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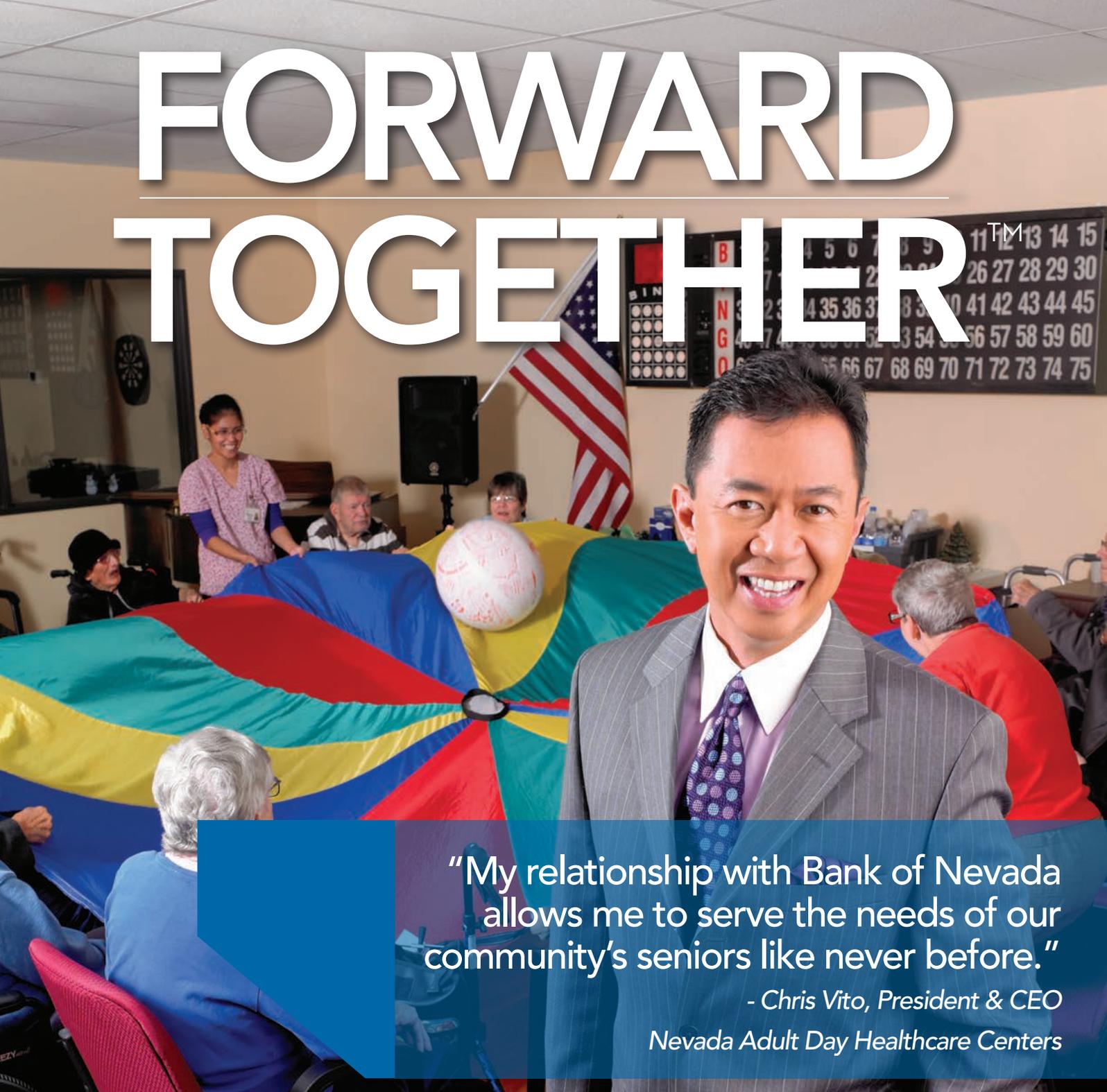
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Teacher's Health Trust

Putting Teachers at Risk

The Clark County Education Association (a.k.a. teachers union) has once again proved that its leaders care more about their own power than about their members or the community. The latest controversy arose when it was revealed that the health trust created by the union is in dire financial straits. At a closed union meeting on January 29, John Vellardita, executive director of the union, said the health trust was likely "to go belly up in 60 to 90 days." Peter Alpert, CEO of the trust, later told the *Las Vegas Review Journal* that the trust could survive longer than that by liquidating its investments, which usually signals the beginning of the end for any organization. If the trust collapses, teachers will be left without medical coverage, and somebody will be left holding the bag for unpaid medical claims -- either the teachers themselves, or local healthcare providers.

The Clark County School District (CCSD) provided health insurance coverage for teachers until 1983, when the union decided it wanted to handle teachers' health insurance. The budget of the Teachers Health Trust they established is currently around \$150 million a year, mostly from payments that CCSD makes on behalf of teachers as part of their benefits package. For every dollar that teachers contribute for their health insurance, CCSD puts in almost \$5, which ultimately comes from taxpayers.

So how has the organization managed the money entrusted to it by teachers and taxpayers? The trust's latest financial report, dated June 30, 2012, showed that it lost more than \$8.6 million in FY 2012 and more than \$5.5 million the year before that, chiefly because the cost of claims exceeded the trust's revenue. In the January 29 meeting, Vellardita announced that the trust has lost more than \$3.6 million since the current fiscal year began on July 1. The June 30 report also showed that the trust had only \$546,921 in cash and cash equivalents. Alpert claims the trust now has more than \$7 million in cash on hand, but doesn't explain where it came from.

Of course healthcare costs have gone up dramatically in the last few years, so it shouldn't be surprising that the trust's expenses for paying out claims have increased. When Obamacare hits, costs will likely increase, and the trust fund's resources will be strained even more. During last year's contract negotiations with the union, CCSD volunteered to take over health insurance coverage for teachers, stating that it could get better rates because of the size of its employee base (more than 30,000 workers). The union refused their offer, supposedly because they felt the quality of benefits would decline. Another reason seems more likely: it's a question of political power. If the union's trust provides coverage, healthcare is seen as a benefit provided by the union, not by their employer, even though CCSD (and taxpayers) are actually footing the bill.

Meanwhile, in Carson City, the teachers union is lobbying hard to impose a 2 percent tax on businesses that make more than \$1 million, with the proceeds earmarked for education. This tax would be imposed on businesses regardless of whether they are actually making a profit. This would hurt business, kill job growth and harm economic development efforts. But the union doesn't seem to care, as long as it generates more money for the educational establishment (and them).

Now the union's trust wants to increase premiums to close its income gap, but CCSD is refusing to take more money out of teachers' paychecks to fund this shaky enterprise. It would make more sense and cost taxpayers less money to have the district take over responsibility for teachers' health insurance. At press time, negotiations between the union and CCSD are continuing, but no matter what the outcome is, this whole affair just illustrates where the teachers union's priorities really lie. 



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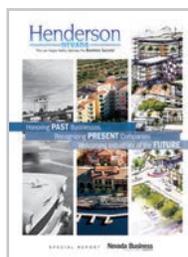
Education Outlook

Story by:
Howard Riell

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It would be cynical to say that the future of education in Nevada hinges on money. After all, doesn't just about everything?

Instead, education's future across the Silver State will have more to do with utility: giving students better tools with which to achieve success, and the private sector, the trained and educated workforce, managers and entrepreneurs it will need to help overcome the resistance of these challenging economic times.

Easier said than done.

But it's happening.

The future of education in Nevada will see an increased emphasis on partnering with the business community, a synergy that should help forge a more dynamic overall climate of prosperity for Nevadans for decades to come.

Kathy Gamboa, district vice president, North, University of Phoenix, says that the biggest thing she and her school are focusing on as far as the future of education is "working more directly with employers to match curriculum with careers and courses with job requirements for skills that have real-world application." The goal is to take a chunk out of the state's unemployment numbers. Nevada, she points out, "is not bouncing back as quickly as some of the other states around the country, although we are seeing some good movement."

What Gamboa and her colleagues hear consistently from the Nevada employers with whom they come into contact with is a litany of the skills they are looking for, and the competencies they need, in order to be successful. "We have a pretty nice partnership with MGM, for example. That's a result of the work we have done to assure that we can help them with their workforce, to make them better prepared to meet their business needs."

Using the latest technologies and working in teams are at the forefront of priorities, she reports. "The team element at the University of Phoenix is a big part of what we do, because in the workplace you work in teams all the time; you have to know how to work together." Critical thinking skills are also crucial, she adds. "Being able to take what you learned the night before from somebody who is actually in the

profession doing it to work the next day and apply it is one of those tangible skills that employers are just crying for."

"I'm very optimistic," says Pedro Martinez, superintendent of schools for the Washoe County School District. "I see our state is in an upward trajectory. Graduation rates are rising. We're doing some things here in Washoe County that I think are very innovative." For instance, piloting a program to make sure 400 of the county's 12th graders can take needed remediation courses before they leave high school for college. "We're using the curriculum of the university and the community college. The university took the lead in math, the community college took the lead in English. We see this program scaling up to next year."



Kathy Gamboa
University of Phoenix

At present, this program's participation represents roughly 15% of graduates. Next year, Martinez envisions the program growing even larger. "We wanted to pilot it this year and get it done right. My goal is to eliminate remediation issues, so I see graduation rates rising. I see us tackling the issue of our children being better prepared coming out of our high schools to enter either secondary education or careers."

Martinez is convinced that the steps being taken by educators are producing palpable results. "Frankly, I think that over time, as the data gets more up-to-date -- the national data tends to be a year or two old -- people in our state are going to see that graduation rates are rising. We're not going to be ranked last the way we have in the past." He is referring to the *2012 Kids Count* report from the Annie E. Casey Foundation released last summer that ranked Nevada dead last in education among the 50 states. Among the reasons for the miserable result: 44 percent of Nevada's 2008-2009 high school students failed to graduate in four years, also the top percentage in the country.

Preparing for Impact

Much of what the future holds for education across the state hinges on the ongoing deliberations over the funding formula.

Bart Patterson, president of Nevada State College (NSC) in Henderson, perhaps not surprisingly, feels that the school has been “under-resourced in terms of funding. I really should say all of the institutions are not necessarily funded adequately, but under the funding formula, the state-supported portion of the operating budget would go up a significant percentage.” It will be utilized, he adds, primarily for additional student services to help retain and graduate students, “and to add additional faculty that are really needed, particularly in certain majors.”

The single greatest issue facing higher education, in Patterson’s opinion, is how best to incorporate “more e-learning, how to utilize more in the way of technology in the classroom.” His own institution is doing a good job of that, but students, he observes, “want more for less. They’re looking at being



Bart Patterson
Nevada State College

able to utilize credits from other institutions. They’re looking at as much convenience as possible in terms of core selection classes. We’re going to continue to try and meet that demand.” Patterson points out that his institution has continued to grow, and at the fastest rate in the state, something he predicts is going to continue throughout 2013.

Michael Richards, president of the College of Southern Nevada (CSN), says that he and his colleagues spent a lot of their time leading into this year preparing for the legislative session and working on a new formula for funding higher education. “We have spent several days in Carson City to share that formula with members of the legislature, and to see if we can’t get more eq-

uitable funding, particularly for this institution.” How have they fared? “It’s early, and this is something we have to continually work on through June. That sets the agenda and priorities, basically, for us for the next couple of years. We’re always hopeful. We are so optimistic here.”

What Richards and his people have done is to put in place a number of initiatives to create a positive impact on the community that it serves, as well as their students. One is the Achieving the Dream Initiative, a major national reform effort to improve the services schools render to students and to break down the barriers that prevent them from being successful.

“Those kinds of things have taken our attention,” says Richards. “We’ve involved our faculty and staff in an effort to provide almost a booster shot, if you will, to education in Nevada.”

Another program that CSN has put in place is a major involvement with local efforts to create a regional economic development initiative and plan. Richards’ staff has been working with residents “to let them know what we offer in terms of workforce development, in terms of customized training; efforts to put people back to work with the skills that they need to be successful.”

His goal is to add to his institution’s portfolio of partnerships with local industries, especially those highlighted in Governor Sandoval’s economic development plan. “A great example of this is the college’s partnership with the electronics-based defense contractor JT3,” he noted. “Students take six core courses in CSN’s electronics engineering program and then apply with the company. If hired, the student may be offered a bonus to help cover the costs of the courses they have already taken.”

“We are certainly pinched budget-wise,” declares Marc Johnson, president of the University of Nevada, Reno (UNR). “We lost a third of our state funding over the last four years, but our growth in number of students has replaced a portion of that revenue.” The way administration handled the budget cutting was by identifying the programs that drew the most students and provided the most research. “We left those programs al-

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most unfazed during the budget cutting, and we completely cut out other programs that did less research and drew fewer students.”

Much of what lies in store throughout 2013 and into 2014 depends on Carson City, Johnson emphasizes. “Our future is very reliant on what the legislature does with this new formula. With this budget, the governor asked higher education to put in a flat budget.”

The crucial part of the formula, he feels, is that while tuition and student registration fees used to be re-appropriated by the legislature, the new proposal calls for them to stay on the campus on which they are generated; the new formula only applies to the state funds. “Since we have been a growing institution and we are continually attracting students, that means if we get to keep our tuition and fees we will have for the first time in four years an enrollment-sensitive revenue source,” Johnson notes. “Then, if we continue to grow our student body we will have the funds available to grow our faculty and student support personnel in order to continue to serve them well. So if this



Michael Richards
College of Southern Nevada

formula package goes through our future will be bright.”

The future will also see Johnson and his people working to forge more and stronger relations with the business and economic development communities “to open the doors of the university to be partners with business. We are developing a well-educated, high-tech workforce to all the degrees. We’re opening up an innovation mentality to where we will be working more and more with business, bringing individuals from industry. That’s an exciting new venture for us.”

At a February 8 town hall meeting, Johnson outlined a variety of ways that UNR can tap new, less state-dependent

revenue sources. “Our ‘new normal’ is going to require the effort of each and every one of us to achieve. This grand experiment of how this public university can become more entrepreneurial and rely more on our wits and creativity.”

The University of Nevada, Las Vegas (UNLV) has taken to the spirit of collaboration as well. This year the school formed a partnership with CSN to provide additional support to two-year CSN students as they move to the more traditional four-year degree program at UNLV. The school has taken on two full time transition advisors and maintains a permanent presence at the CSN Charleston campus through the partnership.

Additionally, UNLV is growing physically through partnerships with the Regional Transportation Commission of Southern Nevada to build a multi-modal transit center and Majestic Realty Co. to build UNLVNow, an events center and student village on the northwest part of the campus.

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THE RIGHT PERSON FOR THE RIGHT JOB:

What employers are offering to find the right employees

– By Jennifer Rachel Baumer

In January 2000, when unemployment in Nevada stood at 3.8 percent, everyone who wanted a job was working. Retention was key for businesses and if the quality employees that employers wanted to retain requested bright orange walls and a slide in the lunchroom, or wanted to work flex-time hours, employers did what they could to accommodate them.

Despite the number of people unemployed in the Silver State, employers still need to hire the right people for the right positions, and that can be difficult, especially if the employer is dealing with a smaller budget than a competitor who's either also hiring, or who has already hired the best candidates.

But in April 2013, with unemployment in Nevada at 9.7 percent for January, do employers need to offer perks to keep employees once they're onboard, or offer benefit packages to bring them in to begin with?



John Parel
Department
of Employment,
Training and
Rehabilitation

The simple answer is yes, companies are still offering perks, said John Parel, Northern Nevada business services manager, Department of Employment, Training and Rehabilitation (DETR). When companies come into the area looking for employees and concerned about salaries, some of the facts they learn from Parel include: people who are still in Nevada and unemployed probably have a tie to the community and want to stay. Second, salary is important, but so are benefits. For families, especially families with children, insurance is important. "We have more

companies coming in now with better incentives, profit sharing, cafeteria benefits, that sort of thing. It went away for a while like an emergency handbrake being set, but companies are now competing for quality employees."

Show Me the Benefits

"In general, employers are doing modest increases to retain the quality people that have helped them make it through the lowest part of the recession," said Bill Rosado, president, ManagedPAY, which offers payroll, insurance and HR services. "I don't see my clients hiring up middle management, they're sticking with what they have and if anything, giving additional wages or perks to keep employees onboard." Even though the economy is recovering, there's still a lot of uncertainty.

Businesses have changed, and are operating as leaner, more efficient and effective companies that rely on core people to

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do the work and take on more and varied tasks. They are operating on the software they can afford and technologies available at a reasonable price. Parel said they're also looking for employees with specific skills and possibly a jack-of-all-trades. "It could be somebody in the accounting office who can do some HR work. That's hard to find. An engineer with a sales background. Companies love that because that's basically two employees for one, so they compete for those people with a broad background."

There are industries that continue to hire, like medical, and those that are working on specific projects for specific periods of time. Despite high levels of unemployment, employers are still having a hard time finding the right quality person for the right job. To some extent, how tight the labor market is depends on the industry. Manufacturing is having a hard time filling positions, and companies are reworking their processes and reaching out to education sectors to train



Sarah Sommers
Solutions at Work

new employees. Technology remains a hard industry to staff, because there's so many different needs.

Education isn't the answer to everything, though. Some industries that were hit by the recession – construction, for example – don't necessarily lend themselves to retraining their workers for other fields, like high-end technology positions.

"Employers are having to look, recruit, steal in some cases, some of these employees from other areas," said Sarah Sommers, CEO/partner of Solutions at Work out of Reno, an HR consulting firm that offers payroll, HR and time and labor management services.

So what are employees willing to leave behind at their old employers in order to move to new employers? Turns out they're willing to leave behind a higher salary if morale is low or if they're having problems with other employees at the company they're leaving.

Employees may also be willing to make the jump from one employer to another if the benefits package is right. So even in today's downturned economy, perks count.

Free Lunch

The standard benefits for leaving one employer for another include the obvious to start with: a higher salary is a definite draw. But the standard benefit package – health insurance, dental, vision, life, a 401k, those are all attractive options for employers to offer. But while some employers can offer such benefits, not all of them can still offer the same amounts.

So business owners are branching out, finding new ways to attract quality employees and keep the ones they have already onboard. From gym memberships to flex time to free lunch, employers are changing the game.

In Northern Nevada, Saint Mary's Center for Health and Fitness has some 5,000 members in its gym facility, 1,500 of which are from corporate partnerships. Corporate memberships allow businesses to offer employees discounts on monthly membership and enrollment fees. Of the 40 corporate members, three pay for employee's membership fees, two of those paying the fees in full and paying for spouse memberships as well.

Businesses obviously have a wide range of choices of health clubs and gyms with which to form corporate memberships. Corporate membership managers have seen employees approach employers about the benefit when there's a large enough number of employees to qualify for corporate membership, as well as business owners offering the benefit to employees.

One of Sommers' clients offered employees free lunch. Employees were taking long lunch hours and spending a lot of money on lunch, so the owner began offering lunches

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daily. That schedule switched to weekly lunches because of the cost, but offering in-office lunch turned out to be a benefit to both employees and the business, bringing everyone together.

“The owner finally decided, ‘Hey, if I could keep you all here and feed you something healthy, it might be a great bonus for all of us,’” Sommers said.

But just as that employer had to change from daily to weekly lunches, perks can be cost prohibitive. Employers who once picked up 100 percent of health benefits may change to paying a percentage. Ironically, Sommers said, one of the popular perks is the opposite of a move made by the new Yahoo! CEO recently. When Marissa Mayer took over, she called all the employees who had been working remotely from home back into the office.

While she probably had her reasons, other business owners are finding flextime options and the ability to work remotely from home are attractive options to employees. Some business owners offer a work schedule of four 10-hour days, making for long week-ends. Others allow employees to work from home, a growing trend and an enticement in companies other than Yahoo!

One enterprising business owner instituted monthly staff meetings as theme parties. “Everyone can debrief and catch up with everybody and it’s like a fun staff meeting,” said Sommers. “So people are starting to think outside the box to increase morale, have some different and/or new camaraderie amongst their peers. I think most employers generally are open to these types of things so they don’t get into the stress of a really hectic week or something like that. I think they genuinely want to work with their employees, but it’s got to be give and take.”

It’s Not All just About the Money

A competitive wage doesn’t necessarily mean employees will be attracted to a business or stay once they’re there. Whether or not a business is at-risk of losing that perfect employee from the perfect position depends on the employee him- or herself.

When addressing the urge to move on to another job, employers need to focus the employee on the entire package. They need to make certain the employee has looked beyond the hourly wage or salary.

“They need to say look, I’m your employer and this is what I’m affording for you while you’re working here, and it’s a great way to remind employees of that, especially during a semi-annual or annual

review,” said Sommers. Many employers will present the numbers at an end-of-year summary, a thank you for your work, followed by this is how your year looked. Those numbers include the salary, perks like gym memberships, contributions into retirement accounts, what was paid to the employee and his or her family in terms

Continues on page 40 ▷



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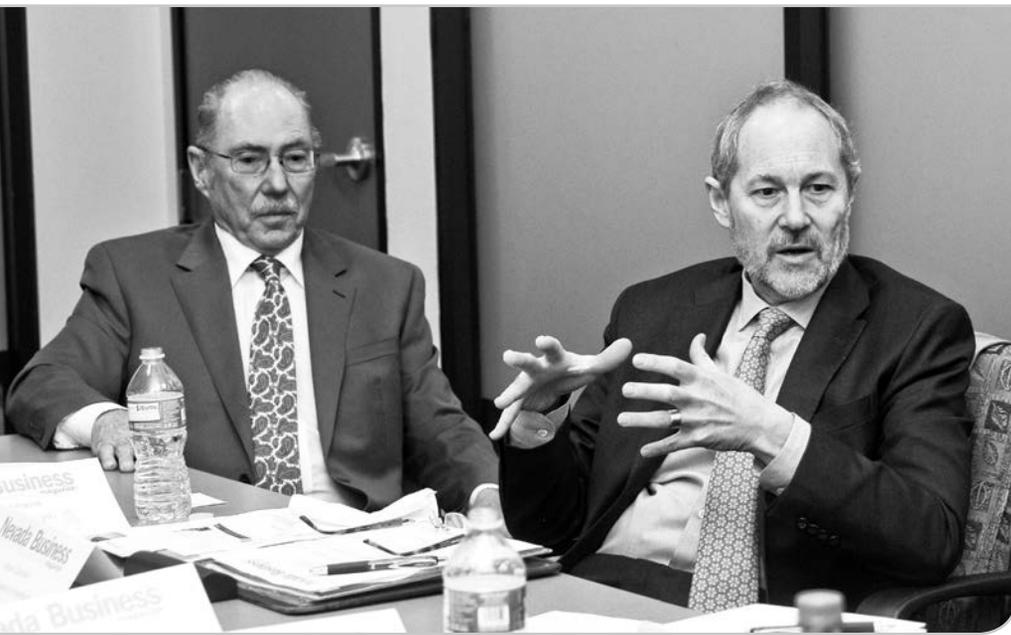


Left To Right

Dean Parker, Peppermill Reno • **Dr. Oliver Hemmers**, UNLV, Harry Reid Center for Environmental Studies
Paul Thomsen, Ormat Technologies • **Bonnie Lind**, Governor's Office of Economic Development
Mark McVeigh, City National Bank • **Auguste Lemaire**, Sunvelope Solar, Inc. • **Dr. Alan Gertler**, Desert Research Institute

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attracting businesses here, [even though] we have the benefits of the tax structures and other great opportunities in Nevada. When you're talking to heavy energy users, they're biggest concern is, "what's my price of power going to be?"

How does the government structure rebates and incentives?

Dean Parker: There are no government incentives or rebates for geothermal. It is a phenomenal energy that works and we can show anyone. I would like to see legislative change where geothermal gets more benefits but right now, solar and wind get all the recognition for rebate and incentive programs. We have feasibility with those two resources, they didn't work well for Peppermill. I'm not saying it doesn't work for some other type of entity, but in my case I have to promote geothermal. It's frustrating to see only some renewables get rebates and incentives while other renewables don't get anything. I don't understand that, and I have to go to the legislature and make an argument. It would be phenomenal if we could get some type of rebate or incentive to take some of the cost of growing down. [Rebates and incentives] would make it more economical for other employers or private sectors to do that because the resource is there.

Lind: We have to be a little bit careful we are talking about large scale versus distributed generation small scale because those are very different incentive programs. The larger scale components have a federal drive to them in terms of the tax credits and things like that. The rebates on a local level for distributed generation and your smaller pieces are very much driven by local Nevada policy as opposed to having a much stronger federal component to it.

Thomsen: As Ormat looks forward in the geothermal sector, we're trying to shift the lexicon. For too long we've

Nevada's alternative energy sector has seen a plethora of hills and valleys in recent years. From federal funding challenges to educating the general populace about alternative energy, the sector has seen its share of challenges. Recently, executives representing various alternative energy interests throughout the state met at the Reno offices of City National Bank to discuss these issues and the future of alternative energy.

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 relevant to their industries. Following is a condensed version of the roundtable discussion.

What is the greatest challenge facing the alternative energy industry?

Dr. Alan Gertler: The greatest thing we're facing is a failure to have an honest and open political discourse of the pluses and minuses of various energy systems. We don't have a true accounting of all of

the costs and externalities involved with coordinating energy systems. If we were to have that in an open and honest forum, that would really help support a lot of what we're trying to do with respect to renewable energy. We need to be able to say what our energy needs are and what our true costs are. I think we would get somewhere, but given the political lock we have, I don't see people working together for our common good.

Paul Thomsen: We have five additional projects in Nevada worth looking at and [for us] the biggest barrier today is trying to get power purchase agreements from the local utility. Because the economy went stagnate, they haven't seen as much growth as they expected and they haven't met their renewable portfolio standard (RPS) requirement. What we're trying to do, legislatively, is explain that now is time to invest in the future. The biggest impediment today is that we oftentimes try to find the absolute lowest price which actually hurts us 10 or 20 years down the road.

Bonnie Lind: One of the things that we're looking at balancing, from an economic development standpoint, is how to bring our cost of power down in the state compared to Oregon and Utah. When we're vying for businesses it's a real challenge

called them and said there's our perks, because we're not treated the same in the tax codes as oil and gas and other folks. As an industry, we're looking to imbed a level playing field for all energy technologies and that will really reduce the need for incentives, production tax credits or what exists today. Geothermal has always proven, maybe a little earlier than wind and solar in that regard, that you can do it fairly economically. If we can get that same decelerated appreciation on our well drillings, or write-offs or tax treatments, you start to move away from this demand of rebates and incentives. To follow up with what Dean [Parker] was talking about, just to clarify, direct use geothermal is distributed generation versus what most of the developers do in Nevada, which is generate electrons and sell it to the grid. To that regard, there are state incentives and federal incentives, but it's important to realize that all of our energy production in the United States has incentives and it's really how we talk about it.

Gertler: As Bonnie [Lind] said, you look at the costs, it is competitive. We need to have a level playing field. We have oil and gas exploration credits that are embedded and it costs more money for those credits than the total amount that has been used to support renewable energy research and development in this country, just from those credits [alone]. You look at that and a lot of the natural gas exploration is exempt from the clean air, clean water act and most people don't realize that. What we have done is privatized profit and socialized risk which is a serious issue because when things go wrong with fracking, who pays? Companies are exempt.

Auguste Lemaire: One of the problems is that the government is trying to be big winners. Some types of projects don't get the support that they should get because they are cost effective. Then with, for example, manufacturing tax credits, they spent 2.5 billion dollars to try to incentive different manufacturers to develop renewable energy projects. The department of energy and the IRS, which are arguably



not the best choosers of whom might be leaders of renewable energy said, "okay, you get a grant and you don't get a grant." Some of those companies had tremendous advantages in the market place and a percentage of those failed. One of the things that I'm seeing is the government is trying to pick winners and the incentives aren't designed or results oriented. If you succeed, then you reap the benefits of that success. The other thing I'm seeing is inconsistency in the entire governmental policy procedure. For example, the public utilities commission (PUC) was mandated by the Nevada state legislature to do solar hot water for electric customers. That was supposed to be a three year program. Well, at the end of the first year, they killed the program and then they decided to reinstate it. Then, at the end of 2012, they killed it again and now they're trying to get us to get it reinstated by trying to do a petition. As a business man, going with this up and down deal trying to build a business model that's going to be able to succeed and flourish is impossible. You have to have consistency and I agree with Alan [Gertler], a lot of the things that have been done, have not been effective because they're not looking at the whole picture. You're incentivizing things that don't work or that have hidden costs.

Is alternative energy financially viable?

Lind: Paul [Thomsen] mentioned the geothermal numbers that are getting very competitive on a long term basis. If you look at where gas was 4 or 6 years ago versus now or if you look at where the cost of wind was in the last 20 years, the cost of wind has come down 90 percent. Now you're seeing wind projects capable of being financially viable at 7 to 9 cents a kilowatt and you're seeing some of your solar facilities the same way. One of the drivers behind that is how simple and quick is the permitting process? Because people are building in their permanent and development risk into that power price. What's interesting is, the simpler you make your process, the cheaper your power gets as a general rule. If you can cut more time off or if you know what the rules are, you're really addressing more of your risk issues.

Oliver Hemmers: I see wind and solar heading the same way over the next couple of years. The pricing gets really competitive, solar developers, especially the large scale solar developers, are looking at solar projects in new ways. It's not just an energy production facility so much anymore because they're looking at it as a land management operation with power production. They tried to integrate what was seen as these big hurdles in the beginning as an integrated part. They have addressed these issues besides producing energy and maybe looked at it in a more holistic approach. The big tendency to get more buy-in from the general consumer is looked at more favorably at these big operations because the production costs are getting really competitive. The incentives, the classic tax incentives, for these big operations aren't so much a driver anymore. The incentives at the consumer level where you have to get solar integrated into your home and get more homeowners utilizing solar energy will offset those costs.



Is the Peppermill Reno the only geothermal casino?

Parker: As far as we know as a private corporation.

Mark McVeigh: The Peppermill is fortunate just to have that resource on your property. There's not that many commercially centered businesses that probably have that perfect scenario. Great situation, great location and ownership that was willing to invest that money.

What does the future of renewable energies look like for Nevada?

Thomsen: As we wait for this growing demand in California and the West for capacity, which we think will produce a lot of contracts in the near term, we need to bridge and produce contracts so that large developers can continue to do the exploration and spend the capital. That way, when that demand is robust, we're able to deliver the electrons. Right now, because of our flat economy we have to make some very tough decisions. As a developer, do we continue to invest without contracts in front of us? Or can the utility, the PUC and the consumer advocate give our industry the confidence that there will be a horizon and there will be a request for proposals in the near future to keep this industry vibrant. 🌱

Lind: Some of the federal subsidies are starting to go away and they're starting to taper off. What you're also seeing, for the large scale [companies], is a lack of power purchase agreements. You can't get one of those big projects financed unless you've got a power purchase agreement in some way, shape, or form. The credit market is still kind of the way they are. They're still recovering and it's pretty hard to get a project financed.

Is Nevada a leader in renewable energy?

Lind: Our office is looking at how to support this industry that's really well established in Nevada, in particular, the geothermal interests because Nevada is the home to so many of the geothermal corporate headquarters. The research is here and we really are a leading component of that.

Thomsen: We have 20 years of success in Nevada and it's become the epicenter of geothermal development in the United States. We have the National Geothermal Academy at the University Nevada, Reno and we also have the Truckee Meadows Geothermal Operators Course, which is one of a kind, in Northern Nevada. We

have so much enthusiasm right now but if we go 5 or 7 years without new contracts or without exploration, we're going to see that interest move to other states. Now is Nevada's unique time to strike while the iron is hot.

Does NV Energy act as a partner or a competitor for the industry?

Gertler: They're a partner.

Thomsen: They're absolutely a partner. They've pushed the envelope in looking at joint ventures with renewable developers. They are in the position between independent power producers such as most of the developers in the state and the public utility commission. They have to walk this fine line, which I think they do very artfully, but that doesn't mean that they can't be pushed or negotiated with in that regard. But they're absolutely a partner and they're instrumental in the success of all of our development moving forward in the state of Nevada. I would say that NV Energy has been successful in bringing on solar and geothermal projects. They've met and exceeded their renewable portfolio standard goal.

In Brief

According to Mercer's National Survey of Employer-Sponsored Health Plans, worksite clinics have gained in popularity since the enactment of healthcare reform. Employers have indicated that they are expanding or establishing clinics to improve employee productivity and to help control healthcare spending within their organizations.

◀ Continued from page 11

For the Fall 2012 semester, UNLV had just over 27,000 students with undergraduate students representing 82 percent. The school is funded primarily through tuition fees with 31 percent of total revenue coming from that source and 29 percent from state appropriations. The remaining funding comes from alternative sources including endowments and grants.

'Just Begun'

"I would say we're moving forward, but we've just begun," says Carolyn Edwards, president of the Clark County School District Board of School Trustees. "We have a long way to go. We're at the bottom of a lot of lists. I think it's critical to point out that we are at the bottom of the funding list, but we're 36th in student achievement" according to *Quality Counts*, *Education Week's* annual report on state-level efforts to improve public education. "We get the least amount of funding, and yet our students are still achieving. That's not a bad thing, but we need to be better than that."

To accomplish that, Edwards adds, the fifth-largest school district in the United States must continue to focus on improving instruction in the classroom, and raising the bar for students. "With the departure of [Superintendent] Dwight Jones (*who had served the District since late 2010*) it puts the path at risk. One of our jobs as trustees is going to be sure that whoever we bring in is going to continue this work."

"There was a report from the College Board that just came out last week talking about the 2011/12 graduating class," notes Martinez, "and the fact that we have more children in our state taking and passing the advanced placement classes. Nevada ranked



Carolyn Edwards
Clark County School
District Board
of School Trustees

25 out of 50 states. In Washoe alone, we represented a quarter of the children, even though we're only 15% of the children in the state, so we're doing more than our fair share."

After attending several of the budget sessions in Carson City, Martinez is convinced the money will be made available. "The economy is still fragile, and I know that; and our companies are still struggling, and our community is still struggling with home

values. But I really believe we're starting to make a turn for the best, and I think education is going to be a leader."

"Certainly," Gamboa concludes, "when we as a university think of our opportunities it's really connecting what we can do for our employers to help meet those skill gaps, and to be able to apply it to the real world."

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IRS Announces Over \$11 Million in Unclaimed Refunds for Nevadans

The Internal Revenue Service (IRS) has announced that Nevadans who didn't file a tax return in 2009 are entitled to over \$11 million in unclaimed funds. The agency estimates a median \$559 refund is waiting for just over 12,500 individuals in the Silver State. Returns from 2009 must be filed by April 15th of this year to claim refunds. Nationally, approximately 984,400 taxpayers left \$917 million on the table for not filing a federal income return in 2009. 🌿

HealthCare Partners Nevada Acquires Solari Hospice Care

HealthCare Partners Nevada has acquired Solari Hospice Care. Solari provides hospice care services in Southern Nevada and will continue to operate independently while retaining its name, branding and 130 employees. Solari also provides hospice care in Houston, however the terms of this transaction are limited to its Las Vegas division. The company has provided end-of-life care to approximately 7,500 patients in Clark County since its inception in 2002. 🌿

Custom Contact Looks to Create 200 + New Jobs in Southern Nevada

Custom Contact has opened in Las Vegas to provide business processing outsourcing (BPO) applications to the hospitality industry. The company expects to create over 200 new jobs in the area. The company aims to manage all aspects of the gaming, entertainment and hospitality business through a customized BPO. Custom Contact is a minority owned business founded by individuals with combined 60-plus years of experience in the industry. 🌿

Casey, Neilon & Associates merges with Crandall & Company

Casey, Neilon & Associates, LLC and Crandall & Company, LLP have announced the merger of the two Reno accounting firms. The combined firm will operate under the name Casey, Neilon & Associates, LLC. The 24 team members of both firms will stay on with the new firm. This merger gives the accounting company three fully staffed offices in Reno, Carson City and Incline Village. 🌿

Nevada State College Announces Plans to Expand Campus

Nevada State College (NSC) plans to construct two new buildings on the current 509-acre campus to add a combined nursing and education building as well as a student center building. The college's plans have been approved by both the Nevada Board of Regents as well as the Nevada Legislature Interim Finance Committee. The project will span 14-months upon final approval. NSC is working with the State Treasurer's Office, Board of Finance and Board of Examiners to achieve the next phase of approvals. Financing for the project will utilize repurposed funds from existing building leases in downtown Henderson, capital funding as well as student fees. 🌿

Northern Nevada Medical Center Receives Patient Care Recognition

Northern Nevada Medical Center's (NNMC) Wound Care Center has received the Center of Distinction Award for Quality Patient Care and the Center of Excellence Award. The awards were bestowed by Healogics, Inc. Factors taken into consideration were patient satisfaction and wound healing rate. NNMC credits some of their success to physician-supervised hyperbaric oxygen therapy that was introduced at the center in 2008. 🌿

QA



Kaaran Thomas

Attorney & Author
McDonald Carano
Wilson LLP

Reno

What is the biggest challenge your industry is facing?

The lack of skilled practitioners and judges. We've been overwhelmed by the number of bankruptcy filings and the complexity of the financial problems they pose. Congress needs to appoint more bankruptcy judges and the law schools need to turn out more skilled and ethical professionals.

If you had to choose another profession, what would it be?

I have another profession, an author. I love the process of creating an exciting story. Like bankruptcy, writing gives me a chance to peek into the lives and businesses of others. I can create a whole group of characters. It's very challenging and rewarding. And it's a way to remember the great things I've experienced

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

Never be too confident in yourself. Someone may have a legitimate basis to dispute your opinion. And that someone may be a Judge. Bummer.



Colby Frey

Owner
Churchill Vineyards,
Frey Ranch

Fallon

How did you first get into your profession?

I am a fifth generation Nevada farmer. My family owned some of the first deeded property in Nevada. My grandfather bought our farm in 1944 and my dad took it over from him in the 80's, so it was only a natural fit for me to purchase it from him. You could say farming is in my blood. We started our vineyard in 2001 as a high-value alternative crop that conserved our states most valuable resource, water! Our ten acres of vinifera vines only use 10 percent of the water a traditional field crop would use. After several years of successful yields in our vineyard, we started producing our own wine. Currently, Churchill Vineyards is Nevada's only estate winery. We grow, produce and bottle our wine here in Fallon.

What is the biggest challenge your industry is facing?

Currently, farmers in Fallon are facing a water shortage this year. We are only allowed 75 percent of our annual allotment, which means we will all need to be smart when it comes to our water usage.



Scott Muelrath

President & CEO
Henderson Chamber
of Commerce

Henderson

What would you want your legacy to future generations to be?

To be remembered as a business visionary who had the desire to assist others and help them succeed in their business ventures. To be known as the man who helped navigate the Southern Nevada community to a post-recession era through the use of chamber resources and programs.

If you were President, what problem or concern would you address first?

I would try to bring unity both nationally and internationally. The divisiveness of our country, at times, can curtail its full potential.

What is the best perk of your career?

The best perk is the opportunity to work with innovative business leaders in the community and being able to participate in the constant energy and flow of creativity. Our boards are full of great leaders who inspire and support our organization and its dynamic development. This dedication to the business community is contagious and helps one constantly reinvent.

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◁ Continued from page 15

of benefits and everything else so if an employee is contemplating leaving, that the employee is taking the entire package into consideration, not just whatever goes home in his or her wallet.

Affordability is the key to benefits. Where some employers find a sticking point is at healthcare benefits.

“One thing to remember about perks is that a lot of employers are spellbound,” said Rosado. “They’re somewhat frozen in their tracks as they watch the health-care reform unfold. They’re waiting to see what the exchanges are going to bring and how big of a problem the costs associated with health insurance is going to be.”

For companies with fewer than 50 full-time equivalent employees, health insurance decisions will remain the same – employers will need to determine if they can afford to provide it for employees and as long as premiums don’t rise too much, the decisions should be about the same for employers as they are now.

What Rosado is seeing is that “Nobody is changing what they’re doing. My sense is everybody just wants to know how to get through next year, how to face 2014 with respect to healthcare. They want to see what payments are going to be for health carriers.”

Where carriers could once raise premiums by as much as 10 times the amount a company had been paying, especially depending on the makeup of the employees and the risk assessed with insuring them, now carriers will have to treat all companies the same and offer all businesses the same rates. While carriers can deviate and increase rates by a factor of 5 percent, they can’t deny coverage.

“Nobody knows [what’s going to happen] because there’s no crystal ball,” said Rosado. But if the rates rise high enough that no employer can afford them, then health insurance as a perk stops being an incentive.

“I think employees are as confused as employers,” said Rosado. “They want benefits like healthcare and retirement

plans. More and more, people who have been unemployed for some time and are looking to get back to work, are willing to settle for less than what they were doing and they might be looking at their lives a little different. ‘I’ll come back to work but I want to come back with a flexible position and spend more time at home or doing other things.’ But the incentives that employers are offering? I don’t see any major incentives being offered.”

There are unique industries providing unique perks to attract and retain employees, especially in the software technology and high-end tech industries, but many of those jobs are heading outside our country.

“My recommendation to most employers is to do some analysis on their industry and see what’s being paid so they’re not operating from a blind spot and assuming they’re competitive,” said Rosado. “They might find they’re on the leading edge of what pay is in terms of salaries and perks and the kind of company they are. Al-



Bill Rosado
ManagedPAY

lowing people to have more power in the business and a place that really nurtures somebody to learn more about the industry and to move up in the line. If people would do a competitive wage survey on their own, they might be more convinced they’re doing everything good.”

Companies are competing for the best talent, Parel said, and that’s always going to be the case. A good company with a good track record for growing from within, where orientation shows a clear path from point A to point B that includes growth within that company, is the type of company that succeeds and competes with others for the best employees.

“Most employers pay competitive salaries and benefit packages, and I think all of them are basically on hold,” said Rosado.

For now, it’s a wait and let’s see where we’re going environment, and for the most part, employers and employees are staying put. 

SAY WHAT?

Retirement plans are in flux for a growing number of executives. According to a Robert Half Management Resources survey, nearly four in 10 CFO’s interviewed said they were more uncertain about when they are going to retire than they were five years ago. Another 13 percent indicated that their expected retirement plans have changed compared to five years ago.



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Stop the Acronym Aggravation and Start Making Sense of Cloud Options



Cloud computing is one of the most transformational trends in business technology right now. Even if you aren't an expert, chances are cloud computing touches your life multiple times each day. Cloud services is a very important emerging business tool for businesses both large and small.

If you use DropBox, Gmail or an online backup service, for example, you're putting cloud computing into action. It's simply a way of developing programs, running applications or backing up data via the Internet.

While that's easy for most businesses to grasp, it gets tricky when you see the hailstorm of acronyms emerging from said cloud. If you've done your research, you've likely seen terms like IaaS, PaaS and SaaS thrown around a lot, often with little explanation.

Cloud-based hosting and a wide array of other services can be extremely valuable solutions for small and large businesses, so don't let the acronym aggravation stop you from exploring your options. Here's a primer for getting started:

Layers of Service

The term "layers of service" refers to the different categories, or "layers," of cloud computing. The topmost layer is Software-as-a-Service (SaaS), the middle layer is Platform-as-a-Service (PaaS), and the bottom layer is Infrastructure-as-a-Service (IaaS).

SaaS is the cloud computing layer that people are most familiar with and most likely use on a regular basis. If you've run any Google Apps or get your entertainment via Netflix, you've used SaaS.

Essentially, SaaS is any application you can access via the web that is not hosted on your local server. You simply log into an account to use the application via the Internet. This model is ideal for businesses that need applications but don't want the hassle of owning and maintaining the infrastructure or the software itself. With SaaS, you typically subscribe to the service



Jeff Oberschelp

on a per-user basis, and with that you get automatic software updates and can increase or decrease your subscriptions as needed.

PaaS is commonly referred to as "middleware" because it sits in the middle of the cloud layers. The PaaS layer contains virtual or cloud servers as well as operating systems, allowing you to create, deploy and manage applications over the Web.

IaaS can be seen as cloud-based hardware that functions as your server closet – minus the costs of powering or maintaining a server onsite. Through it your business can access storage, server and networking services that you effectively rent and access via the Web. Among the benefits of IaaS for small businesses is instant scalability. You can scale your virtual server up or down based on your needs as your business grows, and you never run out of closet space.

Finding Your Cloud

Businesses have a lot to gain from the cloud model. The flexibility and scalability they can offer are well suited for growing businesses that want the benefits of the latest technology without the capital costs, operating and maintenance burdens that go with it. New on-demand, pay-as-you-go solutions for cloud – including infrastructure, computing power, storage and app development – are emerging and targeted right at the mid-size business market.

Because there's still a lot to consider before you head for the cloud, it's important that businesses find providers that understand their needs and can de-complicate the cloud for you. If they speak only in acronyms and jargon, go elsewhere.

Look for a provider that gives clear explanations of the service features and offers bundles or packages that help you get everything you need in one place. Make the cloud work for you. 

Jeff Oberschelp is the VP and GM of CenturyLink in Las Vegas.



RISK MANAGEMENT

A Necessary Consideration

By Jeanne Lauf Walpole

As president and owner of Heuer Insurance Company in Sparks, Larry Heuer is well aware of the catastrophic losses businesses have the potential to experience if they don't practice appropriate risk management. As an example of sound risk management, however, he chooses to remember a client who suffered a large loss due to a fire caused by a tenant in one of his upscale apartment complexes. "This was a very bad claim, but the client had the right amount of coverage," Heuer explains. Having the right amount of coverage meant that the client avoided having to reach into his own pocket to pay for tens of thousands of dollars for the extensive damage to his property. "The purpose of insurance is putting you in the same position after the loss as before," Heuer says.

Although having the right insurance is crucial to any business, it's only one cog in the complex wheel of good risk management. "Risk management is a much

more comprehensive look at risk [than just insurance] with a formalized process," explains Gregory Pike, chief sales officer for Nevada for Hub International Insurance in Las Vegas. Risk is broadly defined as the probability of an unforeseen incident and its resulting penalty. Risk management is the identification, assessment and economic control of those risks that can endanger the assets and earning capacity of a business, according to Cholamandalam MS Risk Services Limited. "Ultimately it's about the economics," says Lou Bubala, partner and bankruptcy attorney for Armstrong Teasdale in Reno.



Larry Heuer
Heuer Insurance
Company

In identifying the risks for a specific business, it's critical to encompass every facet of the business, from the most obvious risks common to many enterprises to any unique risks a particular business might have. This identification process can include legal, physical, financial, human, intellectual and technology risk issues. It's also useful to think about business risks as being non-entrepreneurial, such as fires and floods, and entrepreneurial, such as economic forecasting and product development.

Risk Probability

Once a complete list of risks has been established, some risk managers advise that each risk be assessed for its probability of occurrence using a scale such as the following:

- Very likely to occur
- Some chance of occurrence
- Small chance of occurrence
- Very little chance of occurrence

In addition to employing the occurrence probability scale, it's important to evaluate the potential financial damage that could result from each risk in order to respond appropriately. If a risk is very likely to occur, but doesn't present a huge loss, it could be less threatening than a risk that has very little chance of occurring, but could devastate the company. Actuarial tables providing a statistical analysis of these variables can be very helpful and are available in various types of software and also on the Internet.

Depending upon the nature of the identified risks, they can either be managed or controlled economically by transferring the risk to various forms of insurance or mitigated through a variety of business practices and policies in-house. In deciding how to manage the risk of a potentially dangerous animal act on stage, for example, the business owner can transfer some of the risk to an insurance carrier, modify the conditions under which the act takes place and have money set aside to satisfy any liability actions or even decide that because the risk is too great and would cost too much to mitigate it's not a good idea to even have the act.

Risk management decisions should be based upon preventing as much risk as possible (although complete eradication is not realistic for everything) and/or mitigating risks to a level that is at least somewhat tolerable for the business. "There will always be risks or events that cannot be fully prevented or contained, so it's important for businesses to develop effective response and recovery plans," says Todd Macumber, president of the Risk Services Division of HUB International Limited.

A key component in the decision making process is timeliness. "They need to consider proactively what the choices are," Bubala says. "It's better to talk to us before your problems. If you come afterwards, the ink is already dry." Those involved in risk management agree that the operative word is "early." "You need to be ever vigilant," emphasizes John A. Hunt, Esq., a legal partner in Raleigh & Hunt, PC in Las Vegas. "Without protection, the business could take a fatal blow."



Gregory Pike
HUB International Insurance

Legal Risks

Legal risks can be viewed by some business owners as an enormous dark shadow that can threaten the company in a variety of ways. Complying with the increasing regulations that burden businesses is very challenging for everyone. Being in noncompliance, however, can expose a business to serious financial penalties and can even cause an outright failure of the enterprise under certain conditions. Other legal risks can be incurred if contractual agreements, such as leases and employment contracts, are not properly negotiated to protect the business from unnecessary liability. "Most everybody has to deal with a lease or franchise requirements," Heurer says. Bubala says he gets drawn into the lease agreement process quite often. "I don't want my client to get stuck holding the bag. The worst thing is for people to just stop paying because they run out of money," he says. "My job is to figure out how to protect my client's assets."

Physical Risks

Common physical risks are fire, explosions and floods, but depending upon the individual business, risks can also include hazardous material spills, such as acid, gas, toxic fumes and poisonous waste. In addition to having adequate insurance to cover losses from these risks, businesses can help reduce the risk substantially with effective planning. Sound risk management includes working



John A. Hunt
Raleigh & Hunt, PC

with government agencies and first responders to obtain information about how to prevent, control and minimize damages resulting from these types of events. Of increasing concern are threats posed by terrorism and violence as well as data breaches and viruses. "Consider business interruption and extra expense insurance to hedge against having to shut down operations for a few days or even weeks. Another important consideration today is cyber insurance," Macumber advises. For businesses who fail to plan ahead the price can be high. About 75% of companies that do not have an effective plan fail within three years of a major disaster and those who cannot resume operations within ten days will likely not survive, according to the U.S. Bureau of Labor Statistics.

Financial Risks

Much of the financial risk incurred in a business can be reduced before the owner even opens the doors, according to Bubala. "You see in a lot of businesses that people think they can do and don't know anything about it. I see this happening in bankruptcies all the time. Everybody thinks they can run a restaurant, for example," he says. "People just get in over their heads." Before jumping into a business, it's essential to have a business plan and to evaluate your knowledge and experience in this particular enterprise so that you can determine what your success might be. If you're weak, but persistent in going ahead, it's critical to get people on board with the needed expertise. In the absence of that knowledge, in many instances it might be prudent to just not do the deal.

If you're a business owner who is looking for a buyer, it's equally important that you take the time to qualify a potential buyer before inking the deal, according to Bubala. "A lot of businesses are sold without evaluating the buyer," he says. "They have to have a good understanding of how it works and an understanding of cash flow." Another high risk is carrying the paper for a buyer who either can't or won't pay or finance it himself or herself. The seller may be very unhappy to find it necessary to repossess the business sometime later on because of nonpayment.

Intellectual Property Risks

In a very broad sense, intellectual property (IP) encompasses creations of the mind, such as works by artists, writers, designers and inventors. The legal protection of these creations includes copyrights, trademarks, patents, industrial design rights and trade dress, which refers to the visual appearance of a product. “If you don’t protect your IP it could have devastating consequences on the overall profitability of the business,” Hunt says.

The more important the IP is to the business, the higher the risk if it’s not protected. It’s critical to proactively protect it by having reserves on hand to prosecute anyone who infringes on your rights and to take those rights into consideration in any contractual negotiations you might enter in to. Hunt says he had clients with patent rights to a process used in the gaming industry, but they refused to protect their rights with reserves. “The company is now out of business. They were given the opportunity to assess the risk, but didn’t provide the resources,” he says. A common mistake business owners make is to not put people on notice about infringement as soon as they find out about it. “You have to remember one thing—protect yourself at all times,” he says.

Affects of Economy

Although the poor economy makes it more difficult for many businesses to afford the expenses of risk management, the irony is that the need for protection is greater now. “Risk management has become more prevalent in the past four or five years because there are so many avenues where business is vulnerable,” Pike says. Society has become ever more litigious in many arenas. Employees who lose their jobs are more likely to file a lawsuit because of the increased difficulty in finding other work, for example.

“Insurance has been a pawn of the economy these past five years,” Heuer says. He explains that even though businesses probably need more protection now, insurance can be harder to buy. The industry is at the beginning of a hard cycle which means products are harder to find and buy. “The decline in the economy has forced people to pay more attention to the basics. Hiccups were covered up in a

strong economy, but it’s not so forgiving now,” Bubala says. “We don’t have these issues in an economy that’s growing,” Pike says.

Professional Approach

To increase the chances of success in today’s tough business climate it’s important to reach for professional help when it’s needed to fill in the gaps in skills. “Nobody in small business can physically wear all the hats they

need to be successful,” Pike explains. “There are so many moving parts that require experts that the business may not have.” Because most small businesses do not have the luxury of having a qualified risk manager on staff, they need to consider looking outside their business for experts who can do the job. “The biggest problem is not having proper personnel to assess the risk. The business owner may not be the best person. It is money well spent to get a professional to do it,” Hunt says. 

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PROJECTS | SALES | LEASES | LOANS

PROJECTS

Las Vegas, 89118 Office

Martin Harris Construction is building Switch Communications' SuperNAP-8 facility. Once completed, the project will host a 295,000 SF data center building on 8 acres. The \$60 million dollar project is expected to be completed in May and will become Switch's eighth building in Southern Nevada. The property is located at 5225 W. Capovilla Avenue.

Las Vegas, 89158 Retail

Forte Specialty Contractors is building the new boutique wedding chapel inside the Aria Resort & Casino. The 2,500 SF chapel will include a VIP room for the bridesmaids and a game room for the grooms-men. The \$1.7 million project is expected to be complete in April. **Gensler & Associates** serves as developer for the project located at 3730 Las Vegas Boulevard.

Pahrump, 89048 Multi-Family

Edward Homes is constructing the Inspiration Senior Living community. Upon completion, the development will include a 49,455 SF, two-story, assisted living building. The building will consist of 72 apartments that range in size from 336 SF studios to 500 SF one-bedroom suites. The project is owned by **Pahrump Land Development LLC** and is slated to open this spring. The architect of record is **Douglas Pancake Architects** of Newport Beach. The community is located at 1554 S. Java Avenue.

SALES

Las Vegas, 89146 Office

Debremihrt St. Michael Ethiopian Orthodox Tewahido Church purchased 12,028 SF from **Capital Plaza West Properties, LLC** for \$1.3 million or \$108 PSF. The buyer was represented by **Jack and Jeff Griffis** of **Griffis Realty** and the seller was represented by **Lisa Gilstrap, CCIM** and **Craig Summers** of **Lee & Associates**. The property is located at 2575 & 2585 Westwind Road. APN # 163-12-102-010 et all.

Reno, 89511 Office

Landau Living Trust purchased 4,222 SF from **Hakuna Matata LLC** for \$550,000 or \$130 PSF. The property is located at 5534 Longley Lane. APN # 164-440-07

Henderson, 89011 Retail

Wayne D. Diaz purchased 13,575 SF from **580 Parkson Road, LLC** for \$650,000 or \$49 PSF. The seller was represented by **Cathy Jones, CCIM** and **Paul Miachika** of **Sun Commercial Real Estate**. The property is located at 580 Parkson Road. APN # 178-02-302-011

Las Vegas, 89110 Retail

Jose Roberto Gonzalez purchased 3,800 SF from **The Estate of Heather Bobenhausen** for \$400,000 or \$105 PSF. The buyer was represented by **Alberto Jaurequi** of **Nevada Land Commercial Real Estate**

and the seller was represented by **Grant Traub** of **Colliers International**. The property is located at 700 N. Nellis Boulevard. APN # 140-33-101-013



1545 Pama Lane

Las Vegas, 89119 Industrial

The Trust of Antonio Quan Chan and Estrellita Lua Chan purchased 30,467 SF from **Panattoni Development Company** for \$3,429,000 or \$113 PSF. The buyer was represented by **Steve Sauter** of **Marcus & Millichap** and the seller was represented by **Pat Marsh** and **Grant Traub** of **Colliers International**. The property is located at 1545 Pama Lane. APN # 177-02-215-003

Sparks, 89433 Retail

Family Dollar Inc purchased 8,320 SF from **Hutton Nevada One LLC** for \$1,700,739 or \$204 PSF. The property is located at 5330 Sun Valley Boulevard. APN # 085-155-32

Sparks, 89436 Retail

Jiffy-O LLC purchased 3,091 SF from **Spanish Springs Oil LLC** for \$1,499,000 or \$485 PSF. The property is located at 581 Los Altos Parkway. APN # 510-491-09

Reno, 89502**Retail**

Jill Knowlton Non Exempt Trust purchased 10,390 SF from **Nelson Center Family LTD PTSP** for \$950,000 or \$91 PSF. The property is located at 1999 S. Virginia Street.
APN # 019-051-18

Reno, 89509**Retail**

FERRIGNO OPSS INC purchased 4,950 SF from **KULWANT K SANGHA et al** for \$425,000 or \$86 PSF. The property is located at 13200 Stead Boulevard.
APN # 086-101-40

Reno, 89511**Retail**

Sierra Town on Virginia LLC purchased 89,120 SF from **Gwynn Thomas LTD PTSP** for \$1,704,172 or \$40 PSF. The property is located at 6865 Sierra Center Parkway.
APN # 025-561-25

Sparks, 89431**Industrial**

Sparks Greg Street LLC purchased 83,936 SF from **Bank of Hawaii et al** for \$5,750,000 or \$69 PSF. The property is located at 910 Greg Street.
APN # 034-404-08

Sparks, 89431**Industrial**

SPKS Holdings, LLC purchased 25,200 SF from **Crown Beverages, Inc** for \$1,250,000 or \$50 PSF. The property is located at 1650 Linda Way.
APN # 034-363-03

Reno, 89521**Industrial**

Denis Grosz purchased 5,507 SF from **J & E Warner Properties, LLC** for \$350,000 or \$64 PSF. The property is located at 8985 Double Diamond Parkway.
APN # 163-210-20

Las Vegas, 89101**Multi-Family**

Fremont LV Holdings, LLC purchased 248 units from **SP Fremont, LLC** for \$3,850,000 or \$15,524 per unit. The buyer was represented by **Patrick Sauter** of **NAI Sauter Companies**. The property is located at 1300, 1401, and 1500 Fremont Street.
APN # 139-35-310-030 et al.

LEASES**Las Vegas, 89104****Office**

Nevada State Department of Administration, Public Works and Cosmetology leased 8,298 SF from **TPRF/BAR Sahara LLC** for \$710,973 on a 70-month lease. The landlord was represented by **David Afromsky** of **Birtcher Anderson Realty Management**. The property is located at 1785 E. Sahara Avenue. Reported monthly rent is \$1.22 PSF.

Las Vegas, 89118**Office**

LED Universal LLC leased 7,200 SF from **York Nevada Management LLC** for \$295,430 on a 64-month lease. The tenant was represented by **Soozi Jones Walker, CCIM, SIOR** and **Bobbi Miracle, CCIM of Commercial Executives**. The property is located at 6280 S. Valley View, Suites 500-506. Reported monthly rent is \$0.64 PSF.

Las Vegas, 89148**Office**

Keller Williams Realty Southwest leased 13,462 SF from **Red Rock Capital, LLC** for \$1,424,697 on a 84-month lease. The landlord was represented by **Mike McCullough** and **Cathy Jones** of **Sun Commercial Real Estate, Inc**. The property is located at 6180 Brent Thurman Way, Suite 100. Reported monthly rent is \$1.26 PSF.

North Las Vegas, 89032**Retail**

Las Vegas Surf Co. leased 5,885 SF from **BGM Red Rock Inc.** for \$359,904 on a 25-month lease. The landlord was represented by **David Afromsky** of **Birtcher An-**

derson Realty Management. The property is located at 1435 W. Craig Road. Reported monthly rent is \$2.47 PSF.

Las Vegas, 89148**Retail**

Kings Kingdom leased 4,543 SF from **Birkeland Family Delaware LLC I & IV** for \$362,000 on a 5-year lease. The tenant was represented by **Bill Tomiyasu** of **Prudential Americana Group** and the landlord was represented by **David Grant** of **Colliers International**. The property is located at 4975 S. Fort Apache Road, Suite 101. Reported monthly rent is \$1.33 PSF.

North Las Vegas, 89030**Industrial**

HD Construction Supply leased 29,133 SF from **PAR Industrial LLC** for \$311,815 on a three-year lease. The tenant was represented by **Sholanda Hughes** of **CB Richard Ellis** and the landlord was represented by **Dan Doherty, SIOR** and **Chris Lane** of **Colliers International**. The property is located at 4171 Distribution Circle, Suite 107. Reported monthly rent is \$0.30 PSF.

Las Vegas, 89103**Industrial**

Terra Contracting leased 9,760 SF from **CVPropCO, LLC** for \$365,024 on a 5-year lease. The tenant was represented by **Jan Ahern** of **Bombay Realty** and the landlord was represented by **Rob Lujan** and **Jason Simon** of **Gatski Commercial**. The property is located at 3611 W. Tompkins Avenue. Reported monthly rent is \$0.62 PSF.

Las Vegas, 89103**Industrial**

Divine Brew Works leased 5,781 SF from **CVPropCo, LLC** for \$107,739 on a 37-month lease. The landlord was represented by **Rob**

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Lujan and **Jason Simon** of **Gatski Commercial**. The property is located at 4610 S. Polaris Avenue. Reported monthly rent is \$0.50 PSF.

Las Vegas, 89115 Industrial

R Fish & Veggies, LLC leased 13,131 SF from **Farmer Brothers Coffee** for \$285,592 on a 65-month lease. The tenant was represented by **Dean Willmore, SIOR** of **Colliers International** and the landlord was represented by **Kara Walker** of **Newmark Grubb Knight Frank**. The property is located at 4612 Industry Center Drive. Reported monthly rent is \$0.33 PSF.

Las Vegas, 89118 Industrial

Biocon 1 LLC leased 5,800 SF in the Polaris Crossing from **Dean R. & Penny S. Brunner 1985 Trust** for \$68,520 on a two-year lease. The landlord was represented by **Mike De Lew, SIOR** and **Greg Pancirov, SIOR** of **Colliers International**. The property is located at 3391 Oquendo Road. Reported monthly rent is \$0.49 PSF.

Las Vegas, 89118 Industrial

KR Construction leased 5,600 SF from **DONTWE LLC** for \$119,840 on a 52-month lease. The landlord was represented by **Brian Riffel** and **Eric Molfetta** of **Colliers International**. The property is located at 4110 W. Dewey Drive. Reported monthly rent is \$0.41 PSF.

Las Vegas, 89120 Industrial

JMAC Plumbing and Air Conditioning leased 16,320 SF in the Arrowhead Commerce Center from **KTR LV IV LLC** for \$228,724 on a 26-month lease. The tenant was represented by **Dan Doherty, SIOR** and **Chris Lane** of **Colliers International** and the landlord was represented by **Spencer Pinter** of **Colliers International**. The property is located at 3650 E. Post Road, Building 15, Suite E. Reported monthly rent is \$0.54 PSF.

Las Vegas, 89120 Industrial

Tough House Media leased 5,800 SF from **Kerzetski Sunset LLC** for \$68,520 on a two-year lease. The tenant was represented by **Sasha Ackerman** of **Ackerman Realty** and **Mike De Lew, SIOR** and **Greg Pancirov, SIOR** of **Colliers International** represented the landlord. The property is located at 3045 E. Post Road. Reported monthly rent is \$0.49 PSF.

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Retail Summary

Fourth Quarter 2012

Las Vegas

By the end of 2012, vacancies in the retail sector reached their lowest level since the first quarter of 2009. The vacancy rate ended the year at 9.9 percent, down 0.3 percentage points when compared to last quarter (Q3 2012). Compared to a year ago (Q4 2011) the rate is down an even greater 0.7 percentage points. The latest market activity suggests the retail sector is moving in a positive direction.

The retail sector witnessed three quarters of positive net absorption during 2012, with approximately 188,700 square feet of net movements in the fourth quarter. For the year, net absorption totaled positive 551,600 square feet.

With little retail space actively under construction in the Las Vegas Valley in recent quarters, the amount of new space entering the market has been limited. During 2012, a total of 201,000 square feet completed construction, with no completions taking place in the fourth quarter. The majority of the new space (190,000 square feet) completed in the first quarter, when the two 95,000-square-foot WinCo Foods opened to the public. Approximately 304,000 square feet remained under construction by the end of 2012, with 300,000 square feet sourced to the second phase of Tivoli Village at Queensridge. The remaining 4,000 square feet is comprised of the third-phase addition to the WinCo Foods Center. Planned space at the end of the year totaled 4.6 million square feet.

The retail sector continues to outperform the Las Vegas office and industrial sectors. During the fourth quarter, the latest activity in some of these larger spaces drove the vacancy rate down to below 10 percent for the first time in over three years. While the pace of recovery remains slow, it appears increased stability is likely to prevail in the anchored retail market.

Reno-Sparks

The Reno/Sparks retail market showed additional weakness during the 4th quarter of 2012. During the quarter, the vacancy rate increased slightly, and the area had a net absorption of -39,552 square feet. With this negative net absorption, the market slipped in the wrong direction again. However, the vacancy rates did not exceed the 2nd quarter, which may have been the peak in the market.

The negative net absorption during the quarter can be attributed to four medium to large size tenants moving out and only two medium size tenants moving in. During the quarter, there were 36 businesses moving into shopping centers consisting of 122,048 square feet while during the same period, 40 businesses moved out consisting of 165,993 square feet. The number of new businesses moving in has been fewer than those moving out in two of the last four quarters.

Several new tenants opened during the quarter including 99 Cent Only Stores, TJ Maxx and Rue 21 and Red Hut Café. During the quarter, tenants that vacated their space included Scolari's Warehouse Markets, Office Max, Ben Franklin Crafts and Sparks Justice Court.

The line shop vacancy rate has increased slightly from 22.43% last quarter to 23.07% this quarter. The anchor vacancy rate is holding virtually steady just below the record high with 15.41%. The overall vacancy rate is 18.52%, which is slightly off the record high from two quarters ago. The continuation of these high vacancy rates are causing financial pressures for some landlords even leading to receivership and foreclosure in some circumstances. However, on the flip side, it is creating opportunities for new businesses as landlords aggressively compete for the few tenants looking for space.

4th Quarter 2012

RETAIL

TOTAL MARKET	LAS VEGAS	RENO
Total Square feet	51,722,483	13,383,281
Vacant Square Feet	5,099,899	2,478,456
Percent Vacant	9.9%	18.52%
New Construction	0	24,837
Net Absorption	188,694	(39,552)
Average Lease sf/mo (nnn)	\$1.50	\$1.51
Under Construction	304,000	12,500
Planned	4,581,466	-
POWER CENTERS		
Total Square Feet	18,328,488	2,782,097
Vacant Square Feet	1,161,926	468,596
Percent Vacant	6.3%	16.84%
New Construction	0	24,837
Net Absorption	66,236	6,109
Average Lease SF/MO (NNN)	\$1.59	\$1.65
Under Construction	0	12,500
Planned	2,471,668	0
COMMUNITY CENTERS		
Total Square Feet	13,270,432	5,493,665
Vacant Square Feet	1,518,465	1,092,207
Percent Vacant	11.4%	19.9%
New Construction	0	-
Net Absorption	23,814	(12,051)
Average Lease SF/MO (NNN)	\$1.54	\$1.55
Under Construction	300,000	0
Planned	1,347,503	0
NEIGHBORHOOD CENTERS		
Total Square Feet	20,123,563	5,107,519
Vacant Square Feet	2,419,508	917,653
Percent Vacant	12.0%	18.0%
New Construction	0	0
Net Absorption	98,644	(35,723)
Average Lease SF/MO (NNN)	\$1.43	\$1.45
Under Construction	4,000	0
Planned	762,295	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

Revised estimates for fourth quarter 2012 show U.S. real GDP increasing by an annualized rate of 0.1 percent. Private inventory investment, federal government spending, and exports made negative contributions. The reduction in federal government spending comes after a surge in defense spending during third quarter, as a response to possible sequestration. In addition, Europe's problems are affecting the United States in the form of weak exports. Personal consumption expenditures, business fixed and residential investment all made positive contributions for fourth quarter. U.S. nonfarm employment continues to rise, gaining 236,000 jobs from January to February. The national unemployment rate decreased slightly to 7.7 percent. Housing starts are up substantially year-over-year, and housing prices continue to rise. Auto/truck sales decreased, while retail sales increased for January. Consumer confidence and sentiment have made gains recently.

The Nevada economy evidenced mostly positive signs for December. Seasonally adjusted, statewide employment increased by 2,000 jobs (0.2 percent) from November to December. The Nevada unemployment rate decreased from 10.8 percent to 10.2 percent. Visitor volume was 1.8 percent higher in December than a year earlier. Taxable sales continue to show growth, up 3.0 percent from last year. Gaming revenue had a strong month and is up 10.2 percent from December 2011—mostly the result of increased sports betting and table play.

For Clark County, seasonally adjusted employment increased from November to December by 5,100 jobs. The Las Vegas unemployment rate declined, from 10.9 percent in November to 10.4 percent in December. Total passengers at McCarran Airport were down 0.8 percent from a year earlier. Compared to a year ago, December visitor volume was up by 2.1 percent. Gaming revenue was 11.2 percent higher in December than a year earlier. Clark County's taxable sales for December were 6.0 percent above those from a year earlier. Residential construction permits increased from December to January.

Seasonally adjusted, Reno-Sparks' employment increased by 200 jobs (0.1 percent) from November to December. The seasonally adjusted Reno-Sparks unemployment rate declined slightly, from 10.8 percent in November to 10.2 percent in December. Compared to a year earlier, December visitor volume and total air passengers were both down, by 0.8 percent and 4.9 percent, respectively. Gaming revenues for December were nearly identical to the same period a year earlier. Residential construction permits increased slightly in December, while commercial construction permits remained low.

The U.S. economy experienced slow growth for fourth quarter 2012. A weak national economy is affecting Nevada in the form of slowing growth in tourism.

Ryan T. Kennelly

UNLV Center for Business and Economic Research

	DATE	UNITS	DATA			GROWTH		COMMENTS
			LATEST	PREVIOUS	YEAR AGO	RECENT	YEAR AGO	
Nevada								
Employment	2012M12	000s, SA	1,150.3	1,148.3	1,131.6	0.2%	1.7%	Up Over Year Ago
Unemployment Rate*	2012M12	%, SA	10.2	10.8	13.0	-0.6%	-2.8%	Reduced
Taxable Sales	2012M12	\$billion	4.344	3.636	4.216	19.5%	3.0%	Up Over Year Ago
Gaming Revenue	2012M12	\$million	943.30	782.63	855.66	20.5%	10.2%	Up Over Year Ago
Passengers	2013M01	million persons	3.490	3.605	3.531	-3.2%	-1.2%	Down from Year Ago
Gasoline Sales	2012M12	million gallons	86.28	93.26	86.05	-7.5%	0.3%	Up Over Year Ago
Visitor Volume	2013M01	million persons	3.726	3.797	3.660	-1.9%	1.8%	Up Over Year Ago
Clark County								
Employment	2012M12	000s, SA	826.3	821.2	810.6	0.6%	1.9%	Up Over Year Ago
Unemployment Rate*	2012M12	%, Smoothed SA	10.4	10.9	13.3	-0.5%	-2.9%	Reduced
Taxable Sales	2012M12	\$billion	3.171	2.602	2.992	21.9%	6.0%	Up Over Year Ago
Gaming Revenue	2012M12	\$million	825.67	671.61	742.37	22.9%	11.2%	Up Over Year Ago
Residential Permits	2013M01	units permitted	621	505	317	23.0%	95.9%	Up Over Year Ago
Commercial Permits	2013M01	permits	19	11	21	72.7%	-9.5%	Low and Volatile
Passengers	2013M01	million persons	3.178	3.311	3.205	-4.0%	-0.8%	Down from Year Ago
Gasoline Sales	2012M12	million gallons	59.52	64.04	58.75	-7.1%	1.3%	Up Over Year Ago
Visitor Volume	2013M01	million persons	3.227	3.325	3.162	-2.9%	2.1%	Up Over Year Ago
Washoe County								
Employment **	2012M12	000s, SA	192.2	192.0	189.5	0.1%	1.4%	Up Over Year Ago
Unemployment Rate*	2012M12	%, Smoothed SA	10.2	10.8	12.6	-0.6%	-2.4%	Reduced
Taxable Sales	2012M12	\$billion	0.552	0.454	0.579	21.6%	-4.7%	Down from Year Ago
Gaming Revenue	2012M12	\$million	58.47	51.85	58.47	12.8%	0.0%	Flat Year-Over-Year
Residential Permits	2013M01	units permitted	84	83	95	1.2%	-11.6%	Down from Year Ago
Commercial Permits	2013M01	permits	10	14	11	-28.6%	-9.1%	Low and Volatile
Passengers	2013M01	million persons	0.268	0.248	0.281	7.9%	-4.9%	Down from Year Ago
Gasoline Sales	2012M12	million gallons	13.02	13.95	13.13	-6.7%	-0.8%	Down from Year Ago
Visitor Volume	2013M01	million persons	0.321	0.291	0.323	10.2%	-0.8%	Down from Year Ago
United States								
Employment	2013M02	million, SA	135.046	134.810	133.080	0.2%	1.5%	Slow Growth
Unemployment Rate	2013M02	%, SA	7.7	7.9	8.3	-0.2%	-0.6%	Holding Steady
Consumer Price Index	2013M02	82-84=100, SA	231.2	231.1	227.6	0.0%	1.6%	Up Moderately
Core CPI	2013M02	82-84=100, SA	232.1	231.5	227.7	0.3%	1.9%	Up Moderately
Employment Cost Index	2012Q4	89.06=100, SA	116.7	116.3	114.7	0.3%	1.7%	Up Moderately
Productivity Index	2012Q4	2005=100, SA	111.3	111.8	110.7	-0.5%	0.5%	Recent Decline
Retail Sales Growth	2013M01	\$billion, SA	416.6	416.1	399.2	0.1%	4.4%	Up Over Year Ago
Auto and Truck Sales	2013M01	million, SA	15.22	15.33	13.93	-0.7%	9.3%	Up Strongly
Housing Starts	2013M01	million, SA	0.890	0.973	0.720	-8.5%	23.6%	Up Strongly
Real GDP Growth***	2012Q4	2005\$billion, SA	13,656.8	13,652.5	13,441.0	0.1%	1.6%	Slow Growth
U.S. Dollar	2013M02	97.01=100	99.590	98.935	98.103	0.7%	1.5%	Up Over Year Ago
Trade Balance	2013M01	\$billion, SA	-44.448	-38.144	-52.288	16.5%	-15.0%	Year-Over-Year Deficit Decrease
S and P 500	2013M02	monthly close	1,514.68	1,498.11	1,365.68	1.1%	10.9%	Up Strongly
Real Short-term Rates*	2013M01	%, NSA	-3.20	-3.13	-3.27	-0.1%	0.1%	Flat Year-Over-Year
Treasury Yield Spread	2013M02	%, NSA	1.88	1.84	1.94	0.04%	-0.06%	Relatively Constant

*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 System.

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

What do you hope the legislators will accomplish this session?

“I hope legislators recognize the importance of homeowners associations and the value of maintaining common areas for the members and the state as a whole. Reasonable legislation is needed to support boards’ efforts rather than more legislative over-reach.”



Anne Calarco, CMCA,AMS, PCAM · President & Managing Partner, Level Property Management



Kirk Jacobson, CPA/CFF/CITP, CFE · Shareholder, Johnson Jacobson Wilcox CPAs

“I hope the legislature will make education their priority. We will never accomplish our economic diversification goals without better school/universities and a better educated workforce.”

“I hope the legislators can put aside their political differences and bickering to focus on what politicians are supposed to do – represent the people of Nevada. Whether you are a Republican or Democrat, you are a Nevadan first.”



Jamie Cogburn · Co-Founder, Cogburn Law Offices



Tara H. Popova · Vice Chair, Immigration Department, Marquis Aurbach Coffing Law Firm

“I hope legislators dedicate more time to immigration issues. With a comprehensive immigration reform on the way, which will provide a pathway to citizenship to 11 million undocumented immigrants, Nevada legislators need to assure that local businesses and individuals are provided the tools they need for a smooth transition.”

“I hope legislators pass bills that better support small businesses and the growth of small businesses, especially in regard to financial backing. It is still difficult for many small businesses, even those with solid financial standing, to get loans.”



Stephanie Shirit · CEO/Founder, Resource Associates of Nevada, Inc.



Ronna Timpa · Founder & Chief Motivator, Workplace ESL Solutions

“In the current legislative session, I hope Nevada continues discussions on how to create jobs to help Nevada become energy independent. Let’s get Nevadans back to work in solar, wind and geothermal facilities that will power our state and neighboring states.”



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