

August 1992

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Nevada BUSINESS JOURNAL

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Can we halt the spiraling costs?**

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A well-planned policy is key to success**

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The Nevada Business Journal is listed in Standard Rates & Data, #20A-Business-Metro, State & Regional.

Advertisers should contact Chuck Dandy at (702) 735-7003, or write to: The Nevada Business Journal, First Interstate Tower, Suite 120, 3800 Howard Hughes Pkwy, Las Vegas, Nevada 89109. Demographic information is available upon request. Circulation may vary from month to month.

The Nevada Business Journal corporate offices are located in the First Interstate Tower, Suite 120, 3800 Howard Hughes Pkwy, Las Vegas, Nevada 89109. NBJ is published bi-monthly, bulk postage paid. Subscription rate is \$27.00 per year. Newsstand price is \$5.00 and special order single copy price \$7.00.

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CHANGE OF ADDRESS: Please send previous address or mailing label & new address. Allow six weeks.

EDITORIAL SUBMISSIONS: Address all submissions to the attention of Chuck Dandy. Unsolicited manuscripts must be accompanied by a self-addressed stamped envelope. NBJ assumes no responsibility for unsolicited materials.

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Health Care



St. Rose Dominican Hospital's sleek new look. Page 10.
Photo by Tom Craig/Opulence

- 6** **Workers Comp and the Silver State**
Spiraling workers compensation costs may soon force a retooling of the SIIS.
- 10** **Cover Feature: St. Rose Dominican Hospital**
The Catholic hospital's new state-of-the-art facilities belie its humble beginnings.
- 13** **Southwest Medical Associates**
Nevada's oldest and largest multi-specialty group practice adheres to the philosophy that quality patient care is best achieved when approached in a coordinated fashion.
- 14** **Employee Drug Testing**
A well-planned policy is key to a successful drug-testing program.
- 15** **University Medical Center**
UMC has seen much change since it opened its doors as a 20-bed hospital in 1931.
- 16** **A Las Vegas Dentist's Innovation**
Dr. David Wasserman, provides an infection control solution for the dental operator.

Homes of Distinction

- 21** **Smart House Educates Las Vegas Homebuilders**
Computer-operated conveniences in this luxurious custom home built by Richmond American give southern Nevadans a peek into the future.
- 24** **Lewis Homes State's Top Builder**
Lewis Homes of Nevada, which sold more than 1,100 homes statewide during 1991, is having another banner year.

Departments

- 26** **Small Business: Five proven reasons why businesses fail**
A business turnaround advisor pinpoints five critical errors business owners make.
- 27** **Tax Tips: Irrevocable life insurance trust can save on estate taxes**
By putting your life insurance policy in an irrevocable life insurance trust, your beneficiaries can avoid estate taxes on the proceeds of the policy.
- 29** **Business Success: 100 years down the drain, but not a moment wasted**
Reno plumbing contractor celebrates centennial.
- 31** **Government at Work: Jobs bill brings back WPA**
A '90s twist on Depression era work program offers solutions for the welfare trap.
- 32** **Nevada Health Briefs: Nevada doctors featured in national magazines • St. Mary's names new PR director • Program provides health care options for businesses • New waste sterilizer installed at Humana Sunrise • Desert Springs Hospital announces new high-tech imaging system • Brain injury clinic first of its kind in Nevada.**
- 34** **Nevada Briefs: Summa opens Howard Hughes Parkway extension • Sierra Pacific Resources Foundation contributes to DRI Laboratory • New VP named by Heitman Nevada Management • Kleinfelder announces new executives • Gateway interchange in Las Vegas proceeds • Lockheed opens environmental center • Independence Mining contributes to Heritage Museum • Las Vegas chapter CSI elects new president.**
- 38** **Business Indicators & Analysis: Despite the recession, Nevada continues to show strength in the face of tough economic times.**



Page 29

WORKERS COMP AND THE SILVER STATE

Spiraling workers compensation costs may soon force a retooling of the State Industrial Insurance System

by G.W. Kring

ACROSS the nation workers compensation and state insurance systems are facing mounting red ink. Nevada, too, is experiencing its share of escalating costs, a solution for which is complicated by quarrelling special-interest groups intent on their piece of the pie. As muddy as the lobbying waters may become, however, one thing remains clear: if workers comp costs are not contained, Nevada's State Industrial Insurance System faces potential collapse, a situation that could adversely affect thousands of Nevada's businesses and their employees.

In neighboring California, an impending insolvency looms. The Council on California Competitiveness formed by Governor Pete Wilson and chaired by former Baseball Commissioner Peter Ueberroth asserts in its 107-page report that jobs are leaving the state at a runaway pace threatening the Golden State's economic future.

The panel defines a number of factors fueling the meltdown: "The litigious and costly workers compensation system, which has become 'national embarrassment', the state's Byzantine and counter-productive legal system, its complex regulatory system, and the poor education and training of youth and workers."

The California report further states that in the past 18 months, it has lost more than a half-million jobs, while more than 600,000 people moved to the state. Peter Ueberroth's report also points out California's population grew by 25 percent over the last 10 years, while the number of lawyers swelled by 44 percent.

California's woes are reflected across the nation. The tab for workers comp in

the United States for 1990 was \$60 billion, up from just \$23 billion in 1982. In 1974 medical payments were less than one-third of the \$6 billion spent on workers comp claims in the USA. By 1990 these expenses were consuming over 40 percent of the overall tab.

Three major catalysts were instrumental in transforming a legislated no-fault benefit program into a volatile financial nightmare: First, during the past 10 years, programs controlling health care costs for injuries and sickness outside the workplace — HMOs, PPOs and utilization management — helped divert medical costs into the workers compensation field where every medical dollar is paid for by state-funded programs.

Second, the no-fault intent of workers compensation laws has contributed to a system up to its neck in litigation. In California, 44 percent of workers compensation cases involving lost time end up attached to a lawsuit; indeed, many start out as lawsuits.

The CBS TV show *60 Minutes* recently aired a segment on workers comp fraud in California. On the streets outside unemployment centers, unscrupulous recruiters approached unemployed men and women with schemes to file fraudulent medical claims against former employers in an effort to collect the large disability payments available in the state's system.

Thirdly, workplace injuries and sickness are increasing. Incidences of complicated back injuries and the emergence of so-called cumulative trauma injuries, such as those caused by ongoing use of video display terminals, are on the rise.

The latest scam involves the frivolous

filing of psychological and mental stress claims. This is not to say that all workers comp claims are fraudulent. The majority of claims are made by good, honest workers. Unfortunately, criminal abusers make it difficult for those who really deserve it to receive adequate compensation.

To further compound matters, additional medical cost increases also materialize when an employee chooses his or her own medical provider. A study by the Colorado Workers Compensation Coalition examined 992 claims involving serious injuries. The findings showed average costs per case for medical and wage-replacement benefits were \$35,021. That is compared with a total cost of \$45,338 or 29 percent higher when the employee selected the doctor.

IF THE VITALITY of Nevada's Industrial Insurance System is to remain intact, businesses statewide must address a number of intrinsic problems. Currently workers compensation medical treatment charges in the state can range anywhere from 50 percent to 100 percent more than the average medical claim costs. One insurance provider reports an average national fee of \$56 for a back disorder compared to a \$120 for treatment on workers compensation. In addition, it can take anywhere from two to eight times longer to complete treatment in workers comp cases. A long-time Nevada lawyer contends the average length of absence from work while receiving SIIS benefits has increased from nine weeks to 22 weeks.

A local Nevada attorney, experienced in workers compensation cases, says five

years ago, SIIS paid \$90 million in workers comp claims; the current figure stands at over \$500 million dollars for the same time period.

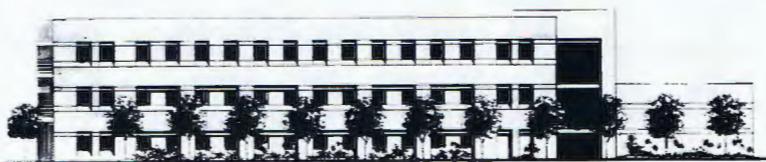
A NUMBER of other states have made inroads in reducing worker comp spending and fraud. Oregon, for example, has been successful in reducing claims by 75 percent. The state's greatest saving were achieved by reducing time loss claims—a feat accomplished by returning injured employees to their original jobs, or modified duties, as quickly as possible. Lost workdays due to injuries have dropped to 3,000 per month from 10,000 per month since 1989.

Many states are successfully incorporating PPOs and Utilization Management programs on the health/benefits side into workers compensation laws. A strong correlation was also found between financing method and costs. The average costs in Colorado for self-insured workers comp programs was \$23,733, compared with about \$43,300 for cases paid by commercial insurers or a state plan that also provides coverage. Colorado found where claims were handled by self-insured companies, physicians were more often designated by employers, attorneys were less likely to be involved, and higher-cost medical providers were less often used.

Another state's innovative cost containment measure, signed this spring by Florida's Governor Lawton Chiles, bans doctors from referring patients to facilities in which they have financial interests. A recent report for the Florida Health Care Cost Containment Board which provides payers with health care costs data, helped to initiate Florida's strong action, which was applauded by the American Medical Association (AMA).

The study found clinical labs owned by physicians performed an average 3.3 procedures per patient, compared with 1.7 procedures for non-physician owned facilities. Similar results were found at Florida patient physical therapy centers, where physician-owned facilities had an

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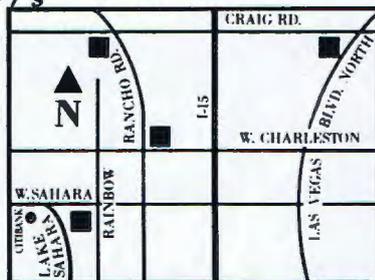
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average of 16 visits per patient, compared with 11.2 visits at non-physician owned centers. Charges escalated an additional \$200 per patient at doctor-owned centers.

It pays for a good benefits manager, workers comp claim administrator, managed care company or a workers comp consultant to put together a true workers comp containment program that analyzes who the owners of medical treatment centers really are. Ask the managers of these clinics for their averages on treatment duration and average charges. Remember, you want a medical provider who is going to provide quality treatment at the best rate so that your injured worker can get back to work soon.

Experts in the health care industry believe the final key to winning at workers comp is the employee, whose contribution is paramount for workers comp reform to be successful.

In a conventional market, a high-cost, low-quality producer would be doomed to failure. But the laws of economics have been oddly absent from the health care field. Consumers (the injured worker/employer) don't comparison-shop and often lack the information or incentive to do so. Many hospitals compete to buy the latest technology rather than provide the lowest-cost quality care. And providers resist outsiders attempts to gauge quality and costs. The result: a seemingly unstoppable increase in the costs of health care, and in specific, workers comp.

In 1989, *Inc. Magazine* named Nevada the number-one state for business. Executives relocating to Nevada pointed out in surveys that the prime reason they moved to Nevada was because of low taxes, a great environment and a well educated work force. However, Nevada's pro-business sheen could become tarnished if the workers compensation cost spiral is not halted.

G.W. Kring is executive vice president for Managed Care Consultants. Kring is also the 1992-93 incoming president for the Southern Nevada Association of Health Insurance Underwriters.

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ST. ROSE DOMINICAN HOSPITAL

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The original entrance to the hospital is now an employee entrance.

ON THE FOREFRONT of progress in Henderson, St. Rose Dominican Hospital is celebrating two milestones this summer – the 45th anniversary of the Adrian Dominican Sisters' sponsorship of southern

Nevada's only religiously-affiliated hospital and the first anniversary of the opening of the new patient care facility which opened its doors on a hot June morning last summer.

Long time Henderson residents often reflect how it seems like just yesterday when the Adrian Dominican Sisters brought their heritage to Henderson to provide medical care to the small town. Purchased from the federal government for \$1.00 in 1947, the Adrian Dominican Sisters assumed all of the hospital debt and agreed to provide primary care and emergency services for at least 25 years.

First Interstate Bank Senior Vice President Selma Bartlett, who has been a major force in Henderson business development since she arrived in 1954, recalls when then St. Rose de Lima Hospital struggled to stay afloat. "The hospital has survived many lean years. Although the early days were tough, the hospital never wavered in its commitment to meet the health care needs of the people of Henderson. We are all so proud St. Rose has grown into a first class health care facility," Bartlett said.





The Adrian Dominican Sisters originally traveled from Adrian, Mich. Although they no longer wear habits, the nuns still maintain a mission to provide quality Catholic health care.

The Sisters stayed through their initial commitment and now, 45 years later, still have no intention of leaving. What they do have is reason to celebrate. St. Rose Dominican is the newest hospital in the Las Vegas valley and is meeting the needs of the fastest growing population base in the state of Nevada.

"We are committed to our mission," says Sister Robert Joseph Bailey, an Adrian Dominican who serves as community education coordinator, "which states that we work together and with others in a shared pursuit for truth and justice and a commitment to those with special needs."

Technological upgrades have broadened the scope and quality of services offered at St. Rose Dominican Hospital, which recently acquired two new chemistry analyzers in the laboratory and a new mammography machine at its satellite facility in Green Valley. According to hospital President and Chief Executive Officer Rod A. Davis, "Our technological upgrades have demonstrated to the community that we are committed to providing state-of-the-art equipment to all of

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The hospital opened a fetal assessment unit last month and has new nuclear medicine equipment in the radiology department. Another new service on the St. Rose Dominican Hospital campus will be the radiation therapy center of Henderson, opening later this year in the new medical plaza which houses a wide range of physician specialists. And, the hospital will unveil its new magnetic resonance imaging (MRI) unit later this summer.

Completed last June, the hospital's new four-story patient tower features 127 beds and state-of-the-art medical equipment. The new hospital includes a 10-bed ICU/CCU with the latest technology in patient monitoring systems for intensive care and telemetry patients; four new surgical suites; a five-bed post anesthesia care unit; expanded same-day surgery facilities which include endoscopy capability; and medical/surgical rooms with a separate area for orthopedic patients.

St. Rose Dominican's new maternal child center features family-centered nursing and combined labor/delivery/recovery/post partum suites which provide the perfect setting for childbirth. The maternal child center also features a special area for pediatric patients.

As the new patient tower marks its one-year anniversary, St. Rose Dominican Hospital continues to build for the future. The St. Rose Dominican Medical Plaza opens this month adding 43,000 square feet to the existing physician office space on the hospital campus. Custom designed suites will be tailored to meet the needs of up to 25 physicians, including the Heart Institute of Nevada, Desert Gastroenterology Associates, Southern Nevada Surgery Associates and the Radiation Therapy Center of Henderson.

"We're proud to be the only Catholic hospital in southern Nevada," Davis continued. "We work closely with our medical staff and strive to provide compassionate health care to all patients. We believe this makes us unique." 

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Southwest Medical Associates, Inc. (SMA), Nevada's oldest and largest multi-specialty group practice, adheres to the philosophy that quality patient care is best achieved when approached in a "coordinated" fashion.

WHILE several definitions of this term currently exist in the health care industry, SMA uses it to mean comprehensive care that encompasses far more than just the delivery of actual health care services. Coordinated care at SMA also includes such things as maintaining complete and centrally located health care charts, referring patients to the appropriate and most cost effective specialist or facility for their particular condition, and conducting ongoing physician certification reviews and quality assurance assessments that meet or exceed national standards.

"All of these factors are part of why we believe a group practice setting is the most beneficial for our patients," said Jerry Reeves, M.D., president and chief executive officer of SMA. "When an individual enters one of our facilities, he or she knows the doctor's experience and education has been closely reviewed prior to hiring, the lab and x-ray procedures being used are in-line with national protocols, and all of the medications and tests he or she may have received are noted in the chart. I think that should give the patient peace of mind that his or her care is, indeed, being coordinated," he said.

"Another major advantage is the 'one-stop shopping' approach to health care delivery," Reeves adds. "Fully accredited lab and x-ray services are located

in our facilities. The diversity of our medical specialty offerings also allows us to treat an entire range of health problems at one location."

SMA, which first began seeing patients in 1977, now has eight different medical centers located throughout the Las Vegas valley. On staff, there are 70 physicians who practice in more than 20 different medical specialties. These doctors are supported by approximately 350 health care professionals and support staff. Many of the facilities offer extended hours, and the main site, on South Rancho Drive at Charleston, has its own urgent care center which is open 24 hours a day, seven days a week. Appointment scheduling at any SMA office is available by calling one central number.

"Being a physician in a group practice like SMA allows for 'curbside consultations' to take place on a regular basis," Reeves said. "From the patient's perspective, this means that he or she is not totally reliant on the expertise or experience of his or her own doctor. If, for example, a family practice physician suspects that his patient may have a kidney problem or cancer, he can discuss this with his colleague in our urology or oncology departments."

In addition to size, Southwest Medical Associates is noteworthy for its modern

facilities and equipment, including the area's only Candela laser to treat disfiguring birthmarks, pigment lesions, and facial veins. The company also has modern computerized tomography (CT scans), ultrasound equipment, 24-hour laboratory testing, and immediate computerized retrieval of prior lab results.

"Being part of a larger organization allows us the funding to offer these types of facilities and equipment to our patients," Reeves noted, "and that's a real advantage." SMA is a subsidiary of Sierra Health Services, Inc. (SHS). Other subsidiaries of SHS include Health Plan of Nevada, Sierra Health and Life Insurance Co., Family Healthcare Services, Family Home Hospice, Sierra Healthcare Options and Behavioral Healthcare Options.

"But the real secret to delivering quality, cost-effective, and coordinated care at SMA is ensuring that all of these advantages of a group practice are matched by sensitivity and caring on the part of our providers and staff," Reeves concluded. "There is no doubt that technology in medicine must be accompanied by the old-fashioned values of human warmth and understanding. That is the challenge I continually make to my staff, and it is the challenge that confronts my profession as a whole. It is, after all, the criteria upon which our patients will judge us." ■

EMPLOYEE DRUG TESTING

Well-planned policy key to successful drug-testing program

Many businesses have a number of questions and concerns about starting a drug-testing program – including the legality of drug testing and their employees' response to it.

by Ann Christiansen

The courts have generally upheld a business' right to test for drugs if the testing is done carefully and is based on a policy that is fairly applied and includes prior consent. As more and more companies adopt drug-testing programs, those firms that do not test may find themselves increasingly vulnerable to lawsuits in the event of a drug-related accident that might have been prevented by testing. This possibility, when combined with current estimate that U.S. companies lose between \$50 to \$100 billion annually because of drug abuse, is strong encouragement to institute an employee drug-testing program.

National surveys indicate that because most employees do not want to work with drug abusers, they generally support drug-testing programs. Eight percent of those surveyed worked for companies that already had a testing program. Only three percent felt drug testing is not needed.

A thorough, well-planned policy is the key to a successful drug-testing program. A company should have a clear understanding of why it wants to start a testing program and what it expects to accomplish. A policy development committee should include those departments most affected. Legal counsel is also essential throughout the development process.

The policy should include a position statement that reflects the company's view

of drug abuse as either a risk to security or safety, a liability to productivity, or a medical or personal problem. It should also include a list of the company's responsibilities to its employees, the departments that will carry out those responsibilities and the procedures the company will implement to achieve the goals of the policy.

There are a variety of testing methods companies may implement. Information about each method should be reviewed and discussed internally, and with legal counsel, to determine the best method.

The laboratory selected to help implement a drug-testing program should also be closely scrutinized. Not all laboratories are set up to perform drug testing in a way that will stand up to a legal challenge. When evaluating a lab, a number of issues should be carefully reviewed, including: laboratory certification; chain-of-custody procedures during the handling of samples; staff qualifications; quality-control procedures; technical assistance and the availability of expert testimony; supplies; and result reporting services.

Once a policy is developed and a testing method and laboratory is chosen, the next step is to communicate with the employees. An employee education program is crucial. It should not only help employees understand the policy but also increase the employees' awareness of the effects

of substance abuse in the workplace. A well-publicized corporate policy can help avoid complications in legal disputes. If employees can demonstrate they were not fully informed of a drug-abuse policy, courts and arbitrators may overturn any disciplinary actions.

There are some basic guidelines employers should consider when developing a drug-testing program for their company. A high-quality drug-testing program should include the following components:

- Comprehensive policies governing employee testing.
- Adequate notice to employees when a new program is initiated.
- Educational programs for supervisors and other employees.
- Strict sample-handling and documentation procedures that insure samples have not been tampered with and that the samples and the reported results were correctly matched.
- Proven test methods performed using stringent quality-control measures.
- Strict adherence to confidentiality of test results.
- Program for counseling and rehabilitation.
- The company's responsibilities to its employees and the departments that will carry out these responsibilities.
- The employees' responsibilities or condition of employment.

If all employees or applicants will not be tested, the policy must present a nondiscriminatory reason for selecting those individuals who are tested.

- The procedures the company will implement to achieve the goals of the policy and the consequences of violating the policy whether by testing positive for drugs or by refusing to submit a sample.

A decision must also be made to specify who will be tested and when the test will be given. Testing is usually done at one or more of the following times: pre-employment; as part of an employee's regularly scheduled physical; whenever reasonable suspicion exists that the employee is under the influence of drugs; following an accident; on a random, neutral basis without giving advance notice of when testing will occur; or as part of a program for monitoring employees undergoing rehabilitation for drug-abuse problems.

If all employees or applicants will not be tested, the policy must present a solid, nondiscriminatory reason for selecting those individuals who are tested.

Because the courts often use the company policy as an implied contract between employer and employee, companies must adhere strictly to the terms of policy, and employees must understand these terms.

When determining the consequences for a violation of the policy, take into consideration that many courts look more favorably on policies that provide opportunities for rehabilitation in addition to disciplinary actions. Employee assistance programs can provide these counseling and rehabilitation options. 

Ann Christensen is director of sales and marketing at Sierra Nevada Laboratories.

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Tremendous change has taken place at the University Medical Center since it opened its doors as a 20-bed hospital in 1931.

Today the medical center has more than 500 beds, in excess of 700 physicians on staff, and employs hundreds of nurses, technicians, therapists and other highly trained personnel.

The medical center's expansion in size and growth in services over the years has been in direct response to southern Nevada's prolific growth.

When hospitalization is required, UMC's staff and advanced medical technology are capable of caring for the most acute illness or injury. For example, UMC serves as the state's Level 11 Trauma Center for southern Nevada. The trauma team's medical professionals are prepared to immediately respond 24 hours a day, seven days a week to the specialized medical/surgical needs of severely injured victims of motor vehicle accidents, falls and criminal assaults.

University Medical Center operates the only burn care center in the state and maintains the most comprehensive in- and out-patient physical rehabilitation services in southern Nevada.

UMC also pioneered organ transplants in the Silver State: Nevada's first kidney transplant was performed there on Christmas Day in 1989. Surgical services are available around the clock at UMC, which

features a modern radiology department and CT scanner, outpatient surgery, coronary and intensive care units, plus pediatric intensive care and level III neonatal units.

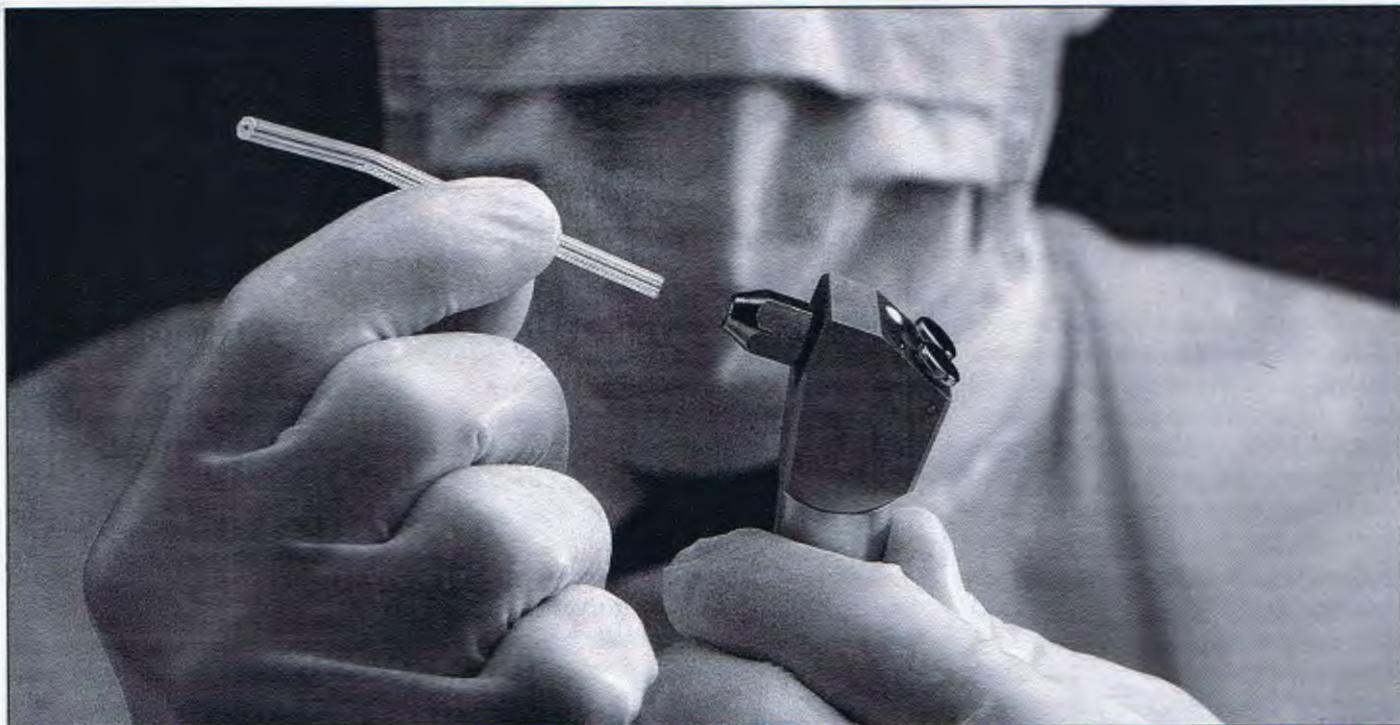
UMC also houses a neurological unit, cardiac and surgical intermediate care units, an outpatient surgery center, a cancer center that makes available to patients the latest developments in experimental cancer fighting drugs, including interferon and intraleuken.

For the treatment of minor illness and injuries, UMC's Quick Care Centers, located throughout the community, provide an alternative to the high costs and long waits often associated with emergency departments.

The hospital also serves as Nevada's major clinical campus, training doctors who someday will staff hospitals and clinics throughout the state. Because of its alliance with the University of Nevada School of Medicine, UMC is recognized as providing the most extensive and complete teaching program for physicians and nurses in southern Nevada. 

LAS VEGAS DENTIST PROVIDES INFECTION CONTROL SOLUTION

by Tom Martin



WHAT DOES IT FEEL LIKE to take an idea, and make it a successful reality? For Las Vegas dentist Dr. David Wasserman, his wife Juanita Davis-Wasserman and father-in-law Warren Davis, the answer to that question may be difficult to assess. Nevertheless, the dental product they have developed has not only become a reality, it has begun to revolutionize infection control in the dental industry.

"There is a strong sense of gratification in having a product, which you develop, become accepted by your peers," said Wasserman, who has practiced dentistry in Las Vegas for 22 years.

The product, called "Sani-Tip", was developed and patented by Wasserman and Warren Davis, a retired design engineer. Davis-Wasserman, serving as direc-

tor of marketing and sales, is credited with elevating the product to its current level of prominence as the most effective way to deal with a major cross-contamination problem in the dental office.

The concept behind the product is as revolutionary as it is simple. Virtually all dental treatment rooms have an instrument called a "tri-syringe". This handheld device is used to deliver air, water and a combined spray during dental procedures. Manufacturers commonly place metal tips on their tri-syringes. These metal tips are designed to be removed and sterilized between patients.

However, even back in 1987, Wasserman believed—and later proved—these metal tips could harbor fluid from the mouths of prior patients. He explains,

"There is a negative pressure produced when the buttons of the syringe are released. As a result, oral fluids are aspirated, or retracted into the syringe tip."

To the layman, it would seem standard dental sterilization procedures should render the metal tip safe for subsequent use. However, Wasserman points out, "Metals tips corrode and clog when subjected to frequent sterilization. The corroded inner surface, or lumen, of metal tips begins to build up calcareous deposits, and provide areas for the build-up of bacterial and organic matter."

Wasserman continues, "Because it is essentially impossible to verify the sanitary state of a metal tri-syringe tip, the only alternative was to create a tip that could be disposed of after each patient."

And thus, Sani-Tip was conceived.

Current AIDS education programs and media coverage of the devastating HIV virus has informed the public of the lethal potential of infectious body fluids. Yet equipment manufacturers have overlooked the possibility of cross-contamination with the metal tri-syringe tip. However, new technologies in other industries helped make the concept of a disposable tri-syringe tip possible. "The real challenge was to design a disposable tip out of clear plastic to reveal the fluids trapped inside the syringe tip.

Wasserman notes another challenge his company faced was to design special adaptors that convert each manufacturer's tri-syringe to operate with the Sani-Tip. "If a dentist could not retrofit his existing tri-syringe, marketing would be very difficult," he said.

THE WASSERMANS' entrepreneurial ingenuity was a key ingredient right from the start. Juanita Davis-Wasserman elaborates, "As a retired design engineer, my father [Warren Davis] loves to tackle new projects. In 1988, dad came to visit and we discussed our concept and its feasibility. After six months' research, he perfected a prototype which David felt would meet the needs of the dentistry profession," she recalled.

Soon after, they established DW Technology, and since then, the Wassermans have been working at a marathon pace. "We were able to finance our start-up costs by forming a private corporation," said Davis-Wasserman. They raised \$200,000 to cover production and marketing research expenses -- an amazingly low amount by industrial standards.

In September of 1991, DW Technology received the patent rights to Sani-Tip. Their marketing plan, launched in January of 1990, was now in full swing and Sani-Tip became the name and trademark of their invention.

"Not all went as easily as it may appear, though," remarked Wasserman. "Finding a plastic that was clear, rigid and priced

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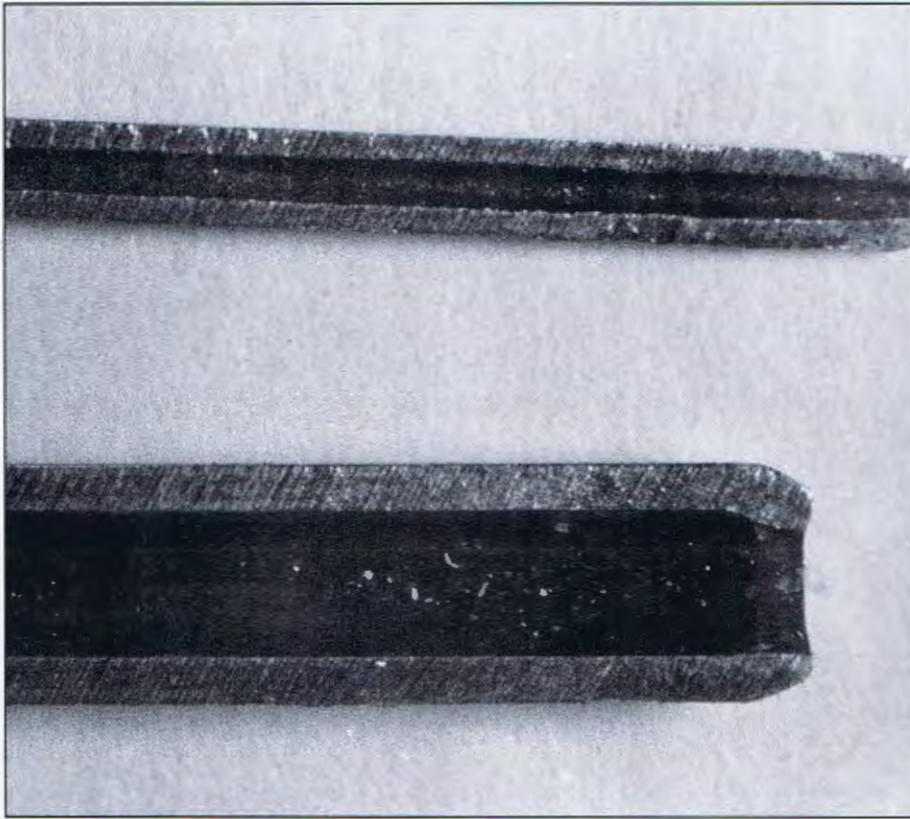
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These metal tri-syringe tip cross sections graphically demonstrate the pitting, corrosion, and calcereous deposits that occur on the inner surfaces after repeated sterilizations.

right was a difficult task. Plastic chips, which we buy by the ton, must be extruded into a tubing $\frac{1}{8}$ inch in diameter. This small tube must have seven tiny precisely-aligned lumens running the length of the tube. The process is extremely sensitive," he added.

Making the adaptor easy to install was another obstacle faced by the makers of Sani-Tip. "If the dentist, or office staff member, has difficulty getting a successful first-time result, that office will not use the product," commented Wasserman.

With all systems ready to go, and more than 100,000 licensed dentists in the United States, the Wassermans began a program that was both educational and informative to the profession. "We weren't happy with the marketing campaigns presented by big-name advertising companies," said Davis-Wasserman. "Large

advertising firms have a tendency to think of everyone as a potential customer, whereas, we felt that the focus should be placed on dental personnel. So we handled the marketing in-house, and developed a five percent market share in the first two years," she said.

Their program includes limited advertising through dental journals, prominent exposure at professional shows, and distribution of educational materials along with samples. "We give away several thousand sample packs each month through special target mailings," Davis-Wasserman notes.

The Wassermans are also deeply involved in research and protocol for infection control procedures in the dental profession. "Many dentists are unaware of the deficiencies of metal tips, and there are no state or federal laws to require the

use of disposables, not even for hypodermic needles," said Wasserman. Through DW Technology, Wasserman has been actively working with the Organization for Sterilization and Asepsis Procedures (OSAP) to present educational materials about Sani-Tip. The company is also promoted at regional and national dental meetings.

Since Wasserman is a practicing dentist, he is well aware of the costs of introducing infection control products into a dental practice. "Ultimately, these costs have to be passed on to the patient, making dental care more expensive. It is my hope, as well as that of the profession, that a standard for these costs will evolve, and an infection control fee will be paid by insurance carriers in the future. It's a common practice within the medical community, so why not in dentistry?" he asks.

The Wassermans have long- and short-range goals for the marketing of their product. "Our initial aim at U.S. and Canadian markets is going well," said Davis-Wasserman. "Sani-Tip is currently used in 24 dental schools, 35 hygiene schools, as well as numerous military, veteran, and public health facilities," she states. "In addition, every major dental supply house in the U.S. and Canada stocks our product; and there has been sincere interest from a number of foreign companies."

A major breakthrough for the company occurred when several Occupational Safety and Health Administration officials recommended the use of disposable tri-syringe tips. The Center for Disease Control in Bethesda, Maryland has also started using Sani-Tip in its dental screening clinic.

In answer for the growing demand for their product, DW Technology will soon open its new state-of-the-art extrusion facility at the Palm Airport Center in Las Vegas. The plant will process over three million Sani-Tips per month and create nearly 25 new jobs.

Foreign marketing and distribution has a rosy future at DW Technology. Although the company will not have a

“Sani-Tip is currently used in 24 dental schools, 35 hygiene schools, as well as numerous military, veteran, and public health facilities across the nation.”

problem keeping up with the demand for the tips, “the big problem will be in the numerous designs of foreign dental equipment,” states Wasserman. “This will necessitate the development of many new conversion kits. In North America, 98 percent of the tri-syringes can be converted by using one of three types of adaptors,” he said. “Nevertheless, foreign markets present an interesting challenge—one that will be aggressively pursued.”

Dr. David Wasserman graduated from Tufts University School of Dental Medicine, Boston Mass., in 1970. He commenced his dental career as a captain in the Air Force stationed at Nellis Air Force Base. He has lived in Las Vegas and been in private practice since 1972. In 1983, he became the first dentist in Clark County to receive the prestigious Fellowship from the Academy of General Dentistry. Wasserman married Juanita Davis in 1984.

Although the Wassermans say it will still be several years before their product can lead to financial security, the reward of watching their business grow is just as fulfilling. “We are constantly investing profits into growth and development,” said Wasserman. “There are nearly a dozen trade shows to attend around the U.S. as well as in foreign countries during the calendar year. It is not uncommon for us to put in a 18-hour work day. This kind of pace can be exhausting,” he admits, “but the challenge is very exciting.”

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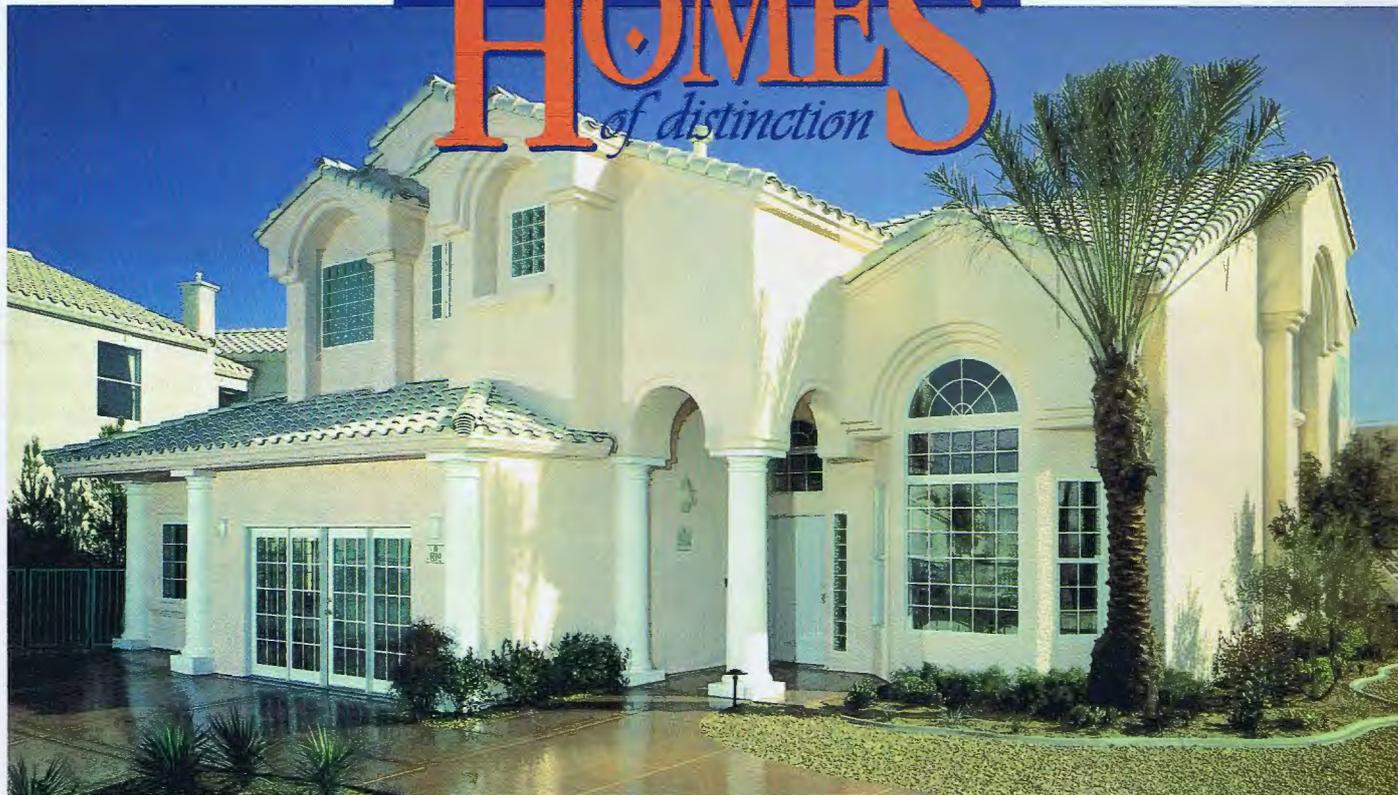
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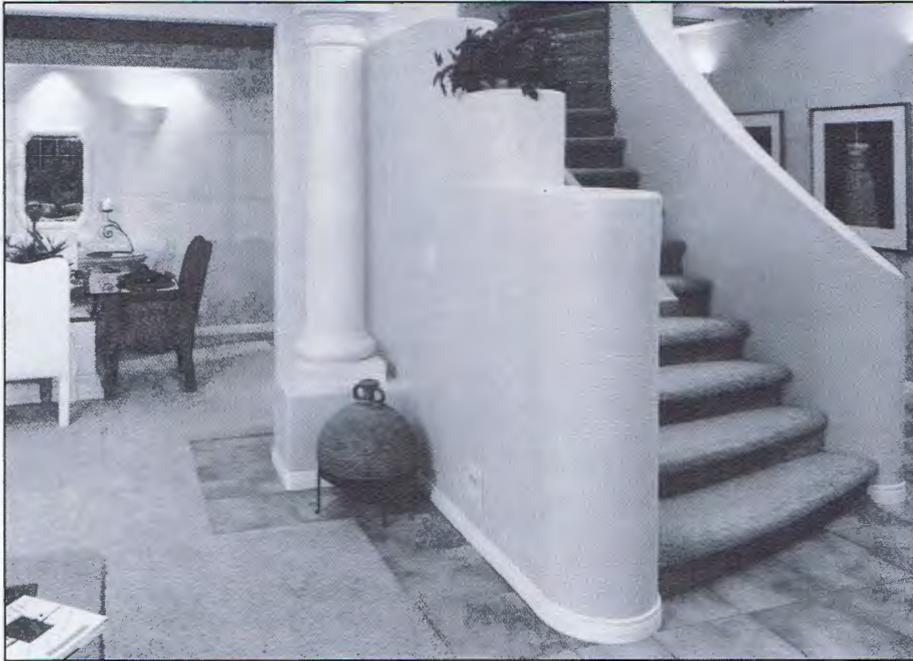
If Jordan Primack, president of Richmond American Homes of Nevada, Inc., were to run a classified advertisement for this home – which is part of the Sienna Ridge model home complex, that is how it would probably read. But it hardly tells the whole story.

No other house in Southern Nevada has received the acclaim given to this home. “Really, it is the first operational ‘Smart House’ ever built,” said Primack. “This house was never intended as a demonstration-type home. It was built so a buyer can purchase it and live in it,” he said.

The house was one of the big attractions of the National Association of Home Builders (NAHB) convention in Las Vegas during January. Getting the house ready for the convention in an eight-

month period involved more than business arrangements and actual construction. “We had to build this house to commercial structural standards because of the large number of people that would be in the house at one time,” Primack said. “And we also had to learn about crowd control. Now what does a builder know about crowd control?”

Just those two problems by themselves needed special attention. For structural help he turned to noted Las Vegas architect Richard Luke, who has received national recognition for residential design. But Luke became involved in the crowd control aspect, too, and worked with interior decorator Judy Morse, president of Aspen Flair in Denver on traffic flow design problems. Marketing coordinator



CARL SZARKO

The entryway to the Smart House is the first stop on the guided tours of the property.

Joan Fragakis and other Richmond American officials travelled to Denver to see a "parade of homes" exhibition to learn more about crowd control. Tour guides were "donated" by the Greater Las Vegas Association of Realtors and trained by Fragakis, personnel from Smart House and others familiar with the welter of electronic gadgets and demonstrations. "Thank goodness the NAHB supplied transportation for the delegates," Primack said, "During the convention alone more than 5,000 toured the house in four days and since February 1 more than 4,500 others have seen the home, too."

But this was the method that brought success in other aspects the Smart House. "After we were selected by the Smart House Limited Partnership, we decided to use an existing home design, as opposed to creating a new plan for our Smart House," Primack said. "This also meant that we could use existing contractors who worked on our various neighborhoods to build this special house." Smart House LP, headquartered in Upper

Marlboro, Md., was organized by the NAHB Research Center and is a non-profit wholly-owned subsidiary of the NAHB. It is a consortium of 38 manufacturers and more than 40 council members representing utility companies and trade groups in many specialties.

And how special is this Smart House? "Well I would say the Smart House (called Model 629XS) was to our normal 629 floorplan what a ZR1 Corvette is to a normal Corvette," Primack said. "It would cost more than \$750,000 to duplicate as is, but at the current sales price we will break about even because many products and much labor was donated."

One of the initial hurdles to overcome was training Richmond American personnel and subcontractors. Although actual construction did not begin until August 1991, training began nearly three months earlier, in June of 1991. The program was overseen by Ben Wells of Smart House and executed by two Richmond American executives, Operations Vice President John Wojciechowski and

Area Superintendent Brent Vaughn.

One of the key contractors involved was Ralph Pecorino, Sierra Electric Co. vice president. Initial training was in Maryland and Florida, utilizing scholarships provided by Smart House LP with Richmond American paying for travel and living expenses. "We also consulted with and received great cooperation from the [city of] Las Vegas Building Department," Primack said, "because the inspectors had to be trained, too." Richmond American employee Kay Sainsbury became the Smart House coordinator, making sure that all building materials, equipment and appliances met Smart House specifications and arrived at the site when needed. "Sometimes it was hard to locate suppliers of some Smart House equipment," Primack said.

In all, more than 150 different firms worked on or contributed to the Smart House, including well known international manufacturers and local suppliers. Primack also gave special credit to Norman Cardenas, who operates Popular Homes of Las Cruces, N.M. Cardenas, an electrical engineer by training, helped Las Vegas personnel "interpret" Smart House concepts. His firm is also building a Smart House in conjunction with the Home Builders Association of Las Cruces. "Overall it was really a well-orchestrated, coordinated effort," Primack said of the performance of those involved in the Las Vegas project. "In less than five months we purchased all the specialized equipment, prepared the lot, built the house, and installed the equipment. There were some big challenges, because we were doing what had not been done before."

Does that have the ring similar to the introduction of *Star Trek*? Well, the Smart House is not *Star Trek*, but it's fun, practical and high-tech all at the same time. The essence of the Smart House is the outlets, control panels and wiring. There are three systems of electrical cables that interact with the central computer.

The user can program and control the home's systems with keypad control panels, including appliances, energy management, lighting, entertainment, internal and external communications, security, gas, water-plumbing and even personal computers. "Smart" switches and plugs are the final ingredients. Richmond American marketing coordinator Fragakis explained that there are five modes in a Smart House: Awake, asleep, unoccupied, vacation and automatic. Control panels allow three other individual modes. For example when you leave the house unoccupied, a touch of the button turns on the security systems, turns off lights and appliances, as well as controls the air conditioning. Or a special 'entertainment' mode will turn on the outside fountain, the stereo, and create special lighting effects," she said. Programs could turn on special television programs and security systems for latchkey children. "A Smart House can utilize four telephone lines, two with answering machines and others for computers and faxes," she said. This Smart House had a nursery with a video camera and microphone that triggers a system with a baby's cry that allows the mother to view the room on any TV set in the home. Only one VCR is necessary in a Smart House, because it can be watched by any one or several TV sets in the home. Telephones are also part of the intercom system. Through cellular phones or other radio communications systems, Smart House residents can control functions from remote locations. "Let's say your kid gets home and has forgotten his key. He can call mom or dad, and they can unlock the door with a pre-coded signal from a touch-tone phone," Fragakis said.

The Smart House also looks ahead. There is an outlet in the kitchen for small appliances yet to be invented that operate with natural gas. A generator could be installed that would automatically turn on whenever there were power failures, thus preserving Smart House computer pro-



CARL SZARKO

A view of the highly-customized master suite of the Smart House.

gramming, too. A complete list of Smart House functions would fill the pages of this magazine and more.

Since Richmond American has built one Smart House, Primack said they have learned enough to offer the applications in the firm's future homes. "We learned enough to seriously consider adding a custom home division to our operations," Primack said. He also said that building homes "Smart-Redi" will soon be an option on Richmond American homes. A "Smart-Redi" house will have the behind-the-wall wiring and components that could be integrated with the computer and its programs to make a house smart. Primack said there could be delays in availability of some Smart House components, particularly the central computer. "There is so much demand for the central computers that it now takes 12 months for delivery," he said.

The Smart House in Las Vegas is one of 19 currently under construction in North America. In addition to Las Vegas and Las Cruces, other Smart House sites in the

West are Covina, Calif. and Calgary, Alberta. Up until its purchase, the Smart House here in Las Vegas will be a part of the Sienna Ridge model complex, and until the home is taken off the market, it will be available for group tours by special appointment. People who tour the home are invited to donate to the Lied Institute of Real Estate and also view artistic works by members of the University Nevada - Las Vegas art department faculty. Richmond American hosted a Lied Institute function at the Smart House which saw more than \$5,500 donated to creation of a UNLV degree program in real estate.

And what would Primack tell another corporation president who would consider bringing an innovative idea into reality? "Well I could not tell him 'yes' or 'no,' because he has to look at his own business position," he said. "Really, we did not build this house for any ego reasons. It is built for the target market of the Sienna Ridge neighborhood - and we were right on target, too." ❖

Lewis Homes once again state's top builder



Robert Lewis, president of Lewis Homes of Nevada

No matter what the economic climate is in Nevada, one thing seems to be a sure bet: Lewis Homes of Nevada will sell more homes across the state than any other builder.

LEWIS HOMES, which sold more than 1,100 homes statewide during 1991, is having another banner year. Through July of 1992, the firm has already sold more

than 700 residences in the Silver State.

These are remarkable numbers when one considers the high concentration of home builders operating in Nevada, and

the fact that home sales overall have been slower than last year.

"Our knowledge of the market and the wide range of products we offer have been the buffers against the slower economic times," said Robert Lewis, president of Lewis Homes of Nevada. "We build homes ranging in price from the low \$80,000s to the high \$200,000s, so we have all segments of the market covered.

"Therefore, while a builder who constructs only luxury home neighborhoods might be suffering during this recession because that segment of the market is slow, we're not suffering, because we have several affordable neighborhoods perfect for first-time home buyers and first-time move-up buyers – and even during a recession, people still look for those types of homes."

Lewis also said reputation has played a big role in the company's success during the last few years.

"We've been building homes in Nevada for nearly 30 years now and we've been the state's sales volume leader for many years running," Lewis said. "Because of those numbers and the quality of our homes, we have achieved excellent name recognition."

The company presently has 13 active neighborhoods throughout southern Nevada. Lewis neighborhoods can be found in such prime residential areas as Summerlin, South Shore, northwest Las Vegas, south Las Vegas and Boulder City.

Lewis Homes, one of the best-known names in housing in California, is not only one of Nevada's largest builders, the firm is also one of the nation's largest. The May issue of *Builder* magazine ranks Lewis Homes Group of Companies, par-

ent firm of Lewis Homes of Nevada, as the nation's 12th largest builder.

The company is also listed as the largest family-owned home building company in the country with 2,792 starts in 1991.

In addition, the homebuilder's revenue status increased from 11th to 10th in the magazine's annual rating, with \$507 million in gross revenue in 1991.

Builder also lists the top five builders in each of 50 major home building markets. In Las Vegas, Lewis was number one, with 863 local closings in 1991.

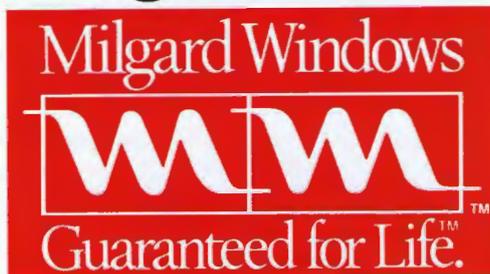
Another industry publication, *Professional Builder and Remodeler* magazine, recently ranked Lewis the 10th largest builder in total revenue nationwide in its annual builder survey.

Established nearly 35 years ago, Lewis Homes is still run by founders, Ralph and Goldy Lewis, along with their four sons.



The Mariposa Model at Plum Tree is located in Lewis Homes' neighborhood, The Orchards – a planned community where residents enjoy the benefits of a planned setting without paying association dues.

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Five proven reasons why businesses fail

Prominent business turnaround advisor pinpoints five critical errors business owners commonly make.

Owners and managers of failing businesses continually make one or more of five deadly mistakes that accelerate the downward spiral, says a leading business turnaround advisor.

According to turnaround expert Thomas R. Timmons, president of Business Directions, Inc., Mission Viejo, Calif., "We see the results of these damaging mistakes time and again in the troubled businesses we serve," he said.

Chasing higher sales at all costs – "If the sales focus is too strong, management will increase sales even at the expense of reduced profits, negative cash flow and a weakened balance sheet. It's called managing the top line and it's usually terminal to a business that's faltering.

One of today's best survival techniques is "right sizing", which changes a business to the size necessary to allow the profitable delivery of its core products," stated Timmons.

"To survive today's tough times it's mandatory that you balance your desire for growth with the need to maintain profitability, cash flow and financial strength. "The life expectancy of your business depends on your ability to adequately control costs and cash flow," Timmons cautioned.

Inadequate controls over costs and cash flow – "To become profitable and stay that way, managers must know what it costs to deliver their products. Often, it's difficult to capture accurate information about costs, but it's vital if you expect to be profitable. You, your business and your employees will lose if you manage cash flow just enough to make sure the most recently issued check will clear. Start a cash management system so you can plan ahead, make informed decisions and make the right moves before a crisis develops," the business turnaround advisor revealed.

Failure to communicate with front line staff – "Open communications creates a common awareness of the team concept that is critical for the success of a business. It lets the owner and managers share their visions for the business. More important, it allows the employees to tell top

management what's working and what's not, as well as what they hear and see from the customers," Timmons advised.

Losing sight of what the marketplace wants – "An excellent way to stay in touch with your marketplace is to talk regularly with customers who did buy from you and with prospects who didn't. This gives you the direct opportunity to learn why they bought, why they didn't buy and what they would buy if you offered it. For best results, have one of your top executives make these calls. Don't make the mistake of trying to make it a sales call in disguise," he warned.

Relying solely on input from your own people – "A business that doesn't take advantage of valuable knowledge available outside its walls is cheating itself and probably committing suicide. All too often, we see companies in deep trouble because of an ill-advised, not-invented-here environment. It's fortunate that today there are many competent sources for learning about new opportunities and how to better manage existing operations. These experienced professionals can provide new information, as well as new and objective views about your business that you and your staff lack," he said. ♦

by K. Michael Spuhler

An irrevocable life insurance trust can save your family estate taxes

Because life insurance is touted as providing tax-free income to beneficiaries, not everyone realizes that the death benefit is often included in the insured's estate for estate tax purposes — and it may be the portion of assets that makes the estate exceed \$600,000 in value, the amount that can be transferred estate tax-free to someone other than a spouse.

More than likely, life insurance is a very manageable part of your estate. Its value is relatively low prior to your death, so that gift taxes generated by a transfer are not significant. Also, it may not be an asset you want to continue owning and controlling, since it does not provide you with current income you need for living expenses. With additional planning, the proceeds of the life insurance policy, even after transfer to a trust, can be used to satisfy the estate's liquidity needs. The trustee or trust beneficiary can make loans to the estate or use the insurance proceeds to purchase assets from the estate.

While you probably need to maintain your life insurance policy, you don't have to accept an estate tax rate as high as 60 percent. Instead, consider the tax benefits of an irrevocable life insurance trust.

PROTECT YOUR HEIRS

By placing your insurance policy in an irrevocable life insurance trust, you can exclude the policy from your estate, and

thus avoid taxes on the proceeds of the policy. For example, a \$1 million policy on an individual included in a total taxable estate valued a \$4 million would result in \$550,000 in federal estate taxes. The same policy in a properly structured irrevocable life insurance trust would not be subject to federal estate taxes.

This type of trust may be funded with most types of life policies, including group or individual term, survivorship or whole life. You may transfer an existing policy into the trust or have the policy purchased through the trust.

For the technique to work, you, as the insured, must give up all "incidents of ownership" in the policy, or the death benefit may be considered part of your estate. Incidents of ownership include the rights to change the beneficiary, cancel the policy, or borrow against and receive the cash value of the policy. The choice of a trustee is important. You may want to consider someone who is not a relative.

Payment of policy premiums is another consideration. To cover this expense, gifts can be made to the trust. With proper planning, you may apply your annual gift exclusion to avoid gift taxes on up to \$10,000 per year per beneficiary (\$20,000 for couples) in premium payments. Currently, it is possible to use the \$10,000 annual gift tax exclusion provided "Crummey" powers — which give the

Many people fail to consider the value of their life insurance when computing the size of their estates. By putting your life insurance policy in an irrevocable life insurance trust, your beneficiaries can avoid estate taxes on the proceeds of the policy.

beneficiary the right to withdraw funds from the trust principal for a certain time period — are stated in the trust.

There may be another consideration in determining the amount of the Crummey power. If it exceeds the greater of \$5,000 or five percent of trust assets, the power should be limited to these amounts. Otherwise, there may be unintended gift when the Crummey power lapses.

If an existing policy is transferred to an irrevocable trust by the insured within three years of his or her death, the proceeds may be considered a part of the insured's taxable estate. If an existing policy is sold to the trust, there may be significant income tax consequences that generally should be avoided.

If possible, the trust should purchase the policy from the insurance company. Transfer of cash to a trust which is subsequently used to purchase an insurance

The beneficiaries of a life policy may be minors who would not be capable of handling a sudden windfall. A trust can be used to direct the use of proceeds until beneficiaries reach a responsible age.

policy won't result in amounts included in the estate even if the donor dies within three years. Ideally, the trustee should apply for the life insurance policy.

Funding the trust with income-producing assets in addition to life insurance results in other tax consequences. In some cases, the result is desired, while in other cases, the grantor would not want this.

MORE THAN A TAX ADVANTAGE

An irrevocable life insurance trust offers other advantages, too. For example, the beneficiaries of a life policy may be minors who would not be capable of handling a sudden windfall. A trust can be used to direct the use of proceeds until beneficiaries reach a responsible age.

Placing your policy into an irrevocable life insurance trust is one alternative for estate planning. You also may want to consider giving the policy directly to your children or others or having another entity purchase the life insurance directly from the insurer.

Your tax adviser can provide you with more information on the appropriateness of an irrevocable life insurance trust. ♦

K. Michael Spuhler is a tax partner with the firm KPMG Peat Marwick.

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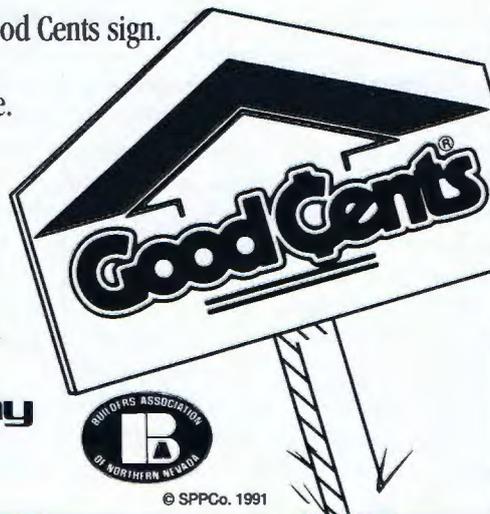
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100 Years Down the Drain, But Not a Moment Wasted

Reno Plumbing and Heating Contractor, Savage & Son, Inc., Celebrates Centennial

For Savage and Son, Inc., a Reno-based plumbing and heating contractor, 1992 has very special significance. This year marks a century of doing business in northern Nevada, making it Reno's oldest established contractor. During this time, the family-owned business has played an important role in the economic development of the region. Remarkably, a family member has been at the shop every day since Frank Charles Savage opened the business in 1893.

"Savage & Son, Inc. is proud to have played a part in the growth of northern Nevada. There have been a lot of changes since my grandfather, Frank Charles Savage, started this business. Most have been very good," said L.J. Savage, president of Savage & Son, Inc. The plumbing and heating contractor has worked on countless residential, industrial and commercial projects.



Left to right: Leonard C. Savage, vice president; Leonard J. Savage, president; Peter Savage, vice president at Savage & Sons new office/showroom site in Reno.

Historically, the Savage family has had an important role in the development of Nevada. Leonard Coates Savage, great-great grandfather of the current president, discovered the Savage mine on the outcroppings of the Gould & Curry in Virginia City on July 9, 1859. He sold his claim while it was still productive and pursued other ventures in northern Nevada.

Entrepreneurial spirit also was evident in Frank Charles Savage, Leonard Coates Savage's son. Frank was a founding part-

ner in a Virginia City company which sold goods to meet the needs of the mines and the families who worked in and around them. Merchandise at Genesy and Savage Plumbers and Tanners ranged from industrial plumbing supplies for draining mine shafts to stoves and cooking utensils.

In 1893, Frank Charles Savage left Virginia City to open a plumbing and heating business on Sierra Street in downtown Reno. One hundred years later, Savage & Son, Inc. is still in Reno, and still thriving. His son, Leonard C., entered the business in 1917. "When you think of how short-lived so many enterprises are, it's a feat to not only have remained in business for a century, but to continue to grow the business," said L.J. Savage, who took the reins in 1958. And grown they have. Their Nevada state contractor's license, number 10, is the oldest license in current use.

Savage & Son, Inc. has gone from a one-man operation to a full-service contractor boasting 60 employees and a fleet of 40 service vehicles. They have undertaken contracts as small as residential bathroom remodeling, and as large as industrial projects for corporations such as the Eldorado Hotel & Casino and the



Storefront of Genesy and Savage Plumbers and Tanners, Virginia City (circa 1880)

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- Alternate Municipal Court Judge, North Las Vegas, 3 years
- Editor, Nevada Family Law Report
- Chairman, Federal Legislation and Procedures Committee of the American Bar Association's Family Law Section
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Hidden Valley Ranch Company, the national salad dressing manufacturer. Savage & Son, Inc. also carries one of the most extensive plumbing and heating parts inventories in the market.

Not content to rest on past accomplishments, Savage & Son, Inc. continues to meet the needs of a burgeoning area. To better serve customers and satisfy demand for their products and services, a new office and showroom has been constructed in Reno. The 20,000-square-foot building will house the company's service fleet and retail operations. It will showcase top quality plumbing fixtures to assist designers and do-it-yourselfers with kitchen and bath concepts.

"Our new building on Yori Avenue is something we're very proud of. It will house one of the most complete parts selections found anywhere, and will be a plumbing showplace," said Leonard C. Savage, vice president of the company, who along with his brother Pete represents the fourth generation of Savage master plumbers. "The fact that the company has the resources and need for this building really speaks to our success. Very dedicated, skilled employees have a lot to do with that success. Our customers, large and small, recognize this fact and continue to come back."

The new office and showroom opened August, 1992; a fitting tribute and celebration of a century of craftsmanship and successful business operation. 🍀



Frank Charles Savage in front of the company's first Reno location on Sierra Street (circa 1926)

Work for Welfare: Jobs Bill Brings Back WPA

'90s twist on Depression era work program offers solutions for the costly welfare trap

by Senator Harry Reid (D-Nev) and
Senator David L. Boren (D-Okla)

The current welfare system cries out for change. The talents of millions of Americans are going to waste under a system which hands out checks but requires nothing in return.

With each passing month, the problem gets worse. Since 1989 the cost of our welfare system has gone up 17 percent and the number of people drawing "aid to families with dependent children" has increased 24 percent.

Those trying to fix the system are torn between the need to increase benefits to take better care of those on the rolls (including nine million children) and the need to make welfare less attractive to break the welfare-dependence cycle.

We have joined with a diverse group of six Democratic senators to propose a new program to provide work opportunities for welfare recipients and the unemployed. Our bill would bring back a modern version of the Works Progress Administration (WPA) and Civilian Conservation Corps (CCC) programs.

Band-aids and patches on the current system will not work. A study of the Depression-era WPA and CCC programs will re-teach us lessons that we seem to have forgotten.

During the eight years the WPA was in existence in the late 1930s and early 1940s, eight million WPA workers built more than 650,000 miles of roads, highways and sidewalks; 125,000 public buildings including 39,000 schools; 124,000 bridges; 8,000 parks; and 18,000 playgrounds. They wrote hundreds of books and created countless artistic works. They served more than one billion meals to hungry school children and sewed more than 350,000 garments for those in need. All of this

required an investment of about \$90 billion in today's terms.

By comparison, what has our welfare system created in the last eight years? At a cost of more than \$900 billion spent on all public assistance, we have managed to produce nothing but subsistence-level payments to an increasingly hopeless segment of American society. These recipients will never have the satisfaction of saying, "I helped build that park for the community" or "I served meals to the homeless."

Under the new Community WPA (CWPA) program we propose, all able-bodied welfare recipients with the exception of mothers with small children and those enrolled in education and training programs would be required to take an available job with the CWPA if they cannot find a job elsewhere. At least 25 percent of the jobs would be reserved on a voluntary basis for those who have been unemployed for five weeks or more.

There are currently 7,252 public works/infrastructure projects ready to go in 506 cities across the country, according to the U.S. Conference of Mayors. In October 1991, 13.2 million Americans were receiving welfare assistance at a cost of about \$210 billion. The latest Bureau of Labor Statistics show almost 9.2 million American workers are without jobs, which is 315,000 higher than in January 1992. What are we waiting for?

Local and state agencies, as well as private non-profit organizations could apply for CWPA work-grants. Jobs might involve construction, maintenance, or service work from building parks to helping at hospitals to delivering meals to the elderly. The plan would protect private-sector workers in these areas to prevent their

displacement by CWPA employees.

In addition to the adult programs, there would be two youth programs to help develop a strong work ethic in the next generation. A new Youth Community Corps (YCC) would allow students beginning in the seventh grade to work up to 250 hours per year until they reach the 12th grade. Students participating for six years could earn up to \$10,000 in educational benefits or \$5,000 in cash upon graduating from high school.

The second youth division, the National Youth Community Corps (NYCC) would create camps or dormitory units in urban areas for young people ages 17 to 22 to work on projects ranging from reforestation to auxiliary police to town beautification. The YCC would provide up to \$10,000 in education benefits for one year of work. This program might well use excess military bases and personnel being phased out of the military in supervisory positions.

We can't put a price tag on the cost of idle youth. Crime, gangs and drugs are devastating our families, neighborhoods, schools, hospitals and national morale. Welfare is taking a similar toll. Our economy is at a breaking point with no relief in sight. Jobs are the solution.

It is time to recycle an approach that worked well in the past and modify it to fit current conditions. We can no longer afford to support a system that gets sicker everyday by feeding off its own poisonous flaws.

Instead of the growing division between taxpayers and welfare recipients, it is time to make all Americans part of the same team. Maybe someday, welfare recipients whose talents are now being wasted can point to a major community facility and say with pride, like the WPA workers of old, "I helped build it!"

Nevada Health Briefs

Doctors featured in national publications

Nevada surgeon Dr. Julie Swain, professor of surgery and the only female cardiac surgeon in Nevada, is featured in the August issue of *Cosmopolitan*. Dr. Alex Little, chairman of the surgery department, will receive the *Good Housekeeping* seal of approval in September for being named one of the 400 best cancer doctors in America.

This will mark the second *Cosmo* appearance for Dr. Swain. She was first featured in 1975 when, at age 25, she was a first-year resident at Baylor College of Medicine in Houston, a protegee of renowned heart surgeon Dr. Michael E. DeBakey. Of more than 6,000 board-certified thoracic surgeons in the U.S., only 55 are women (that number was 18 as late as 1986). *Cosmo* writer Maxine Abrams interviewed Swain and 14 other women doctors on their diet and exercise regimens. Among those also featured is Dr. Judith Swain, Julie Swain's identical twin, who is a cardiologist at the University of Pennsylvania hospital.

Physicians from throughout the U.S.

were surveyed to come up with a list of the best 400 cancer doctors in the country for *Good Housekeeping* magazine, said the publication's spokeswoman Kathy Clark. According to Clark, a surgeon, an oncologist and a radiology oncologist are listed under each cancer disease category. Little is listed under the lung cancer category as a thoracic surgeon.

Little was president of the 13,000-member American College of Chest Physicians (ACCP) when the organization became the first to file a friend-of-the-court brief in *Thomas Cippollone vs. Phillip Morris*. The case, which was recently ruled in favor of the Cippollone family, was the only U.S. Supreme Court case to address the adverse health effects of cigarette smoking.

St. Mary's names new PR director

Janice C. Pine has been named director of community and government relations for Saint Mary's Regional Medical Center. As director of community and government relations, Pine is responsible for community, media and government relations and employee communications for Saint Mary's.

Pine has served as the government relations representative for Saint Mary's for the past five years where she participated in government and public relations activities, and served in an advisory capacity to the community relations department.

Program provides health care options for businesses

Sparks Family Hospital has launched a new wellness program in the northern Nevada market. The program, called CHOICES, Health Care Options for Business, offers cost-effective alternatives to business owners and executives seeking to supplement their company's

health benefits plan. Londa Moore, a registered nurse with 15 years of medical management experience, has been named program director for CHOICES. She will oversee marketing, sales and administration of the start-up venture.

"I'm very excited about CHOICES," said Moore. "The program meets a very real need in the business community—the need to provide cost-effective preventive medicine and early detection of disease. CHOICES lays the foundation for a company-wide wellness campaign that raises awareness of health issues, encourages positive change in personal behavior, and promotes healthy living," she added.

CHOICES is targeted at the broad spectrum of business owners and executives in northern Nevada, one of the fastest growing regions in the nation. The product is a health care cost containment measure that aims at decreasing on-the-job injuries, reducing sick time and promoting worker safety.

New waste sterilizer installed at Humana Sunrise

Humana Hospital-Sunrise recently installed a new infectious waste sterilizer. The equipment is part of an infectious waste processing system that not only renders waste material non-infectious, but also reduces its bulk by 50 percent.

Humana is the first hospital in southern Nevada to have this type of sterilization equipment. Previously, all infectious waste material was incinerated or taken to an infectious waste landfill.

"The sterilizer allows us to make our infectious waste non-infectious in a way that's cleaner and healthier for the environment," said Marge Ulsh, director of environmental services at Humana Hospital-Sunrise.

"Another benefit of this sterilization system is that there's limited human contact so the disposal process is safer for all concerned," she said.

Desert Springs announces mobile imaging system

Desert Springs Hospital recently introduced the facility's new state-of-the-art BV 29 (C-Arm Fluoroscope) Mobile X-Ray System.

According to Hospital Administrator, Steven J. Peterson, "We are very pleased with the versatility and maximum clarity offered by this new system. When our physicians can administer treatment in a more precise manner, it assures patients of an even higher level of care," he said.

Made by Philips Medical Systems, the BV 29 has been called the world's most advanced mobile imaging system. While primarily designed for surgical applications and interventional procedures, it is ideally suited as a mobile diagnostic unit.

Its many uses include orthopedic and vascular work because of the clearer, sharper, and finer image provided.

The radiology department's chief technician, Jerry Nykamp, likens the new equipment to "going from a Model T to a Cadillac." He points out that during an angiogram the BV 29 employs state-of-the-art digital technology to detect blockages. There is no longer a requirement for large amounts of contrast agent or dye to be injected into the patient. Smaller amounts can be used instead and watched as they circulate, promoting on-the-spot, and therefore, more accurate diagnoses.

Prior to the existence of the new C-Arm (BV 29), still x-rays were used throughout procedures and recovery. Now, physicians and technicians can monitor functions live on a television screen throughout the processes. The unit allows ease of maneuverability, accessibility to the patient and a large field-of-view.

In surgery, such as laproscopic cholecystectomy (removal of the gall bladder using a small incision and a fiber optic scope) the C-Arm is right there to provide an accurate live image for the surgeon.

A positive benefit is that, without the wait to develop x-rays while in surgery, the patient is under anesthesia for a shorter amount of time.

Its additional uses include many corrective and specialized orthopedic applications such as the insertion of pins, screws and plates, and injection of pain deadening solution into joints. The physician can observe the solution as it goes in – and all procedures as they are taking place. Before, a ten-minute wait was required for x-ray development.

The BV 29 C-Arm saves time, improves accuracy and offers seven imaging modes to suit the application.

Brain injury clinic first of its kind in Nevada

For most people, traumatic head injuries are merely stories they hear about in the news. For the individuals and families that have suffered through the injury, and the long recovery period, a mere story is a living nightmare.

Helping individuals and their families cope with their lives following such an injury is the mission of Community Rehabilitation Services (CRS) of Las Vegas. The new facility offers 24-hour care and treatment programs for persons suffering from traumatic brain injuries (TBI).

Southern Nevadans and the rest of the nation became more aware of the difficulties in responding to a head injury following the airing of the ABC Television Movie of the Week *Stranger in the Family*, describing how Las Vegas Steve Thompson's life changed following a head injury he sustained in an accident caused by a drunken driver.

Following a TBI, a person often loses the ability to function in the community. "At CRS, we try to provide a smooth transition for the brain injured individual into his or her own community to resume a meaningful and productive life," says Anne S. Napps, CRS executive director.

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The \$1 million needed to instrument this sophisticated facility is being raised by the DRI Research Foundation from private sector contributors.

"The community's commitment to this project is vital to the DRI Research Foundation's fund-raising campaign," noted Taranik. "This \$30,000 contribution will be used toward completion of the first of four 'Ecocells' or 'Ecologically Controlled Enclosed Lysimeter Laboratories'."

The Ecocells are closed chambers which contain extremely large instrumented planters in which the interactions of soil, plants, water and air can be observed and precisely measured. Each Ecocell will be comprised of an enclosed 18 by 24 foot cell for controlled atmospheric conditions and will contain a weighing planter for soil, plants and water. The planters will weigh more than 130,000 pounds when filled and will be mounted on highly sensitive scales capable of registering a weight change of one pound.

One example of an environmental change issue which the Ecocells will help address is the relationship of soil carbon and atmospheric carbon dioxide. Scientists will study the interrelationship of these above- and below-ground systems.

A nonprofit, statewide division of the University and Community College System of Nevada, DRI pursues a full-time program of basic and applied environmental research on a local, national and international scale. DRI's 350 scientists, technicians, and support staff conduct some one hundred research projects annually. More than 90 percent of DRI's \$20 million operating budget consists of research grants and contracts obtained by its scientists. The balance is received from Nevada for administrative costs.

DRI has three major research facilities in northern Nevada, the George Burke Maxey Science Center and the Great Basin Environmental Research Laboratory (both in Reno) and the Stead Science Center in Stead. DRI's Southern Nevada Science Center is located across from the University of Nevada, Las Vegas.

VP named by Heitman Nevada Management



Missy McQuattie has been named an officer of the company by Heitman Nevada Management, Inc. As a vice president, McQuattie will continue her current responsibilities of man-

aging all leasing transactions for the 245,196-square-foot Valley Bank Plaza, the largest high-rise in Reno, and the 445,282-square-foot Glendale Industry Center, an industrial complex in Sparks.

McQuattie has also been named Heitman's broker for the state of Nevada. She joined Heitman in 1990, and was involved with commercial property in her previous work with the Trammell Crow Company and Coldwell Banker Commercial Real Estate.

McQuattie is a member of the Northern Nevada CCIM (Certified Commercial Investment Managers), WIN (Western Industrial Nevada) for the promotion of economic growth, EDAWN (Economic Development Authority of Western Nevada), NAR (the National Association of Realtors), the Rotary Club of Reno and the Professional Saleswomen of Nevada. She also serves on the board of the Reno Philharmonic and is a member of the city of Reno's Arts District Committee.

Kleinfelder names new executives

Kleinfelder, Inc., a geotechnical, materials testing, and environmental engineering firm announced the addition of Dr. Marvin (Nick) Saines, senior hydrogeologist, and Jack Wheeler, construction materials engineer, to their Las Vegas team. The firm also announced the promotion of Todd Croft, CEM, to environ-

mental division manager in Las Vegas.

Saines has more than 20 years of experience in groundwater hydrogeology and engineering geology including site characterization for solid and hazardous waste disposal, groundwater exploration and development, and groundwater seepage control at dams and reservoirs. He was a senior hydrogeologist on the Yucca Mountain Nuclear Waste Repository Project for 25 years.

Wheeler will provide construction materials engineering design and construction materials testing and inspection services. Recent experience includes materials construction project management of McCarran International Airport 2000.

Croft has more than eight years of experience in developing and implementing site assessments and conducting soil and groundwater assessments. He has a bachelor of science degree in geology from Northern Arizona University and has worked for Kleinfelder for over five years.

Kleinfelder has more than 700 employees in 23 offices throughout the West. Their Las Vegas office, founded in 1979, employs over 65 engineers, geologists, hydrogeologists, and construction materials testers and inspectors.

Gateway Interchange in Las Vegas proceeds

Clark County Commissioners recently approved a Special Improvement District agreement which will create a diamond interchange at Russell Road and I-15. Construction is slated to begin this summer with completion by July of 1993.

Located one mile south of Tropicana, the Gateway Interchange will be the first major "Strip" access serving incoming California freeway traffic as well as McCarran International Airport travelers.

The much-needed and long-awaited interchange will become a reality through a unique public and private venture between Weststate Land, the Nevada De-

partment of Transportation and Clark County Public Works.

Weststate Land, a private company which owns property in the area, has agreed to dedicate 28 acres of land to the county for the interchange. Through the creation of the Special Improvement District, the property owner will also contribute \$6 million towards the construction of the interchange.

Weststate owns 190 acres on three corners where the interchange will be located. The property, minus the 28-acre dedication for the interchange, has hotel/casino and commercial/industrial zoning.

Lockheed opens environmental center

Touting the theme "Contributing to a Better World," Lockheed formally dedicated its new Las Vegas Environmental Center during recent grand opening ceremonies at the Summa Corporation-owned Hughes Airport Center.

Governor Bob Miller, Clark County Commission Chairman Jay Bingham, Lockheed Engineering & Sciences Co. President Bob Young and Summa Chairman William R. Lummis were among the dignitaries to open the new environmental facility, which employs more than 400 people locally and assists federal and private agencies to clean up decades of environmental problems.

The Lockheed Las Vegas Environmental Center includes an environmental programs office, the Lockheed Analytical Laboratory, and the Las Vegas-based subsidiary AWC-Lockheed, an environmental remediation technology firm.

Lockheed has committed more than \$10 million to establishing its state-of-the-art analytical laboratory in Las Vegas. The 44,000-square-foot laboratory provides chemical and radiological analyses of environmental samples, quality assurance support to environmental programs, and environmental chemistry research and

development capabilities. The facility includes laboratories designed specifically to analyze organic and inorganic radionuclide and mixed waste samples.

Lockheed's Environmental Programs office provides services to the federal Environmental Protection Agency (EPA) and other clients. These services focus on sampling and analysis, environmental quality assurance, site characterization, passive and active remote sensing, geographic information systems applications, pollution prevention, and environmental safety and health.

"Environmental studies at EPA-designated superfund sites is an example of the work of our programs office," said Young, who added that Lockheed also is prepared to pursue environmental problems overseas, such as in Eastern Europe.

AWC-Lockheed has a patented soil treatment system called TRUClean for remediation of radioactive and contaminated soils, and provides a full range of nuclear services. Lockheed scientists at AWC's Soil Treatability Laboratory characterize contaminated soils and test techniques for processing soils in order to remove contaminants.

John L. Goolsby, Summa president and chief executive officer, called the environmental center "a major world-class facility that will make a major impact on Clark County's economy and stature as a growing industrial force. We're delighted that Lockheed chose to build this state-of-the-art facility at Hughes Airport Center."

Lockheed builds spacecraft, space launch and space-related ground systems, electronic products and systems, strategic missiles and defense systems, stealthy advanced tactical fighters and advanced aircraft, airlifters, maritime patrol and special mission aircraft, and tactical weapon systems.

Overall, Lockheed is involved in the development of 18 of the 20 technologies designated by the Department of Defense as vital to America's future. The firm also provides technical, financial, information, management and environmental services.

Mining firm contributes to Heritage Museum

Independence Mining Company Inc. (IMC) recently donated \$2,500 to the Clark County Heritage Museum located in Henderson. The museum's director, Mark Ryzdyski, says the funds may be used in a variety of areas including the annual Desert Treasures program which focuses on mining, past and present, and which will highlight this year the relationship between mining and the railroads.

The donation will support a companion program to Desert Treasures, a Mineral and Mining Symposium sponsored in part by the museum and the Nevada Department of Minerals through which experts will discuss a variety of topics related to minerals and mining in the Silver State.

Additionally, the funds will allow the purchase of several key mineral specimens for display in the museum's permanent exhibition and for the proper duration of the existing exhibit thereby providing access to the public, scholars, and students for research purposes.

Las Vegas CSI elects new president



Sandra L. Vance, CCS, has been elected president of the Las Vegas chapter CSI for the 1992-1993 term.

The local chapter is an affiliate of the Construction Specifications

Institute, a national organization promoting advancement of construction technology. Vance, a certified construction specifier, has over 18 years of experience in the construction industry. For the last five years, she has served as specifications writer for G.C. Wallace, Inc., Engineering/Architecture.



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business indicators & analysis

Recession, recession, recession—you hear a lot about the economy these days. In recent months, some key economic indicators have shifted back and forth between positive and negative changes from year-ago levels. Listening to television soundbites you would think that the state of Nevada has declared bankruptcy. To the contrary, nothing could be further from the facts.

The state's government has experienced increasing deficits. However, the state's deficit problem arose from unrealistic revenue projections. Revenue forecasts of seven percent may have enabled important political compromises to be made, but reasonable economic assumptions would have called for decidedly lower revenue growth. Not surprisingly, revenue collections have fallen short of the projected mark. Yet, Nevada's economic performance is noteworthy in face of the 1990-1991 national recession and the flat recovery during the first half of 1992. Moreover, Nevada has not been as adversely effected as California. Thus, Nevada's steadiness in the face of changing economic alignments has been overshadowed by the more dramatic news coverage of current fiscal problems and past growth records.

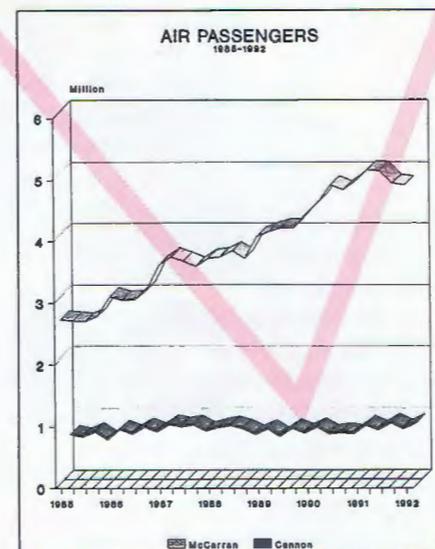
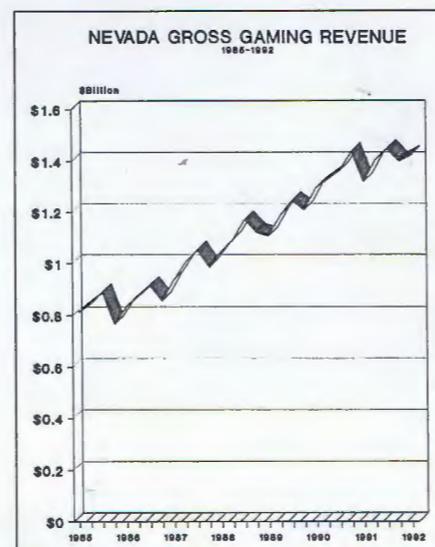
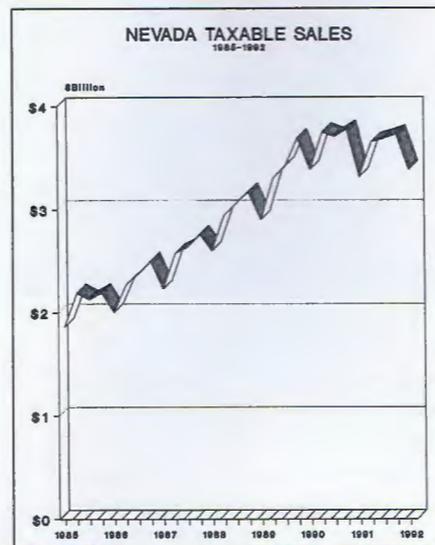
Although the Gulf War slowed tourism, major construction programs reached completion, and natural maturity slowed the economic expansion of the 1980s, Nevada has weathered the recent national recession with better results than most other states. May's unemployment rate was 5.7 in Nevada, 6.1 percent in Las Vegas, and 5.9 percent in Reno. National unemployment was at a higher 7.4 percent rate.

While optimism prevails, not all indicators clearly foretell economic expansion; some have given ambiguous signals. For example, Nevada retail sales growth (one measure of current activity) continues to flip back and forth. In March of this year, Nevada retail sales were up by 5.43 percent from year-ago levels. On the other hand, April taxable sales were down by 1.47 percent from year-ago levels. A different number of weekends within a month and other special one-time events often make simple month-to-month comparisons inconclusive. Indeed, business cycle swings require more than short-run data movements for proper evaluation. Thus, the presence of some data ambiguity and the lack of clear trends have seeded clouds of uncertainty.

Not all areas of the state have experienced similar activity patterns. Reno (Washoe County) showed growth in taxable sales for both March and April. On the other hand, Las Vegas (Clark County) has experienced a decline in taxable sales collections. Gaming revenue, another good measure of overall activity in Nevada and its two urban centers, shows Reno doing better than Las Vegas during the past few months. April gaming revenue collections compared with last year were up 6.71 percent for Reno, and down 3.74 percent for Las Vegas. Also, total air passengers were up for Reno and down for Las Vegas in April, 1992.

Whether or not the national recovery picks up sharply or continues to languish will undoubtedly depend on consumers and business people regaining confidence in the economy. Indeed, restoring confidence may not be as easy as has been the case in past economic recoveries. Typically, past recessions have not had as much business down-sizing as the most recent one. Thus, although Nevada's economy continues to show strength in face of the last 18 months of national economic stress, the Nevada outlook for the last half of the year must be one of guarded optimism.

R. Keith Schwer, UNLV Center for Business & Economic Research



	DATE	UNITS	LATEST PERIOD	PREVIOUS PERIOD	YEAR AGO	CHANGE YR AGO
UNEMPLOYMENT						
Nevada	May, 1992	seasonally adj.	5.7	6.0	5.7	0.00%
Las Vegas	May, 1992	seasonally adj.	6.1	6.0	6.4	-4.69%
Reno	May, 1992	seasonally adj.	5.9	5.7	5.5	7.27%
U.S.	May, 1992	seasonally adj.	7.4	7.1	6.7	10.45%
RETAIL ACTIVITY						
Nevada Taxable Sales	April, 1992	\$ thousand	1,155,086	1,254,575	1,191,170	-3.03%
Clark County	April, 1992	\$ thousand	662,948	712,291	687,886	-3.63%
Washoe County	April, 1992	\$ thousand	221,289	235,304	215,809	2.54%
U.S. Retail Sales	May, 1992	\$ million	158,818	158,541	154,708	2.66%
GROSS GAMING REVENUE						
Nevada	April, 1992	\$ thousand	454,398	478,269	461,170	-1.47%
Clark County	April, 1992	\$ thousand	334,121	361,597	347,113	-3.74%
Washoe County	April, 1992	\$ thousand	74,324	71,739	69,650	6.71%
CONSTRUCTION ACTIVITY						
Las Vegas Area						
New Residences	1st qtr 1992	# permits	2,463	3,925	2,291	7.51%
New Commercial Permits	1st qtr 1992	# permits	148	150	154	-3.90%
Reno Area						
New Residences	4th qtr 1991	# permits	276	445	232	18.97%
New Commercial Permits	4th qtr 1991	# permits	15	87	67	-77.61%
U.S.						
Housing Starts	May, 1992	thousand	1,230	1,108	983	25.13%
Total Construction	April, 1992	\$ billion	418.8	420.0	407.1	2.87%
HOUSING SALES						
Las Vegas Area						
Average Sales Price ⁽¹⁾	1st qtr 1992	\$	129,421	140,622	133,007	-2.70%
Average Cost/Square Foot	1st qtr 1992	\$ per sq. ft.	71.35	81.58	79.29	-10.01%
Average Mortgage Rate ⁽²⁾	1st qtr 1992	%	8.49	8.63	9.16	-7.31%
Washoe County						
Average Sales Price ⁽¹⁾	4th qtr 1991	\$	156,370	147,328	143,935	8.64%
Average Cost/Square Foot	4th qtr 1991	\$ per sq. ft.	83.63	83.03	78.58	6.43%
Average Mortgage Rate ⁽²⁾	4th qtr 1991	%	8.50	9.20	9.80	-13.27%
U.S. Home Sales	May, 1992	thousand	501	531	511	-1.96%
TRANSPORTATION						
Total Passengers ⁽³⁾						
McCarraan Airport, LV	1st qtr 1992	passengers	4,924,977	4,950,982	4,982,584	-1.16%
Cannon Airport, Reno	1st qtr 1992	passengers	906,762	817,194	877,438	3.34%
State Taxable Gasoline Sales	April, 1992	thousand gal.	56,003	55,339	54,449	2.85%
POPULATION ESTIMATES						
Nevada	July 1, 91	people	1,296,360		1,236,990	4.80%
Clark County	July 1, 91	people	817,450		770,280	6.12%
Washoe County	July 1, 91	people	262,900		257,120	2.25%
NATIONAL ECONOMY						
Consumer Price Index ⁽⁴⁾	May, 1992	1982-84=100	139.9	139.7	135.7	3.10%
Money Supply — M1	May, 1992	\$ billion	954.5	942.9	850.9	12.18%
Prime Rate	June, 1992	%	6.5	6.5	8.5	-23.53%
Three-Month U.S. T-Bill	June, 1992	%	3.7	3.66	5.6	-33.93%
Gross National Product	1st qtr 1992	\$ billion	5,820.6	5,739.7	5,589.0	4.14%

NOTES: (1) houses, condos, townhouses; (2) 30 yr. FHA; (3) enplaned/deplaned passengers; (4) all urban consumers

SOURCES: Nevada Dept. of Taxation; Nevada Employment Security Dept.; UNLV, Center for Business and Economic Research; UNR, Bureau of Business and Economic Research; US Dept. of Commerce; US Federal Reserve.

COMPILED BY: UNLV, Center for Business and Economic Research

Coordinated Care.



The way health care *should* work.

All the parts should work together to make it work better for you. ♦ Health care should be easy to use. It should have convenient locations and service hours. ♦ At the same time, your medical records should be readily available no matter which location you use. Laboratories and radiology facilities should work around the clock, so your physician can have your test and x-ray results when they need them. Those physicians should provide the quality of care you require. And deserve. ♦ It should be coordinated care. Coordination of all parts of the health care system, so it works smoothly, efficiently, thoroughly. ♦ And it should all be affordable.

♦ Health Plan of Nevada. It works the way health care should work.



HEALTH PLAN OF NEVADASM
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