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Why are you changing the name to Valley Bank of Nevada?

We secured the Valley Bank of Nevada name back in 2009 with the intention of moving into other established markets throughout the Las Vegas Valley where community banks have now closed. We want to provide the leadership necessary to re-build the Las Vegas Valley. We cannot do it all by ourselves, but we believe that we can make a difference. With every \$1 million in capital, we can lend \$10 million out to local businesses, and this will help our small businesses create new jobs and put people back to work.

So are you making loans today and if so what kind of loans are they?

We have allocated \$12M for our current campaign and we are well on our way. We are helping businesses with cash flow loans to assist with equipment purchases, tenant improvements, the purchase or re-finance of their buildings, and are financing accounts receivable contracts. We are committed to helping any small business owner who is working to rebuild our community and helping to put our unemployed back to work.

What can a business do to improve their chances of obtaining a new loan?

The bottom line is to propose a plan that makes sense. Business owners need to find a way to reverse their negative earning trends. Once this is done, they should meet with their CPA and work on preparing new financials that reflect the positive trends, and then be able to mitigate the negative trends with a strong argument of what has changed. If you have negotiated new contracts, try to pledge those contracts to the bank... and

with a good track record of past performance you may be able to secure financing. Those are only a couple of examples of how we are working with small businesses today. Finally, if

you can show that you have worked hard to pay your debts, it will prove to be an advantage in securing new financing. Those who walked away from debt obligations will have a difficult time obtaining credit again.

What makes you different from the other community banks?

We are one of only a few independently owned and operated banks left in the Las Vegas Valley. We have the ability to make common sense loan decisions on site and the flexibility to create new products and services to meet the needs of our customers. The larger banks serve the larger businesses well but there aren't as many banking options as there used to be for small businesses (those with revenues between \$1 million and \$10 million). The small businesses have been hit hard and we are dedicated to helping them recover.

How will you compete with the big banks that have more resources and capital than you have?

We do not compete with the big banks, we service different markets. There are approximately 8,500 banks nationwide and approximately 7,500 of them are community banks. Approximately 80 percent of our nation's GDP is still derived from small businesses and community banks are the catalyst to the success of those small businesses.



James R. York was born and raised in Las Vegas, Nevada, and a graduate of the University of Nevada Las Vegas, with a degree from Pacific Coast Banking School at the University of Washington. He originally founded the bank in 2005 under the name of Bank of North Las Vegas. He serves as president of Valley Bank of Nevada, and serves as a member of the bank's board of directors. He also has served as chairman of the board for the North Las Vegas Chamber of Commerce and he is currently serving on the Board of Trustees for the College of Southern Nevada.

What are Las Vegas' greatest assets and what needs to be done to assist the Valley's recovery?

We still have one of the best tax environments in the country and home prices are temporarily undervalued and very affordable. Most important, the sun still shines here, and with more than 300 days a year of solid sunshine, Southern Nevada is a very attractive retirement community. There are now 140M baby boomers that are scheduled to retire at the rate of 7M per year over the next two decades--I believe many of them will select Las Vegas as their new home, and increase the demand once again for housing and other community services.

Our mission at Valley Bank of Nevada is to assist in the economic recovery throughout the Valley and the state, but we can't do it alone. From legal to medical, and financial to construction, I encourage local community leaders from all industries to stand together and help Bring our Valley Back... one business at a time.

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Obama's Israel Policy

A Major Blunder

Anyone who watched Barack Obama and Israeli Prime Minister Benjamin Netanyahu at their May 20 press conference must have been struck by the contrast between the two men. Netanyahu led an elite combat unit and fought in the Yom Kippur War. He worked as a business consultant and as an executive for a furniture company and he has served his country for almost 30 years in several different government positions, including ambassador to the United Nations, foreign minister and finance minister. He is a polished statesman who is passionate about supporting and defending his country.

Obama, on the other hand, was a community organizer and a lawyer. Military experience? None. Business experience? None. Statesmanship? Apparently none, after his performance at the press conference, where he insisted that Israel, our major (and sometimes only) supporter in the Middle East, should retreat to indefensible borders in order to pacify its neighbors. The Palestinians have been clamoring for a return to the borders that existed before the Six Day War in 1967, when Israel took control of the West Bank, Gaza and East Jerusalem. A return to those borders would split Israel in half, leaving it even more vulnerable to attack than it already is.

Why is it important that the United States support Israel? We gave Israel about \$3.1 billion in foreign aid in 2010, which is comparable to the combined total for Jordan, Egypt, Turkey, and the Palestinian Authority. While those other entities have given us nothing but grief and ingratitude, Israel is an extremely important strategic ally, with the strongest military force in the region. Supporting Israel lets us protect our interests (including access to oil) without committing our own troops. The Israelis are standing strong against Iran's nuclear threat. They also provide us with intelligence gleaned from their network of agents all over the Arab world. In short, we need them as much as they need us. Apparently, Obama hasn't figured this out yet.

As the only democracy in the region, Israel isn't the country to blame for the conflicts in the Middle East. Israel is ready to recognize a Palestinian state, but the Palestinians and their supporters refuse to recognize Israel's right to exist. How can you negotiate with people who want you dead?

We shouldn't negotiate with terrorists, and that's exactly what Obama is doing – trying to appease Hamas and its allies by throwing Israel under the bus. The U.S. has agreed that the Palestinians should have an independent state, but demanding a return to pre-1967 borders is giving them a new starting point in negotiations without asking anything from them in return.

In addition, Obama's diplomatic blunder necessitated Netanyahu to respond from a position of strength in defense of his country, which gave the radical Palestinians just the ammunition they wanted. They claimed that since Israel was rejecting their demands, the only solution left was violence. Hamas spokesman Sami Abu Zuhri said Netanyahu's reaction was "clear evidence that the negotiations option was a waste of time." Now that Hamas, which controls Gaza, has allied itself with Fatah, which controls the West Bank and the Palestinian Authority, the stage is set for a multi-pronged attack against Israel.

Even Nevada Senator Harry Reid, who's been one of the President's most ardent supporters, publicly disagreed with Obama over this issue. In a speech to the American Israel Public Affairs Committee, he explained, "A fair beginning to good-faith talks means that Israel cannot be asked to agree to confines that would compromise its own security."

I thought I'd never publicly say this, but I agree with Senator Reid on this occasion. Obama made a major mistake and we can only hope that we don't all have to pay for it. 



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Government Services

Helping Business Thrive in Nevada

By Jennifer Rachel Baumer



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CORRECTION: Terri Sheridan's comment in the June 2011 roundtable on page 26 should have read as follows: "The City of North Las Vegas and the North Las Vegas Chamber have a good relationship ..."

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WHAT CAN THE
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DO FOR
YOU?



Helping Business Thrive in Nevada

By Jennifer Rachel Baumer

Nevada has traditionally been a Mecca for small to medium sized businesses rather than a Mecca for Fortune 500 companies and, as the economy turns toward recovery, that traditional economic base should play an important role. Recovery from this recession will happen through small businesses and entrepreneurs who are ready, able and willing to start up new companies in Nevada. The organizations and services that help small businesses and entrepreneurs are often government services – not just for start-ups, but for companies looking for funding, reorganization, expansion or reform.

“Everyone keeps saying the only way our economy is going to come back is through small businesses,” said Kathy Carrico, statewide training director, Nevada Small Business Development Center (NSBDC). “They say it, politicians say it, economists say it, the news says it, if that’s reality, then what we’re doing [at Nevada Small Business Development Center] is vitally important.”

There are government services out there to help existing businesses, struggling businesses and businesses that are succeeding and want to succeed further. There are services for both entrepreneurs and those that are just getting started.

When there are no jobs available, self-employment, start-up businesses and entrepreneurial enterprises become less of a dream and more of a financial reality for displaced workers. This creates the small and medium sized businesses that thrive in Nevada and can, in turn, help Nevada thrive.

Services Available Through Government Programs

The U.S. Small Business Administration (SBA) has branches in every state with services and programs concerned essentially with the three C’s – counseling, contracting and capital. Counseling is available through programs such as the Service Corps of Retired Executives (SCORE), a volunteer organization. SBA counseling can help business owners put together a business plan or obtain a loan through a traditional bank, a certified development corporation or a micro lender. The SBA can get business owners training in networking and marketing, put together training programs and help business owners learn to negotiate.

In addition, the SBA provides advocacy for small business owners, sometimes working to help eliminate laws and regulations that make it difficult for small businesses to flourish or even function.

One of the organizations that partners with the SBA is the NSBDC which is a state-wide business assistance outreach program through the University of Nevada, Reno, College of Business. Operating throughout Nevada, NSBDC provides business counseling services as well as programs.

“Our cornerstone program is a 13-week class people are highly encouraged to take that guides them through the core issues of business planning,” said Carrico. The program also covers the legal structure for businesses, market research and cash loan projections. What business owners want to know about, explained Carrico, is marketing and social media, a huge tool business owners need to keep apprized of and understand how to utilize.

Working with the SBA and NSBDC, Nevada Micro Enterprise is an intermediary lender for SBA in Nevada, putting together loans as low as \$50,000 and providing business counseling, education, planning and feasibility.

Nevada Commission on Economic Development (NCED) is home to the Procurement Outreach Program (POP), which helps business owners find their way through the minefields of submitting bids for government contracts. POP provides education through seminars and workshops. In addition, the program assists with marketing and bid information for working with prime contractors, technical assistance for putting together proposals and support documentation services to help with forms, specs and standards, procurement history and the like. POP offers e-commerce links to help businesses find and exchange information on government contracting as well as networking assistance.

“Our programs focuses on helping Nevada small businesses that want to expand into federal, state or local government markets,” said Kathy Agee-Dow, deputy director, procurement outreach, NCED. “If a business has a product or service they want



Ross Miller,
Nevada Secretary of State

to sell to a federal or state agency or a school district or local government, it’s my job to help them find those opportunities.”

Nevada Business Portal

One of the major incentives of the Secretary of State’s office is to make forming or renewing a business as simplified a process as possible. Toward that end, the Nevada Secretary of State’s office will have rolled out the first phase of the Nevada Business Portal by the end of this summer. The program is intended to eventually become a one-stop-shop for businesses looking to start-up, renew, reorganize or expand.

“We’re in a position to lead the country in services we provide in that regard,” said Secretary of State Ross Miller.

Currently businesses can renew Nevada business licenses, file Articles of Incorporation and Corporate Officer Lists annually. Some 60 percent of filings can be done online. As the phases of the business portal are rolled out, businesses will enter information once and pay all state and local business licenses online. “The system will guide you through one-time functionality and determine what licenses you’d need,” said Miller. “It’s an attempt to demystify the process of starting a business.”

Nevada Business Portal will go beyond annual business licenses. As the phases roll out, the digital formation act will come into effect. Already signed into law, Assembly



Kathy Carrico,
Nevada Small Business
Development Center

Bill No. 564 goes into effect in October, allowing for business associations to carry out their powers and duties using the most recent technology available. Not only will Nevada Business Portal be able to take filings and payments, it will also provide model business plans, operating agreements and articles of incorporation, as well as allowing businesses to determine how corporate shareholder or LLC member meetings will be held. Where once shareholders and members were required to assemble in person, now meetings will be legal if held in cyberspace.

“The ultimate vision is for Nevada to be home for entrepreneurial start-ups,” said Miller. “Too many businesses stop short of their entrepreneurial goals because they literally don’t understand the process and requirements to establish a business.”

The digital formation act will allow business partners who may never have met in person to easily establish a business – maybe out of their garage, a la Amazon or Google, put together a corporate entity and pay for all their business licensing in one place while holding their corporate meetings online – all of which frees them up to actually do business.

“We’ve known for a long time Nevada’s business friendly statutes give us a significant advantage, but our real niche is small to medium sized businesses,” said Miller. “We obviously are not going to convince many of the Fortune 500 companies that are incorporated in Delaware to relocate and incorporate in Nevada. But with small to medium sized businesses, we definitely have significant advantages and that’s what this legislation and these efforts are about: to break down the barriers to starting a company, make it extremely easy for companies to organize and ultimately conduct business in Nevada and I think that’s very promising.”

A little competition never hurts and it was Nevada’s competition with Delaware that led the Silver State to become more business friendly. That competition prepared Nevada for the technological revolution and the move to digital formation laws. In the 1990s, Nevada leaders noticed that approximately one-third of Delaware’s general fund came from the state’s commercial recording division, because Delaware was home to

most Fortune 500 businesses. Companies that wanted to incorporate somewhere other than their home state looked to Delaware.

So, Nevada changed its statutes to become more business friendly. While this state focuses more on small and medium sized businesses as opposed to Delaware's Fortune 500s, it fits with Nevada's demographic. The next step was to think beyond Delaware, putting in place the e-SOS – electronic Secretary of State system – turning business formation processes from a four to six week process to a two to three day process. Having e-SOS up and running meant Nevada was ready to form the Nevada Business Portal and pass the digital formation legislation.

"I think we certainly see a need for government to become more efficient if Nevada is going to get back on its feet," said Miller. "We can't afford for the process to be so burdensome or so expensive for businesses that they're not able to get ideas off the ground."

According to Miller, any time there's a recession or economic downturn as extensive and troubling as the one we're going through, the hope is for economic recovery spawned through entrepreneurial ideas. If the process of corporate formation and licensing is too burdensome or so expensive that individuals can't readily set up a business or afford to consult with attorneys in order to jump through all the hoops necessary, dot all the I's and cross all the T's, then a lot of those ideas are shuttered from the outset. In terms of recovery, government services for businesses – easy, understandable, workable, affordable government services – are necessary.

Nevada is moving in the right direction. According to Secretary Miller, in a speech given to the ABA Young Lawyers Division in May, the number of new business filings for the first quarter of 2010 showed positive growth for the first time since 2006, and new entity filings for first quarter 2011 grew by 12 percent over first quarter 2010.

Micro Enterprise Funds

Another piece of the business puzzle that has recently come about is the Department of Treasury's allocation of federal



Lonnie Thomas,
Nevada Micro
Enterprise Board

funds to help businesses. In Nevada that translates to \$13.8 million dollars coming to the state by way of the State Small Business Credit Initiative.

Some \$500,000 of the funds have been set aside for the Nevada Micro Enterprise (NME) initiative. NME is expecting the first \$100,000 by August of this year, which should allow the micro lender to make roughly 12, \$8,000 loans. Because micro loans are for businesses with one to five employees, that amount of money could put anywhere from one to 60 people to work.

"A lot of people who are on unemployment for going on two years have started to do something else," said Lonnie Thom-

as, Nevada Micro Enterprise board chair. "Maybe it was a hobby, something they tinkered with and discovered they can turn into a job, whether they're working out of their garage or home or if they're successful enough to be out there in store front." Micro loans can help make dreams of business-ownership reality.

Increasing Demand

For the most part, agencies and organizations offering government services have seen the need for those services increase with the economic downturn and, it appears, that demand is being met.

Nevada SBA has been witness to that increase in the need for services since the economic downturn, and those services being most utilized revolve around counseling. According to Edward Cadena, SBA district director, state of Nevada, with both

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Employee Benefits

By Doresa Banning

Companies Get Creative

The benefits afforded to employees today are far different from those offered earlier this decade when the economy was strong. Similarly, those that will be offered five years from now will vary from those being provided today.

“From an employer’s perspective, fewer employers are excited about offering benefits and taking a wait-and-see attitude,” said Bill Rosado, president of MANAGEDPay, a Las Vegas-based professional employer organization (PEO) that provides payroll, human resources, risk management and insurance services.



Economy Hampers Benefits

Nevada employers offer benefits to attract and retain workers and/or because they're compelled morally to provide for them, Rosado speculated.

Take Cox Communications Inc., for example, which has more than 1,300 employees in the Las Vegas area and 22,000 plus nationwide. Its benefits package includes medical, prescription drug, dental, vision, life, short- and long-term disability and long-term care insurance plans along with flexible spending accounts, a 100 percent employer-funded pension, a 401(k) plan and Workers Compensation coverage. Other perks include flexible work options where possible, discounts on Cox products and services and discounts at various local vendors.

"Our benefits really reflect the company's dedication toward focusing on our employees," said Vicki Wenger, vice-president of human resources for Cox Communications, Las Vegas. "We firmly believe that it's really important to their success as well as to the company's success."

During the worst of the economy, the corporation increased the portion employees pay for their health insurance coverage to maintain paying 85 percent of the premiums. This year, however, it enhanced some benefits, increasing vision insurance coverage and extending health insurance coverage for dependents to age 26.

Benefit reductions in various forms and eliminations were common in the Silver State after the economic downturn.

"A lot of benefits unfortunately have been taken away like tuition reimbursement, maybe not as generous vacation policies or still having time off but not necessarily paid—anything that companies really have to budget for," said Mary Beth Hartleb, director of the Society for Human Resource Management (SHRM) Nevada State Council, a resource for Nevada employers. "I think it's well known there have been a lot of pay freezes, furloughs and things of that sort."

The majority of changes took place with traditional benefits, like health insurance coverage.



Valerie Clark,
Clark & Associates

"We saw attrition in the marketplace as well as employers not being able to hold on to their benefits plans," said Valerie Clark, president of Clark & Associates of Nevada Inc., a Reno-based employee benefits insurance agency. "Things got pretty challenging over the past couple of years."

This is due partly to skyrocketing health insurance costs, by as much as 30 percent recently, said Hartleb, who is also the chief executive officer of PRISM Human Resource & Insurance Services, in Henderson, an insurance brokerage and HR management consulting firm.

"What we're seeing different in health insurance carriers is they're raising the rates without real justification," Rosado said. "If the premium is so high that the employees can't afford a share of it, all you get on the plan are people who have a history of illness. A company has to decide if it makes them more competitive to offer benefits versus having the employees responsible for their own."

Consequently, several Nevada businesses have made significant changes to reduce cost. They've eliminated health insurance coverage altogether, and reduced health insurance coverage in certain areas. This was sometimes something as small as changing to a \$7 prescription co-pay from a \$5 one. Companies have stopped paying for dependent coverage, changed their health insurance plan to one with a higher deductible and/or co-payments to lower



Jennifer DeHaven,
Nevada Staffing Association

premiums—consumer-driven plans and asked employees to contribute a larger portion of the employee premium. Most insurance companies will require the employer to cover at least 50 percent of the employee premium.

Mini-med plans have become more popular. A mini-med plan is a limited benefit indemnity health insurance plan with low rates where companies pick up 90 percent of the premiums, Rosado said. This is because companies can pay employees the lower minimum wage of \$7.25 an hour (vs. \$8.25) if they have in place a health insurance plan, toward which employees pay less than 10 percent of their gross income.

Another creative solution companies are offering employees is the choice of a few health insurance plans. One health insurance plan, also called a defined-benefit plan, does not suit every employee anymore, said Jim Annis, president and CEO of The Applied Companies, Reno-based firms that provide staffing, business and recruiting solutions to businesses. His company that provides benefits through its PEO services, Applied Business Solutions, offers its clients four different plans, allowing each employee to choose one that best fits their situation. A single person might opt for a high-deductible plan with a lower premium whereas a married person with dependents might choose a plan with a higher premium but low deductible.

Giving employees a dollar amount to spend on medical benefits rather than choosing specific benefits for them is another unique solution being employed. "These are significant changes due to employers getting so strapped," Annis said.

Several Nevada staffing companies have tightened up their benefits packages for temporary employees, even eliminating some perks, to remain competitive for their clients, said Jennifer DeHaven, president of the Nevada Staffing Association, a 20-member trade association for the state's staffing industry. DeHaven is also president and co-owner of Millennium Staffing Services, a Las Vegas temporary employment agency.

“Escalating health insurance costs, particularly in the last year, are really decreasing our profit margins, and yet at the same time, we’re trying to give back to our temporaries without increasing rates for our clients,” she added.

A shift seems to be taking place now, with some employers reinstating or enhancing benefits. “Now that we’re into 2011 I’m seeing things a little bit brighter than one to two years ago,” Clark said. “There’s a little bit more of an upswing.”



Mary Beth Hartleb,
SHRM NV State Council

A Trend to Non-Traditional Benefits

A rise in voluntary benefits has taken place. Many employers kept their benefits in place but made them voluntary, meaning they’d sponsor them with payroll deductions but employees would have to pay all costs, Clark said. Voluntary insurance encompasses coverage for accident, critical care, long-term care, key person, pet, travel and gap insurance.

“Those are all relatively inexpensive insurances that offer a huge amount of protection for people,” Clark added. “Employees would have a difficult time accessing those types of policies outside of an employer-sponsored arena. The best rates are through group purchasing.”

When it comes to nontraditional benefits, many companies are focused on helping employees achieve a balance between the work and non-work aspects of their lives. One way they do that is by allowing them flexibility in their schedules and locations via job sharing, telecommuting and flexible hours. Flexibility is becoming more

essential, for example, for the generations needing to care for their aging parents.

Many Las Vegas area Cox Communications employees enjoy alternate work schedules, compressed work weeks or other flexible work options. Some work from home. Others start their shifts without having to stop by the office first.

“I think we’ve done a lot in that area because that’s where our culture is going,” Wenger said. “It’s not like 20 years ago when everybody worked nine to five, and that’s all there was to it.”

Hartleb is working with more and more clients, especially international ones, who have workers but no office space. “Based on what I see in my business, companies are jumping on that trend,” she said. “It’s something we’ll probably see more of as a benefit, particularly for those with family responsibilities.”

The Society for Human Resource Management has put heavy emphasis on work-life balance this year, Hartleb said, with committees looking at workforce readiness and getting employees prepared to work differently. Cloud technology likely will play a huge role in the future. With it, people can access and use computers and other technology from a distance, without being tied to a desk and computer in one location.

“It’s going to lend a lot more to meeting the needs that employees have today for balancing their lives,” Hartleb said. “It’s the workplace of the future, which I think will be here very soon.”

Wellness and wellness education programs also are popular. The Applied Companies, for instance, has a pedometer program in which employees get paid for taking a certain number of steps per month. Employees may take time out during their workday to exercise. The business prohibits vending machines in the workplace and purchases organic fruits and vegetables bi-weekly for employees.

Education is key, Annis said. His employees, for instance, know the benefits of purchasing generic versus brand-name drugs, and going to urgent care facilities rather than emergency rooms.

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Monthly staff meetings include short presentations on some aspect of optimum health.

“Everyone seems to be slowly grasping the need for an overall wellness program and the impact it can have on insurance,” Annis said. “That education is ongoing. It has to be constant, consistent and diligent as we’re changing habits that are 30 years old.”

Opportunities for employee training and development, and reward/recognition programs are other non-traditional benefits that are growing. These are ways for companies to retain the great employees they have.

Benefit Alternatives

Along with getting creative with health plan designs and premiums, it may be worthwhile to investigate whether obtaining benefits through a PEO would be beneficial. With PEOs, economy of scale comes into play, as all of its clients’ employees are technically the PEO’s employees. This allows them to obtain benefits for large groups. While this alternative can often save clients some money on health insurance over what the fees are, it’s not always the case. A PEO should look into all the potential options for a firm and determine a company’s best course of action.

Membership in the Employee Services Management (ESM) Association, a nonprofit organization, is another way to provide an array of additional benefits to employees. Benefits cover these program areas: convenience services, employee stores, community services, recreation programs, special events, voluntary benefits, dependent care, recognition programs, travel services and wellness.

ESM offers two types of membership: organizational and associate. Organizational members tend to be human resource and employee service professionals of large companies like hotel-casinos. Associate members tend to be vendors and sup-



Bill Rosado,
MANAGEDPay

pliers, both small such as mom-and-pop type businesses, and large, like Sea World and See’s Candy.

“As part of this association, companies have the ability to offer their employees extra benefits that they themselves are not offering,” said Jamie Marmorale, president of ESM, Southern NV Chapter. “We’re here to help people get discounted services. Maybe they need a dental cleaning and can’t afford it. At the same time, we’re helping stimulate the economy by having these small business associate members grow their businesses and get access to people they otherwise might not have, for the cost.”

Looking to the Future

Over the next five or so years, expect the cost of medical insurance benefits to keep rising, experts say. Further muddling a clear employee benefits picture are the unknowns surrounding the Patient Protection and Affordable Care Act (PPACA), or passed health care reform legislation, parts of which will continue to be rolled out during the same time period.

“I see it getting worse before it gets better,” Rosado said. “I see people going to non-traditional plans like those with high deductibles and mini-med plans until two things happen: one, prices become more affordable and two, there are clear options as to what an employer and employee can do. For example, is it more profitable for me not to offer health insurance and pay the \$900 a year penalty? Is the exchange a better place for the employee, or does it make sense to offer health insurance? Can I find affordable rates?”

Continues on page 46 ▷

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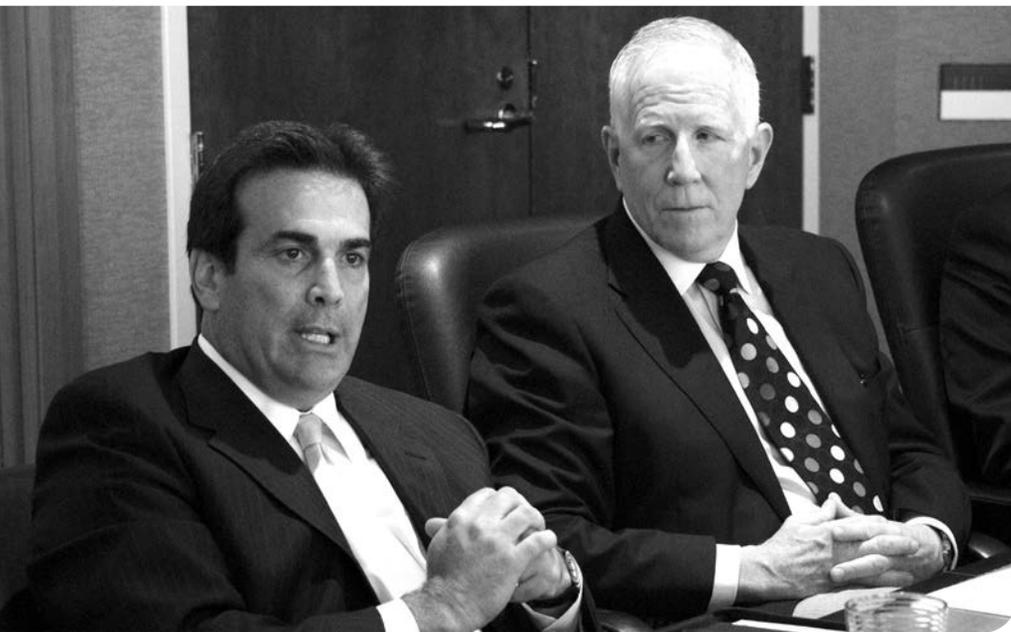
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Sallie Doebler, Jaynes Corporation, NAIOP • **Michael Dermody**, DP Partners
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Nevada's commercial real estate industry has been used as an example across the nation of how difficult things are for the sector as a whole. Even so, commercial real estate professionals that have survived thus far have indicated a hope for the future while recognizing that they expect a long recovery period. Recently, executives representing this struggling industry met at the law offices of Holland & Hart in Las Vegas to discuss this recovery period and how economic development will play a role.

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

What role do commercial real estate professionals play in economic development?

Sallie Doebler: One of the things that NAIOP is re-divisioning itself to do in

Nevada is to act as a resource. Quite often, it's the developers and the brokers who are the first point of contact for anybody looking to relocate, add or even expand in the state. We're really positioning ourselves to be a piece of that puzzle and we're recognizing what we can do to be a part of the success story and really provide ourselves as a source of information.

John Geudry: There are several advantages Nevada has to offer over some of our neighboring states. Real estate pricing is a big one right now because of the affordability factor that exists today that didn't three or four years ago. It's more affordable in many cases for their commercial real estate needs, whether they're buying, growing or leasing space. It makes it easier for us as an industry to work with organizations like NAIOP, to feed information to them that can be fed to that single entity. It's a more targeted and simpler approach to going after businesses and to sell a business on coming here when you've got one individual entity that can go out to neighboring markets or those neighboring markets can come to get information or resources for relocation. There's internal competition going on all the time. You're much more

effective when everybody's working together towards a common goal. It's no different than multiple agencies with the same objective. They're competing. We're trying to stop competing with ourselves internally and start competing with those neighboring states that we have advantages over. Real estate is one of those advantages that we have to offer over most of our neighbors and we should leverage that.

Perry Muscelli: I've been involved in brokering hundreds of company relocation transactions and hundreds of decisions where they didn't decide to come here. I saw what they were thinking and what mattered to them. We have a tendency, in the real estate business, to think it's about real estate. More often than not it's about the cost of employment. It's about the laws in the state and the liability; the cost of doing business here. Real estate is constantly being measured as a very small part of the cost of operating as an employer. When it comes to their decisions in why they come here, we ought to be careful and not think it's all about creating a great real estate environment just because we're in that business. It's really about making it a very friendly place to employ people. That goes directly to what we need to turn our whole economy around, we need to get people employed.

Have Nevada's economic development agencies done a good job?

Michael Dermody: It's easy in these difficult times to point out who's not doing a good job. But, these are the same organizations, when we were in good times, we gave credit to. We're mistaken to try to point the blame at people that are suffering just like we are. The solution is restructuring, the way

the governor's looking at it. That's a positive. You have to adjust to what the economy is. I think that's what we're going to see now. It's easier to take a pot shot later on in the fight, when you forget about all the growth we've had under their stewardship.

Mike Montandon: Any organization in boom times grows a little fat or cumbersome. Our economic downturn has given us an opportunity to say "Okay, we've done some things well, what can be fixed and what can be structured differently?" We really have two things we can do in economic development. We can either create an attractor, a shared piece of infrastructure or, we can capitalize on the ones we already have. It's a very rare organization that can go in and create a new piece of infrastructure. If we can take the ones we've already got and capitalize on them, we've got an opportunity to build it better, right now.

Dermody: In this economy all of our companies are taking different departments, consolidating them and readjusting them to react to this present economy. That's what we're going to do in the state, under Governor Sandoval's direction; that's healthy. To sit back and say this department has been malfunctioning for 20 years, when we've had good growth is missing the boat. It's the proactive realignment that best benefits the state and this governor's going to do it. It's exciting.

Muscelli: The problem I see with Nevada Development Authority (NDA) in Southern Nevada is that to live to fight another day they have to put 80 percent of their time into raising funds. A lot of people that use their resources here have seen that and they just can't put the focus on what needs to be done. They know what to do; they just don't have the resources. One thing the state can do is to figure out a way to rise above the constant fundraising effort they have to have just to live to fight another day.

Doebler: At the end of the day, we're all looking for the same end result.



Has this **economy hit bottom** and if so, when will it begin **moving back up?**

David Simard: We are at the bottom. We might see an uptick in certain classes, but for the most part we're pretty much at the bottom of the draw and we're going to keep flowing at this rate. A lot of people are looking to lock in long-term deals both in retail and office space.

Montandon: We'll be bouncing along this spot for a while. It won't get much worse, but it will bounce along for a while.

Geudry: The bigger point is, how long is it going to take? I'm less concerned about how much deeper does this go as I am about how much longer does this go.

Sam Gladstein: Typically you see these V shape charts. We're in a U shape chart. Our own company analysts aren't predicting a turnaround until about 2015.

We're looking for more jobs, more development and people to fill those buildings. That's what we all do and we can start working together to help accomplish that.

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That is, a major turnaround, where you really see it up. But, even one percent growth would be fantastic. I see things pretty flat for the next few years.

Dermody: Predicting is very difficult, especially when it's about the future. Having said that, they'll be sectors that will grow and that are growing now. We saw that in Urban Outfitters deciding to come to Northern Nevada. That is part of the internet fulfillment which is a different sector, but is growing pretty fast. There's a certain cautious optimism in the marketplace that falls along this and things are looking a little bit better.

Bobbi Miracle: The expansion of business is just starting to happen. Owners can start gearing up to expand their businesses in certain locations. We're seeing people move across the street and take double the amount of space with the expectations that they're going to grow or that they can add on a couple more people that they might need to go after a different market. We're going to start seeing

some people really take off at a quicker pace than they might have been able to if the market was still flying like we were before. They're starting to restructure their businesses. Not as many new people are coming to Las Vegas, but some of our businesses that have sustained themselves through this time are going to start growing and really gobble up the other people.

Are we still seeing companies downsize?

Simard: We see it from the companies that are locked in higher lease rates. I've seen a lot of interest and a lot of foot traffic of people kicking tires to look at expanding on new leases. The guys that are locked in at \$2.50 or \$2.60 per square foot in office are the ones looking to downsize. As far as the guys that are market rate down, I'm not seeing any downsizing on that end.

Muscelli: That's right. It's the older leases. It's the leases where people calibrated their

business volume based on the go-go years and now they're sitting there. It's not just about the rate, it's the fact that they have a lot of debts and don't need that much space. So when they get a chance to get out of their lease they take a new lease for less space and then they can pay half the rent as well.

Simard: Ironically, the tenants that we're talking about are actually taking more space than what they need because they now foresee that these lease rates are probably not going to get any lower.

Do businesses still expect lots of concessions because of the economy?

Montandon: We're seeing both sides. There are tenants who are coming and saying it's a buyers market and we're going to get a lot of those. On the other side, there are tenants who are in space right now who are busy hunkered down doing business and aren't totally aware of how cheap space really is. When we go to them and say they can lease more space for less than they're currently paying, they're shocked. We're giving them more than they expect in some areas. There are still tenants pushing for more, but there are also a few tenants out there surprised by how much they can get.

Miracle: There are landlords though, from the other side, that have said they don't need to depreciate the value of their projects to such a level and drop those rates. There's also a lot of landlords that have leased out enough space because they were realistic when the market did drop or were able to fill up enough space that now they can sit back and say, "We appreciate that, however, we want tenants that want to stay with us in the long-term hold, we're not going to drop to such a ridiculous level." I'm finding a lot of landlords that have the wherewithal to hold their property and sit back and say, "Hey now, we need to all stay in a realistic environment."

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Muscelli: New owners right now are going to be able to profitably rent their properties for significantly less than the other guy that's holding on to his own. So how does he compete? There's going to be a lot of people with very low bases owning fine properties in Las Vegas.

Geudry: There are certain pockets of the market that are obviously doing better than others. There has been a flight to quality in the real estate market just like every sector. People that have high quality product are doing quite well. We're seeing a movement of tenants to nicer properties, even if it doesn't mean a reduction in rent, but an upgrade to what they had before. Dated properties at a Class B or C category that may have done reasonably well in the past are going to struggle mightily over the next couple of years.

Miracle: It's apparent what shouldn't have been built in the market. The properties that were positioned in the correct location will always remain somewhat stabilized.

Why are lenders telling a different story than borrowers?

Muscelli: The lenders want the most conservative, owner occupied products. They do not want to do anything speculative.

Montandon: It's the regulators, not the lenders.

Geudry: There's truth to both sides. There are bankers that have taken the hunker-down mentality and there are regulators that expect that of the bankers. The biggest problem isn't whether or not there is capital available for new projects because there's a very limited need for new product in this market. There is need for restructuring existing debt on existing product. That's where the struggle exists today and that's the frustration that most property owners have with the lending sector. They don't feel like they're being listened to. There needs to be an adjustment of thinking. Lenders need to quit thinking, "I'm purely a lender on this," and start thinking that, whether they like it

or not, they're a partner. Ultimately, what needs to happen is those lenders need to sit down with the borrower and come up with a reasonable plan where both sides are feeling the pain. I don't know what it's going to take for that to happen; I'm seeing some of it starting to occur.

Gladstein: In some of the larger construction projects, the banks are still gun shy and they're not willing to lend any more than a 50 percent loan-to-value, which requires the developer to go to other markets. They have a tendency of realizing they made a mistake for a lot of years and then go completely in the other direction. They've got to find the middle ground that gets them back to lending in a reasonable fashion.

What can we expect in regards to commercial foreclosures?

Dermody: Commercial real estate has held up surprisingly strong in the foreclosure area compared to what it was predicted to do two years ago. Even though you may be underwater, if you have cash flow then you'll be able to have an asset that has a value.

Muscelli: These special services that have a conflict of interest in a lot of these situations are getting paid fees to take over properties and that is an impossible situation.

Simard: There is a lot of conflict of interest there. There are some assets that should have been put back on the market a long time ago and they haven't been. There will be another wave or two of assets coming back simply because they should be back on the market. Because of how some of those deals were structured, it's taking a bit longer that it should to return them to the market.

Geudry: I think there is actually going to be more foreclosures coming for those off-balance sheet, conduit lenders where the special servicers are controlling a lot of the decision making and they have

incentive not to move the property. The on-balance sheet lenders, specifically the commercial bank industry, have a different challenge. They've got regulators looking over their shoulders and they've got accounting rules they're required to follow. Assets are sitting on their balance sheet and they're justifying holding on to them for a little longer because they have to write it down a little further. As soon as demand starts to come back, you'll see a motivation to sell and all the problem loans that they've not wanted to take back as real estate owned will start working through the system. Unfortunately, I think there are many more properties going through this cycle and there are problems in the cycle holding it up. Unless regulations change, I don't see that changing.

Muscelli: The appraisal community is finally catching up with reality and that's precipitating a lot of this too. 🌿

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Nevada Conservation Corps Receives Federal Funding

The Great Basin Institute's Nevada Conservation Corps (NCC) has received a national 2011 AmeriCorps grant from the Corporation for National and Community Service. The grant will fund 143 AmeriCorps member positions and bring \$613,699 of federal funds into the state. The NCC is a statewide program that provides services ranging from reducing wildfire risk to public education activities promoting clean energy and environmental stewardship. 🌱

Renewable Energy Authority Consolidated into NSOE

Gov. Sandoval's proposal to merge the Renewable Energy and Energy Efficiency Authority (REEEA) into the Nevada State Office of Energy (NSOE) is now official. Senate Bill 426 repealed the position of Nevada Energy Commissioner and REEEA and requires the NSOE and its director to assume the duties of those entities as of the first of this month. 🌱

UNLV Harrah Hotel College Receives Donation from Conrad N. Hilton Foundation

The University of Nevada, Las Vegas (UNLV) has announced a \$1 million donation from the Conrad N. Hilton Foundation to support student and faculty programs at the William F. Harrah College of Hotel Administration. Allocated over three years, the gift will be used for various programs at the college including the enhancement of student recruitment and retention efforts. 🌱



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What inspired you to get into your industry?

I come from a family of business owners and executives. I enjoy working with business professionals to help them achieve their goals, grow their businesses and, when necessary, handle their litigation needs.

How do you encourage growth and development within your company?

As attorneys, we must never forget that customer service is a critical component of our profession. We must be incredibly responsive, provide the highest quality product and do so in a cost-effective manner. When we do this effectively, we grow through positive referrals and repeat business.

What is the biggest challenge your industry is facing?

In litigation, incivility is becoming more of a problem. Even when you disagree with an opponent, there is no reason to be disagreeable. Acting civilly makes our lives more enjoyable and ultimately saves our clients time and money.

If you could have had another career, what would it have been?

I would have enjoyed playing professional soccer. Unfortunately, I was not blessed with speed. However, I still enjoy my favorite sport by serving as a soccer referee for high school and competitive youth games.

What is the best advice you've ever received?

My father once told me not to make important decisions when angry. I often provide this same advice to clients and colleagues. Draft a letter or email, let it sit overnight, and revise it the next morning before sending it.

What do you anticipate for the future of business in Nevada?

Nevada still epitomizes the pioneer spirit. Our economy in general and the gaming and tourism industries will rebound, but I expect Nevada to become a more important commercial transportation, distribution and customer service hub for the Southwest.

What values do you hope to pass on to your employees?

Our partners have built a law firm where people respect and appreciate one another. We have an open door policy which fosters mentoring and collaboration. Working together and sharing ideas and solutions is not only enjoyable, but effective.



Green Building:

Growing from **voluntary to mandatory**

Green building emerged as somewhat of a proactive or “feel good” movement. While some may dismiss “green” as a passing trend, regulators from local to federal levels are creating laws and regulations that will ensure green building is around to stay for at least the near future. Perhaps most significantly, recent EPA action will regulate nearly every commercial building by 2016.

LEED

Probably the most established and best known of the standards used for green building is the Leadership in Energy and Environmental Design (LEED) standards. Instituted in 2000 by the U.S. Green Building Council (USGBC), the LEED system awards credits for buildings based on certain factors in specified categories. Based on the number of points earned, a rating level is awarded. This is a voluntary system. A building owner applies to obtain this certification.

International Green Construction Code

Currently, most building codes do not address energy and water issues, material waste, impact on construction sites, and other environmental concerns. In fact, some building codes are so outdated they restrict advances in green building.

To address the issue and to avoid patchwork regulations, a coalition of building standards organizations have united to create a draft International Green Construction Code. The first draft was released in early 2010 and will be final by early 2012. The uniform code will make it easier for municipalities, especially smaller ones, to adopt comprehensive and functioning green building codes.

State and Municipal Regulations

A variety of states and municipalities have started to require some green or sustainable construction on both new projects and remodels. California has created its own standards with the Cal-Green regulations. Utah and Arizona, among other states, have adopted requirements that certain public buildings comply with some level of LEED certification.

The regulations are a potpourri of forms and functions. Some regulations only apply to public buildings, while others apply to

both public and private buildings. About 40 percent only apply to new construction while the other 60 percent apply to existing buildings. Notably, a handful of regulations apply to existing buildings on which no construction is occurring.

The majority of states and municipalities use the LEED system as a guide. LEED is an easy choice because it offers an established set of standards to entities without the manpower or expertise to create their own. Once the green code is finalized, regulators will likely shift away from regulatory reliance on LEED and use the code instead.

EPA Regulation of Buildings

Standard commercial buildings were not historically subject to significant regulation under the Clean Air Act. Rather, the Clean Air Act was generally regarded as a regulation that applied more to industrial and manufacturing facilities.

Recent EPA action and rule making will, unless modified or limited, make standard commercial buildings of approximately 25,000 square feet and greater subject to permitting requirements under the Clean Air Act by 2016. The expansion stems from a 2007 United States Supreme Court Decision and subsequent regulatory action making greenhouse gas (GSG) emissions subject to regulation under the Clean Air Act.

Understanding the scope and impact of the regulations is technical to be sure, but the force and effect will be significant. Buildings subject to the Clean Air Act require:

- (a) a permit setting forth emissions limitations
- (b) facility review and public hearing
- (c) best available control technology to limit each pollutant subject to regulation.

Given the time, expense, and delay of getting PSD permits under the Clean Air Act, without mitigating action, the Clean Air Act process would virtually halt construction and development—pending compliance with the regulatory process. Absent congressional action, which does not appear to be forthcoming, the issue will be resolved in the courts and through the EPA for now. 🌿

Melissa A. Orien, Esq. is a LEED AP with Holland & Hart LLP.



Large Tax Increase Traded for Small Reforms

Tax issues define legislative session

For the first 108 days of the 2011 Nevada Legislative Session, Gov. Brian Sandoval defined the policy debate by being a strong advocate for Nevada's taxpayers and business owners. On May 26 however, the Nevada Supreme Court correctly ruled that state government couldn't take \$62 million from the Clean Water Coalition and transfer that money to the state's general fund.

The implications of the ruling — that around \$481 million of local money grabs couldn't be used to pump up state spending — led Sandoval to support raising taxes by maintaining the “sunset” taxes.

In the end, Sandoval and the Legislature approved a general fund budget of over \$6.2 billion. Although the general fund amount is similar to the past biennium's budget, it also doesn't represent the totality of state expenditures. That's because of how Nevada funds education through the Distributive School Account.

Contrary to the perception of some, the state's share of per-pupil K-12 education spending will actually increase in the next biennium from \$5,192 to \$5,374 in the fall of 2012 — while schools will receive thousands more per student in local and federal money. Unfortunately for students and parents, past spending increases have not increased student achievement. That's despite the fact that inflation-adjusted, per-pupil spending nearly tripled over the last 50 years.

To pay for these inflated spending levels, the governor and the Legislature raised taxes some \$620 million. They maintained the higher sales and modified business tax (MBT) rates and the doubling of the business license fee — all of which were scheduled to sunset June 30. As part of the deal, businesses will not pay the MBT on the first \$250,000 of payroll, which will exclude 70 percent of businesses. Barring another legislative change in 2013, like the one that just happened, these tax increases will now sunset June 30, 2013.

The impact of tax increases is obvious to almost every business owner. Taxes take dollars away from both business owners and consumers. With less money to spend, consumers purchase less. And increasing the cost of hiring workers — the error at the heart of the MBT — creates a disincentive for employers to add new jobs.

In itself, the tax increase won't guarantee Nevada's economic slump continues: Entrepreneurs regularly overcome many burdensome taxes and regulations. However, tax increases are a significant depressant on overall economic activity. While some business owners will be able to overcome this additional burden, others will not.

Eliminating the MBT on the first \$250,000 of payroll is a positive step. But even the need to eliminate it for small businesses only further highlights the tax's destructive nature.

In exchange for raising taxes by over \$600 million, Sandoval and legislative Republicans earned minor concessions from the Democrats:

- Now, it will take teachers three years to gain post-probationary status, aka tenure. Currently, 95 percent of teachers gain tenure after one year.
- Administrators can now fire ineffective teachers, but only after three years of poor evaluations. After two years of “below average” evaluations, a “tenured” teacher would go back on probationary status. After a year on probationary status, he or she could be terminated. This is not subject to collective bargaining agreements. The Democrats' original bill said its provisions could be superseded by the union contracts, allowing teacher unions to effectively neuter the reform.
- Seniority cannot be the only factor in determining layoffs, but how much of a factor seniority is remains subject to collective bargaining.
- The governor will now appoint the state superintendent, and the state Department of Education was overhauled. This change should create a system with more accountability.
- Newly hired state employees will not be eligible for health insurance benefits in PERS, starting January 1, 2012. Over 30 years, this will save Nevada \$275 million.
- Local governments can re-open collective bargaining agreements during down economic times, and local government supervisors cannot join a labor union.

Some elected officials did propose more substantive reform ideas — highlighted by Sandoval's education-reform package that included one-year contracts for teachers and school vouchers — but the compromise that raised taxes by \$620 million didn't include anything more than minor improvements.

These reforms are a step in the right direction, but they are the equivalent of running the first quarter mile of a marathon. They're necessary and beneficial, but they're also nothing more than a nice start. 🌿

Victor Joecks is the communications director of the Nevada Policy Research Institute.

◀ Continued from page 9

entertainment and construction taking a beating during the recession, people in those fields are looking to take their business savvy and head in a new direction.

“We’re counseling a lot more people who are trying to start new businesses, but a lot of these folks are having a hard time obtaining credit. A lot of that is because so many people in the state of Nevada own homes that are worth less now than when they purchased them,” said Cadena. “We’re finding we have more and more people going into business seminars and we’re counseling a number of folks. That number is growing because there are no jobs or less jobs so people do what they do when there are no jobs and that’s go to work for themselves. Americans are, if anything, resilient.”

NSBDC has also been hard at work trying to meet increased demands. With unemployment and underemployment rising, displaced workers look at options for self-employment, said Carrico. “Some are desperate, some are excited and everything in between. We do an assessment, helping them identify their tools, patterns and personality types. That’s our expertise and that demand has increased because of the economy. People are tired of wondering if they’re going to have a job, what’s the contingency plan, maybe I should take a course on small business and learn what I don’t know and be prepared.” Carrico added that when like-minded people come together, the ideas start flying; what once was just an idea becomes a path to making that idea into a reality.



Ed Cadena,
Nevada Small
Business Administration

One consistent demand for services Carrico has seen is for networking. It was that way four years ago and it’s the same today as business owners want to learn to leverage social media. “People want more customers,” said Carrico. “I don’t care who they are, they want more customers, and the way to effectively gain new customers is to build relationships.” The other in-demand service is marketing and how to do it. Other business owners may need to learn financial management – understanding where the dollars are, how to spend, save and how to make their money work for them – and some just need to learn the art of communicating.

Thomas has seen an increase in demand for micro loans of \$25,000 or less, a niche area that doesn’t work well for traditional banks; banks don’t typically want to do business loans that small because there’s no profit in it for them.

For many businesses, when the economy took a downturn, revenues dropped which led to profitability dropping and difficulties in servicing the loans they already had. Businesses that survived may need more working capital. They’ve used all their reserves to survive, only to find traditional banks don’t want to lend them anything, either because the business is already extended on collateral or doesn’t have any more collateral because revenues and profits are down.

This is where NME is willing to step in and take a look at businesses that have been in business for 10 years yet have no collateral but survived the recession and have a good credit history – in that instance, NME is able to fill the gap.

Turn-about is Fair Play

Not everything to do with government services and businesses is about businesses utilizing government services. Sometimes it’s about private businesses providing government services. There’s definitely room in Nevada for more micro lenders, said Cadena, and there are a number of public/private partnerships where Nevada businesses can fill in gaps in government services left by the recession.

An example of these partnerships comes from NSBDC, which applies for grants in order to contract with independent contractors to work as speakers and trainers in the 13-week NxLevel for Entrepreneurs class, NSBDC’s signature training program. The master trainer, an independent contractor, needs to own his or her own business, be an outstanding speaker and understand adult learning. NSBDC provides a day and a half of training and the NxLevel workbooks. “There are 15 people in Nevada who get paid to teach this class, and they’re all independent contractors,” said Carrico.

NCED’s procurement outreach program has grown from 750 clients to over 1,000 in the last five years. All federal agencies have annual goals to meet when working with small businesses, and each of those goals is broken into categories, including minority-owned, women-owned and veteran-owned businesses. Every government agency negotiates goals on an annual basis with the SBA, and the government spends about \$500 billion a year buying products and services from commercial entities.

“It’s anything from paper clips to jet fuel, consulting services to temporary services, just about anything you can think of for any type of business, there’s a possibility you as a small business could do business with a government entity at federal, state or local levels,” said Agee-Dow.

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Kathy Agee-Dow,
Nevada Commission on
Economic Development

Since the economic downturn, there's been an upturn in private businesses looking for government contracts, especially in hard hit industries like construction. In June NCED held an event with Nevada National Guard and Northern Nevada construction businesses, putting the two together as the Guard rolls out construction contracts for projects going forward through the next five years.

"Hopefully our program can continue to facilitate events like that which will help small businesses in Nevada to contract directly with federal agencies to bring federal dollars here and keep them here," said Agee-Dow.

Getting the Word Out

SBA has a great website, full of information to help business owners, entrepreneurs and those people just starting to think about working for themselves take those first steps. "Anything you need to start a business is there," said Cadena. "There are business tutorials, counselors available 24/7 on the net and phone counseling, manned throughout the country. If the person who can best help you is in Miami, that's who you're connected with." What business owners, or those people who want to be business owners, need to know is they're not on their own – SBA and SCORE have services and resources available throughout Nevada.

"We want to let people know where we are, and the reality of how we can help them," said Cadena. "A dream that creates no profit is a hobby. A dream that creates a profit is a business. At SBA, we stress the business angle. Got a dream you want to follow, make money at and turn into a business? We will do as much as we can to help you out. Our goal is to help small businesses thrive and create more jobs."

Carrico asks participants in the NSBDC training courses how many of them have worked for someone else (most) and how many had training before starting those jobs (about 85 percent). So why, she asks, would anyone consider going to work for him or herself without training? "Now that you're stepping into self-employment, who will train you to do what you've never done before? And people haven't thought about that. They've never

done payroll or worked 100 hour weeks. It's food for thought. Don't do this alone. Starting a business isn't something anybody can do alone."

If Nevada is going to bounce back from the recession, it's going to be by way of Nevada businesses, the small, the medium and the large. Finding government services, and utilizing those services, is one way to ensure the success of Nevada's businesses, and Nevada.

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Building Nevada

GREEN BUILDING

By Adam Candee

We Have the Technology, We Still Can't Build It

In the past few years, the cost of building green came down and awareness of its benefits shot up. With years of education and experience now in hand, professionals in the design and building industries possess the savvy to do it better, faster and cheaper than ever.

Now, if only someone would build something.

The same themes of weak residential demand, oversaturated commercial properties and locked-down credit that plague the industries surrounding construction in Nevada rear their ugly faces in the green building discussion.

Rick Van Diepen

President,
U.S. Green Building Council &
Associate Principal, PGAL

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“There’s been a lag the last two years because there’s been virtually no building,” said Rick Van Diepen, President of the Nevada chapter of the U.S. Green Building Council (USGBC). “When things get going again, my prediction is there will be a greater need and greater market for green building. These new projects will be looking for additional value and higher performance.”

In fact, that desire for value and performance already looks strong. What has been built during the recession incorporates sustainability at a rate not seen before the financial swoon.

With a provenance once thought of as hugging a tree, the concept of green building received a helping hand into the mainstream by a desire to cut costs not by slapping up the fastest four walls possible, but by incorporating energy efficiency and other elements of sustainability.

While few shovels go into the ground these days in Nevada, a green or sustainable project likely will be the result when they do. Nevada led all states in LEED-certified commercial and institutional green buildings per capita in 2010 with 10.92 square feet per person. Only Washington, D.C., with 25.15 sq. ft. per person, featured more LEED space, according to Census data.

“Using per capita, versus the more traditional numbers of projects, or pure square footage, is a reminder to all of us that the people who live and work, learn and play in buildings should be what we care about most,” said Scot Horst, USGBC Senior Vice President of LEED. “2010 was a difficult year for most of the building industry, but in many areas, the hunger for sustainable development kept the markets moving.”

Sixteen projects within Nevada received some level of LEED certification in 2010, including eight Gold and five Silver designations. Overall, 55 Nevada projects boast some level of LEED certification; through the end of 2008, USGBC showed 29 LEED-certified facilities in the state. The most well-known of all these is CityCenter, which received six separate LEED Gold certifications for its buildings but might also be the last of its breed in the green or the general market in Nevada.



Michael Russell,
United Construction

“Over the years, the percentage of customers that do **look at sustainable** factors is growing. They walk in the door looking for it these days.”

Building green through sustainable materials and energy-saving measures certainly can be accomplished without receiving LEED certification, but the system stands as the most widely accepted and only third-party verifiable measure of relative green merit.

“You don’t have to prove anything if you just say (to someone), go build me a green building,” Van Diepen said. “You can lose all the benefits to getting a green building. It’s kind of like you’re giving up the insurance plan if you don’t go through the certification.”

The USGBC defines LEED certification as “a building or community was designed and built using strategies aimed at improving performance across all the metrics that matter most: energy savings, water efficiency, carbon-dioxide emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts.”

There are four increasing levels of LEED certification: Certified, Silver, Gold and Platinum. The level attained is based on a scoring system that awards points for a wide-ranging set of criteria, taking local environmental situations into consideration. Earning LEED points can come from improvements as small as installing energy-efficient lighting and lighting controls or as big as designing heating and cooling systems to use energy more efficiently. Many LEED improvements involve the inclusion of “smart” systems that reduce energy consumption in parts of buildings that are not being used, primarily heating, cooling and lighting.

The green market was 2 percent of non-residential construction starts in 2005, 10-12 percent in 2008 and will grow to 20-25 percent by 2013, according to the USGBC.

For companies like United Construction, green building weaves into the fabric of the work. Michael Russell, Chief Operating Officer based in Reno, points to a handful of projects on which his company is working right now as proof that even in down times, building green still holds a place in the market.

“It’s become embedded in the industry,” Russell said. “It’s taken five or six years to get there. Over the years, the percentage of customers that do look at sustainable factors is growing. They walk in the door looking for it these days.”



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United is building an Urban Outfitters facility in Northern Nevada that is seeking LEED Silver certification and a natural foods store that is going for LEED Silver as well. In fact, United's own office building received LEED Gold certification in 2009.

"For the most part, everyone looks at sustainability these days in the buildings that we build," Russell said. "Everyone's got to be concerned about efficiency and operating cost as we move forward."

John Atwell, COO and Director of Development for Dermody Properties, took the thought a step farther. "It's a foregone conclusion that we're going to build at least (LEED) Silver," Atwell said.

More than 1,000 Nevada-based professionals in design and construction-affiliated industries possess some level of certification through LEED. USGBC oversees the national certification process, which requires passing a comprehensive exam to become an LEED Accredited Professional (LEED AP). The LEED 3.0 system requires a sig-

nificant amount of time logged working on a LEED-accredited project before being allowed to take the exam. People are then required to take ongoing education classes to stay up on the latest developments in green and sustainable design.

Russell, who came to Nevada after working for ProLogis in Denver, points to greater education about and understanding of green as reasons why it is easier and cheaper to do it now.

"When LEED first came out six or seven years ago, it was an unknown for the construction industry," Russell said. "People threw a lot of money at it because they just didn't understand it. It's become more of the norm than it is the unknown."

Upfront costs form the first and usually most formidable roadblock to small and midsize project businesses incorporating LEED elements, let alone seeking certification. Those in the industry insist that the investment returns in short order through extra government inducements, reduced energy costs and healthier employees.

"Any customer with any economic smarts is going to sit down and do a return on investment on those increased costs," Russell said.

Russell said United can do a LEED-certified project for an additional price of between 1 and 5 percent of the total project cost, depending on the level of certification a client desires, as compared to a minimum of 5 percent just a few years ago.

From the design side, Van Diepen, an Associate Principal at PGAL, echoed a premium of 1 to 3 percent. The USGBC estimates about another \$2,000 for the paperwork of certifying the project.

"For a while with the additional cost, (people asked) do we really want to do it," Atwell said. "The cost has come down. We just don't need that much help to get it done."

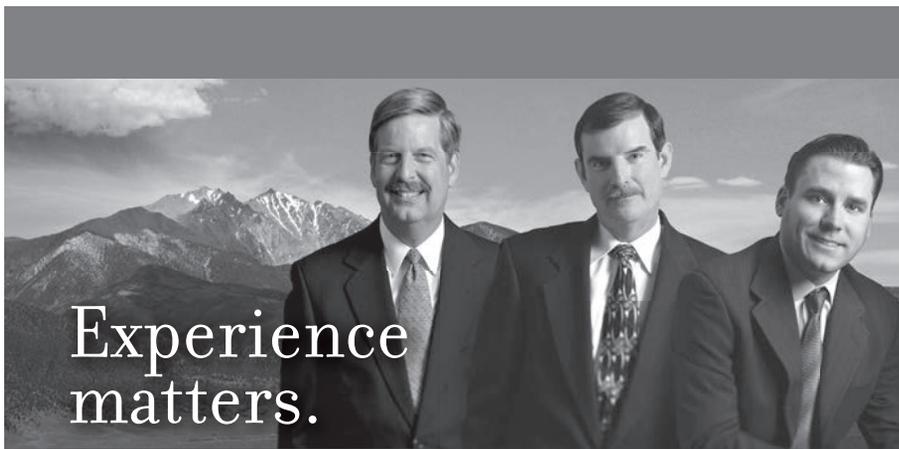
Additional financial incentives exist in the form of property tax abatements and energy rebates from government bodies and utilities. For example, the City of Henderson received a \$150,000 check from NV Energy in 2009 for its use of solar panels at its North Police Substation. While generous state incentives first passed in 2005 were scaled back in 2007 under threat of Nevada losing close to \$1 billion for abatements that originally went up to 50 percent, the state still offers a significant break on property taxes for non-residential projects that achieve at least Silver status.

For all its reported potential in solar, geothermal and wind energy production, Nevada still is not seen as a state leading the revolution when it comes to green building.

"We're in the middle of the pack," Russell said. "We have a lot of opportunity to do things that are green energy here that aren't sustainability-related. We're definitely not leading the country in cutting-edge green technology."

In his role leading the local USGBC chapter, Van Diepen works to change that through educating everyone from school district officials to legislators about the benefits of building green and providing companies with the right incentives to do so.

"There's so much more that we could be participating in here as a young state that's poised to be a net producer of renew-



Richard Jost / "Dave" Davis, Jr. / Brett Scolari

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able energy in the near future,” Van Diepen said. “Overall, we’ve been lagging. The development industry, casino corporations and larger development organizations and companies have been pushing it more than our design industry. The design industry is quickly catching up.”

Incentives and the like do not tell a complete story. Van Diepen notes a project for the Marines’ 29 Palms facility in California as proof of green building’s impact on a Nevada company’s bottom line.

PGAL bid on the \$110 million job with plans to build the needed barracks facility exceeding basic LEED certification at no extra cost. The company won the bid. There would be a gray water system for the remote base to irrigate its golf course and ultimately a large solar energy component as well. In fact, the project could ultimately be close to a net zero energy consumer, a model Van Diepen calls “a nationwide model for all Marine housing.”

The design and work earned PGAL the chance to add a dining facility at 29 Palms as well, and it helped PGAL avoid some of the pressure crushing the Nevada economy.

“It set us up for future projects,” Van Diepen said. “We essentially kept our office from having to lay off.”

That’s not to say green building is the golden ticket out of Nevada’s recession. For some, building green is nothing new and no more profitable now than in the past.

“The direct effect hasn’t been terribly evident,” said Don Clark, president of the architecture firm Cathexes. “We were doing sustainable projects way before it was cool. People say green and say sustainability, but they don’t really know what that means. In the last throes of the devastation that’s been going on, the resistance has been going away a little more.”

Not every company wants in on green and it might not be right for some.

“There are companies that have truly adopted corporate and social responsibility and ethics,” Russell said. “There’s a middle of the road group of companies that weigh the cost of it. I think there’s other people, a third tier of people, that really don’t care. You’ve got the whole gamut.”



John Atwell,
Dermody Properties

Russell went on to add, “we’re going to build responsibly. We’re going to do the most efficient building that we can. We still have a responsibility to look at energy efficiency and other opportunities to build sustainably.”

The success story for Nevada is this: what is being built in this devastated market trends green and, per capita, we are among the nation’s leaders.

“The developers doing projects now and in the past two years have built more substantive projects,” Van Diepen said.

But before green building translates to major green for companies looking for a

way out of trouble, the volume of the building needs to increase, no matter how fashionable the field looks today.

“It’s kind of tricky because there haven’t been that many buildings built,” Atwell said. “Both Las Vegas and Reno really got hammered. As the economy improves, we’re just going to have to wait and see how many guys come out and build LEED or not.”

In Brief

Colbalt Data Centers, LLC plans to build a 60,000 square foot data center in Southern Nevada. Company executives expect the project to create approximately 100 construction jobs and over 30 permanent technology jobs.

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◀ Continued from page 13

Companies have moved from being paternalistic to allowing employees more independence. More and more employees likely will take on more independence, perhaps obtaining health insurance on their own rather than through their employer, Hartleb predicted.

“I think that what we really need to do as businesses is rethink our roles in the lives of our employees,” she added.



Jamie Marmorale,
ESM Association

She also raised the specter that health insurance coverage may cease to be an incentive to potential employees if PPACA goes

through as intended. Today, it remains a retention tool but perhaps won't be down the line.

“What's going to happen to the workplace in terms of how we recruit and attract talent at that point? If we don't have benefits as a bargaining chip, what else are we going to do?” she posited. “I don't know that anyone is really thinking about it. We're just trying to get through the day.”

Businesses must embrace flexibility, especially if they're not already doing so, to weather what's coming, Annis said. One surefire change is the gap that will result when Baby Boomers leave the workforce, as the country has 22 million more Baby Boomers than Generation Xers.

“If you're running a company and not embracing non-traditional types of benefit plans or flexibility in work scheduling or flexibility in your health insurance plans, you're not going to be able to attract or retain the kind of talent you need in 15 years,” Annis said. “When boomers retire, the competition for middle and upper management in American industry and business is going to be fierce.”

Despite questions about the future, as the economy strengthens, the quantity and quality of benefits employers offer their workers likely will pick back up, perhaps in different forms.

“We've lived in a doom and gloom mode for the past couple of years,” Clark said. “I personally believe that we are posed for a bright, happy and positive future in our state. There are many dedicated business owners who are searching for answers and success, and I think we're going to get there.” 🌟

In Brief

According to the Nevada Association of Realtors, homeowners throughout the state fared well in the last legislative session with one key win in the form of the passing of AB271. The law prohibits private transfer fees in Nevada thus preventing last-minute complications to home sale transactions.

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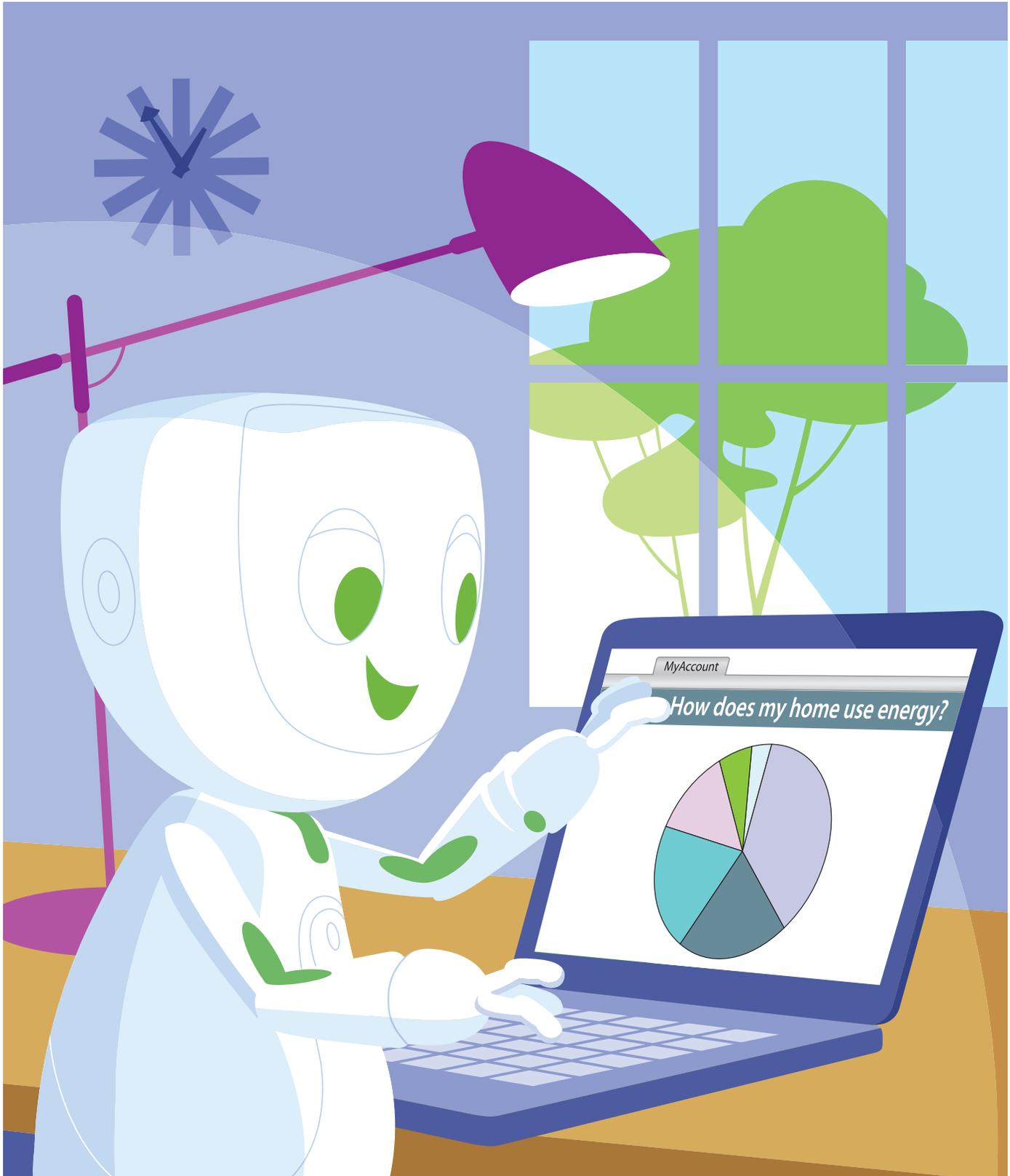
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PROJECTS

Las Vegas, 89118 Office

Harsch Investment Properties has completed work on Dream Vision Studios and Women In Film's production studio and events venue. The Southern Nevada developer worked closely with Dream Vision to create an art studio with 5,000 SF of production offices and an 11,000 SF production stage. The project is located at 4544 W. Russell Rd.

SALES

North Las Vegas, 89031 Office

Hurtado Properties LLC and **CEZ Properties LLC** purchased 7,793 SF from **Stearns Family Trust** for \$1.25 million or \$160 PSF. The buyer and seller were both represented by **Chris Beets** and **Tony Stack** of **Marcus & Millichap**. The property is located at 4425 Simmons St. APN # 139-05-203-004

Las Vegas, 89104 Office

Rhino Realty purchased a 27,674 SF vacant car dealership on 4.2 acres from **LV 3250 E. Sahara Ave Syndicated** for \$1,950,000 or \$70 PSF. The buyer was represented by **Grant Traub** and **Keith Cubba** of **Colliers International**. The property is located at 3250 E. Sahara Ave. APN # 162-01-801-017

Las Vegas, 89107 Office

MIG Real Estate, LLC purchased 152,000 SF from **777 North Rainbow Boulevard Holdings LLC** for \$14 million or \$92 PSF. The seller was represented by **Dana Berggren**, **Bob Hawkins** and **Michael Roberts** of **Commerce Real Estate Solutions**. The property is located at 777 N. Rainbow Blvd. APN # 138-27-701-004

Las Vegas, 89117 Office

Laborers International Union of North America purchased 28,766 SF from **CW Capital Asset Management, LLC** for \$1,650,000 or \$57 PSF. The seller was represented by **Michael Roberts**, **Bobo Hawkins** and **Mike Dunn**, CCIM, SIOR of **Commerce Real Estate Solutions**. The property is located at 7165 W. Sahara Ave. APN # 163-10-502-013

Las Vegas, 89120 Office

BDAT Properties LLC purchased 6,592 SF from **Wells Fargo Bank, N.A.** for \$610,000 or \$93 PSF. The buyer was represented by **Nelson Tressler** of **Grubb & Ellis** and the seller was represented by **Eric Larkin** of **Voit Real Estate Services**. The property is located at 3137 E. Warm Springs Rd. APN # 177-12-513-005

Las Vegas, 89123 Office

Starpoint Resort Group, Inc. purchased 21,520 SF from **Robert McNamara**, acting as receiver for **Set Properties, LLC**, for \$1.5 million or \$70 PSF. The buyer was represented by **Garret Toft** of **Voit Real Estate Services** and the seller was repre-

sented by **Jeff Barton**, **Richard Luciani** and **Elizabeth Moore** of **Grubb & Ellis**. The property is located at 235-245 E. Warm Springs Rd. APN # 177-09-513-008

Henderson, 89015 Retail

Florence L. Chang and **William M. Chang Living Trust** purchased the 14,500 SF Pacific Center from **Leonard Smith Family Trust** for \$675,000 or \$47 PSF. The buyer was represented by **Doug Albright** of **Albright Callister and Associates** and the seller was represented by **Eric Tumbleson** of **Colliers International**. The property is located at 10 W. Pacific Ave. APN # 179-18-710-005

North Las Vegas, 89032 Retail

Ominent Craig L.P. purchased a 73,505 SF retail building from **Diablo Property Management LLC** for \$4,350,000 or \$59 PSF. **Grubb & Ellis** acted as receiver for the seller who was represented by **Nelson Tressler** at the firm. The property is located at 4116-4280 W. Craig Rd. APN # 139-06-613-002

Las Vegas, 89128 Retail

Richmond-Southpoint 10 LLC has purchased a 7,856 SF Buca Di Beppo restaurant from **AJL Properties, LLC** for \$2.6 million or \$331 PSF. The buyer was represented by **Richard Martini** of **Colliers International** and the seller was represented by **Ned Zivkovic** and **Tina Taylor** of **Marcus & Millichap** and **The Berg Investment Group** of **Colliers International**. The property is located at 7690 W. Lake Mead Blvd. APN # 138-21-622-010

Las Vegas, 89142**Retail**

Ten 15 Winterwood LLC purchased 144,653 SF from **Jefferson Pilot Investments, Inc.** for \$8.45 million or \$58 PSF. The seller was represented by **Dan Hubbard** and **Todd Manning** of **Commerce Real Estate Solutions**. The property is located at 2208 S. Nellis Blvd. APN # 161-04-401-002

Sparks, 89434**Retail**

Child Enhancement Services purchased a 6,635 SF building from **Realty Income** for \$600,000 or \$90 PSF. The seller was represented by **Rod Cogburn** of **Coldwell Banker Commercial Clay & Associates**. The property is located at 2301 Sparks Blvd. APN # 063-011-23

Henderson, 89011**Industrial**

Warren S. Wood Trust purchased 7,113 SF from **City National Bank** for \$385,000 or \$54 PSF. The buyer was represented by **Mark Schnippel** of **Investors Realty Group** and the seller was represented by **Dan Doherty, SIOR** and **Paul Sweetland, SIOR** of **Colliers International**. The property is located at 969 Empire Mesa Way. APN # 178-02-111-023

Las Vegas, 89115**Industrial**

Slawomir Warzocha purchased 9,940 SF from **City National Bank** for \$350,000 or \$35 PSF. The buyer was represented by **Maria Leszcynska** of **Realty One Group** and the seller was represented by **Dan Doherty, SIOR** and **Paul Sweetland, SIOR** of **Colliers International**. The property is located at 2762 Abels Lane. APN # 140-17-311-022

Las Vegas, 89118**Industrial**

Highland Scripps Monterey LP purchased 37,500 SF from **Cleveland Investments Inc.** for \$2,048,933 or \$55 PSF. The seller was represented by **Ned Zivkovic** and **Tina Taylor** of **Marcus & Millichap**. The property is located at 5335 Wynn Road. APN # 162-30-701-010

Las Vegas, 89118**Industrial**

6635 Schuster LLC purchased 6,750 SF from **First Financial Collateral Inc.** for

\$463,173 or \$69 PSF. The seller was represented by **Wil Chaffee, Paul Chaffee, David Baird** and **Brandon Baird** of **Sperry Van Ness**. The property is located at 6635 Schuster. APN # 177-06-516-019



Scolari's Warehouse

Sparks, 89431**Industrial**

Kimball Midwest has purchased the 198,875 SF former Scolari's warehouse building from **Donald and Susan Whitley Trust** for \$4.75 million or \$24 PSF. The buyer and seller were both represented by **Dave Simonsen, CCIM, SIOR, J. Michael Hoeck, SIOR** and **Dan Oster** of **NAI Alliance**. The property is located at 251-259 S. McCarran Blvd. APN # 034-101-63

Reno, 89502**Industrial**

Type A Trading Company purchased 14,988 SF of self-storage space from **DVL Irrevocable Trust** for \$465,000 or \$31 PSF. The buyer was represented by **Kent Whelan** and **Tyler Clay** of **Coldwell Banker Commercial Clay & Associates** and the seller was represented by **Rod Cogburn** of **Coldwell Banker Commercial Clay & Associates**. The property is located at 220 Linden St. APN # 020-021-11

Reno, 89521**Industrial**

SierraView Venture, LLC purchased 14,489 SF from **RKL Investment Co., LLC** for \$1,475,000 or \$102 PSF. The seller was represented by **Kent Whelan** and **Rod Cogburn** of **Coldwell Banker Commercial Clay & Associates**. The property is located at 8995 Double Diamond Pkwy. APN # 163-210-14

Las Vegas, 89102**Multi-Family**

Strategic Realty Capital, LLC purchased the 140-unit Arville Park Apartments from

Blue Valley Apartments, Inc. for \$4.5 million or \$32,143 per unit. The seller was represented by **Spencer Ballif** and **Jeffrey Swinger** of **CB Richard Ellis**. The property is located at 2600 Arville St. APN # 162-07-101-018

Las Vegas, 89119**Multi-Family**

5150 Duke Ellington LLC purchased The Onyx, a 63-unit property from **MIC Sonoran LLC** for \$8 million or \$126,984 per unit. The property was purchased out of foreclosure. The seller was represented by **Douglas Schuster, Curt Allsop** and **Vittal Ram** of **Grubb & Ellis**. The property is located at 5151 Duke Ellington Way. APN # 162-28-111-000

Las Vegas, 89148**Vacant Land**

Lightstone Acquisitions purchased 23.53 acres from **City National Bank** for \$4.4 million or \$4 PSF. The seller was represented by **Michael Stuart** and **Scott Heaton** of **Colliers International**. The property is located at the intersection of Hacienda and US 215. APN # 163-29-201-005 et al

LEASES**North Las Vegas, 89032****Office**

The U.S. Department of Veteran Affairs leased 11,576 SF from **Jackson-Shaw/NorthPort III L.P.** for \$2.5 million on a 10-year lease. The tenant was represented by **Brad Seisert** of **Public Properties, LLC** and the landlord was represented by **David Scherer, Barton Hyde, Michael Hsu** and **Matthew Kreft** of **Grubb & Ellis**. The property is located at 3525 W. Cheyenne Ave. Reported monthly rent is \$1.80 PSF.

Las Vegas, 89102**Office**

West Las Vegas Surgery Center, LLC leased 14,912 SF from **Healthcare Realty Services, Inc.** for \$3,077,240 on a 10-year lease. The landlord was represented by **Bruce Follmer** and **Carla Cole** of **CB Richard Ellis**. The property is located at 1330 S. Valley View Blvd. Reported monthly rent is \$1.72 PSF.

Las Vegas, 89109 Office

Wild Truffles leased 6,809 SF in Canyon Plaza from **Koll/Per Canyon Plaza, LLC** for \$640,090 on a 65-month lease. The landlord was represented by **Bob Hawkins** and **Desiree Crisp** of **Commerce Real Estate Solutions**. The property is located at 7905 W. Sahara Ave., Suites 103-105. Reported monthly rent is \$1.40 PSF.

Las Vegas, 89113 Office

Centerpoint Field Services leased 6,311 SF from **Grand Investment International** for \$197,534 on a two-year lease. The landlord was represented by **Amy Lance** of **CB Richard Ellis**. The property is located at 5980 S. Durango Dr. Reported monthly rent is \$1.30 PSF.

Las Vegas, 89117 Office

Summerlin Dermatology leased 5,500 SF from **Great American Plaza, LLC** for \$878,431 on a six-year lease. The tenant was represented by **Jason Otter** of **Douglas L. Crook & Associates**. The property is located at 8310 W. Sahara Ave. Reported monthly rent is \$2.22 PSF.

Las Vegas, 89118 Office

Voit Real Estate Services leased 7,667 SF from **GY Rainbow Holdings, LLC** for \$1,239,472 on a 67-month lease. The landlord was represented by **Randy Broadhead, SIOR** of **CB Richard Ellis**. The property is located at 6385 S. Rainbow Blvd. Reported monthly rent is \$2.41 PSF.

Las Vegas, 89119 Office

Maple Star Nevada leased 11,605 SF in the Flamingo Grand Plaza from **FKC Flamingo, LLC** for \$434,484 on a three-year lease. The tenant was represented by **Chuck Witters, SIOR** and **Kris Watier** of **Lee & Associates** and the landlord was represented by **Soozi Jones Walker, CCIM, SIOR** and **Bobbi Miracle, CCIM** of **Commercial Executives**. The property is located at 1050 E. Flamingo Rd. Reported monthly rent is \$1.04 PSF.

Las Vegas, 89139 Office

Excelsior Media Corp leased 14,524 SF in the Freeway Office Park from **South Tech Rio, LLC** for \$313,718 on a three-year lease. The tenant was represented by **Ryan Hogue** of **First Real Estate Properties** and the

landlord was represented by **Susan Borst, CCIM** and **Keith Bassett** of **Commerce Real Estate Solutions**. The property is located at 7625 Dean Martin. Reported monthly rent is \$0.55 PSF.

Las Vegas, 89101 Retail

Denny's leased 5,308 SF from **Neopolis** for \$12.5 million on a 20-year lease. The tenant was represented by **David Zacharia** of **DZ Realty, LLC**. The property is located at 450 Fremont St. Reported monthly rent is \$9.81 PSF.

Las Vegas, 89149 Retail

Child's Play Las Vegas leased 5,484 SF from **NP/I & G Montecito Marketplace Phase II LLC** for \$990,849 on a seven-year lease. The tenant was represented by **Eric Berggren** of **Grubb & Ellis** and the landlord was represented by **Brian Baker** of **Centro Properties Group**. The property is located at 7060 N. Durango Dr. Reported monthly rent is \$2.15 PSF.

Henderson, 89011 Industrial

Goodman Distribution, Inc. leased 12,226 SF from **Harsch Investment Properties** for \$355,946 on a 65-month lease. The tenant was represented by **Zavier Wasiak, SIOR** and **Kara Walker, CCIM** of **Grubb & Ellis**. Additionally, **Laptop Depot Global Inc.** leased 11,790 SF from Harsch for \$327,068 on a 63-month lease. The tenant was represented by **Michael Kammerling** and **Patrick Luther** of **Grubb & Ellis**. The landlord was represented by **Amy Ogden** of **Commercial Real Estate Services** in both transactions. The properties are located at 7360 and 7370 Eastgate Rd. Reported monthly rents are \$0.45 PSF and \$0.44 PSF, respectively.

Las Vegas, 89113 Industrial

Farmer Bros. Co. leased 27,342 SF from **EJM Arroyo North I Property, LLC** for \$765,000 on a five-year lease. Additionally, **US Micro Corp.** leased 21,461 SF from **EJM Arroyo North II Property, LLC** for \$70,830 on a six-month lease. The tenant was represented by **Xavier Wasiak, SIOR** and **Kara Walker, CCIM** of **Grubb & Ellis**. The landlord was represented by **Spencer Pinter** of **Colliers International** in both transactions. The properties are located at 6630 Arroyo Springs St., Suites 300 and 400 and 6625 Arroyo Springs St. Reported monthly rents are \$0.47 PSF and \$0.55 PSF, respectively.

Las Vegas, 89115 Industrial

OTR Wheel Engineering, Inc. leased 14,916 SF from **Harsch Investment Properties** for \$129,405 on a three-year lease. The tenant was represented by **Karolina Janik** and **Shalonda Hughes** of **CB Richard Ellis**. The property is located at 6855 Speedway Blvd. Reported monthly rent is \$0.24 PSF.

Las Vegas, 89118 Industrial

DHL Express USA leased 15,000 SF from **Majestic Runway Partners IV LLC** for \$510,915 on a 63-month lease. The tenant was represented by **Susan Borst, CCIM** of **Commerce Real Estate Solutions**. And the landlord was represented by **Bill Hayden** of **Majestic Realty**. The property is located at 3655 W. Sunset Rd. Reported monthly rent is \$0.54 PSF.

Las Vegas, 89118 Industrial

Desoto Sales leased 9,120 SF from **Eastgroup Properties** for \$155,603 on a 38-month lease. The tenant was represented by **Patti Dillon** of **Colliers International**. Additionally, **Karndean International** leased 20,985 SF from **Eastgroup** for \$324,848 on a three-year lease. The tenant was represented by **Jennifer Levine** of **Commerce Real Estate Solutions**. The landlord was represented by **Greg Tassi** of **CB Richard Ellis** in both transactions. The properties are located at 5530 S. Arville St., Suites J and K. Reported monthly rents are \$0.45 PSF and \$0.43 PSF, respectively.

Las Vegas, 89119 Industrial

CBD Las Vegas, LLC leased 10,065 SF in the Spencer & Helm Business Center from **EJM Spencer Helm Property, LLC** for \$164,280 on a three-year lease. The landlord and tenant were both represented by **Spencer Pinter** of **Colliers International**. The property is located at 6672 Spencer St., Suite 1000. Reported monthly rent is \$0.45 PSF.

LOANS

North Las Vegas, Office

CommCap Advisors has brokered a loan for **La Petite Academy** for \$819,000 from a local bank. The loan is on a 10-year term with a 25-year amortization at a 6.35 percent interest rate which is fixed for five-years.

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Retail Summary

First Quarter 2011

Las Vegas

Retail vacancies pushed upward after three consecutive quarters of decline. The vacancy rate jumped to 10.4 percent during the quarter, an increase of 0.2 percentage points compared to the previous quarter (Q4 2010), but 0.3 percentage points less than the same period in the prior year (Q1 2010). Average asking rents continued their downward trend, slipping to \$1.53 per square foot per month, or down 11.0 percent from the \$1.72 reported one year ago. Prices are off 30.5 percent from the peak reported in early-2008 and at a level not seen since late-2004.

While no new space completed construction during the quarter, the retail market witnessed a total of 98,300 square feet of negative net absorption as more retail tenants moved out of space than moved in. Downward pressure on pricing is expected to continue in the near term, especially in community and neighborhood centers where vacancies remain elevated. Further pricing adjustments will persist as lenders repossess underperforming retail centers.

By the end of the first quarter of 2011, the retail market reported 51.2 million square feet of inventory. Only a single project totaling 225,000 square feet in the west submarket remains actively under construction. Plans for 4.6 million square feet remain on the drawing board. Planned space is inclusive of 1.3 million square feet of space that stopped or delayed development due to recent economic conditions and is not likely to resume in the near term.

The retail market will likely remain somewhat volatile over the next 12 months, as the sector seeks out a new equilibrium. That said, landlords will continue to operate in a difficult financial environment as average asking lease rates have declined nearly a third over the last three years.

Reno-Sparks

The Reno/Sparks economic climate is showing more consistent signs of improvement, perhaps indicating that the retail vacancy rates may have peaked. The area had a positive net absorption during the fourth quarter of 19,446 square feet, the third consecutive quarter of positive net absorption. Although the net absorption number is modest, it is moving in the right direction and staying positive.

The net absorption during the quarter can be attributed to multiple smaller leases and one anchor lease. During the quarter, there were 43 businesses moving into shopping centers consisting of 116,086 square feet while during the same period, 38 businesses moved out consisting of 97,245 square feet.

Only one anchor tenant leased space this quarter. Total Wine opened a 28,000 square foot store in the South Virginia Commons. Other new tenants that opened included Famous Dave's BBQ at Kietzke and McCarran and Eagle Fitness in the Sharon Square. Tenants moving out included Blockbuster Video in the Northtowne Marketplace and Cheese Burger Island in the Parkside Center.

The line shop vacancy rate is hovering around the record at 22.05 percent. The anchor vacancy rate is now just shy of the record at 14.82 percent, with the overall vacancy rate at 17.81 percent. While the continuation of these high vacancy rates are causing financial pressures for some landlords, it is creating opportunities for new businesses as landlords aggressively compete for the few tenants looking for space.

1st quarter 2011

RETAIL

TOTAL MARKET	LAS VEGAS	RENO
Total Square feet	51,196,016	13,058,703
Vacant Square Feet	5,324,655	2,325,190
Percent Vacant	10.4%	17.81%
New Construction	-	-
Net Absorption	-98,330	19,446
Average Lease sf/mo (nnn)	\$1.53	\$1.62
Under Construction	225,000	179,000
Planned	4,573,651	161,400
POWER CENTERS		
Total Square Feet	18,313,154	2,621,383
Vacant Square Feet	1,132,969	405,895
Percent Vacant	6.2%	15.5%
New Construction	-	-
Net Absorption	-38,814	-12,463
Average Lease SF/MO (NNN)	\$1.76	\$1.66
Under Construction	0	0
Planned	2,228,668	161,400
COMMUNITY CENTERS		
Total Square Feet	13,045,432	5,349,284
Vacant Square Feet	1,609,577	1,157,943
Percent Vacant	12.3%	21.6%
New Construction	-	-
Net Absorption	-71,377	20,796
Average Lease SF/MO (NNN)	\$1.51	\$1.72
Under Construction	225,000	154,000
Planned	1,681,165	0
NEIGHBORHOOD CENTERS		
Total Square Feet	19,837,430	5,007,182
Vacant Square Feet	2,582,109	761,352
Percent Vacant	13.0%	15.2%
New Construction	-	-
Net Absorption	11,861	21,908
Average Lease SF/MO (NNN)	\$1.45	\$1.49
Under Construction	0	25,000
Planned	663,818	0

Next Month: INDUSTRIAL

ABBREVIATION KEY

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

Southern Nevada analysis and statistics compiled by Applied Analysis, Northern Nevada analysis and statistics compiled by NAI Alliance Reno

The pace of U.S. economic growth slowed noticeably in first quarter 2011, with real GDP growth dropping to 1.8 percent at an annualized rate—considerably weaker than the 3.1 percent figure posted for fourth quarter 2010. Providing evidence of continued economic weakness, U.S. nonfarm employment rose by a meager 54,000 jobs (seasonally adjusted) in May. As a result of poor job growth, the U.S. unemployment rate ticked up to 9.1 percent. With weaker job growth, falling house prices and higher food and energy costs, consumer confidence slipped in May. The Kansas City Financial Stress Index edged downward in May and remained below its long-run average, suggesting that the financial headwinds to U.S. economic growth remain low. In contrast, small businesses reported somewhat increased difficulty obtaining loans.

With U.S. consumption spending slowing, the Nevada economy shows mixed signs. Although visitor volume was up in April compared to a year earlier, gaming revenues were down. Taxable sales were up by 9.6 percent. From March to April, Nevada employment rose by 3,600 jobs (0.3 percent), and the unemployment rate fell from 13.2 percent to 11.9 percent—the latter mostly the result of declining labor-force participation.

The pace of economic growth in Clark County seems to have slowed a bit in April. Compared to a year earlier, April visitor volume was up by 4.5 percent, and gaming was down by 1.0 percent. In April, taxable sales were 9.6 percent above those for the same month a year earlier. Residential construction permits slipped in April. Las Vegas employment rose by 1,100 jobs (0.1 percent) in April, and the unemployment rate fell from 13.3 percent in March to 12.1 percent, as labor-force participation declined.

Washoe County's economic indicators remain mixed. Compared to a year earlier, April visitor volume was up down by 1.1 percent and gaming was down by 0.6 percent. Residential construction permits slipped in April. Reno-Sparks employment rose by 300 jobs (0.2 percent) in April, and the unemployment rate fell from 13.1 percent in March to 11.7 percent, as labor-force participation dropped.

Despite concerns that higher food and energy prices and lower housing prices are slowing the national economy and reducing discretionary spending, the Nevada economy is still showing signs of recovery—albeit at a bit slower pace than during the first three months of 2011. With the U.S. economy downshifting, the continued growth of Nevada's tourism, hospitality and gaming depends more heavily on a continued economic recovery in the West. Nevada's real estate and construction sectors still show signs of weakness.

Professor Stephen P. A. Brown, PhD
UNLV Center for Business and Economic Research

	DATE	UNITS	DATA			GROWTH		COMMENTS
			LATEST	PREVIOUS	YEAR AGO	RECENT	YEAR AGO	
Nevada								
Employment	2011M4	000 employees	1,118.5	1,114.9	1,119.5	0.3%	-0.1%	Recent Growth
Unemployment Rate*	2011M4	%, NSA	11.9	13.2	14.9	-1.3%	-3.0%	Big Improvement
Taxable Sales	2011M3	\$billion	3,649	2,924	3,329	24.8%	9.6%	Up Strong
Gaming Revenue	2011M4	\$million	806.05	958.73	810.74	-15.9%	-0.6%	Down
Passengers	2011M4	passengers	3,824	3,989	3,759	-4.1%	1.7%	Up Over Year Ago
Gasoline Sales	2011M3	million gallons	91.47	79.63	91.69	14.9%	-0.2%	High Prices Hurt Sales
Visitor Volume	2011M4	million visitors	4,212	4,278	4,051	-1.5%	4.0%	Up Over Year Ago
Clark County								
Employment	2011M4	000 employees	804.6	803.5	807.1	0.1%	-0.3%	Recent Growth
Unemployment Rate*	2011M4	%, NSA	12.1	13.3	15.1	-1.2%	-3.0%	Big Improvement
Taxable Sales	2011M3	\$billion	2,738	2,174	2,499	26.0%	9.6%	Up Strong
Gaming Revenue	2011M4	\$million	682.95	835.68	690.19	-18.3%	-1.0%	Down
Residential Permits	2011M4	units permitted	377	454	537	-17.0%	-29.8%	Very Low and Sliding
Commercial Permits	2011M4	permits	9	31	19	-71.0%	-52.6%	Little Activity
Passengers	2011M4	million persons	3,524	3,634	3,446	-3.0%	2.3%	Up Over Year Ago
Gasoline Sales	2011M3	million gallons	63.14	55.28	63.34	14.2%	-0.3%	High Prices Hurt Sales
Visitor Volume	2011M4	million visitors	3,654	3,722	3,497	-1.8%	4.5%	Up Over Year Ago
Washoe County								
Employment **	2011M4	000 employees	187.9	187.6	190.0	0.2%	-1.1%	Recent Growth
Unemployment Rate*	2011M4	%, NSA	11.7	13.1	14.4	-1.4%	-2.7%	Big Improvement
Taxable Sales	2011M3	\$billion	0.452	0.359	0.443	25.8%	2.1%	Up
Gaming Revenue	2011M4	\$million	64.11	61.15	64.50	4.8%	-0.6%	Weak
Residential Permits	2011M4	units permitted	38	57	109	-33.3%	-65.1%	Very Low and Sliding
Commercial Permits	2011M4	permits	12	5	7	140.0%	71.4%	Little Activity
Passengers	2011M4	million persons	0.296	0.349	0.310	-15.2%	-4.5%	Down
Gasoline Sales	2011M3	million gallons	13.44	12.41	14.27	8.2%	-5.8%	High Prices Hurt Sales
Visitor Volume	2011M4	million visitors	0.357	0.352	0.361	1.6%	-1.1%	Up Recently
United States								
Employment	2011M5	million, SA	131.043	130.989	130.173	0.0%	0.7%	Weak Gain
Unemployment Rate	2011M5	%, SA	9.1	9.0	9.6	0.1%	-0.5%	An Uptick
Consumer Price Index	2011M5	82-84=100, NSA	224.8	224.4	217.3	0.2%	3.4%	Up Strongly
Core CPI	2011M5	82-84=100, NSA	224.4	223.7	221.0	0.3%	1.5%	Rising
Employment Cost Index	2011Q1	89.06=100, SA	113.2	112.8	111.4	0.4%	1.6%	Modest Drag
Productivity Index	2011Q1	2005=100, SA	112.6	112.4	111.4	0.2%	1.1%	Still Growing
Retail Sales Growth	2011M5	\$billion, SA	387.117	388.049	359.345	-0.2%	7.7%	Recent Decline
Auto and Truck Sales	2011M5	million, SA	11.75	13.13	11.62	-10.5%	1.1%	Recent Decline
Housing Starts	2011M4	million, SA	0.523	0.585	0.687	-10.6%	-23.9%	Down
Real GDP Growth***	2011Q1	2000\$billion, SA	13,441.9	13,380.7	13,138.8	1.8%	2.3%	Weak Growth
U.S. Dollar	2011M5	97.01=100	95.500	95.543	104.668	-0.0%	-8.8%	Weakening
Trade Balance	2011M4	\$billion, SA	-43.680	-46.824	-41.466	-6.7%	5.3%	Narrowing
S and P 500	2011M5	monthly close	1,345.20	1,363.61	1,089.41	-1.4%	23.5%	Recent Decline
Real Short-term Rates*	2011M5	%, NSA	-0.13	-0.36	0.30	0.2%	-0.7%	Stimulative
Treasury Yield Spread	2011M5	%, NSA	3.13	3.40	3.26	-7.9%	-4.0%	Normal

*Change in 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 Bank.

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

What qualities do you most admire in your coworkers?

“That we can all work as a team, respect each other, and have a wonderful experience at the same time.”



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Caesar Ibarra · CPA/CFA, Shareholder, Muckel Anderson CPAs

“There are many qualities I admire in my co-workers, but the one that stands out is their support for each other on the job and helping clients achieve their financial goals. They’re selfless in their work and with each other. That’s admirable and inspires me every day.”

“I admire my colleagues’ dedication, drive and passion, as well as their unwavering commitment to providing our patients with the most effective cutting-edge treatments and research in healthcare.”



James Kilber · Executive Director, Comprehensive Cancer Centers of Nevada



Misty Chadwick · Exclusive Agency Owner, Allstate Insurance Company

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“CAI Nevada has more than 1,000 members who participate in the HOA industry, and I admire the fact that everyone is dedicated to building better neighborhoods and a healthier community.”



Mary Rendina · Executive Director, Community Associations Institute of Nevada



Florence M E Rogers · President and General Manager, Nevada Public Radio

“The resilience of my entire staff through this recession. We’ve stayed focused on making News 88.9 KNPR and Classical 89.7 vital community assets; they’ve done more with less. Their determination is inspiring.”



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