

# Nevada Business

THE DECISION MAKER'S magazine

Tom Husted  
*Valley Electric Association*

RURAL NEVADA

+  
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Special Report



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# Here We Go Again — Legislature Poised to Raise Taxes

On the heels of Nevada’s largest tax increase, crafted in 2015, legislators are again looking for additional sources of revenue. This time, it comes in the form of AB 43, which modifies the current law on property tax caps. And it comes at a time when businesses are just starting to recover from the worst recession in recent history.

I have an idea. How about our government learns to budget and work with the resources they have, as every business in Nevada has to do? In the private sector, our reality seems to be much different than that of the public entities. If we don’t budget, we simply can’t afford the things we need to make our businesses successful. The public sector maintains the mentality that if they go over budget, they’ll simply find a way to increase taxes. And, you and I will end up paying for it.

As a taxpayer, I’m tired of paying more while seeing the misuse of the funds already paid in. If you’re a regular reader of this column, you may get the impression I’m anti-tax. That’s not the case at all. I believe we should all pay our fair share to improve and maintain the infrastructure in our communities. But it’s discouraging when you look at where the money is actually going. I encourage you to check out the *Nevada Piggy Book* at NPRI.org for a few examples of frivolous spending.

Consider for a moment the cost of living increases during the Great Recession. I don’t know about your business, but survival for most businesses dictated a freeze or reduction on expenditures. Of course, the exception was government workers who got regular raises during a time when the private sector was struggling to survive and hang on to employees.

Every two years, when our legislators meet, they consider ways to increase funding. AB 43, put forth by the Nevada Association of Counties (NACO) would establish a floor for property tax increases and modify the existing tax cap law, which was enacted in 2005 to protect Nevadans from soaring property taxes. AB 43, among other things, revises the formula for calculating partial abatement so the annual cap on increases of property taxes can’t be lower than 3 percent. In addition, the bill would change the Consumer Price Index used from a single year to a 10-year rolling average.

The current tax cap law was created to protect business and consumers from having to pay unrealistically expensive property taxes. It’s one of the things that has fueled economic growth in our communities. To change the law now, when businesses that survived the recession are just getting back on their feet, is counterproductive.

**CALL TO ACTION:** Say “No” to AB43. Reach out to your representatives and let them know you’re against making a change to the property tax cap. Raising property taxes is not conducive to a growing economy and our government needs to stop asking for more. They simply need to take a lesson from the private sector, stop misusing the funds they have, and learn how to live within their means.

**2 Chronicles 7:14 (NKJV)** “If my people who are called by My name will humble themselves, and pray and seek My face, and turn from their wicked ways, then I will hear from heaven, and will forgive their sin and heal their land.”



**Lyle E. Brennan**  
Publisher

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lyle@nevadabusiness.com

**By Whose Authority?**

For more information on my Commentary and to see some of my backup research, or if you wonder why I take the position I take, go to [www.LyleBrennan.com](http://www.LyleBrennan.com).

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Wendy Damonte, Vice President of  
Advocacy & Community Partnerships  
Renown Health

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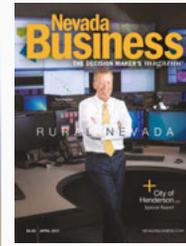
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>> Cover Story

# SLOW & STEADY

# Economic Development in Rural Nevada

*By Doresa Banning*

**FROM** McDermitt and Montello in the north to Laughlin in the south, Nevada's rural cities struggle to foster economic development but desperately need it. Each locale differs, in terms of primary economic sectors, natural assets and location for instance. However, common themes have been for some, and continue to be for others, dilapidated downtowns, struggling businesses and depressed tourism activity. A universal challenge is remoteness, being some distance from an urban center. In addition, many communities lack the money to pursue projects beyond what's necessary.





# Congratulations

## to the Family Owned Business Winners!

Amongst an amazing group of finalists, the following companies took home top honors at the 2017 Family Owned Business Awards. Sponsored by *Nevada Business Magazine* and Nevada State Bank, the Family Owned Business Awards recognize companies in Nevada for their hard work and dedication. Finalists were recognized at a ceremony in their honor where the winners in each category were announced. Following are this year's winners. Congratulations to these outstanding companies!

### Whippersnapper

**Haus of Reed  
Custom Furniture**  
*North*

**Axiom Cyber  
Solutions**  
*South*

### Don't Forget to Share

**Sala Family Dentistry**  
*North*

**Grand Canyon  
Development Partners**  
*South*

### When the Going Gets Tough ...

**Silver State Couriers**  
*North*

**Affordable RV  
Service & Repair**  
*South*

### Shape Up

**Camie Cragg Fitness**  
*North*

**Raw Fitness**  
*South*

### Swimming Upstream

**Dorinda's Chocolates**  
*North*

**Century21 Americana**  
*South*

### It's Good to be on Top

**Jimmy Beans Wool**  
*North*

**Divine Events & Divine Cafe**  
*South*

**The More the Merrier  
Sierra Meat and Seafood**  
*North*

**Blau & Associates**  
*South*

### Outside the Box

**American Duchess**  
*North*

**TurboTap USA  
and BarPods**  
*South*

### Change is Good

**SVN Gold Dust  
Commercial**  
*North*

**Osaka Japanese  
Bistro**  
*South*

### Wisdom of Age

**Savage and Son**  
*North*

**The Geary Company**  
*South*



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Some cities, such as Elko and Wells, are further down the economic development road than others. Some aren't certain how best to proceed. That's where Nevada's Rural Community and Economic Development division comes in. Directed by Peter Wallish, it partners with the state's eight Governor's Office of Economic Development (GOED)-funded regional development authorities to help rural cities with job creation, business retention, community development, infrastructure creation and improvement, quality of life and more.

"Each community is extremely different, but that's where we step in with our experts," Wallish said. "We fine tune and tailor our programs to assist or address those issues."

More specifically, the agency helps community leaders, county and city administrators identify obstacles or issues and obtain funding to resolve them.

## Broadband is Coming

Rural Nevada is moving into the 21st century in terms of communications. Valley Communications Association (VCA) is currently installing high-speed broadband service for the owner-members of its parent corporation, Valley Electric Association Inc. (VEA), all of which are rural businesses and residences, said VEA's CEO Tom Husted.

VEA is a utility cooperative headquartered in Pahrump that began in 1965 and today has about 17,500 members. It provides electricity to more than 45,000 people within a vast 6,800-square-mile service area between Fish Lake Valley and Sandy Valley, primarily along the border with California.

VCA first is rolling out high-speed wireless (25 megabits) to create the necessary infrastructure and then replacing it with fiber optic, which is 10 times faster than the pre-VCA service, Husted said. Speeds offered to businesses are 10 gigabits (but can be tailored to their needs) and to homes, 1 Gb.

"High-speed communications is a necessity," Husted said. "It's considered criti-



Peter Wallish

Nevada Governor's Office of Economic Development

cal infrastructure. In order for rural areas to exist and then thrive, this infrastructure has to be in place."

VCA started wireless installations in Pahrump and aims to have it equipped with fiber optic by year-end. Beatty, which is slated to get broadband this summer, will be the first all-fiber optic community in Nevada. Wireless installation is finished in Fish Lake Valley/Dyer and underway in Amargosa Valley. Before proceeding in Sandy Valley, VCA needs requisite permits from the U.S. Bureau of Land Management.



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The VEA cooperative aims to provide such broadband service to all of rural Nevada, not just its member-owners, ideally through partnerships with other companies but by itself if necessary. For that, currently it's in discussions with businesses including Switch, CC Communications and Lincoln Communications Inc.

Providing broadband should prove beneficial economically in several ways. Already



Tom Husted

Valley Electric Association Inc.

it's created jobs. VEA has hired 100 additional employees recently, and more than 100 contractors are helping with the installations.

With the new Internet capability and provider, Nye County schools and government entities are saving \$8,500 a month, or \$102,000 annually, and getting more robust service, Husted said. This equates to less of a burden on taxpayers, too. The more self-supporting the rural cities can be, the smaller the financial onus on urban taxpayers.

With faster Internet, the rural regions can attract businesses they otherwise wouldn't be able to due to technological limitations, Wallish said.

## What's Going On

Here's what's taking place in the way of economic development efforts and results in a few rural communities:

### Ely

This eastern municipality, where mining, government (the state prison, BLM and U.S. Forest Service) and tourism fuel the economy, has the challenge of not being well known in terms of what it has to offer, along with a lack of new affordable housing, said Mayor Melody Van Camp who also owns Sew Krazy, a sewing, embroidery, mending and repair shop.

"We would like to attract better-paying jobs, some kind of an industry," she said. Newer members of Elko-based Northeastern Nevada Regional Development Authority (NNRDA), the city of Ely and White Pine County are having a study done to assess the region's resources, and "aggressive" efforts are underway to attract businesses to the industrial park there, Van Camp said.

She launched a Strategic Tourism Committee, whose members discusses ideas, concerns, problems and solutions, fodder that the mayor then reports to the White Pine County Tourism and Recreation Board, which boasts all new members as of January.

One committee finding is that Ely lacks adequate signage to let visitors know they're entering town, so the city is applying for grants to remedy that. Also, it's get-

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ting markers that indicate the corridor is a cultural district.

The city also lacks any maps for those who recreate in the backcountry, so creation of a guide for mountain bikers, hikers and ATV riders is in the works. Also, starting in spring 2018, the Nevada Department of Transportation (NDOT) will redo Ely's two thoroughfares (East Aultman Street and Great Basin Boulevard) and add a bike path to both.

New this year will be monthly exhibits and events at the revitalized White Pine Public Museum, night sky viewing with star guide Tony Berendson of Tahoe Star Tours and a hot air balloon festival. A Love's Truck Stop will open in town in late spring.

"We [Ely] want to be a destination," she added. "We don't want to be the stopover for gas and food. We're trying to get people to stay."

## Elko

In this northeastern city, where mining and tourism dominate the economy, another 200 hotel rooms are slated to come online this year on the heels of a 107-room Holiday Inn Express opening last month and 200 rooms debuting in 2016, said Mayor Chris J. Johnson who also owns Charles Chester Plumbing & Heating. These additions are eliminating the years-long challenge of insufficient accommodations Elko has faced.

"With those motel rooms, Elko just gets in a better position to be a destination," Johnson added.

With additional residential housing available, but still more needed, the pendulum has swung the other direction, Johnson said. With people moving out of motels/hotels and into homes, the city is finding its lodging occupancy rates down and needs to work on filling its rooms.

Elko, its airport and NNRDA are working toward getting twice-daily, seven-day-a-week flights established between the city and Reno. Bill BDR-610, which calls for



Mayor Melody  
**Van Camp**

City of Ely

airline enticement monies, is ready to be introduced to the Senate for committee review. The number of people now traveling

between the two cities supports adding the flights, Johnson said.

A new cowboy arts and gear museum is slated to open this summer in Nevada Energy's donated former building. Nevada's Division of Tourism awarded a grant to the National Historic California Emigrant Trails Interpretive Center Foundation to help promote its Trails Days event that will take place in June.

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As for generating business, Elko held its second Mining Reverse Expo last month, an event at which mining-related companies make presentations to the many local mining firms. The purpose is to foster sales and entice companies to establish a permanent presence in the area.

One of Elko's recent projects to make more land available for growth is completing the extension of a water main out to exit 298, which opens up to 1,800 acres for industrial, commercial and/or residential development.

The Redevelopment Agency's Storefront Improvement program is underway, for which up to \$50,000 is available. Qualifying businesses that want to remodel or replace their storefront could receive matching funds to do so.

Depending on the success of that initiative, a second similar matching incentive program, this one for demolition, is under consideration. Up to \$75,000 could be available for that.

As for the rest of 2017, Johnson anticipates business and economic development to be good but "flat," he said.

"Elko is going to be cautious," he added. "We're down as far as sales tax over the last quarter, but we're still above what the city of Elko has budgeted. So it's not a crisis."

### Mineral County

In this west central Nevada locale, the large business sectors are government, primarily the U.S. Army Depot (a munitions facility) in Hawthorne, and gaming/tourism.

The main challenges to economic development are the lack of infrastructure and the federal government's ownership of 96 to 97 percent of the land, said District Attorney Sean Rowe. As such, Hawthorne, the area's major city, has little private property for development. Schurz, the next largest community, is on the Walker River Reservation.

However, last year, 7,000 acres on depot property were established as the Hawthorne Technology and Industry Park for business development use. The Mineral



Mayor Chris J. Johnson

City of Elko

County Economic Development Authority has been working to engage companies to look at the park for storage and manufacturing, but it's slow going, Rowe said.

With a \$200,000 Community Development Block Grant, Mineral County has begun the process of removing blight in the region. About 10 properties in Hawthorne and Mina that have been identified for cleanup are being converted from county trust properties to county properties so they can be remediated. Once their aesthetics are improved, they then could be sold for economic or housing development purposes, Wallish said.

"It is a great example of a pilot program that we would like to see other communities use," he added.

The county is also working diligently with NDOT, its congressional delegates and the federal government to ensure that Interstate 11, when constructed, runs through Hawthorne. Currently, NDOT is holding hearings for input as it works toward establishing the highway's route.

"We see it being necessary for Mineral County's growth in the future to have that corridor pass through [here], specifically through Hawthorne. If we're going to be able to redevelop any of the bases for warehouse, manufacturing or transportation of any sort, we have to have the development of infrastructure through Mineral County," Rowe said.



Sean Rowe

Mineral County

As for tourism, a company, whose name hasn't been announced yet, plans to break ground this month on a new casino in Hawthorne. Additionally, the community is hoping to see benefits from a new brochure and map of the region's ghost towns, and recreational and other attractions which the Mineral County Convention and Tourism Authority distributed.

### Funding Sources

Among available grants for economic development are ones offered through GOED and the state's Division of Tourism.

GOED administers the federal Community Development Block Grant (CDBG) funding program that distributes monies, through an application process, to cities or government entities—26 are eligible in Nevada—to assist them with economic development, Wallish said. GOED receives and grants about \$2.2 to \$2.3 million annually. Typically, two funding rounds are held per year, and grants generally go to applicants with "larger asks," or proposed projects that likely would have great economic impact, he added. GOED's Community and Economic Development division helps entities develop and focus their applications for success.

"These [CDBG grants] are extremely important to the rurals," Wallish said. "It's funding like this that allows these communities to move forward with developments that most likely wouldn't happen if funding wasn't available."

The state's Division of Tourism also offers grants, two kinds—rural marketing and projects relating to tourism.

The rural marketing grants are matching, meaning the recipient must come up with a similar amount in money or in kind, and are distributed in December and June on a fiscal year basis, said Claudia Vecchio, director, Nevada Department of Tourism and Cultural Affairs. For the current year, the agency has \$1.4 million to distribute.

Monies go toward tourism marketing, whether it be advertising, public relations activities, Web site development or maintenance, brochure production/distribution, presence at travel and trade shows or research.

Eligible organizations include non-profits, chambers of commerce, historical societies, arts councils, convention and visitors authorities and territories. Nevada's six territories are volunteer organizations that promote a particular region as a destination, such as the Indian Territory or Pony Express Territory.

"These grants in some places are their marketing dollars, so then that becomes imperative for their livelihood," Vecchio said. "In other places, it helps to start up special events," such as Yerington's Night in the Country three-day music festival.

Similarly, the Ely Shoshone Tribe, a first-time applicant, received \$2,500 in Decem-



Claudia Vecchio

Nevada Department of Tourism and Cultural Affairs

ber to promote its Pow Wow cultural event slated for July.

The \$1.6 million in tourism marketing grants awarded in fiscal year 2016 resulted in an estimated economic impact on local communities of \$138.5 million, state travel data showed.

For its Projects Relating to Tourism grants, the division allocates \$200,000 every other year, the next awarding in March/April 2018. These matching grants can be used for beautification and other smaller infrastructure improvement projects such as signage and landscaping upgrades. They're available to the same entities that qualify for the marketing grants and also to cities.

"I think this is one of the most important programs the Nevada Commission on Tourism conducts each year because it goes to the lifeblood which tourism is for many of these small communities," Vecchio said. "It's critically important for their success."

## On the Horizon

Wallish remains bullish on economic development in Nevada's backcountry for the near future despite the challenges with which the communities will continue to wrangle. Every one remains engaged, he said, albeit to varying degrees.

"It will be strong and steady," he added. "With the regional approaches that you're seeing develop and also the enthusiasm for economic development by the communities in developing economic development plans or identifying assets or ways to diversify the regional economies and their economy, you'll see some great results over the next couple of years," Wallish said. 🌱



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# NEVADA INFRASTRUCTURE

## Keeping Up with a Growing State

*By Kay Foley*

**ACCORDING** to the U.S. Census Bureau, Nevada's 1.95 percent population growth rate from July 2015 to July 2016 made it the second fastest-growing state in the country, slightly behind Utah's 2.03 percent. With the state's official population nearing the three million mark, how is infrastructure keeping up with growth?

## The Orange Cone Zone

Some of the funding for Nevada's road projects comes from county fuel taxes. In 2008, Washoe County voters approved a measure allowing their local fuel tax to adjust to inflation every year, helping agencies in charge of roads maintain their purchasing power.

"Fuel tax indexing gave us the current and projected revenue needed to issue four bonds that helped us move forward on a wide variety of projects across the region," said Lee Gibson, CEO of the Regional Transportation Commission of Washoe County (RTC). "During the recession, it helped us create construction jobs when there weren't any, and also keep some of the skilled workers in the region. As a result, we have a pool of labor we can tap into now that we have returned to the good times."



Lee  
**Gibson**  
RTC North

A temporary fuel tax increase took effect in Clark County in 2013, and last November Clark County voters approved a 10-year extension of fuel tax indexing that could raise the tax by up to 3 cents each year. Over that 10-year period, it's expected to raise roughly \$3 billion for local road construction, maintenance and repair projects.

Jay Smith, president of Las Vegas Paving, which holds contracts for several huge road projects in Southern Nevada, said his company was hit hard by the recession, but he sees jobs gradually coming back, in part due to fuel tax indexing. "We're optimistic about it bringing quite a bit more work to the table," he said.

## Major Road Projects

### South

Rudy Malfabon, director of the Nevada Department of Transportation (NDOT), said \$110 million of NDOT's \$1.3 billion budget for the 2016-2017 biennium is earmarked for maintenance of existing roads and structures. The rest goes toward construction projects that are changing the way an ever-increasing number of Nevadans travel from town to town and from home to work. These huge construction projects require several years of preliminary work before the first shovel breaks ground, including traffic studies, environmental assessments and funding plans. Malfabon said he attended his first meeting on Project Neon in 2003, construction began in 2016, and it's scheduled for completion in mid-2019.

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Project Neon near downtown Las Vegas, the largest public works project in Nevada history, is a \$1 billion widening of I-15 between Sahara Avenue and the U.S. 95 Spaghetti Bowl interchange. The project covers 3.7 miles of I-15 that is the busiest stretch of highway in the Nevada, with 300,000 vehicles per day, 25,000 lane changes per hour, and three crashes daily. Traffic through the corridor is expected to double by 2035, so even though Southern Nevada drivers have been inconvenienced by Phase 1 (labeled “Car-nado”) and Phase 2 (“The Big Squeeze”), NDOT is forced to make major infrastructure changes to keep up with traffic demands. The project includes a full diamond interchange for Charleston Boulevard and an 81-foot-tall, 2,606-foot-long HOV flyover from southbound U.S. 95 to southbound I-15 that also accommodates carpool traffic from northbound I-15 to U.S. 95 north-



Rudy Malfabon

Nevada Department of Transportation

bound. During “The Big Squeeze” from March through the end of 2017, U.S. 95 is being narrowed to only two lanes in each direction between Rancho Drive and the Spaghetti Bowl interchange.

Another NDOT project designed to keep up with growth is the Centennial Bowl Interchange linking U.S. 95 and the 215 Northern Beltway in northwest Las Vegas. More than 107,000 vehicles currently use the ramps and freeways each day, and NDOT estimates that number will reach 160,000 vehicles by 2036. Parts of the multi-phase project were opened to traffic in 2016, but completion of the entire \$47 million inter-

change, which includes a 2,500-foot-long bridge crossing the two major freeways, is not expected until 2020.

Further south, Clark County Public Works is continuing upgrades to the \$52.4 million, I-215 Airport Connector project, which began in August 2015. Phase 2 of the project, currently underway, includes a direct flyover structure consisting of a nine-span steel bridge 1,923 feet long. The eastbound I-215 off ramp to Warm Springs Road, which has been closed since January, is scheduled to re-open in June with a new, wider configuration. Phase 2 of the massive project is yet to be scheduled.

NDOT and the RTC of Southern Nevada are working together to develop the first 15 miles of Interstate 11, a \$318-million project to construct a new freeway around the southern and eastern perimeter of Boulder City. I-11 will eventually link Las Vegas with Phoenix, and the ultimate goal is to have



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Tina Quigley, general manager of the RTC, said \$65 million of the funding will come from fuel tax revenue, \$250 million from federal grants, and the rest from state highway funds. "This project would not have moved forward without fuel tax indexing," she said. "Passage of the ballot question was the catalyst to get the flywheel turning."

Quigley estimated that work on I-11 provides about 4,000 jobs, including construction workers, suppliers for the project and the multiplier effect of extra payroll dollars in the Nevada economy.

NDOT is roughly 60 percent complete with the \$83-million first phase, which calls for a 2.5-mile-long, four-lane concrete interstate freeway between Silverline Road and Foothill Drive. The project entails building a full diamond interchange at Railroad Pass, a pedestrian bridge connecting the River Mountains Loop and Henderson trail systems and a railroad bridge to reconnect the tracks previously severed by U.S. Highway 93. Completion is scheduled for December 2017. RTC oversees Phase 2 of the I-11 project, which will carry the freeway 12.5 miles from U.S. 95 to U.S. 93 near Hoover Dam. The \$235 million Phase 2 consists mostly of asphalt paving and includes 11 bridges. Both phases of the project should be completed by next spring.

NDOT is also in the final phase of widening State Route 160 from Pahrump to Las Vegas, making the entire highway four lanes wide. The \$60 million project is scheduled for completion sometime next year.

**North**

In February, NDOT reached 50 percent completion on construction of the USA Parkway extension connecting Interstate 80 and U.S. 50 in Storey and Lyon counties. The USA Parkway was originally constructed as a privately built, six-mile-long



Tina Quigley  
RTC South

road connecting I-80 to the Tahoe Reno Industrial Center east of Sparks. The project will extend the Parkway by more than 12 miles to U.S. 50 near Silver Springs, creating an 18-mile-long, four-lane state roadway predicted to reduce driving times by as much as 38 percent for travelers between U.S. 50 and I-80. The \$75.9 million project is scheduled to finish in late 2017.

With money from federal transportation funds, the state highway fund and Carson City, the Carson City Freeway project will eventually provide an interstate bypass alternative to help relieve traffic congestion in downtown Carson City. Phase 1

widened northbound U.S. 395 to add a truck-climbing lane on the hill coming out of Carson City to the East Lake Boulevard interchange. The \$42 million Phase 2B-3 project will pave and open the last four miles of the freeway between Fairview Drive and the Spooner/U.S. 50 junction in south Carson City. The final segment of the freeway is expected to open for traffic in late summer 2017.

Other NDOT projects in Northern Nevada include the final phase of a U.S. 50 widening project in Lyon County, planned for completion in 2018, and construction of a \$35-million shared-use path linking Incline Village to Sand Harbor along the shore of Lake Tahoe.

Washoe County RTC's SouthEast Connector project in Reno includes construction of a new 5.5-mile arterial road, seven

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# Industry Focus



## Human Resources & Staffing

LEFT TO RIGHT ► **MaryBeth Hartleb**, Prism Global Management Group · **Jennifer DeHaven**, Millenium Staffing Solutions

**Don Soderberg**, Nevada Department of Training and Rehabilitation (DETR) · **Connie Brennan**, Nevada Business Magazine · **Jason Bruckman**, Eastridge Workforce Solutions  
**Laura Nowlan**, See Us Now Staffing · **Paul Stowell**, City National Bank · **Beth Foster**, Staffmark · **Jeff Parker**, Manpower · **Bill Rosado**, ManagedPAY

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As the economy and staffing needs change, the human resources (HR) and staffing industry in the Silver State has been working on creative solutions to keep up with new trends. Executives in HR and staffing recently met at the Las Vegas offices of City National Bank to discuss the challenges and opportunities facing their industries.

Connie Brennan, publisher and CEO of *Nevada Business Magazine*, served as moderator for the event. These monthly meetings are designed to bring leaders together to discuss issues relevant to their industries. Following is a condensed version of the roundtable discussion.

## WHAT CHALLENGES DOES NEVADA'S LABOR MARKET FACE?

**DON SODERBERG:** Statewide, [the unemployment rate] is in the 5 [percent range]. Up north, they're at 4 percent, which at that point, you're pretty much at full employment. We're higher in the Las Vegas area, but not dramatically. The projection is

the economy will be doing better. People are doing more things and are in a hiring mode. More people are doing transactions. You drive around and see buildings being remodeled and built. You're seeing more economic activity so you've got more people looking for that same pie of people. What we find is this recession was so deep and so long that it changed a lot of things. Capable people don't know how to look for work anymore. Everybody who was hiring downsized their HR operations. HR and hiring used to be a personal activity. You wanted to shine in your interview. They don't have interviews anymore. You click the mouse 300 times and you float 300 resumes to things you might never get, then you don't understand why nobody called you. On the hiring end, nobody wants to look at 300 resumes so you get a computer that will filter them out.

**BETH FOSTER:** One of the challenges is, sometimes the companies we work with really don't understand our business. For the people who are not within the staffing industry, one of their solutions is to work with us. All staffing industries are different, however, when we're building those really good relationships, our clients trust us. When a resume doesn't really look right, but

we understand what their needs are and we've earned their trust, we can explain why someone has had a gap. Or we can explain, yes, it looks like they're overqualified but they'll be good for this position. For the person outside of the staffing industry to build a relationship with us, that's a huge solution to finding good people.

**LAURA NOWLAN:** For me, [the most challenging positions to fill are in] technology and healthcare. It's been really difficult for me to even go into that. I tried to do that three years ago and closed down that division because it was not going to work. It's really difficult to find people locally unless you're going to be pulling them out from different states.

**JEFF PARKER:** Technology is definitely a challenge. Those people are not wanting to relocate to Las Vegas because there aren't as many opportunities. In addition to that, we are competing with Austin and San Francisco and these mecca powerhouses. It's very difficult to relocate those people into our area.

**JASON BRUCKMAN:** We're recruiting for higher level positions, selling the market, talking about our education system out here and a lot of times those executives have young families. We have to be able to talk about the growing issue of education. I know we're working on it as a whole within the community, but that's a conversation we must have. That's been a real challenge with some of those higher level positions. We're certainly able to sell the cost of living from a tax perspective, but when we talk about the market as a whole when moving out here, it really comes down to education.

**PAUL STOWELL:** I've been in the banking industry for the last 32 years and this has been an opportunity for us with the economy coming back. City National is in a huge growth so we're in a big hiring mode. Locally, last year, we hired about 12 new people. Bank-wide, we hired over 500 new people. This year, bank-wide, we're hiring over 1,000 new people. Our greatest challenge

right now is finding qualified bankers to fill those roles because we were a casualty to the downturn. A lot of bankers retired and left the industry, so finding qualified bankers today is our greatest challenge.

## HOW CAN EMPLOYERS IMPROVE THE HIRING PROCESS?

**BRUCKMAN:** Something my team and I have been seeing is onboarding. With everyone being so busy and companies growing quickly, when they hire, that's only the first part of the equation. The second part is to have a great onboarding program. We have lost candidates that have started at accounts because they were too busy to go through the proper onboarding program. They'll sit there and they won't have any direction. I think it's critical to have onboarding set up, make candidates feel welcome when they start, show them what their responsibilities are going to be so they have clear direction once they start and they're not in no man's land for the first couple weeks.

**JENNIFER DEHAVEN:** And give them appropriate training so that they can be successful in their position no matter what it is. A lot of us are in everything from light industrial to manufacturing and distribution centers, which are sometimes less skilled positions, up to very skilled positions within those industries as well. Make sure, no matter what position, they're given the appropriate amount of training.

**BILL ROSADO:** From our perspective, there are two parts to onboarding. It's carrying the culture of the company and the transactional part. The transactional part is easier to do, especially if you have the right HRIS (human resource information systems) or you're managing the work flows, what forms they have to fill out, reviewing their handbooks, I-9s, W-4s and all of those transactional pieces. But really, the culture of the company [is important to onboard-



ing]. It's the time that is taken that began in the interview process and the recruiting process, but continues with assimilating that person into the work flow. Different companies have different cultures. We try to ask our clients to describe for us what their culture is. If it were a picture or movie, what would that look like and making sure that's communicated to the employee. It helps retain and makes sure the expectations are set in the very beginning.

## HOW ARE GENERATIONAL DIFFERENCES AFFECTING HIRING STRATEGIES?

**STOWELL:** With the millennials today, the challenge is the turnover and training them. You invest those dollars to train them and they're just going to find the next gig. These millennials come in and their movement is anywhere from six to nine months and they're moving on.

**HARTLEB:** I hesitate to group all people in that age range with these characteristics. There's a lot going on about generational diversity. I think we, as employers, prob-

ably need to change our approach. There's been many articles written as of late and people are really changing the way they work. They want more flexibility, to create their own schedules and work from home. They've done the studies and people are much more productive that way. I understand that not every position lends itself to that. But where it does, employers can be more flexible in that approach or even in the interviewing and pre-screening process and really ask those key questions to determine whether this person is going to be a good fit. What can you adapt in your training program so millennials aren't getting bored? That's the feedback that I'm hearing. They don't want the classic nine to five job anymore. The new generation isn't so much focused on having to make more money and having to climb the ladder.

**PARKER:** You're exactly right. It's about engagement and acknowledging the revolution in the workplace right now. Not every job is going to require a time clock to be punched. If we, as executives, can step away from those traditional models and look how we can transform our work places, everyone is going to benefit. I believe that some of these things are being brought to the table currently by younger workers or even, in some cases, semi-retired workers who want more flexibility as well. These are things that are reasonable and can enhance a company and also help the families and individuals. Part of our education problem is that parents have not been engaged in education. Giving them the opportunity to have flexibility to take care of their kids and get them to school, that's one of the issues I see in education. The training you're providing is something that people are going to want and it's a great part of your company culture. How can we make lateral positions for them and do more teamwork and development? It's not always about throwing a big party or wearing sweats to work.

CONTINUES ON PAGE 49 ►



## Congratulations to the Winners of NAIOP Southern Nevada's 20th Annual Spotlight Awards

### Industry Awards

**Trendsetter Firm**  
The Howard Hughes Corporation

**Principal Member of the Year**  
Rod Martin, Majestic Realty Co.

**Associate Member of the Year**  
Leroy Taylor, Logic Commercial Real Estate

**Special Recognition - For working on a study of the proposed BLM Resource Management Plan and its potential impact on economic development.**

John Ramous, Harsch Investment Properties  
John Restrepo, RCG Economics  
Mike Shohet, Jones Lang LaSalle  
Alan Schlottmann, Theodore Roosevelt Institute

**Ellie Shattuck Spirit of Spotlight**  
Katrina Bruce, NAIOP Southern Nevada

**Principal Firm of the Year**  
Prologis

**Developing Leader of the Year**  
Courtney Goffstein, Colliers International

**Broker of the Year - Office**  
Ryan Martin, CCIM, SIOR, Taber Thill, SIOR and  
Patti Dillon, Colliers International

**Broker of the Year - Industrial**  
Higgins Toft Team, CBRE

**Broker of the Year - Retail**  
Adam Malan & Deana Marcello, Logic Commercial

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DC Building Group

**Architecture Firm of the Year**  
Coda Group

**Brokerage Firm of the Year**  
Colliers International

**Engineering Firm of the Year**  
Kimley-Horn and Associates

**Financial Firm of the Year**  
CommCap Advisors

### Project Honor Awards

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Parc Post

**Office Building**  
Ainsworth Gaming Headquarters of the Americas

**Industrial Building Over 200,000 Square Feet**  
Black Mountain Distribution Center 3

**Industrial Building Under 200,000 Square Feet**  
Republic Services Material Recovery Facility

**Special Use - Healthcare**  
ENT ASC/Clinic

**Special Use**  
T-Mobile Arena

**Retail Building Special Award**  
IKEA - Las Vegas

**Retail Building**  
Boot Barn

**Redevelopment Project**  
Southern Nevada Health District  
New Headquarters Facility

**Public Use/Government - Recreation**  
Sean's Park Phase 1

**Public Use/Government**  
Nevada State College Nursing,  
Science & Education Bldg and the  
James E. & Beverly Rogers Student Center

**Tenant Improvement - Large Office**  
Pinnacle Entertainment Headquarters

**Tenant Improvement - Medium Office**  
Skyes Call Center - Durango

**Tenant Improvement - Small Office**  
Fox Rothchild

**Tenant Improvement - Retail**  
TruFusion

**Tenant Improvement - Other**  
Apollo - RedFlint

**Tenant Improvement - Hospitality**  
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◀ CONTINUED FROM PAGE 23

## HOW ARE **WAGES** AFFECTING **EMPLOYMENT?**

**FOSTER:** The biggest challenge is the pay rates and having those tough but delicate conversations with our partners to let them know we've really got to increase the pay rates. There's a lot of different avenues and creative ways we can find people, but we're not going to be able to do it unless we are really increasing those rates. I think there's a little bit of a misconception that the cost of living in Las Vegas is not quite as high as it actually is. Yes, housing is cheaper here than it is in certain parts of the country. But at the same time, it's not inexpensive. The downturn in the economy changed things a lot.

**SODERBERG:** We'll see that change over time. We're already seeing wages going up. We're seeing employers being more competitive and doing things they haven't done in 10 years like looking for ways to retain their good employees and finding a way to train them or have them move up as opposed to just churning them through because that was the most efficient thing to do at the time. Employers are now looking at how the economy is different, but the bottom end of the pay scale is still pretty low.

**HARTLEB:** We're going to see changes at the federal level. Most people I talk to are in agreement that we need to pay a bit more. Maybe we don't do it drastically because people just can't afford to do that, but I think the staggered approach makes sense. Maybe it's not as high as \$15 per hour, but I also think we need to look at cost of living. It's not dirt cheap here. Our

housing costs are going up. If we want a booming economy, those things are naturally going to come up. I've seen predictions where they expect another population influx. That may also bring some great talent with it, but these people are also going to expect to be paid more.

## HOW WILL **MINIMUM WAGE INCREASES** AFFECT **STAFFING IN NEVADA?**

**NOWLAN:** If minimum wage goes up, my argument is why would I pay someone a minimum of \$14 per hour when they have no high school education? The minimal I'm willing to pay anybody is \$9 an hour. Even that's difficult. I say no to many companies. I can't find myself paying anybody less than \$9 an hour. At the same time, there's no way I'm going to

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pay people \$14 an hour that have no education whatsoever. It's difficult.

**DEHAVEN:** The good news is it's going to be staggered if it passes, so it's not going to happen overnight and you're suddenly stuck paying \$14 per hour. I know there's a couple bills out there right now. One's at 75 cents [increase] every year that will get us up to \$11 or \$12 per hour minimum, depending on if the company is offering insurance or not. The other is \$1.25 [increase] an hour and that's the \$14 or \$15 we're talking about. We went through this years ago when we had the staggering increases of minimum wage. It was over a period of years as well as we got up to the \$8.25 level.

**PARKER:** It's sometimes difficult to swallow paying someone \$14 or \$15 per hour who doesn't even have a GED. Then you do have the trickle up of the people who are making \$14 now have to get paid \$18, \$19 or \$20. In a hospitality town such as Las Vegas, what I predict will happen is we'll see prices increase with car rentals, hotel rooms and things of that nature. But I have to go back to poverty and education and how people who are making \$24,000 per year cannot afford to keep their children in school successfully. They can't clothe them. They can't provide them with enough school supplies. We end up paying for it somewhere.

## WHAT HR SOLUTIONS ARE AVAILABLE FOR EMPLOYERS?

**HARTLEB:** One of the things I've done and some of my clients have done is eliminated paid time off and vacation policies. You basically manage expectations and goals and deadlines. I tested it myself with my own staff and it's worked very well. It's one of those competitive advantages that a lot of other employers can't compete with. Basically, if you have a doctor's appointment or



if you need to take Thursday off, I don't really care. I don't really care if you're working at three o'clock in the morning. Just stick to the deadlines and get the job done. Again, it doesn't lend itself to all positions. But when you get into mid-level or higher level, providing more flexibility and that trust to manage the workload, manage time and get the work done, don't worry about punching the clock. I think that has really helped.

**ROSADO:** The [employee] handbook can be problematic as well as a good tool. HR professionals should be reviewing those handbooks annually and making sure any changes or updates are applied. There are things going on today that need to be addressed. Depending on how old somebody's handbook is, if it's not being reviewed each year, they're pretty much set up to fail when they don't look at those things.

**PARKER:** The constant changing of legislation, globalization and millennials are impacting not only what we're doing in recruitment, but also in the workplace. Everything in HR has changed whether it is legal or technology. The one thing that hasn't changed is what the staffing industry is doing. We have evolved in providing more programs and managed service providers and

things of that nature, but if we're going to compete in what I feel is the revolution of the workplace that's taking place right now, we all really need to change and embrace some of these things that are challenges to us.

## WHAT CAN WE EXPECT MOVING FORWARD?

**SODERBERG:** We are on the tip of the iceberg for some of these things we've been reading about. When I go up north, I sit with Mike [Kazmierski] at EDAWN. One time we were having lunch and he pulled a napkin out and said, "Don, this is my problem." He wrote a five digit number and said, "These are all the jobs we've brought in that haven't even started hiring yet. They haven't even broken ground." There is a wave that's coming because we've done such a good job with economic development and there's a lot of business activity going on that is starting to make things happen. Some of that business activity isn't turning into revenue yet. When that does, I think we'll see more of an explosion.

**STOWELL:** We're statewide. The challenge we find with some of our clients and board members in Northern Nevada with Tesla and Switch and those other big projects is not having enough qualified people to fill those positions. So they're coming out of Silicon Valley and that creates a challenge. We're opening these great companies, but yet we're not employing Nevadans. People are coming from out-of-state because we don't have the qualified workforce.

**DEHAVEN:** I also think the business groups here in Las Vegas recognize that education is key. Making sure the people we do have are getting the proper education for the jobs that are here and are coming in. So education in the school systems, but also training. All the business organizations that I'm involved with understand that is the number one challenge and also the goal. I'm seeing things happen improving our infrastructure and education. 🌱

# Face to Face

MOVERS & SHAKERS

“Grow or die.”

MIKE

PANSKY

Founder & CEO  
InterKn (1 year in NV)

Type of Business: Software as a Service (SaaS) | Hails from: Reno, Nevada  
1 year with company in Nevada | Based in: Reno

## How did you first get into your profession?

[I was] recruited to work for Sierra Nevada Corporation, and inspired by the innovation of small businesses and incorporating my passion for mergers and acquisitions. I decided to start a business to help them find funding.

## What is your pet peeve?

Improper use of their, they're, and there.

## What do you want your legacy to be?

To have improved the State of Nevada and to bring federal funding to small businesses.

## If you could be any fictional character, who would you be and why?

Professor Charles Xavier from X-Men, so I can read minds.

## What business advice would you give someone just starting in your industry?

Always surround yourself with the smartest people you can, people that make you a better person, and build a great team.

## If you could have coined a single phrase of wisdom, what would it be?

“Working hard for something we don't care about is called stress; working hard for something we love is called passion.”  
—Simon Sinek

## If you could take back one sentence you've ever spoken, what would it be?

Any sentence that started with “I can't.”

## What is your motto?

Grow or die.

## When you were a kid, what did you want to be?

A CEO.

## What do you wish you would have learned at the beginning of your career?

Follow your passion and not the money; the money will come when you do what you're good at.

## What is the best moment of your career?

First paid customer signing up for our SaaS platform.

## What was the toughest lesson you've learned in your career?

Sometimes you'll fail, no matter how hard you work.

## What is your favorite thing about living in Nevada

The people, 100%.

## UNLV Lee Business School MBA Program Rises in Ranking

The University of Nevada, Las Vegas (UNLV) Lee Business School's MBA program has broken the top 100 in *U.S. News & World Report's* annual ranking of part-time MBA programs. UNLV's course rose from 102 to tie for 95th place and is part of the ranking of "America's Best Graduate Schools". The rankings compare over 300 AACSB-accredited schools nationwide, ranking according to peer assessment, entrance exam scores, average GPA, student work experience and the percentage of MBA enrollment that is part-time. 🌿

## Dignity Health and Select Medical Form Joint Venture to Build Rehab Hospital

Dignity Health and Select Medical Corporation have announced a joint venture agreement to construct and operate a 60-bed acute inpatient rehabilitation hospital in Southern Nevada. The hospital is expected to open in 2018 and will be built adjacent to the existing St. Rose Dominican Siena Campus in Henderson. The agreement also includes the joint operation of 12 outpatient rehabilitation clinics in Las Vegas, 11 existing Select Medical locations and one Dignity Health center. 🌿

## Peri & Son Farms Partners to Open High-Tech Facility in Yerington

Peri & Son Farms, one of the largest onion and organic produce farms in the nation, has partnered with the Nunes Company, a grower and shipper of organic fresh produce. The two organizations will jointly open Nevada's first high-tech produce cooling facility, Walker River Cooling. The state-of-the-art cooling and distribution facility will be located in Yerington and is expected to open in May. 🌿

## Study Shows Tourism Remains Southern Nevada's Most Vital Industry

According to a study by Applied Analysis, Southern Nevada's tourism industry continues to generate more economic activity than any other single sector of the region's economy. Tourism generates an estimated \$59.6 billion dollars for the economy. Last year, the tourism industry supported an estimated 407,000 jobs or 44 percent of the total workforce. The jobs generated \$16.9 billion in local wage and salary payments. 🌿



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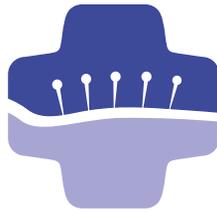
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## Axe Monkeys Las Vegas

Axe Monkeys, an indoor recreational axe throwing facility, has opened its first location in the United States in Southern Nevada. Based in Canada, company executives saw the opportunity to expand in Las Vegas due to heavy tourism traffic and those looking for a unique experience. The facility can accommodate about 300 guests. The new location filled 12 positions before opening in March with opportunities to add to the team as popularity grows.



## Modern Acupuncture

A new franchise concept focused on making acupuncture more accessible is planning on expanding to Las Vegas. Created by the franchise industry team that built and grew The Joint Chiropractic, the initial goal set by company developers is to start in Las Vegas and open a minimum of five locations across the state. The first location opened in Scottsdale, Arizona in January and company leaders estimate 150 locations across the country will be open and operating by 2020.



## uBreakiFix

This technology repair brand founded in 2009 has opened its first location in Reno. The company has more than 280 stores across the United States and Canada with more than 100 stores opened in 2016 alone. The brand specializes in same-day repair of small electronics including phones, tablets, computers and game consoles. The Reno store owner plans to expand in the Northern Nevada region by opening a store in Carson City, Sparks and an additional location in Reno.

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## MADE IN NYC; MADE BETTER IN RENO

## A BUSINESS CASE STUDY, BOMBORA

*Dave Hartman is Founder and CEO of Dogma Consulting, LLC*

Rob Armstrong, co-founder of Bombora, was looking to expand R&D operations westward from their Manhattan headquarters. Where Bombora landed might surprise many. But it shouldn't. The company, founded in 2014, is a startup in the AdTech sector providing B2B demographic and intent data for marketers worldwide. By aggregating users into demographic segments, it deploys tracking mechanisms across various actions to include search, white paper downloads, webinars, trade show sign ups, article reads, videos, social content, IPs, and more.

Northern Nevada, specifically Reno, is quickly becoming the place companies are looking to as a strategic location to increase their bottom line by taking advantage of a business-friendly environment for some of their most crucial business functions. The question for Rob was, as an emerging startup community, would Reno's expansionary 'near shore' opportunities be big enough to close the midcap gap for companies like his, in much larger markets, to build new and/or satellite operation centers? Rob is highly outspoken when he states that, "Reno is undergoing a renaissance of sorts, is highly underrated and largely misunderstood." As others continue to follow, that perception has begun to, and will continue to change.

Ask almost any business owner why Northern Nevada is prime for continued economic growth and almost unilaterally you'll hear two key words; "business friendly." But what does that mean exactly and is it easy to take advantage of?

Northern Nevada has the ambition to be a vibrant hub for growth, entrepreneurship, and broader economic development. When speaking to the greater Reno-Sparks area itself, over 100 companies have relocated in the last three years and Reno itself is ranked as one of the 14 best startup cities in America. Reno also offers a wealth of room for new and expanding companies with over 72 million square feet of industrial and commercial office space and much more to come by way of exciting large scale commercial projects on the horizon.

As recently as August, 2016, an EDAWN (Economic Development Authority of Western Nevada) report stated that the region is on track to meet the projected 52,000-plus new jobs and 47,000-plus new residents by 2020. EDAWN continues to be successful in drawing new and retaining expanding companies in our region.

Bill Anderson, chief economist for Nevada's Department of Employment, Training and Rehabilitation, recently said that, "As of the second quarter of 2016, Nevada has the sixth fastest growing private sector in the nation with a growth rate of 3.2 percent." Only Utah, Idaho, Florida, Oregon and Georgia realized stronger job growth than the Silver State during the first half of the year.

Speaking specifically of business tax advantages, the comparative data points speak volumes. Rob noted that, "Our move to Reno didn't primarily start as a tax related conversation, but as we conducted our due diligence on the topic, it became abundantly clear that the benefits went far deeper than we initially anticipated."

Beyond tax incentives, there are also substantial operating advantages that Northern Nevada offers. Located centrally among the 11 western states, greater Reno-Tahoe enjoys a strategic location as a hub for distribution materials throughout the Western United States. Reno also offers connectivity related benefits. There are currently over 550 fiber lit buildings which offer over 1,400 miles of fiber by way of an easily integrated Ethernet-based service, and that's just the beginning of what's to come via access to the Switch Data Center and their upcoming "Superloop" expansion. Switch's Adam Kramer went on to say, "We'll have 50 million people within 14 milliseconds of the world's largest technology systems."

What of access to human capital and resources? With the University of Nevada's flagship campus based in Reno (UNR), the city is training the next generation of high-tech workers. UNR alone has more than 21,000 students and data science degrees were important to Bombora. Not to mention that Reno is ranked in the top 35 best cities for millennials to work based on a recent EDAWN study.

A "business friendly" environment isn't where the benefits to the "Reno equation" ends either. The Northern Nevada cost of living deltas speak volumes. Relative to cost of living all-up, Reno is 76.1 percent less expensive than New York City, and San Francisco is 79.9 percent more expensive than Reno. For Bombora, given that statistic, there really are no benefits to traveling further west than Reno.

Did Reno hit the mark for Bombora? "In a word, absolutely!" says Rob. "The results we've seen far exceeded our expectations. From a fiscal perspective over our NYC headquarters, we're saving close to \$40k a month in lease costs, and Reno landlords seem more willing to work with us by way of lease flexibility and build out costs."

By choosing to locate their new offices in Reno, Bombora has created an opportunity to position themselves as entrepreneurial leaders in the Northern Nevada market. Rob summed things up nicely when he said, "Yes, the numbers make the case and tell the story but, beyond a fiscal discussion, Reno has become the home I was hoping to find. It met the criterion we had and I look forward to seeing momentum gains realized by others looking to do the same. What strikes me is that Reno isn't trying to become the next Austin or the next Portland. Reno, in fact, is aiming to become the next Reno; Reno 2.0 if you will and that's what excites me the most." 



# Sierra Nevada Excellence Recognized at the Annual Pioneer Awards

**CONGRATULATIONS TO THE 2017 WINNERS OF THE ANNUAL PIONEER AWARDS,** hosted by the Northern Nevada Development Authority (NNDAA). The awards showcase success stories in the Sierra Nevada Region including Carson City, Douglas County, Lyon County and Storey County.

## Pioneer Awards

### Pioneer of the Year Award

Collie Hutter, Co-Founder and Chairwoman of Click Bond, Inc. (Carson City)

**Battleborn Award** for Leadership in Sustainability  
Bently Enterprises (Minden)

**Boundary Peak Award** for Non-Profit of the Year  
Nevada Rural Community Partners (Carson City)

**Silver Forge Award** for Manufacturer of the Year  
CGI, Inc. (Carson City)

**Kit Carson Award** for Most Outstanding Entrepreneur of the Year  
QuantumMark, LLC (Reno)

**Mark Twain Award** for Marketing Campaign of the Year  
In Plain Sight Marketing, LLC (Carson City)

**Silver Apple Award** for Best Education Initiative  
Lyon County School District (Lyon County)

### Silver State Award

Presented to a high school student from each county in the Sierra Region, the Silver State Award winners receive a \$1,000 scholarship to any Western Nevada College campus or program. Scholarships were provided by Campagni Auto Group.

Elise Brady, Carson High School, Carson City School District  
Scott Harrison, George Whittell High School, Douglas County School District  
Jakeline Guerrero, Yerington High School, Lyon County School District  
Allison Hultberg, Virginia City High School, Storey County School District

### Golden Hammer Award

Shaheen Beauchamp Builders

*Presented by Nevada Builders Alliance, this award recognizes the construction team whose project had the greatest impact on the area's economic development.*

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For more information on the Pioneer Awards or the Sierra Nevada Region go to [NNDAA.org](http://NNDAA.org).

◀ CONTINUED FROM PAGE 19

bridges, two signalized intersections and a multi-use path for recreational users. RTC's Gibson said the new roadway, with three lanes in each direction, will provide a more efficient and safe alternative for commuters traveling between south Reno and east Reno/Sparks. Phase 1 was completed in 2014, and work on Phase 2 is now 50 percent complete.

## Water Projects

"Reliable water infrastructure is a vital component of economic prosperity," said John Entsminger, General Manager for the Las Vegas Valley Water District and Southern Nevada Water Authority (SNWA). "We can't risk losing access to 90 percent of the water supply for two million residents and 40 million annual visitors."



John  
**Entsminger**  
Southern Nevada  
Water Authority

In recent years, water levels in Lake Mead have dropped dangerously low due to a continued drought in the West. SNWA completed a massive "drinking straw" project in 2015 called Intake No. 3, which is capable of drawing water even if the lake elevation drops to 1,000 feet above sea level. Development of a new \$650 million pumping station began in mid-2015 and is scheduled for completion in 2020. Together with Intake No. 3, the low lake-level pumping station will allow SNWA to pump water from Lake Mead to water treatment facilities from

an elevation as low as 875 feet above sea level.

The Las Vegas Valley Water District maintains 6,500 miles of pipeline, 70 reservoirs, and more than 50 pumping stations in Southern Nevada. A water rate increase in 2016, which costs the average residential customer about 75 cents a month, provides funding for the Water District to invest in the infrastructure to maintain this vital system. Entsminger said they are planning about \$600 million in capital improvements over the next 10 years, adding. "Advanced planning tools allow us to systematically implement water system repairs, replacements or upgrades in a safe and cost-effective manner before these critical components reach the end of their service life and cause emergency situations for our customers."

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## Keeping the Lights On

Now that residential construction is rebounding, NV Energy is starting to get inquiries from developers of master-planned communities about transmission lines and power distribution for their projects, according to Mary Simmons, vice president of business development and community strategy for NV Energy.

On the commercial side, Simmons noted, "There is renewed interest in the Apex and west Henderson areas of Southern Nevada, as well as the area around the Tahoe Reno Industrial Center in Northern Nevada. Although we're not involved in actual construction yet, we want to make sure [developers] have the infrastructure they need to get their businesses up and running when the time comes."

NV Energy, which serves 95 percent of the Nevada population, was working on projects to improve service and reliability even during the recession. One project undertaken during the downturn included a new substation and improved transmission lines to serve the largely agricultural communities of Yerington and Smith Valley, and they recently rebuilt the power lines from Carson Valley to the Heavenly Valley Ski Resort at Lake Tahoe.

NV Energy completed a major infrastructure project in 2013 called the One Nevada Transmission Line. The 235-mile line between Ely and Las Vegas connects the northern service area previously owned by Sierra Pacific with the southern service area from Nevada Power. The two entities merged in 1999 to form NV Energy, and both ends of the state can now share power resources, depending on where demand is greatest.

## Help from the Feds?

President Trump is proposing a \$1-trillion program to rebuild America's roads, bridges, railways and airports, rolling back burdensome regulation and looking for creative funding sources.



Mary Simmons  
NV Energy

Quigley said, "The Trump administration takes transportation infrastructure very se-

riously and wants to explore opportunities for the public and private sectors to work together to accelerate some of these major projects."

Smith added, "We feel things could really get going in a year's time. If they pass the infrastructure package, we'll get our fair share of the work, and you'll see things humming around here." 

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# 'OBAMACARE LITE' IS NOT THE FREE-MARKET SOLUTION WE WERE PROMISED

*Michael Schaus is communications director for the Nevada Policy Research Institute.*

When Republicans recently unveiled their first attempt to dismantle the Affordable Care Act, it became obvious the leadership was more focused on repackaging and rewriting than repealing and replacing.

Certainly, some changes were suggested that would have boded well for businesses and individuals. While the individual and business mandates would remain a part of the law, the penalty associated with the mandates would be removed — effectively declawing one of the core components of the ACA.

Such a change, however minor in the scheme of healthcare policy, would certainly be a boon to employers who have been hesitant to hire full-time employees in fear of the rising cost of benefits.

Yet, many of Obamacare's original schemes remained present in the GOP leadership's proposal, leading free-market proponents to worry that lawmakers were only willing to toy around the coercive system's edges.

Obamacare's takeover of the private health insurance market was basically perpetrated by nullifying individual liberty in three new areas. Price controls were imposed on insurance pools, an individual mandate was enforced by tax penalties, and health insurance subsidies for low-income individuals were offered as insurance premiums grew ever more expensive.

Rather than rejecting this heavy-handed approach, the initial Republican proposal actually preserved, and in some important cases even expanded, these three "features."

The bill, for example, would effectively continue ACA "community ratings," in order to contain the ACA-level premium costs resulting from the mandated exemptions for pre-existing conditions.

"Cost sharing" subsidies continue as well. And the refundable tax credits associated with the purchase of "adequate" health insurance look like a simple renamed tax penalty for non-compliance.

Moreover, the bill fails to actually address the politically important elephant in the room: high premium costs.

If the Congressional Budget Office's (CBO) numbers hold up, the Republican leadership's initial plan would increase premiums by 15 to 20 percent over their already inflated level — only worsening the damage done by the ACA. This would produce more uninsured Americans than a straightforward Obamacare repeal, says the CBO.

Critics who feared a mere fresh coat of paint for Obamacare have been affirmed. Similarities between the GOP's plan and Obamacare didn't stop with the philosophical foundation. Other aspects that Republicans criticized on the election trail would continue.

The Medicaid expansion so often derided by Republicans in the last several years remains in the initial proposal. The bill would tinker with the provision — switching it to per-capita block grants after 2019 — but let states continue expanding the program in the interim.

Moreover, regulations on types of coverage would largely remain — handicapping the industry's ability to offer cheaper, more-basic policies. Thus, premiums would not become truly affordable for healthy individuals requiring little actual care.

For businesses in Nevada, this abandonment of free-market alternatives to Obamacare means little will change, should this scheme get through the Washington gauntlet it faces.

While some punitive aspects of Obamacare would lose their fangs under the Republican proposal, the concerns regarding insurance affordability would remain. The cost of providing benefits to employees would continue to rise, and Obamacare's downward pressure on economic growth would largely continue to squeeze small and midsized businesses.

So why repackage Obamacare instead of repeal it?

On Fox News, shortly after Republicans unveiled their weak-kneed proposal, Charles Krauthammer identified capitol Republicans' core fear — that "You simply cannot retract an entitlement once it has been granted. That is the genius of the left."

Krauthammer's answer would make more sense if Obamacare had enjoyed broad support and actually provided substantive benefit to most Americans and their economy. Given the program's lack of popularity, however, it would seem lawmakers ought to be able to do better than repackaging the status quo with red trim rather than blue.

Of course, ample political considerations play into Republicans' fear of fully repealing the law — Democrats are likely to use whatever process they find available in efforts to stop any substantive repeal. Policy, after all, frequently loses out to rank partisanship.

And yet, Republican leadership seems stuck in an Ancien Regime mode of thinking, where unsound entitlements remain always untouchable and voters won't care if the dog's breakfast called Obamacare gets a GOP brand.

However, for those of us who have to deal with the consequences of higher premiums, reduced care and compulsory coverage options, such branding isn't nearly as important as Americans' need for much better policy.

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# BUILDING NEVADA



Jason  
Kuckler

Brass Cap Companies

**Nevada  
Business**  
THE DECISION MAKER'S MAGAZINE

*Photo By Chris Tucker*

# DEVELOPING BIG BOXES

## GROWTH IN NEVADA'S INDUSTRIAL MARKET

*By John Seelmeyer*

**THAT** sound that developers of industrial properties hear in the background is the ticking of the clock counting down the longest-lived economic recovery since World War II.

But although the ticks are growing louder, demand for space from new and expanding industrial companies keeps developers busy in Las Vegas and Reno alike.

The reasons for the boom are a well-told story: Northern Nevada's great location for warehouse operations that can easily reach nearly all of the West. Southern Nevada's proximity to Southern California markets. The entire state's business environment that's friendly by about any measure, and dramatically more friendly than nearby California.

The upshot is one of the greatest booms of industrial development in the state's history, driven by vacancy rates of about 4.5 percent in the Las Vegas area and under 4 percent in the Reno-Sparks market. Colliers International notes that the Las Vegas industrial vacancy rate is the lowest in the region since 2006.

Developers are jumping into the pool with both feet.

In Las Vegas, Prologis Inc. currently has 1.5 million square feet of industrial space under construction to add to its 6.3 million square-foot portfolio in the region, says Fritz Wyler, the company's director of capital deployment. He estimates the San Francisco-based company will begin work on yet another 1 to 1.5 million square feet in Southern Nevada during the next year or so.

In Northern Nevada, where Prologis operates 4.8 million square feet of industrial space in 19 buildings, the company plans to continue expanding its presence, says Mathias Hughes, the Prologis market officer in Reno.



Fritz  
**Wyler**  
Prologis, Inc.

He notes that users occupied an additional 6 million square feet of industrial space in the region during 2016, and the market continues to be driven by new companies drawn to Reno's attractive location as a distribution hub as well as Nevada's strong business climate.

Prologis soon will begin construction on a 240,000-square-foot building in Reno's North Valleys submarket, with completion projected for the fourth quarter.

Reno-based Dermody Properties, meanwhile, is busy with projects on both ends of the state.

"In the Boomtown area in west Reno, we are developing LogistiCenter at I-80, which is the closest Class A development to California in all of Northern Nevada, a real advantage to companies concerned about delivery times," said Michael Dermody, the company's chairman and chief executive officer. The company is currently building and leasing two 200,000-square-foot buildings in the park, which is planned to total 800,000 square feet.

On the north side of Reno, the company is developing two phases of LogistiCenter at 395. When fully built out, these two developments will total 2.8 million square feet. Some 99,000 square feet remains available in the first phase, and leasing is under way for 180,000 square feet in the second phase.

In Las Vegas, Dermody Properties expects to complete its 546,00-square-foot LogistiCenter at Las Vegas Boulevard in July. Leasing is under way.

Panattoni Development Company Inc. is focused on leasing and selling the 3.5 million square feet of industrial space the company recently built across Nevada, and the firm has tapped the brakes slightly on new construction this year.

As the company gets a better feel for the demand from industrial users during this year, it will begin moving forward with more land acquisition and construction plans for 2017 and 2018, says Doug Roberts, the Nevada and Arizona partner for the Newport Beach-based company.

"In this business, you make bets and then you find out whether you were right," he says.

Other developers are finding success in the market for mid-sized industrial spaces.

Las Vegas-based Brass Cap Companies, for instance, has found a solid niche in mid-sized industrial spaces — 10,000 to about 40,000 square feet, says Jason Kuckler, a principal with the company.

Brass Cap has leased a 22,500-square-foot space and a 35,000-square-foot space in an 80,000-square-foot project under construction at the corner of Sunset and Torrey Pines in southwest Las Vegas. A 22,500-square-foot space remains available.

The demand for light industrial space in southwest Las Vegas has pushed vacancy rates down to about 4 percent.

"We haven't seen vacancy rates this low since 2005 or 2006," says Kuckler,

Harsch Investment also is focused on the middle of the market rather than big-



Michael  
**Dermody**  
Dermody Properties

box distribution tenants, says John Ramous, senior vice president and regional manager.

The vacancy rate in the company's portfolio of 9.1 million square feet in the Las Vegas area is about 4 percent these days.

Ramous says demand for industrial space in Southern Nevada is driven largely by the organic growth of existing companies as well as the steady stream of companies moving to business-friendly Nevada from California and other states that are less welcoming. Colliers International finds that locally based companies accounted for about 38 percent of the industrial space leased in Las Vegas during 2016. Companies headquartered elsewhere accounted for the remainder.

To meet the demand from local firms as well as newcomers, Harsch just completed a 240,000-square-foot building at Henderson Commerce Center that's targeted for tenants that need 17,000 to 60,000 square feet of space. It also has launched a three-building, 186,000-square-foot project at Henderson Commerce Center that targets light industrial and distribution tenants who need 3,000 to 20,000 square feet.

And in the Speedway area, it plans to start work in the third quarter of this year on two-buildings, 720,000-square-foot project to be targeted at users in the 20,000- to 60,000-square-foot range.



Doug  
**Roberts**  
Panattoni Development  
Company

In mid-2018, Harsch plans to begin work on a 167,000-square-foot distribution building for users needing 15,000 to 40,000 square feet.

Particularly among developers of very large industrial buildings, the needs of e-commerce companies are getting increased attention.

Wyler says Prologis today designs most of its biggest new buildings with e-commerce users in mind. Those buildings typically need more employee parking than traditional distribution users — especially when they staff up for busy holiday seasons — and they usually require more robust electrical service to drive conveyors and other equipment. E-commerce buildings typically also are a bit taller — 36- or 40-foot clear heights rather than the 32 feet common in other new industrial buildings — and the additional height places greater demand on fire-suppression systems.

Dermody, whose company works with e-commerce tenants across the country, says the needs of that sector almost always play a role in his company's planning.

"We develop buildings that are e-commerce compliant, but not e-commerce dependent," he says. "We always strive to skate to where the puck is going to be."

Ramous notes that the face of industrial development also is changing as some companies that traditionally leased office space now look instead to occupy lower-cost industrial spaces that provide substantial flexibility in their operations.

Prologis sees continued strong interest in sustainable development from its 5,200 customers globally, says Wyler. The company now routinely builds its projects to meet the standards established by the LEED program of the U.S. Green Building Council.

The rapid pace of industrial development in the Las Vegas and Reno markets may be sowing the seeds of its own slowdown as affordable raw land becomes more scarce.

In Las Vegas, Wyler says many of the best existing sites for industrial development have been picked over. Prologis has responded by looking over the horizon to sites that soon will be served by expanding infrastructure.

“We’re looking one exit into the future,” he says. For instance, Prologis created its I-15 Speedway Logistics Center in North Las Vegas to take advantage of the future Tropical Parkway exit from I-15.

Ramous says that development costs, including land, for some smaller-space projects now approach \$150 a square foot, and rents don’t yet justify new development.

Rents haven’t risen as quickly as the costs of land and the costs of construction, says Roberts, and that’s causing some mild concern for industrial developers as they put a pencil to future projects.

“Our yields are going down,” he says. “I foresee construction pricing and land pricing



John  
**Ramous**  
Harsch Investment

remaining high. Our rents have got to increase.”

Kuckler says Brass Cap has seen that rents in some Southern Nevada submarkets have begun to rise — jumping by as much as 10 percent in some instances.

Rising rents offset some of the effects of the higher prices that developers are paying for land, Kuckler says. Higher rents also have encouraged Brass Cap to hold new buildings in its own portfolio, allowing the company to capture the higher rents itself, rather than selling new projects to one of the growing number of companies that want to purchase their own space.

The biggest challenge faced by industrial developers in the Reno area, Hughes says, isn’t just the rising price of land. They also need to find sites that are relatively flat and provide good freeway access.

Along with rising land costs, continued discipline by lenders — particularly their requirement that developers put more of their own money into projects — helps keep the market from getting too far ahead of itself, Dermody says.

Ramous explains that developers these days generally need to put equity of 25 percent to 30 percent into their projects — a far cry from the 15 percent requirements before the onset of the recession in 2008.

That’s enough of a difference to dampen some speculation without killing the market for industrial developers.

“While certainly more equity is required today, there are still a lot of large, financially

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capable developers willing and able to develop in the state,” Ramous says.

But financing may be loosening for some projects.

Kuckler says executives at Brass Cap Companies see signs that lenders that have been focused on multi-family developments now are shifting their attention to industrial projects instead.

Along with the costs of land, construction and financing, industrial developers also keep close watch on bigger issues.

A critical issue for industrial developers, Dermody says, is maintenance of the quality of life that allows their industrial tenants to attract and retain workers. That means, he says, that developers have a strong interest in community priorities ranging from good school systems to affordable housing to adequate transportation infrastructure.

As they plan for the second half of 2017 as well as 2018, industrial developers generally remain bullish on Nevada’s prospects.

“The trends are positive. The fundamental economic factors are positive,” says Kuckler. “We’re full-steam ahead for the next three years.”

But despite its geographic and political advantages, Nevada wouldn’t be immune from a slowing national economy. The current expansion is about eight years old, and the post-war average has been closer to six years.

Dermody, for one, says his company remains very cautious in its plans for further development.

“It seems reasonable to expect that things will slow down,” he says. “In this business, if you’re not worried, you’re not focused.” 🌿

#### IN BRIEF

*According to the Tax Foundation’s annual Facts & Figures report, Nevada ranks 43rd in state and local tax burden as a percentage of state income. In addition, Nevada ranks fifth on the State Business Tax Climate Index, which measures how well each state’s tax code is structured.*



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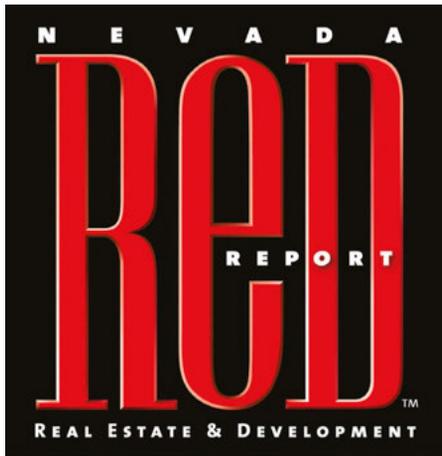
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AIRPORT CENTER**



**McCARRAN  
MARKETPLACE**



**MARNELL  
CORPORATE CENTER**



N

### Sale, Retail

**ADDRESS** 8043 – 8053 N. Durango Dr., 89131  
**BUYER** Durango SNS, LLC  
**SELLER** SSB Propco, LLC  
**DETAILS** 11,060 SF; \$2,225,000  
**APN** 125-08-817-002  
**SELLER'S REP** Dustin R. Alvino of Marcus & Millichap

### Sale, Land

**ADDRESS** SEC of Rainbow Blvd. & Ann Rd., 89130  
**BUYER** Herbst Development, LLC  
**SELLER** Rainbow Ann 1, LLC  
**DETAILS** 1.64 acres; \$1.4 million  
**APN** 125-35-101-001 & 125-35-101-002  
**BUYER'S REP** Northcap Commercial  
**SELLER'S REP** Rob Moore and Matt Patros, CCIM of Sun Commercial

### Loan, Multi-Family

**ADDRESS** 1827 W. Gowan Rd., 89032  
**LOAN OFFICER** Scott Monroe of NorthMarq Capital  
**DETAILS** NorthMarq Capital arranged acquisition and financing of \$23,869,000 for Newport Village Apartments, a 336-unit multi-family property. The transaction was structured with a 10-year term with five years of interest only followed by a 30-year amortization schedule.

### Loan, Multi-Family

**ADDRESS** 4249 N. Commerce St., 89032  
**LOAN OFFICER** Scott Monroe of NorthMarq Capital  
**DETAILS** Financing of \$26,223,000 was secured for St. Andrews Apartments, a 336-unit multi-family property. The transaction was structured with a fully amortized 35-year term. NorthMarq arranged financing for the borrower through its FHA/HUD platform.

NW

### Sale, Retail

**ADDRESS** 7175 W. Lake Mead Blvd., 89128  
**BUYER** RSP Center, LLC  
**SELLER** Rocksprings Retail Investors, LLC  
**DETAILS** 39,526 SF; \$17,550,000  
**APN** 138-22-701-007  
**SELLER'S REP** Brendan Keating and Adam Malan of Logic Commercial Real Estate

### Sale, Multi-Family

**ADDRESS** 6300 W. Lake Mead Blvd., 89108  
**BUYER** Millburn & Company  
**SELLER** AXS Opportunity Fund  
**DETAILS** 280 units; \$92,857/unit  
**APN** 138-23-601-002  
**SELLER'S REP** Carl Sims and Taylor Sims of Cushman & Wakefield | Commerce

S

### Sale, Office

**ADDRESS** 4580 S. Eastern Ave., 89119  
**BUYER** Desert Star, LLC  
**SELLER** Alta Plaza Investments, LLC  
**DETAILS** 12,465 SF; \$1 million  
**APN** 162-24-301-007  
**SELLER'S REP** Tina D. Taylor, CCIM of Marcus & Millichap

### Sale, Office

**ADDRESS** 6650 Via Austi Pkwy., 89119  
**BUYER** Oil Valley Petroleum, LLC  
**SELLER** DIG MCC, LLC  
**DETAILS** 14,831 SF; \$4,750,000  
**APN** 177-04-513-010  
**SELLER'S REP** Charles Moore and Marlene Fujita Winkel, CCIM of CBRE

### Sale, Retail

**ADDRESS** 3740 & 3760 Pecos-McLeod Interconnect, 89121  
**BUYER** Gamma Pecos-McLeod, LLC  
**SELLER** AML, LLC and High Valley IV, LLC (respectively)  
**DETAILS** 35,700 SF; \$5,970,000  
**APN** 162-13-704-001 & 162-13-704-002  
**BUYER'S REP** Larry Singer and Michael Tabek, CCIM, SIOR of Newmark Grubb Knight Frank

### Sale, Industrial

**ADDRESS** 333 Orville Wright Ct., 89119  
**BUYER** The David S. Colvin Revocable Family Trust  
**SELLER** The Robert L. Hartsfield & Margery K. Hartsfield Trust  
**DETAILS** 15,034 SF; \$1,950,000  
**APN** 177-04-510-027  
**BUYER'S REP** Greg Tassi of CBRE

SW

### Sale, Office

**ADDRESS** 5155 W. Patrick Ln., 89118  
**BUYER** McBeath Holdings, LLC  
**SELLER** KBL Holdings, LLC  
**DETAILS** 27,000 SF; \$6,985,000  
**APN** 163-36-701-005  
**BUYER'S REP** Mike DeLew, SIOR and Greg Pancirov, SIOR of Colliers International

### Sale, Industrial

**ADDRESS** 4301 S. Valley Blvd., 89103  
**BUYER** MCA Realty  
**SELLER** BKM Wind River 105, LLC  
**DETAILS** 145,491 SF; \$15,150,000  
**APN** 162-19-601-006  
**REP (BOTH)** Kevin Higgins and Garrett Toft, SIOR of CBRE

### Sale, Land

**ADDRESS** SWC of W. Badura Ave. & S. Tenaya Way, 89113  
**BUYER** Diamond Arroyo, Ltd.  
**SELLER** Wilke Family Investment Group  
**DETAILS** 5 acres; \$1.8 million  
**APN** 176-03-302-010  
**BUYER'S REP** Mike DeLew, SIOR and Greg Pancirov, SIOR of Colliers International

WC

### Project, Mixed-Use

**ADDRESS** 1385 N. Virginia St., 89503  
**CONTRACTOR OF RECORD** TFP Inc.  
**DETAILS** Designed and developed by Pink Hills Properties, The Towers at Pink Hill is the first mixed-use retail and student housing development for the University of Nevada, Reno (UNR). Construction is underway on the four-story property that features a credit union, student housing and space for restaurants and retail. The estimated cost is about \$10 million and it is slated for completion in fall of 2017.

### Sale, Office

**ADDRESS** 201 W. Liberty St., 89501  
**BUYER** TDC Reno Office 1-DE SPE, LLC  
**SELLER** 201 W Liberty Street Partners, LLC  
**DETAILS** 28,557 SF; \$5,647,698  
**APN** 011-162-21

### Sale, Office

**ADDRESS** 241 Ridge St., 89501  
**BUYER** TDC Reno Office 1-DE SPE, LLC  
**SELLER** 241 Ridge Street Partners, LLC  
**DETAILS** 34,407 SF; \$5,781,247  
**APN** 011-161-08

**Sale, Retail**

**ADDRESS** 2131 Oddie Blvd., 89431  
**BUYER** Paradise Retail I, LLC  
**SELLER** Primestor/Utah Sparks, LLC  
**DETAILS** 99,200 SF; \$14.6 million  
**APN** 031-012-23

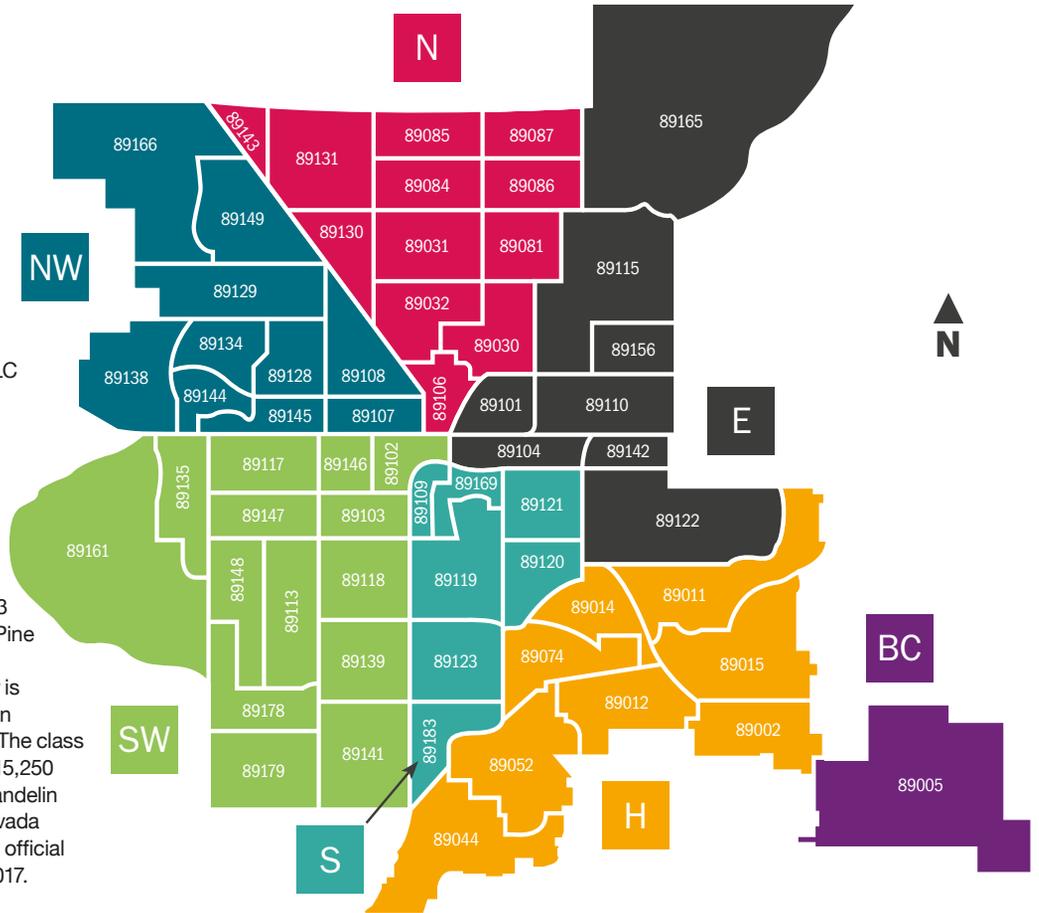
**Sale, Retail**

**ADDRESS** 5260 Longley Ln., 89511  
**BUYER** Xiang Tian, LLC – LTC Series  
**SELLER** DCR Real Estate VI Sub I, LLC  
**DETAILS** 6,000 SF; \$780,000  
**APN** 164-450-14



**Project, Office**

**ADDRESS** 1000 N. Division St., 89703  
**CONTRACTOR OF RECORD** Black Pine Construction  
**DETAILS** Battle Born Business Center is opening in Carson City after a \$1 million renovation of the 39 year-old building. The class A office space is two stories covering 15,250 square feet and will be occupied by Handelin Law, NAI Alliance Carson City, The Nevada Builders Alliance and RCM Realty. The official grand opening is scheduled for May 2017.



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# RETAIL SUMMARY

FOURTH QUARTER 2016

## SOUTHERN NEVADA

The Las Vegas Valley anchored retail had an encouraging finish to 2016 with vacancy dropping 0.7 points from 11.2 percent in Q3, 2016 to 10.5 percent in Q4, 2016. At the end of Q4, vacancy rates were 6.8 percent in power centers, 11.8 percent in community centers and 11.4 percent in neighborhood centers. Record high taxable sales are playing a significant role in the anchored retail market's recovery.

Development in the anchored retail market has picked up significantly in the fourth quarter. Space under construction is now at 330,000 square feet with planned space adding another 946,493, bringing the total forward-supply to well over one million square feet. Net absorption in Q4 of approximately 288,000 square feet was a welcome turnaround from the negative demand of Q3. This level of absorption brought the year-over-year total for 2016 to 431,423 square feet.

The 330,000 square feet of under-construction space was in two projects: The Edge, a 296,000 square foot community center in the southwest, and Phase 2 of Green Valley Crossing, 34,000 square feet of community center space in Henderson.

E-commerce has revolutionized the way consumers shop and warehouse/distribution centers are becoming the "retail centers" of tomorrow. While industrial market growth sustains at a healthy clip, the retail market lags behind, though several positive indicators in Q4, 2016 may show that local retail is beginning to close some of the gap.

## NORTHERN NEVADA

As 2016 came to close, the 4th quarter showed slight decreases in vacancy rates (9.4 percent to 9.0 percent) and rental rates (\$14.19 to \$13.55) from the previous quarter. However, Northern Nevada retained its strongest net absorption in Q4, finishing with positive 140,876 square feet.

The general retail sector remains to be the most active in the market, dropping the overall vacancy from 7.8 percent to 5.4 percent over the course of 2016. Power centers stayed consistently high and ended the year with a 19.4 percent vacancy and positive net absorption of 13,374 square feet. No new inventory was delivered in Q4, however, 26,826 square feet of new retail development was completed in 2016 and over 82,000 square feet under construction at year-end.

The retail market had another active quarter with several large transactions completed. Ribeiro Properties sold two separate portfolios in Q4 totaling over 30,000 square feet of freestanding retail divided among six buildings.

The dynamics of the retail market are turning. Though Reno/Sparks is vibrant with new incoming companies, keep in mind the increasing force of online marketing and its effects on brick and mortar shops. There are still hesitations on the tenant side to commit to long term leases with the increasing rental rates in higher-end shopping centers. In contrast, there is a sense of stability in the retail market overall.

## RETAIL FOURTH QUARTER

TOTAL MARKET	SOUTHERN	NORTHERN*
Total Square feet	44,314,684	32,653,465
Vacant Square Feet	4,672,023	2,938,952
Percent Vacant	10.5%	9.00%
New Construction	0	0
Net Absorption	288,304	140,876
Average Lease sf/mo (nnn)	\$1.01	\$1.15
Under Construction	330,000	82,650
Planned	946,493	0

POWER CENTERS	SOUTHERN	NORTHERN*
Total Square Feet	10,083,608	3,053,435
Vacant Square Feet	686,424	593,264
Percent Vacant	6.8%	19.43%
New Construction	0	0
Net Absorption	102,386	-942316
Average Lease SF/MO (NNN)	\$1.39	\$1.31
Under Construction	0	0
Planned	0	0

COMMUNITY CENTERS	SOUTHERN	NORTHERN*
Total Square Feet	18,707,704	12,997,348
Vacant Square Feet	2,216,276	706,935
Percent Vacant	11.8%	5.44%
New Construction	0	0
Net Absorption	183,059	121030
Average Lease SF/MO (NNN)	\$0.84	\$1.15
Under Construction	330,000	0
Planned	0	0

NEIGHBORHOOD CENTERS	SOUTHERN	NORTHERN*
Total Square Feet	15,523,372	13,974,815
Vacant Square Feet	1,769,323	1,543,430
Percent Vacant	11.4%	11.04%
New Construction	0	0
Net Absorption	2,859	173457
Average Lease SF/MO (NNN)	\$1.07	\$1.24
Under Construction	0	0
Planned	946,493	0

## NEXT MONTH: INDUSTRIAL

ABBREVIATION KEY	
MGFS:	Modified Gross Full-Service
SF/MO:	Square Foot Per Month
NNN:	Net Net Net

\* All numbers exclude regional malls  
Southern Nevada analysis and statistics compiled by RCG Economics, Northern Nevada analysis and statistics compiled by Dickson Commercial Group.

The “second” estimate for U.S. real gross domestic product (GDP) for the fourth quarter of 2017 grew at a 1.9 percent annualized rate, remaining unchanged from the “advance” estimate. According to more complete source data, consumer spending increased more strongly than previously thought, but increases in state and local government spending and non-residential fixed investment did not rise as much as initially expected. U.S. nonfarm employment added a more-than-expected 235,000 jobs in February, while January job gains were revised up by 11,000. The unemployment rate edged down to 4.7 percent, and the labor participation rate rose for the third month in a row. January retail sales surged by 5.6 percent from last year, the largest year-over-year jump in five years, while auto sales in January decreased by 1.6 percent year-over-year. January housing starts posted a strong 10.5 percent gain compared to a year ago, and the housing price index continued its increase for 11 consecutive months. The Fed will probably raise its benchmark rate three times in 2017, as the most recent data signals a strengthened U.S. economy.

The Nevada economy posted strong economic activity based on the most recent data. Seasonally adjusted statewide employment gained 1,000 jobs in January. The annual benchmark revisions drove the monthly payrolls in 2016 upward by an average of 10,400 jobs. Taxable sales and gasoline sales (in gallons) in December also experienced robust increases, up by 6.2 and 3.5 percent, respectively, from last year.

The Clark County economy also exhibited highly favorable signals on its economic outlook. Seasonally adjusted employment added 4,400 jobs from November to December. Visitor volume in January increased by a healthy 9.4 percent year-over-year, and total McCarran passengers in January rose by 3.5 percent over the same period. January gaming revenue recorded its highest value since February 2013, up by 14.3 percent from a year ago. Residential housing permits and commercial permits started the year on a strong positive note, increasing by 31.6 and 39.1 percent, respectively, from a year ago.

Washoe County experienced positive signals for its local economy as well. The Reno-Sparks seasonally adjusted employment lost 1,100 jobs in December, but was up by 3.3 percent from last year. Taxable sales in December increased substantially by 19.2 percent from a year ago, while gasoline sales rose by 4.6 percent during the same period. January gaming revenue fell by 7.0 percent from a year ago, while visitor volume increased strongly by 6.7 percent year-over-year. Finally, residential housing permits decreased by 3.3 percent from a year ago.

**Stephen M. Miller**, Director  
**Jinju Lee**, Economic Analyst  
 UNLV Center for Business  
 and Economic Research

*The views expressed are those of the authors and do not necessarily represent those of the University of Nevada, Las Vegas or the Nevada System of Higher Education.*

### NEVADA

	DATE	UNITS	DATA			GROWTH		COMMENTS
			LATEST	PREVIOUS	YEAR AGO	RECENT	YEAR AGO	
Employment	2017M01	000s, SA	1322.3	1321.3	1277.9	0.1%	3.5%	Up Over Year Ago
Unemployment Rate*	2016M12	%, SA	5.1	5.2	6.3	-0.1%	-1.2%	Reduced
Taxable Sales	2016M12	\$billion	5.443	4.450	5.124	22.3%	6.2%	Up Strongly
Gaming Revenue	2017M01	\$million	1036.27	956.17	925.07	8.4%	12.0%	Up Strongly
Passengers	2017M01	million persons	3.992	4.040	3.843	-1.2%	3.9%	Up Over Year Ago
Gasoline Sales	2016M12	million gallons	98.56	95.43	95.23	3.3%	3.5%	Up Over Year Ago

### CLARK COUNTY

Employment	2016M12	000s, SA	947.9	943.5	923.6	0.5%	2.6%	Up Over Year Ago
Unemployment Rate*	2016M12	%, Smoothed SA	5.1	5.3	6.3	-0.2%	-1.2%	Reduced
Taxable Sales	2016M12	\$billion	3.873	3.278	3.802	18.2%	1.9%	Up Over Year Ago
Gaming Revenue	2017M01	\$million	926.17	827.79	810.29	11.9%	14.3%	Up Strongly
Residential Permits	2017M01	units permitted	970	1493	737	-35.0%	31.6%	Up Significantly From Year Ago
Commercial Permits	2017M01	permits	32	50	23	-36.0%	39.1%	Low and Volatile
Passengers	2017M01	million persons	3.676	3.707	3.552	-0.8%	3.5%	Up Over Year Ago
Gasoline Sales	2016M12	million gallons	68.25	65.86	66.00	3.6%	3.4%	Up Over Year Ago
Visitor Volume	2017M01	million persons	3.750	3.490	3.429	7.5%	9.4%	Up Over Year Ago

### WASHOE COUNTY

Employment **	2016M12	000s, SA	221.3	222.4	214.2	-0.5%	3.3%	Up Over Year Ago
Unemployment Rate*	2016M12	%, Smoothed SA	4.3	4.6	5.7	-0.3%	-1.4%	Reduced
Taxable Sales	2016M12	\$billion	0.877	0.628	0.736	39.7%	19.2%	Up Strongly
Gaming Revenue	2017M01	\$million	54.64	68.97	58.77	-20.8%	-7.0%	Down Significantly
Residential Permits	2016M11	units permitted	289	427	299	-32.3%	-3.3%	Down From Year Ago
Commercial Permits	2016M10	permits	36	25	17	44.0%	111.8%	Low and Volatile
Passengers	2017M01	million persons	0.285	0.301	0.260	-5.3%	9.5%	Up Strongly From Year Ago
Gasoline Sales	2016M11	million gallons	14.05	14.48	13.44	-2.9%	4.6%	Up Over Year Ago
Visitor Volume	2017M01	million persons	0.338	0.386	0.316	-12.5%	6.7%	Up Over Year Ago

### UNITED STATES

Employment	2017M02	million, SA	145.798	145.563	143.448	0.2%	1.6%	Up Over Year Ago
Unemployment Rate	2017M02	%, SA	4.7	4.8	4.9	-0.1%	-0.2%	Recent Increase
Consumer Price Index	2017M01	82-84=100, SA	244.2	242.8	238.1	0.6%	2.5%	Up Over Year Ago
Core CPI	2017M01	82-84=100, SA	250.8	250.0	245.2	0.3%	2.3%	Up Over Year Ago
Employment Cost Index	2016Q4	05.12=100, SA	127.2	126.6	124.3	0.5%	2.3%	Up Over Year Ago
Productivity Index	2016Q4	2009=100, SA	107.4	106.9	106.1	0.5%	1.2%	Increased
Retail Sales Growth	2017M01	\$billion, SA	472.1	470.5	447.3	0.4%	5.6%	Strong Year-Over-Year Increase
Auto and Truck Sales	2017M01	million, SA	17.48	18.32	17.76	-4.6%	-1.6%	Down From Year Ago
Housing Starts	2017M01	million, SA	1.246	1.279	1.128	-2.6%	10.5%	Strong Year-Over-Year Increase
Real GDP Growth***	2016Q4	2009\$billion, SA	16804.1	16727.0	16490.7	1.9%	1.9%	Modest Growth
U.S. Dollar	2017M02	97.01=100	125.819	127.618	123.847	-1.4%	1.6%	Up Over Year Ago
Trade Balance	2017M01	\$billion, SA	-48.492	-44.259	-43.356	9.6%	11.8%	Year-Over-Year Deficit Increase
S and P 500	2017M02	monthly close	2363.60	2278.90	1932.20	3.7%	22.3%	Up Strongly
Real Short-term Rates*	2017M02	%, NSA	-2.18	-2.09	-2.19	-0.1%	0.01%	Up Over Year Ago
Treasury Yield Spread	2017M02	%, NSA	1.90	1.92	1.47	-0.0%	0.4%	Up Over Year Ago

\*Growth data represent change in the percentage rate, \*\*Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties, \*\*\*Recent growth is an annualized rate

Sources: Nevada Department of Taxation; Nevada Department of Employment, Training, and Rehabilitation; UNR Bureau of Business and Economic Research; UNLV Center for Business and Economic Research; McCarran International Airport; Reno/Tahoe International Airport; Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority; U.S. Department of Commerce; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Federal Reserve System.

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted

“Non-profits can always use more support which furthers the organization’s impact. Support from generous donors and trustees who believe in your mission, and support of members and visitors who value the museum enough to visit.”

**Tifferney White** | CEO and President  
Discovery Children’s Museum

“Having been in business in Southern Nevada for 30 years, I would like to have easier access to aluminum, steel and pre-cast concrete suppliers and fabricators. Easier access would allow for speedy project design completion.”

**Dan Campbell** | Principal Structural  
Engineer, Las Vegas Engineers, LLC

“Often time it is human resources. We take for granted that people help people. More human resources would allow the opportunity to help the people we serve and allow more time to develop the people who are working to help the people.”

**Monique Harris MSW, LCSW**  
Founder, Executive Director  
Southern Nevada Children First



## What business resource do you wish you had more of?



**John Flueckiger** | Employee Benefits  
Sales Executive, LP Insurance  
Services, Inc.

“To be honest, my company gives me all the business resources and support I need to do a stellar job for my clients. Plus they align with my personal values including work-life balance so I’m definitely lucky.”



**Dr. Tiffany Tyler** | CEO  
Communities In Schools of Nevada

“More strategic community partnerships that strengthen our core values and amplify the mission of our organization so we are better able to provide our services to those in need.”



**Gerome Sapp** | Founder and CEO  
Health Binge

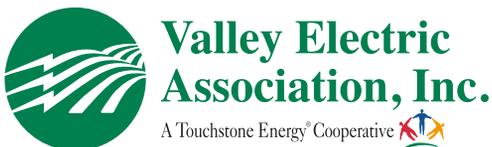
“The business resource I wish I had more of is time. More time with customers, more time to spend on the details needed to progress the business, etc. Time is so precious.”

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