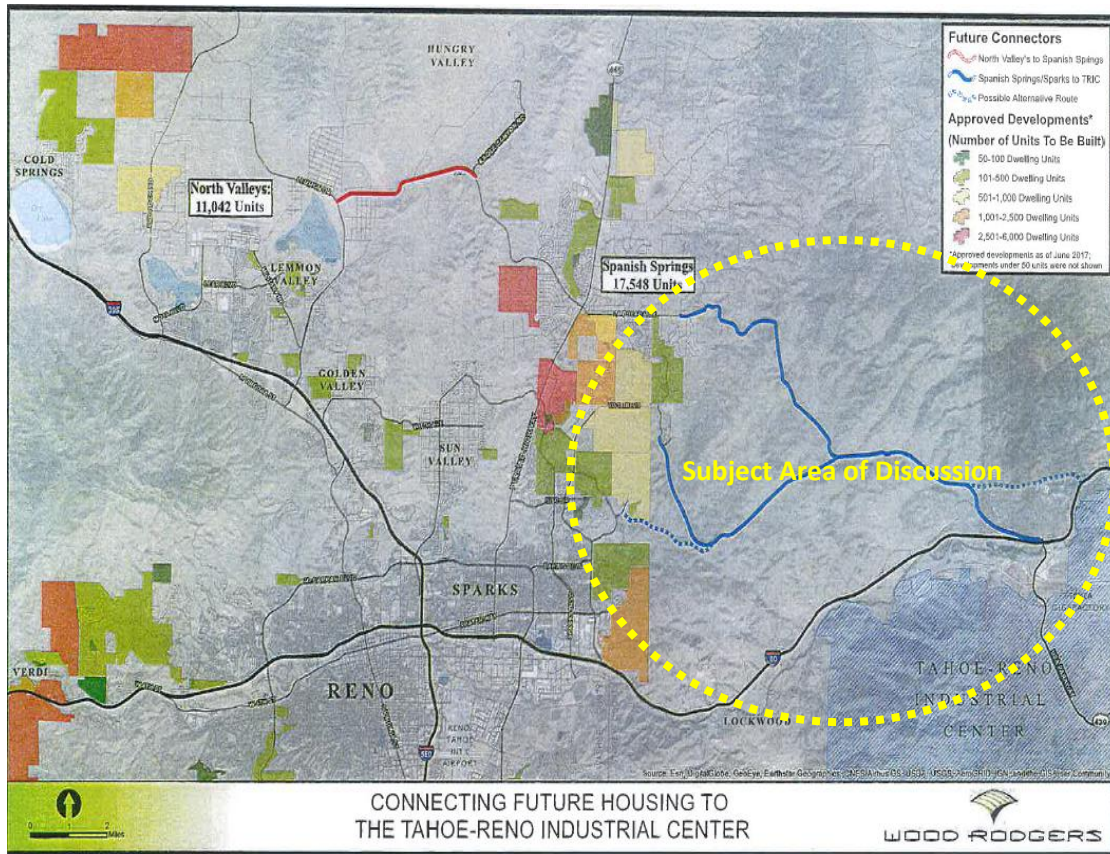


Figure 15: Draft map depicting potential road alignments between USA Parkway and Spanish Springs. Source: Wood Rodgers, 2022, Obtained from Economic Development Authority of Western Nevada, Nov. 2022

2. Designate a “safety corridor” between Sparks and Fernley with reduced speed limits, truck lane restrictions, improved lighting and signage, and enhanced traffic enforcement

Storey County’s sponsored Assembly Bill 63 (2023) provided in Exhibit C and discussed in Section VII.

3. Enhance public transportation

Fixed-route busses are not well-suited for the dispersed nature of the Tahoe-Reno Industrial Center.

Vanpools and company-sponsored ride-share programs are flexible and have been successful in reducing trips on the interstate.

Rail service may be possible; however, securing rights to share Union Pacific’s railroad with commuter transit systems poses safety and logistical challenges.

Storey County and the Northern Nevada Transportation Management Association are exploring ways to expand these services to the area.

4. Encourage companies to schedule work shifts around “rush hour” traffic patterns

Attempts have been made at this approach. Shift time controls may be limited as local company sites are often bound to trucking/logistics scheduling.

5. Housing development in north Storey County

Storey County has acted through its master plan and development codes to encourage and facilitate affordable housing for industrial center workers.

Growth is also developer-driven, and the county currently has no applications on-file to consider. See Section VIII.

6. Housing development in Washoe County east of Sparks

Sparks has shared publicly its potential plans for mixed-use commercial-residential development immediately north of the Tahoe-Reno Industrial Center.

Growth in this area may be dependent on passage of the Truckee Meadows Lands Bill. Storey County supports the lands bill, and the city’s plans for commercial and residential growth.

7. Widen and improve Interstate-80

The Nevada Department of Transportation proposes to add two lanes to the interstate and improve interchanges. This alternative may exceed \$2 billion and require 10-years of environmental review.

Adding lanes may also exacerbate congestion westward at the Spaghetti Bowl.

IX. LOCAL INFRASTRUCTURE & CAPITAL IMPROVEMENTS

The Storey County Capital Improvement Plan includes typical civic infrastructure projects, but much of the plan is dedicated to addressing decades of deferred maintenance and major capital deficiencies across the county.

There is roughly \$142 million in capital expenditures planned from 2023- 2027. Table 22 lists critical infrastructure needs that are given top priority. An expanded list of planned projects between 2023 and 2033 is shown in Exhibit D.

The county is preparing a staffing, operations, and project management plan to successfully execute its capital improvement plan.

Table 22: Capital Improvement Plan Summary		
Fiscal Year	Amount (Estimate)	Key Projects
2023	\$8,584,213	Senior/community center, fiber links, courthouse parking, water line replacement, fire truck bay expansion, Sheriff Lockwood substation office, Vactor truck (south county), master plan update, scheduled road rehabilitation
2024	\$8,185,000	Virginia City Fire Station replacement, water line replacement, fairgrounds water and power, freight depot roof replacement, scheduled road rehabilitation
2025	\$57,745,000	Replace 1964 swimming pool facility, water tank replacement, water distribution line rehab., tourism center and public restrooms, roads department equipment, buildings backup FEMA generators, records archive vault, scheduled road rehabilitation
2026	\$41,063,500	Highlands Fire Station living quarter expansion, fire training tower, move Lockwood Fire Station out of floodplain, fire apparatus mechanic shop, expand Mark Twain Park, Six Mile Canyon bridge replacement, water tank replacement, water transmission line replacement, replace water transmission line to Silver City (Lyon County), Virginia City convention rooms, retaining wall at opera house, scheduled road rehabilitation
2027	\$25,977,000	Add fire station at Tahoe-Reno Industrial Center per ISO rating; seismic retrofit to courthouse, St. Mary's Art Center, Fourth Ward School, and Piper's Opera House; Gold Hill sewer line replacement; Piper's Opera House structural repairs; Vactor truck (north county); scheduled road rehabilitation
Total Planned	\$141,554,713	
Notes:		
<ul style="list-style-type: none"> - Details of the above and other capital projects may be found in Exhibit D. - This is a 2023 draft subject to board approval anticipated in February 2023. The draft shown here is a better representation of capital improvements expected to occur than the prior plan. - See Exhibit E for the 2022 CIP submitted to the Nevada Department of Taxation. - The foregoing are estimates. 		

The following provides a more detailed discussion of the need for certain planned major capital improvements in the county.

Administrative Facilities

Roughly \$20 million is needed to expand administrative facilities across the county and provide better access to public services and the county seat to residents and businesses. The following is planned:

1. Consolidate offices into one central building in Virginia City to increase efficiency.
 - *Option to locate in two schools planned to be vacated by the school district.*
2. Expand offices at the Tahoe-Reno Industrial Center for business access.
3. Build office space at Lockwood for residents to access county services.
4. Consider county offices at Painted Rock when a planned unit development is built.



Figure 16: Built in 1875, the Storey County Courthouse still facilitates most county offices as well as the District Court. Although nostalgic, over \$2 million is needed to bring the building to current codes and perform repairs, and the county has outgrown the constricted spaces of the building. The building should be considered for future official use; however, additional facilities are being considered to relieve pressure from this historic building.

Municipal Water and Wastewater Systems

Over \$186 million is needed to repair and expand the water system serving Virginia City, Gold Hill, and Silver City (Lyon County), including as follows:

- | | |
|------------------|--|
| 1. \$27 million | Current and future projected buildout requirements |
| 2. \$127 million | Virginia City Highlands expansion |
| 3. \$28 million | Mark Twain Estates expansion |
| 4. \$3.5 million | American Flat expansion |

The water system, built in 1875, transmits water from the Carson Range above Lake Tahoe, and it is today the only source of water for Virginia City, Gold Hill, and Silver City. This system is operated by an enterprise fund managed by the county under NRS 354.

Other communities in the county are served by domestic wells or general improvement districts not associated with the county. They include:

- | | |
|---------------------------------|------------------------------|
| 1. Lockwood | General improvement district |
| 2. Tahoe-Reno Industrial Center | General improvement district |
| 3. Highlands | Domestic wells |
| 4. Mark Twain Estates | Domestic wells |
| 5. Painted Rock | Domestic wells |

Fire and Emergency Medical Facilities

Fire and emergency medical services are dispatched from four fire stations. \$75 million is estimated to be needed to address building deficiencies in these facilities. Additional funds will be needed for equipment, vehicles, and staffing. Issues are described as follows:

1. Virginia City 71

Built in 1962, the station is undersized, includes numerous haphazard add-ons, does not properly accommodate male and female quartering. The fire district in was awarded in 2022 \$2 million for match-required rehabilitation of this station.

2. Mark Twain 73

New station planned to respond to Mark Twain Estates and abutting Lyon County communities.

3. Lockwood 74

This station is situated in the FEMA 100-year floodplain and becomes inundated during major floods.

4. Highlands 72

Adding a fire apparatus bay will free up an existing bay for community uses.

5. Tahoe-Reno Industrial Center 175

This station was built in 2005. Two additional fire stations are needed to meet 5-mile radius International Service Operations (ISO) requirements for anticipated growth.

Law Enforcement Facilities

The following summarizes law enforcement facilities planned across Storey County.

1. Sheriff's Office Headquarters

The main office is located on the boardwalk in Virginia City and needs to be relocated to an area more secure and logistically appropriate.

2. Jail

Built in the 1990s, the facility no longer meets inmate demands and it needs major structural repairs. The facility is scheduled in the county capital improvement plan for full rehabilitation or replacement by 2030.

3. Lockwood Substation

This is a dated second-owner modular unit which has far exceeded its useful life. The county is exploring its replacement or relocation within the community.

4. Tahoe-Reno Industrial Center Substation

A substation is planned to be added at the Tahoe-Reno Industrial Center at the existing McCarran County Complex. Locating in this space may be dependent on the fire district vacating space within the building.

Dispatch

In 2019, Storey County relocated its 911 dispatch center to a vacated bank building. Building retrofits, consoles, and mountaintop microwave and other equipment to move the center, and soon to better connect it to area agencies, is a rough total of \$1.7 million.

Telecommunications Facilities

Approximately \$1,700,000 has been invested in the county's information technology network, with \$578,000 remaining in the county's CIP over the next five-year period. The upgrades are needed to maintain compatibility with ever changing technologies, better connect the county's five residential and business communities, and keep up with growth in the organization.

Public Works Maintenance Facilities

Public Works materials and equipment are staged and dispatched from the primary facility in Virginia City and the satellite facility at the north end of the county. A larger equipment service shop is needed in the north with the expansion



of roads and other infrastructure at the Tahoe-Reno Industrial Center. In addition, Public Works requires over \$5.6 million in equipment over the next 6 years to maintain county roads and facilities.

Flood Mitigation

The county is engaged in the two following flood mitigation projects potentially exceeding \$20 million:

1. Lockwood flood mitigation from Truckee River and Long Valley Creek.
2. Mark Twain and Dayton are flood mitigation.
 - *Mitigation is being planned and potentially funded in-part by inter-agency coordination between Storey County, Truckee River Flood Management Authority, Lyon County, the Carson Water Subconservancy District, FEMA, and other federal agencies and neighboring jurisdictions.*

Social and Senior Services Facilities

Storey County's median age is 54, with 33% of its population 65-years-old and older (U.S. Census, 2020). Funding programs and adding necessary infrastructure for senior services is a high priority for Storey County. The following are key facilities in planning.

1. \$5 million senior and community center is in design and expected to be under construction late 2023. The county expects a grant to cover half of this cost.
 - a. The center will provide Lockwood and Painted Rock senior and youth programs, childcare, social services, health clinic services, and other community programs. The current center is described in Figure 17.

- b. Existing centers in Virginia City and Mark Twain are antiquated and undersized for current needs. The county estimates between \$2 million and \$5 million may be needed to rehabilitate and expand these centers.



Figure 17: The Lockwood Senior and Community Center is composed of two surplus trailers which were patched together in 2010. The facility is undersized to meet the needs of seniors, food pantry patrons, and others utilizing it for various community programs. Any growth in this community will further strain the facility. The county has funded a \$5 million replacement of the facility, half of which will be grant matched.

Parks, Recreation, and Special Use Facilities

Funds for park construction are partially provided by taxes imposed on new residential construction countywide.

Existing taxes, fees, and other revenues are not sufficient to fund maintenance and restoration of parks and special use facilities. Needed facility improvements expansions will be partially dependent on other revenue sources identified in the county capital improvement plan.



Figure 18: Storey County shares the Lockwood community park with Hillside Elementary School which uses it as a playground and sports field. Conflicts occur throughout the year between student and public needs. For instance, during recess, the public must vacate the park and it must be locked for student safety.

Gas Transmission and Distribution Systems

Residents and businesses in much of the county depend on local vendors for propane tanks and gas services. Building natural gas transmission and distribution infrastructure to Virginia City and the Highlands is estimated to exceed \$250 million. The county is exploring grants and private-public partnership opportunities for potential expansion of these systems.

NV Energy recently extended a natural gas transmission line to Lockwood. Connecting the north half of the community to this line is expected to occur late 2023, and at minimal costs to residents and businesses.

The south half of Lockwood does not have sufficient local gas distribution infrastructure to safely connect into the new transmission line. Approximately \$2 million is needed for the south half of the community to connect into this system.

Municipal Solid Waste Management

Approximately \$1 million is needed to improve the county's solid waste transfer station to meet increasing demand and current environmental standards.

X. REGIONAL ECONOMIC DEVELOPMENT

Economic development is a major priority in Storey County. The near-death experience of Storey County in the early 2000s is not forgotten by its residents and leaders. Building sustainability through economic development is galvanized into the culture of county leaders and stakeholders.

The county's first action preventing its demise was forming the private-public partnership with the Tahoe-Reno Industrial Center in 2000. Storey County's speed-to-vertical efficiency and long-term regulatory stability and predictability, supported in part by the agreement, is distinguished in the nation by providing:

- Frozen zoning, county codes, and fee structures for 50 years
- Over-the-counter variances, boundary line adjustments, lot divisions, and consolidations
- Administrative commercial zoning designations
- Guaranteed 5-day grading permits and 30-day building permits

The potency of these guarantees would be substantially diminished without the customer-oriented team culture, business-friendly environment, engagement and accessibility of county elected and appointed leaders, and genuine relationships with community and business leaders in the county and region.

Storey County also relies upon and supports regional economic development agencies including the Northern Nevada Development Authority (NNDA) and the Economic Development Authority of Western Nevada (EDAWN), its two official regional development authorities. These agencies provide business recruitment leads through the Governor's Office of Economic

Development and business retention services. The county also works with the Western Nevada Development District that assists counties seeking federal economic infrastructure development funds that supporting business attraction, expansion, and retention.

Economic and community assistance is not just applicable to the Tahoe-Reno Industrial Center. Businesses exists in nearly every community in the county, for which the same approach to streamlined and accessible service, and generous and practical land use entitlements apply. Storey County does not compete with its neighboring jurisdictions for business. The county appreciates that approximately 8 out of 10 new-arriving companies in northern Nevada between 2018 and 2022 (EDAWN, 2022) chose Washoe County as their home, and it believes that economic vitality in all of northern Nevada benefits the entire region and its people.

The county looks forward to ongoing opportunities to help business development success of its neighbors through development agreements, streamlined government approval processes, firm master planning and regulatory environment, strong leadership, and other tools that are attainable by any jurisdiction.

XI. CONCLUSION

The Board of Storey County Commissioners in 2016 adopted a community-built master plan aligned with current and future needs of the county and region. County development codes were then amended to align with the master plan. Amended zoning standards increased housing density allowances and provided for transfer of development rights; reduced building setback and minimum size requirements, including “tiny house” allowances; permitted accessory-dwelling-units and mixed-uses’ and offered other opportunities facilitating construction of affordable housing.

Procedures for parcel maps, subdivisions, and planned unit developments were then rewritten to be clear and more efficient. These efforts and the county’s responsive and nimble culture make it well-positioned to facilitate new and affordable community development projects that complement ongoing commercial growth in the area.

Storey County will endeavor to maintain its position as an economic development leader in Nevada. Business expansion benefits the county by generating tax revenue needed for it to provide necessary services to its taxpayers. Associated economic activity and consumer spending provide the same for neighboring jurisdictions and to the state.

The county also recognizes the fiscal benefits of providing public services through inter-agency cooperation. The county will continue its engagements with Washoe County and other area agencies to share resources for fire, emergency medical services, disaster management, water resource planning, flood control, and other resource through inter-local cooperation, and it will continue building its internal capacities so that these practices may expand to other areas of need.

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