

# Nevada Business Journal

Nevada's Only Statewide Business Magazine

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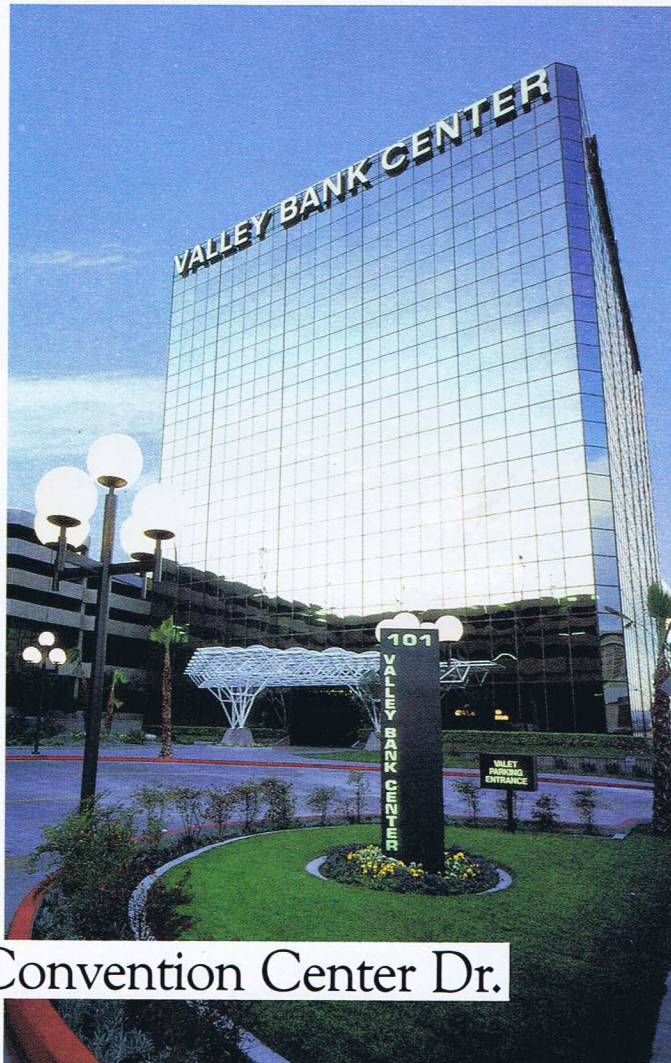
## Nevada's New "Center Of Attention"

The Nevada Financial Center

L to R: Bill Peccole, The Peccole Group; Paul Cody, president,  
Johnson Wax Development Corp.; Robert G. Mayfield, executive  
vice president, Western Devcor Inc.; Walt Rector, president, Western  
Devcor Inc.; and William Martin, president, Nevada National Bank



# 1,810 hrs...



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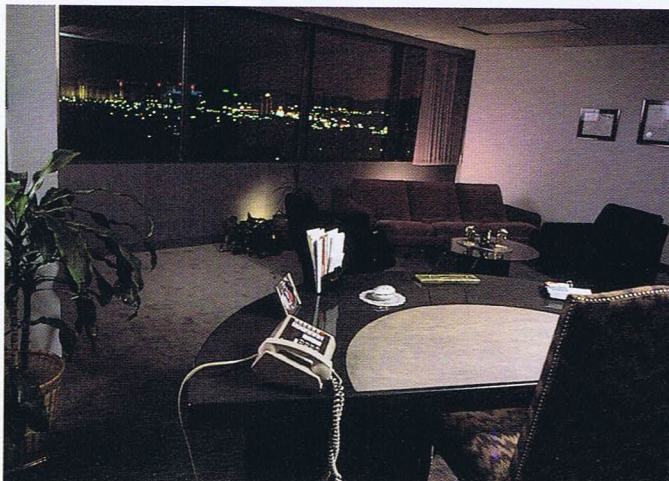
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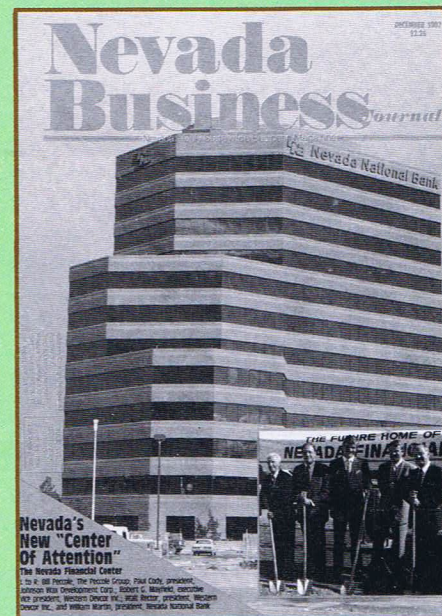
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COVER PHOTO BY PRESTIGE PHOTO STUDIOS

**THE COVER:** Developers of the new Nevada Financial Center in Las Vegas include (l to r): Bill Peccole, The Peccole Group; Paul Cody, president, Johnson Wax Development Corp.; Robert G. Mayfield, executive vice president, Western Devcor Inc.; and Walt Rector, president, Western Devcor Inc. William Martin, president of Nevada National Bank, the center's anchor tenant, is far right.

# Battling The Big Boys In The Burger Biz

*With only five outlets, Jack Randall and Ed Lewis are taking a bite out of northern Nevada's fast food business. Quality food and shrewd marketing are their secrets.*

By Bob Gabrielli

UNR News Bureau Manager

*(Editors Note: The Nevada Small Business Development Center has initiated a "Small Business of the Month" to give recognition to the important role of small business in Nevada's economy. This month's winner was nominated by the staff of NSBDC's University of Nevada-Reno office.)*

**J**uicy's standard hamburger sandwich stands a full five inches high. The large sesame seed bun holds one-third pound of the best beef available, a thick slice of onion, three slices of tomato, crisp lettuce and a special sauce. Order the cheeseburger and a double thick slice of cheddar cheese is applied to the sizzling meat patty. In short, it's a no-holds-barred, throw-a-dieter's-caution-to-the-winds burger. It's a hamburger that was voted No. 1 in a 1987 local poll taken by a Reno newspaper.

"It's as good as a hamburger can be," says Jack Randall, co-owner-operator of Juicy's Giant Hamburgers. "You would guess it cost \$5."

Randall and his partner Ed Lewis are betting that their \$5-tasting, \$2.69-retail burger can hold its own in an industry dominated by the Golden Arches of the world. At last count it was McDonalds: thousands of outlets, Juicy's: five.

Randall hadn't come to Nevada to become a restaurant owner. The Cincinnati native had come in 1978 "to play blackjack" after selling off a computer employment company that he had owned for 11 years. Randall had been employed in the employment business since 1960 and, at 37 years old, was tired of the industry. In Nevada, the retired employment recruiter drifted for a couple of years.

"It was my time off for good behavior," says Randall. "My mid-life break."

So it was that when he returned to "productive" status in 1980-81, he did it in a big way. He got involved with two business partnerships: Pacific Option Traders and Juicy's. The Randall-Lewis partnership looked into the hamburger

trade.

"Ed and I wanted to find a business that was recession- and cyclical-proof," says Randall. "People like to eat hamburgers in both good times and bad. We'd just make the best hamburger that you can make and place it in a very friendly environment. A place where people can come out of their workday and really enjoy themselves."

The key word, though, was quality.

"When the restaurant was evolving in our minds, we were right in the late 1970s when quality was not a key word in American business," Randall says. "Food had shifted to inexpensive fast food. We felt that it was time for quality to come back. We're seeing a whole different outlook since then. A good quality product and a good quality place was the wave of the future."

They found a little cafe at South Lake Tahoe. Since Lewis was a building contractor, the remodeling costs were low. In fact, the pair needed only a \$15,000 loan from the bank to cover their start-up costs. With six employees and a simple fare of burgers, fries and soft drinks, the Tahoe Juicy's had people "streaming in from the very first day," says Randall. "They were lined up to the door."

The success led Randall and Lewis to consider expanding. Randall sold his interest in his stock exchange business and bought up a vacant gas station on the corner of a busy Reno avenue. Lewis supplied the remodeling effort and in June of 1982 Juicy's in Reno was born. As had been the case at Tahoe, the Reno store took off the day it opened.

The Juicy's braintrust began tinkering with the menu. Homebaked chicken,

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*"We'd become complacent, smug. We learned a really good lesson and it caused us to pull together and start our marketing effort."*

Jack Randall, co-owner-operator,  
Juicy's Giant Hamburgers

crab salad and a BLT were introduced. The new fare did modestly well but it was the hamburger that people liked and kept coming back for.

The third store was launched in 1985. It was a very inauspicious opening. Randall didn't even bother waiting for the Juicy's sign to go up before he threw open the doors for business at the Sparks site.

"We were accustomed to opening our doors and saying 'Okay we're ready for you' and everybody just comes swarming in," says Randall.

This time out, however, nobody came.

"We'd become complacent, smug," he admits. "We learned a really good lesson and it caused us to pull together and start our marketing effort."

Randall's marketing efforts consisted of combing the Sparks neighborhood distributing menus and getting acquainted with local businesses. Business still did not pick up appreciably. Worse yet, traffic at the Reno restaurant had settled back. Randall felt it was time to rejuvenate the entire company.

"We decided to add a delivery service in 1986," he says. "We became the first company to my knowledge that delivers hamburgers. To let people know about it, we began heavily advertising on radio and television."

The advertising campaign promoting the delivery service was successful. Delivery sales were strong. More importantly, it also served to pump new life into the in-house business. But Randall is ambivalent about the service.

"It's nearly impossible to do and totally impossible to do well," he says. "Everyone calls at the same time and they all want their food right now. It's a madhouse."

But the strong cash flow had the pair convinced that they were out of their slump. Two more stores were opened: a second Reno store in January 1987 and the first Carson City store in July.

As the expansions continued so did the marketing experiments. Juicy's



began a breakfast line. Now area residents can drop by for a cheddar cheese omelet sandwich on a whole-wheat bun with three slices of bacon or scrambled eggs with nine different items. The breakfast trade is still fledgling but Randall is confident that "if others can be successful at it so can we."

What's not in question is Juicy's future plans. "We're definitely in the mood to expand," says Randall. "One or two more in the Reno-Sparks area. Looking at northern California, Las Vegas, Hawaii, any place that has a good-sized population but an accessible TV market. Give me that and a corner site and we'll put a Juicy's on it." □

*The Nevada Small Business Development Center is a business development program funded through a cooperative agreement between the University of Nevada-Reno and the U.S. Small Business Administration. It is designed to provide all types of management assistance free of charge to businesses statewide through offices at the UNR and UNLV campuses and at the Northern Nevada Community College in Elko. In addition, the NSBDC cooperates with a variety of agencies and organizations to provide services to Nevada's rural communities.*

# Gasoline Dealers' Guardian Angel

*When Jack Greco got wise to ARCO's plot to stamp out competition among Nevada's gasoline dealers, he got mad. He also waged—and won—the battle against the industry giant.*

By Coco Crum

**W**hen Jack Greco parked his motor home at a Texaco station in Carson City on a wintry day last January to begin a stint as an unpaid lobbyist for the Nevada Gas Retailers Association, he was unknown to most state legislators and, in some ways, like a fish out of water.

Greco was more familiar with the environs of a service station than the political arena. He'd devoted his energies that past 11 years to making profitable his Atlantic Richfield Co. dealership in Las Vegas and being actively involved in raising his four children. He'd never lobbied before and did not know the legislative process.

When Greco pulled out his motor home on a hot day in July to return to Las Vegas, he was homesick for his family, concerned about the business he'd neglected for six months, \$8,000 poorer—and known well by every legislator in the state.

In the process of being a central figure in a dramatic confrontation that included an oil company being cited by the Legislature for contempt, Greco took on almost folk hero proportions. He captured the imagination of the press and public and won respect from legislators—and even his opponents—for his lobbying skill.

One publication compared Greco and the NGRA's upset of oil companies to David slaying Goliath. A group of gas station dealers, led by Greco, challenged big business and won. State legislators

sided with gas station dealers and sent a message to the oil companies: Don't drive gas station dealers and independent operators out of business with the intent of raising gas prices in Nevada.

To understand why Greco and the NGRA were successful, you can't be sidetracked by the hero stuff, however. Greco is no David, who miraculously pulls off a coup by firing a single shot at his opponent. He's also no Goober on the old Andy Griffith show. Far from it.

He's an astute, intelligent college graduate, who taught school before purchasing the ARCO dealership on Washington Avenue and Rancho Road in Las Vegas. He's also a man of principle, who believes, as he told his wife, "Things happen in this world that you have to do something about."

To right what Greco considered a wrong required his innate intelligence, the research skills he learned in college, the speaking skills he put to use as a teacher—plus sheer stamina. And while small businesses often aren't successful at lobbying the Legislature, Greco and the NGRA proved it doesn't have to be that way, according to some legislators.

"It's the best example I have seen of effective lobbying on a one-to-one basis," Assemblyman Matthew Callister (D-Clark County) says. "I know of many legislators who weren't convinced at first, and it just shows what lobbying at a local level can do."

Like most small businessmen, Greco had no previous lobbying experience, which he believes turned out to be an

advantage. "One of my strengths was inexperience," Greco explains. "I just kind of went in like the guy off the street. Many times when I'd take legislators to lunch, I'd wear my service station shirt. They told me it was a refreshing approach. They get so doggone tired of seeing guys in pin-striped suits."

At the same time, Greco was calculated. He had a plan on how to approach the legislators. Calling upon his background as a school teacher, he took the educational approach. "I attempted to teach," he says. "You can't just say, 'We've got a problem and it's got to be corrected, so vote yes.'"

The problem, as Greco saw it, was the oil companies' attempt to drive gas station dealers and independent operators out of business so they could eventually raise gasoline prices. Greco first became concerned in 1985—when four ARCO

*"What I was trying to do was stick my foot into their machinery. I was doing it more as a citizen than as a businessman. I felt since I had the knowledge of what was going on that I had a duty to get the story told. And I did."*

Jack Greco, Nevada Gas Retailers Association lobbyist and gasoline dealer, Las Vegas

dealerships in Las Vegas failed within a nine-month period and were converted to company-operated stations.

"Some of those dealers had been in business for 25 years. They went broke and lost their homes," he says.

Greco also noticed more stations were flying the ARCO banner. During the same nine-month period that four ARCO dealerships failed, ARCO purchased three Mobil Oil stations and 13 Shell stations in Las Vegas and turned them into company-operated stations. Several independent stations had committed to selling one brand of gasoline as well. Wright Oil, which operates the Express stations, was now selling Unocal and Terrible Herbst was selling ARCO gasoline.

Then ARCO raised the rent on Greco's gas station. He had paid \$1,000 per month in rent before ARCO instituted a new program in which rent was based upon the value of the land rather

than the volume of gas sold. Greco's rent increased to \$4,200 per month in May 1985 and to \$5,400 per month in March 1986.

At about the same time, Greco noticed that ARCO stations were selling gas at different prices in Las Vegas. Closer scrutiny showed that gas was sold at one price in one section of the city and at another price in another area.

"What's going on?" Greco asked himself and other gas station dealers. After comparing experiences with gas station dealers in Nevada and other states, Greco concluded that the oil companies, and ARCO in particular, were conspiring to drive independent gas station operators out of business in Nevada to gain total control over the price of gas—from the refinery to the gas pump.

To achieve this goal, according to Greco, oil companies were forcing gas station dealers operating under franchise

agreements out of business and replacing them with company-operated stations. That way, oil companies could sell gas under the market price to undercut the independent operators. Dealers, who set their own prices, couldn't be depended upon to adopt the pricing strategies needed to drive independent operators out of business, Greco explains. Once the independent operators had been driven out of the market, the oil companies would raise gasoline prices and reinstitute dealership franchises.

This same plan had been successfully implemented by oil companies in Phoenix, Ariz. and Canada. As a result, according to Greco, gasoline is sold at 27 cents per gallon above market price in Canada and 20 cents per gallon higher than the market price in Phoenix.

Greco and the NGRA accused the oil companies of "predatory and manipulative pricing" to drive independent

*(Continued on page 43)*



PHOTO BY PRESTIGE PHOTO STUDIOS



# The Silver Dome

## Expansion Eyed For Prison Industries

**N**evada prison officials are expanding an industries program for convicts but also are promising not to compete with private Nevada-based industries.

Howard Skolnik, the new chief of the prison industries program, says he has had contacts with business people interested in getting inmate labor to produce products ranging from mini-blinds to stretch limousines. Currently, about 200 prison inmates are involved in jobs producing mattresses, waterbeds, plastic products, book bindings and printed products, and dairy goods.

Skolnik says there are some potentially major problems for Nevada's prison industries program, including financing needed for its continued expansion. Other problems include a threat posed by an Arizona inmates' lawsuit seeking minimum wages and challenging other aspects of that state's industries program which is similar to Nevada's.

State Prison Director George Sumner says that in Nevada some inmates do get minimum wages but others get less and in some cases are willing to work simply for good-time credits or to alleviate boredom.

Members of an advisory board overseeing the prison industries program say they don't think the prison programs will interfere with private industry given

somewhat limited industrial development in Nevada. Panel members also say convict labor on a piece-work basis rather than on a flat hourly pay rate might provide more incentive for convicts and also avoid some of the potential legal problems over minimum wages.

## Contel Reduces Rates

Continental Telephone Co. is reducing its annual revenues by about \$400,000, as a result of a state Public Service Commission order based on a PSC audit-staff finding that Contel's earnings have been too high.

The PSC order means a \$1 cut in Continental's basic monthly rates, down to \$11.75 per customer, starting in January. Additional cuts such as a reduction in installation fees took effect in November.

PSC auditors based their recommendation for reduced revenues on Continental's earnings to date along with the prospect of lower corporate taxes in 1988.

## State Public Employees Do Well

A new federal Labor Department study shows public employees in Nevada average 25 percent more in pay than workers in private industry. According to the State of Nevada Employees As-

sociation, the 1986 average for local and state government workers in Nevada was \$22,798, compared with an average of \$18,128 for workers in various private industry jobs.

The private industry figure was based on jobs in mining, construction, manufacturing, transportation, utilities, trade, finance, insurance, real estate and services. Tip income, a significant factor in service industry jobs, wasn't included in the calculation.

Nationally, the study shows government employees made nearly 10 percent more than their private industry counterparts, mainly because government employment has a bigger percentage of skilled and professional positions.

There are seven states where government employees have a salary average lower than private industry workers, and only the District of Columbia, Hawaii and Rhode Island pay their government employees a higher percentage difference than Nevada.

## State's Economic Climate Rated Good

An *Inc.* magazine report ranks Nevada's economic climate as the 10th best in the nation, up from a ranking of 20th a year ago.

The ranking is based on the number of new jobs and new companies formed in the state since February 1983. According to the survey, a total of 92,700 new jobs have been created and 478 new companies have located in Nevada in the past four years.

Gov. Richard Bryan says the magazine article confirms "what we have been saying all along—that Nevada is a great place to do business." The governor notes that in the past year alone a total of 30,500 jobs have been created in Nevada and projections show the dramatic growth should continue.

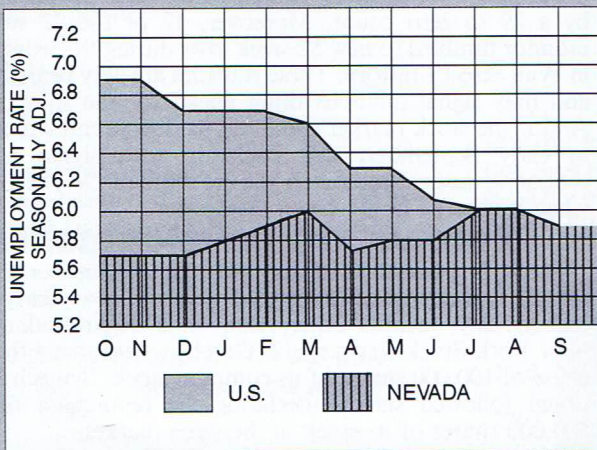
## Ruling Toughens Malpractice Suits

Nevada doctors must submit valid back-up documentation in order to get malpractice lawsuits thrown out in advance of a trial, under terms of a new state Supreme Court ruling.

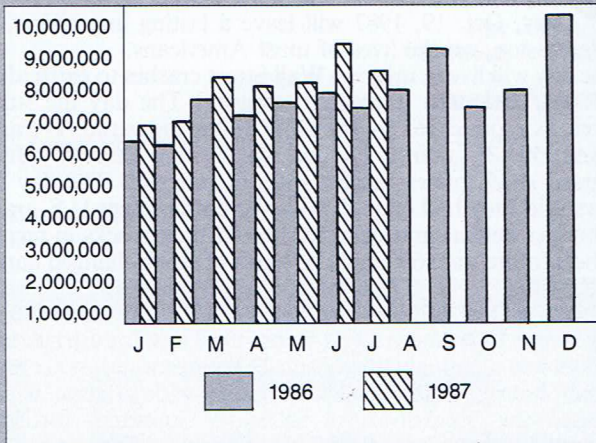
The court's decision favored Barbara Clauson and went against Dr. William

*(Continued on page 37)*

### UNEMPLOYMENT TRENDS



### GROSS TAXABLE SALES



### NEVADA BUSINESS INDICATORS

(all figures for Nevada unless indicated)	Date	Latest Report	Previous Month	Year Ago	% Change Year Ago
<b>GENERAL BUSINESS ACTIVITY</b>					
New Incorporations	August	840	895	n/a	
Consumer Price Index, all Urban Consumers, (US City Avg.)	September	344.4	342.7	330.2	4.3
<b>EMPLOYMENT</b>					
Total Labor Force (000's)	September	566.6	567.1	550.0	3.0
Total Employment (000's)	September	536.5	535.1	522.3	2.7
Unemployment (000's)	September	30.0	32.0	27.7	8.3
Unemployment Rate	September	5.3	5.6	5.0	6.0
Unemployment Rate (Seasonally Adjusted)	September	5.9	6.0	5.6	5.4
U.S. Unemployment Rate (Seasonally Adjusted)	September	5.9	6.0	7.0	-15.7
<b>AVG. WEEKLY HOURS IN SELECTED INDUSTRIES</b>					
Mining	September	43.7	43.4	43.7	0.0
Construction	September	34.3	37.1	37.9	-9.5
Manufacturing	September	39.5	39.7	40.8	-3.2
Communications & Public Utilities	September	39.1	40.4	39.0	0.3
Trade	September	35.1	35.0	34.2	2.6
<b>CONSTRUCTION ACTIVITY</b>					
Residential (\$000's)	September	113,400	105,700	81,500	39.1
Nonresidential (\$000's)	September	35,500	65,200	37,000	-4.1
Nonbuilding (\$000's)	September	51,400	10,900	9,900	419.2
Total (\$000's)	September	200,300	181,800	128,400	56.0
Number of New Dwelling Units	September	2,751	1,769	738	272.8
<b>REAL ESTATE &amp; FINANCE</b>					
<b>Residential Sales - Las Vegas</b>					
Total Sales Reported	September	556	642	n/a	
Total Sales Volume (\$000's)	September	46,587	56,207	n/a	
Average Price (\$)	September	83,790	87,550	n/a	
Median Price (\$)	September	75,370	75,780	n/a	
<b>Residential Sales - Reno</b>					
Total Sales Reported	September	198	184	262	-24.4
Total Sales Volume (\$000's)	September	21,241	20,186	27,866	-23.8
Average Price (\$)	September	107,279	109,706	109,700	-2.2
Median Price (\$)	September	92,000	93,000	93,000	-1.1
<b>Average Rate (%), \$10,000 Certificate of Deposit, from Nevada's 4 largest banks</b>					
90 Days	November	5.69	5.25	5.38	5.9
180 Days	November	6.00	5.59	5.50	9.1
360 Days	November	6.56	6.19	5.75	14.1
<b>STATE REVENUES</b>					
Gross Taxable Sales (\$000's)	July	856,392	912,080	748,675	14.4
Gross Taxable Gaming Revenues (\$000's)	July	343,486	309,715	304,886	12.7
Sales & Use Tax Collections (\$000's)	July	50,667	53,859	43,426	16.7
Liquor Tax Collections (\$)	July	1,090,097	1,272,311	1,153,347	-5.5
Cigarette Tax Collections (\$)	July	752,008	855,629	540,995	39.0
Motor Fuel Tax Collections (\$)	July	10,446,629	8,835,984	8,425,092	24.2
<b>AIR TRANSPORTATION</b>					
Total Passengers, Las Vegas	September	1,142,125	1,321,637	996,330	14.6
Total Passengers, Reno	September	278,832	314,726	271,861	2.6

### TAXABLE SALES BY CATEGORY - Las Vegas MSA

MILLIONS OF DOLLARS

	6 Months Ended June 30,		Percent Change
	1987	1986	
Total MSA Sales	\$2,716,957	\$2,394,336	13.5%
Apparel Stores	88,380	77,811	13.6
General Merchandise Stores	194,123	187,693	3.4
Specialty Stores	233,100	197,544	18.0
Food Stores	160,553	140,375	14.4
Eating & Drinking Places	639,457	556,484	14.9
Home Furnishing & Appliance Stores	115,776	87,842	31.8
Building Materials, Yards & Stores	136,070	125,350	8.6
New & Used Auto Dealers	293,816	271,884	8.1
Service Stations & Auto Supply Stores	58,844	50,222	17.2
Construction & Special Trade Contractors	47,663	35,148	35.6
Leasing Companies	69,567	58,808	18.3
Manufacturers, Producers, Wholesalers & Distributors	261,383	221,625	17.9

### TAXABLE SALES BY CATEGORY - Reno MSA

MILLIONS OF DOLLARS

	6 Months Ended June 30,		Percent Change
	1987	1986	
Total MSA Sales	\$1,068,453	\$987,180	8.2%
Apparel Stores	29,311	28,027	4.6
General Merchandise Stores	113,056	112,337	0.6
Specialty Stores	91,913	82,648	11.2
Food Stores	71,731	66,320	8.2
Eating & Drinking Places	180,635	174,154	3.7
Home Furnishing & Appliance Stores	39,881	35,934	11.0
Building Materials Yards & Stores	60,884	60,381	0.8
New & Used Auto Dealers	165,853	139,086	19.2
Service Stations & Auto Supply Stores	26,956	24,823	8.6
Construction and Special Trade Contractors	21,176	14,246	48.7
Leasing Companies	31,225	29,730	5.0
Manufacturers, Producers, Wholesalers & Distributors	99,185	97,614	1.6

Sources: Secretary of State; Las Vegas Board of Realtors; Reno Board of Realtors; Dept. of Taxation; Gaming Control Board; McCarran International; Reno-Cannon International; Employment Security Dept.; Bureau of Business and Economic Research, UNR; Bureau of Labor Statistics; NNB Business & Economic Report. This information is obtained from sources believed to be reliable but cannot be guaranteed to be completely accurate. This information is subject to change.

MSA — METROPOLITAN STATISTICAL AREA

Compiled by: ZUNINI-NEWMAN, INC., Reno, (702) 329-9434

# Nevada Stocks Fall To Earth

**G**lobal Black Monday. The October Massacre. Market Meltdown. Call it what you want, but whatever description you choose, the stock market crash on Monday, Oct. 19, 1987 will leave a lasting impression, if not depression, on the lives of most Americans.

The day will live in infamy: Wall Street crashes to earth after a five-year trek into uncharted territory! The day the stock market, as represented by the Dow Jones Industrial Average, plunged 508.33 points in one hair-raising session which witnessed stock prices tumble without restraint. The day investors said they had enough with the omnipresent U.S. trade and budget deficits and collectively sold their stocks in record numbers (more than 600 million shares of stock changed hands that day).

When the final bell sounded and the sell orders were laboriously swept from the trading floor, the Dow Industrials had plummeted a seemingly unrealistic 22.6 percent in just six-and-one-half hours of panic-stricken, global-wide trading which witnessed the breakdown of investors' intestinal fortitude around the world.

## Nevada Stocks Plunge

As one can easily see by perusing our financial barometer of the Nevada region (see stock tables), the tremendous selling pressure certainly made its presence felt in the *NEVADA BUSINESS Journal* Stock Index in October.

The *NEVADA BUSINESS Journal* Stock Index tumbled in sympathy with the October Massacre as our indicator of 32 stocks skidded 440.84 points. In other words, the *NEVADA BUSINESS Journal* Stock Index descended a spectacular 24.12 percent en route to a close of 1386.85, a record low for our index.

Two statistics highlight the tumble in the *NEVADA BUSINESS Journal* Stock Index in October. Of the 32 stocks in our portfolio, declining issues outnumbered advancing issues by a 29 to zero count. Moreover, 12 of the 32 stocks we monitor tumbled to new 52-week lows during the worst month in Wall Street's history. These statistics are very bearish indeed and may signal ominous times ahead for the stock market. And if the stock market continues its downtrend which began in early September, this could in turn signal troubling economic times ahead much like the crash of October 1929 did when it ushered in the Great Depression.

## Noteworthy Developments

Stock buy-backs were very popular in October after the market had depressed many local issues to new yearly lows in just one day. Jackpot Enterprises, which began trading on the New York Stock Exchange in October, authorized the repurchase of 100,000 shares of its common stock. Syntech International followed suit by declaring the repurchase of up to 500,000 shares of its stock in the open market.

Sahara Casino Partners, a Las Vegas operator of hotel-casinos, declared an initial quarterly cash distribution of \$.19 a partnership unit. The partnership said it expects to pay a minimum of regular quarterly cash distribution of \$.28 a unit for its first 20 quarters.

Southwest Gas voted to hike its annual dividend to \$1.34 from \$1.28 a share.

In other news, Phone-A-Gram officially changed its name to Amserve Inc.

Golden Nugget purchased a stake in Caesars World and may seek control of the Los Angeles-based company, according to Dan Dorfman. □

## Nevada Business Journal Stock Index

EXCH	COMPANY	TICKER SYMBOL	CLOSING PRICE		CLOSING PRICE	NET PERCENT CHANGE		P/E RATIO	ANNUAL DIVIDEND RATE YIELD		52 WEEK HIGH LOW	
			9/30/87	10/30/87		PERIOD	IN PERIOD					
OTC	Amserv	AMSR	3.63	2.25	-1.38	-38.02	d	—	—	—	5.25	1.50
OTC	Cadema Corp. (L)	CDMA	1.69	1.31	-.38	-22.49	—	—	—	—	4.31	1.25
NYS	Circus Circus	CIR	30.38	22.75	-7.63	-25.12	16	—	—	—	33.50	15.63
ASE	Elsinore Corp.	ELS	3.00	2.25	-.75	-25.00	d	—	—	—	3.75	1.88
OTC	First Western Financial	FWES	10.25	6.63	-3.62	-35.32	6	—	—	—	11.38	6.25
OTC	Frontier Savings Assn. (L)	FRNT	3.13	2.63	-.50	-15.97	—	—	—	—	3.75	2.50
OTC	Gaming & Technology (L)	GATI	5.75	3.88	-1.87	-32.52	7	—	—	—	8.88	3.00
NYS	Golden Nugget	GNG	13.00	9.75	-3.25	-25.00	3	—	—	—	13.88	7.63
OTC	Hitek Microsystems (L)	HTEK	3.00	2.25	-.75	-25.00	d	—	—	—	4.25	2.25
OTC	Int'l Game Technology (L)	IGAM	12.75	8.00	-4.75	-37.25	9	—	—	—	15.75	7.13
OTC	Jackpot Enterprises	JACK	11.50	9.38	-2.12	-18.43	13	.10	1.07	—	13.25	5.88
OTC	Linear Instruments (L)	LINR	.88	.63	-.25	-28.41	—	—	—	—	1.75	.63
OTC	Major Video Corp.	MAJV	7.63	5.88	-1.75	-22.94	—	—	—	—	11.00	3.25
OTC	Marcor Development	MAAR	4.25	2.94	-1.31	-30.82	—	—	—	—	4.38	1.00
OTC	Migent Software (L)	MGNTF	5.13	2.31	-2.82	-54.97	—	—	—	—	6.75	1.88
OTC	Munson Geothermal (L)	MGEOE	2.63	.88	-1.75	-66.54	—	—	—	—	3.75	.63
OTC	Nevada Nat. Bancorp.	NENB	6.75	6.50	-.25	-3.70	d	—	—	—	7.00	5.25
NYS	Nevada Power	NVP	19.50	18.88	-.62	-3.18	11	1.48	7.84	—	23.25	16.38
OTC	Sahara Casino Partners	SAH	8.75	8.00	-.75	-8.57	—	.76	9.50	—	9.00	8.75
OTC	Sahara Resorts	SHRE	12.50	8.75	-3.75	-30.00	97	—	—	—	14.25	6.13
OTC	Sands Regent	SNDS	12.00	8.25	-3.75	-31.25	8	—	—	—	13.75	7.75
NYS	Showboat Inc.	SBO	15.88	9.50	-6.38	-40.18	15	.28	2.95	—	16.75	7.50
ASE	Sierra Health Serv. (L)	SIE	3.75	2.13	-1.62	-43.20	d	—	—	—	5.38	1.75
NYS	Sierra Pacific Resources (L)	SRP	23.25	20.75	-2.50	-10.75	11	1.76	8.48	—	27.13	18.00
NYS	Southwest Gas	SWX	24.88	20.63	-4.25	-17.08	10	1.34	6.50	—	26.75	17.50
OTC	Sun State S & L	SSSL	10.13	8.50	-1.63	-16.09	8	—	—	—	11.50	7.00
OTC	Sunworld Int'l Airways (L)	SUNA	1.88	.88	-1.00	-53.19	—	—	—	—	3.38	.75
OTC	United Mining	UMIN	.31	.31	0.00	0.00	—	—	—	—	.88	.06
OTC	Vacation Spa Resorts	VSPA	.06	.06	0.00	0.00	1	—	—	—	.09	.06
OTC	Vanderbilt Gold	VAGO	7.88	4.63	-3.25	-41.24	—	—	—	—	8.63	3.50
OTC	Vita Plus Industries (L)	VPII	.38	.38	0.00	0.00	d	—	—	—	2.38	.38
OTC	Xebec	XEBC	.56	.50	-.06	-10.71	d	—	—	—	4.25	.31

KEY: (H) = New High in Period; (L) = New Low in Period; d = Deficit; NYS = New York; ASE = American; OTC = Over The Counter; (s) = Reflects Stock Split

Compiled by Nordby International Inc., Boulder, Colo., (303) 449-0326

This information is obtained from sources believed to be reliable but cannot be guaranteed to be completely accurate. This information is subject to change without notice.

# Nevada Business Journal Stock Index

## MARKET DIARY:

Advances .....	0
Declines .....	29
Unchanged .....	3
New Highs .....	0
New Lows .....	12

## MOST ACTIVE ISSUES:

Largest \$ Gainer.....	\$0.00
Largest \$ Loser.....	Circus Circus.....-\$7.63

Largest % Gainer.....	0.00%
Largest % Loser . . Munson Geothermal . .	-66.54%

## CLOSING INDEX QUOTES FOR BAR CHART

DATE	NEVADA	DOW JONES
5/29	1677.54	2291.57
6/30	1748.85	2418.53
7/31	1740.11	2572.07
8/31	1837.62	2662.95
9/30	1827.69	2596.28
10/30	1386.85	1993.53

## Legend

Nevada

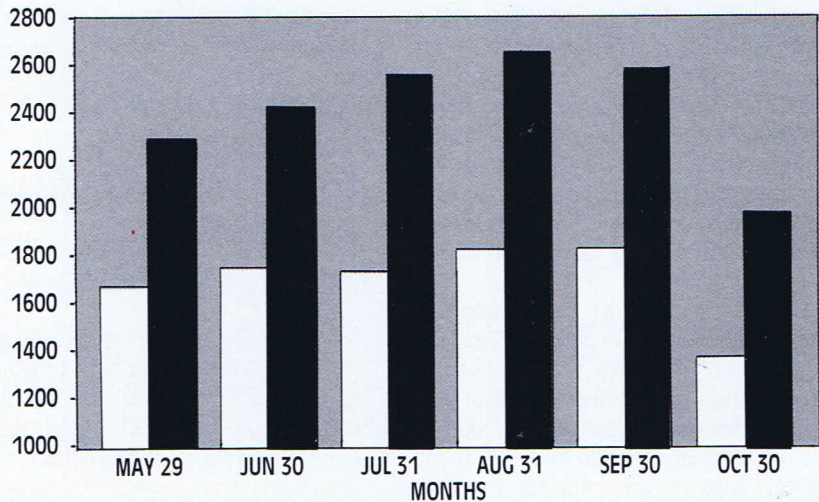


Dow Jones



## NEVADA BUSINESS Journal Stock Index

	CLOSE 9/30/87	CLOSE 10/30/87	NET CHANGE IN PERIOD	PERCENT CHANGE IN PERIOD
NEVADA BUSINESS Journal Stock Index	1827.69	1386.85	-440.84	-24.12
Dow Jones Industrial Average	2596.28	1993.53	-602.75	-23.22
N.Y.S.E. Composite	180.24	140.80	-39.44	-21.88
Standard & Poor's 500-Stock Index	321.83	251.79	-70.04	-21.76
NASDAQ OTC Composite	444.29	323.30	-120.99	-27.23



# How to win a great parking place in Nevada.

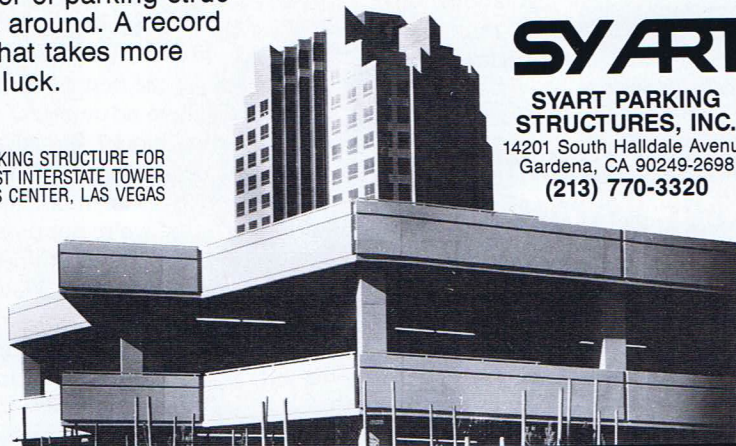
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# Nevada Briefs

## Southern Nevada Company Promotes Gasoline Alternative

Las Vegas was rated by the Environmental Protection Agency third on a list of 65 cities violating federal carbon monoxide limits during recent years. Southern Nevadans are looking for solutions.

Officials at Southwest Gas claim that the carbon monoxide problem in Las Vegas would be significantly reduced if vehicle fleet owners in the city would switch to compressed natural gas (CNG) as a vehicle fuel.

Dante Pistone, a spokesman for Southwest Gas, explains that the organization has been very involved in encouraging government entities and large businesses to convert to CNG. Although success in Arizona is rising, Pistone says he does not see the same positive response in Nevada.

"I think it's just a matter of people getting used to the idea," he says. "People have grown up with the gasoline engine, and it takes a while to change that mindset."

CNG does have several selling points. First of all, it costs 20 percent to 50 percent less than the equivalent amount of gasoline. Second, because CNG burns so cleanly, it extends engine life and reduces maintenance costs. Last is the environmental benefit, with 98 percent of the carbon monoxide emissions eliminated by using CNG.

The two drawbacks are the initial cost of conversion and the establishment of a compressor station. A typical conversion costs \$1,500. To offset this expense, Southwest Gas is currently working with the state Legislature to provide economic incentives for people to install compressors and switch to CNG.

As for the compressor station, it can also be seen as an advantage, particularly since most fleets return to a central location each evening. The vehicles can then be refueled overnight by a slow-fill process, enabling the vehicles to go out the next morning and run on CNG all day.

There is also a fast-fill option, which is the equivalent of pulling up to a gas

pump at a service station. "Eventually," says Pistone, "we hope we will have some publicly run CNG stations scattered across the city." Many service stations in Canada already offer both CNG and gasoline.

A CNG conversion kit can be added to any gasoline or diesel engine, allowing the driver the flexibility to operate the vehicle on either fuel with the flip of a switch, with little change in performance or fuel efficiency.

## More Companies Affected By Federal Rules

The days are gone when only a handful of companies are affected by Environmental Protection Agency and Occupational Safety and Health Administration standards. Their rules on chemicals have been broadened to cover all businesses.

Because of two recent court decisions, OSHA is required to expand the Hazard Communication Standard, also known as worker right-to-know rules. Until this point, the program covered only manufacturers.

Currently, under the standard, manufacturers must file detailed reports—called Material Safety Data Sheets—on the chemicals used, their properties and the amounts stored at the place of business. Manufacturers must also train employees on the hazards of handling these substances as well as all necessary precautions.

Meanwhile, EPA is phasing in community right-to-know, a law enacted last year. Under the law's regulations, any business filing an MSDS must send copies to state and local officials as well as fire departments.

## Employee Leasing Concept Attracting Nevada Businesses

What would you think of "firing" all your employees only to "lease" those same individuals from another company?

Sound confusing? Maybe even point-

less? Think again.

Kevin Morley, president of National Contract Staffing, opened his business in January 1986. Says Morley, "We've had a long, hard road since then. We were not experienced at getting our message across, and people were afraid of such a new concept. It's just been in the last eight to 10 months that it's going like gangbusters."

Now many Las Vegas business people have discovered they can alleviate pressures *and* save money by leasing their employees from National Contract Staffing.

Ever heard of a "win-win" situation? This may be one of them. Businesses can hand to Morley all of the payroll and personnel obligations, including benefit packages and government paperwork. In addition, the monthly operating costs of the business can often be reduced.

Says Morley, "Probably 25 percent of the time the businesses actually see a reduction in cost. Sometimes it's about break-even, and sometimes it's a little more. Those businesses then need to ask themselves if it's worth \$50 a month for us to do everything for them."

The reduction in cost for employers is mainly caused by eliminating the expense of benefit packages. Businesses with only a few employees pay a high price for these packages. Because National Contract Staffing is a large firm, the company can get a better deal on insurance, and it then passes on the savings.

Since the service is also great for the employees, perhaps it should be called a "win-win-win" situation. Employees enjoy the health benefits, direct deposit and annual parties. Says Morley, "Most people like working in a small environment, but the benefits of a large corporation are a lot better." These employees get the best of both worlds.

With all these advantages, where lies the stumbling block? Explains Morley, "A lot of owners have this fear of not having employees anymore. We have to show them that we're not trying to take control; we're just trying to help them."

And helping they are. Now that the idea has taken off in Las Vegas, the company is currently planning to open an office in Reno. Later plans include

(Continued on page 46)

# Nevada Business Journal

Nevada's Only Statewide Business Magazine



## Just What The Banker Ordered

Developers' plans match bank's needs

## Without A Hitch

Center Construction Is Catastrophe-free

## Turning Office Into Environment

Anchor tenant's offices mirror building's beauty

## Center Of Attention

Phase One of the Nevada Financial Center in Las Vegas is complete—and drawing a lot of attention from prospective tenants—both local and out-of-state.

**SPECIAL SUPPLEMENT**



# Success has its *PLACE.*

The Nevada  
Financial  
Center has  
evolved

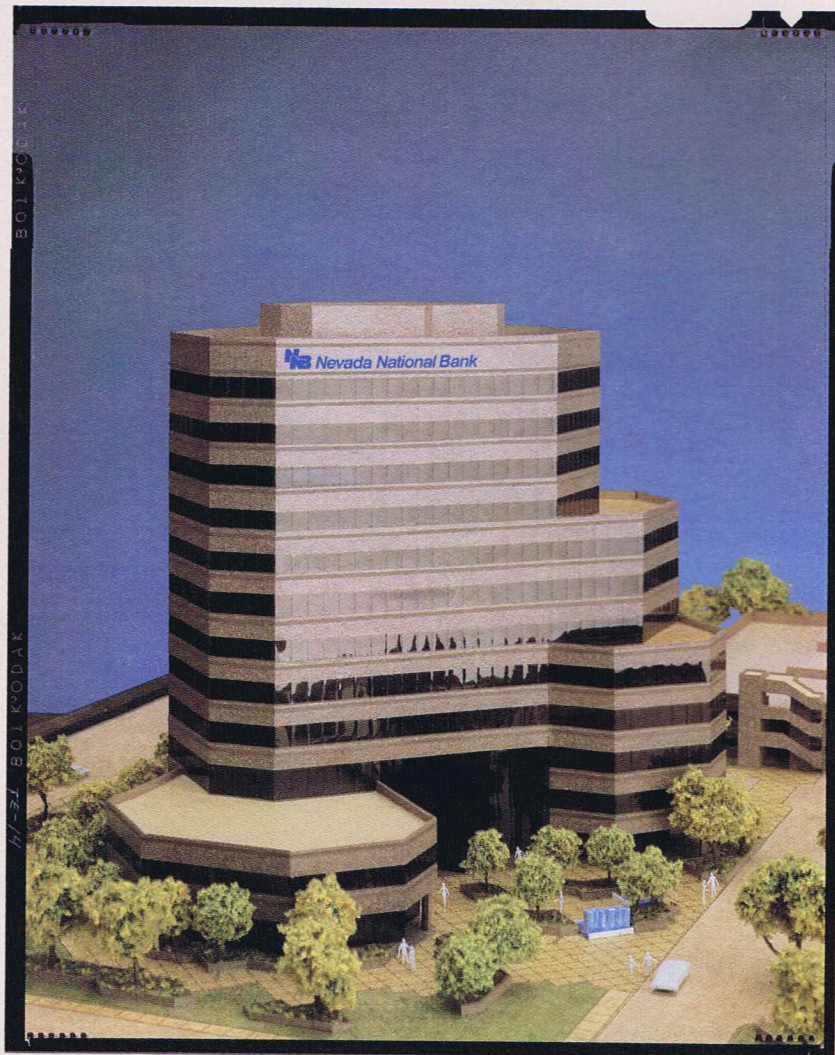
from an architect's desk top drawing into a  
statement of success for southern Nevada.

This premier financial office complex, lo-  
cated at Las Vegas' emerging business corridor,  
is a benchmark example of our community's  
undivided commitment to an ultimately attrac-  
tive economic climate. A commitment we share  
at Nevada National Bank.

Please join with us in  
welcoming the Nevada  
Financial Center, not only as  
our new home, but a lasting  
hallmark for southern  
Nevada prosperity.

We wish to extend a special  
thanks to co-developers  
Western Devcor, Inc.,

Johnson Wax Development Corp.  
and the Peccole Group  
for making the  
Nevada Financial Center  
a dream come true.



**NB** Nevada  
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# Contents

## Nevada Financial Center Special Supplement

### S-4 Just What The Banker Ordered

Nevada National Bank was in the market for a sleek new building, and a top-notch partnership was eager to build one. The Nevada Financial Center is the stunning result.

### S-8 Center Of Attention

Reigning high above its surroundings, the Nevada Financial Center in Las Vegas projects stature and prestige. Anchor tenant Nevada National Bank can expect quality company.

### S-12 Marrying For More Than Money

Nevada National Bank's merger with Security Pacific National Bank will make it a \$70 billion institution—but most important, it means more and better services.

### S-14 Without A Hitch

From the beginning, the Nevada Financial Center project has been a developer's dream. Despite the scores of people and companies involved, construction has been smooth.

<b>Lowry-Sorensen-Willcoxson Engineers Inc.</b>	<b>S-14</b>	<b>S-16</b>	<b>Nevada Ready Mix McCarthy</b>
<b>Desert Plumbing &amp; Heating Co. Inc.</b>	<b>S-14</b>	<b>S-17</b>	<b>Walters And Wolf Glass Co.</b>
<b>American Fire And Safety Inc.</b>	<b>S-15</b>	<b>S-17</b>	<b>Catello Tile &amp; Marble Contractors Inc.</b>
<b>R &amp; R Landscaping Inc.</b>	<b>S-15</b>	<b>S-17</b>	<b>Charles Chalmer MacLean III Architects Ltd.</b>
<b>Western Technologies Inc.</b>	<b>S-15</b>	<b>S-18</b>	<b>First American Title Co. of Nevada</b>
<b>G.C. Wallace Inc. Engineering- Architecture</b>	<b>S-16</b>	<b>S-19</b>	<b>Climate Control Inc.</b>

### S-20 Turning Office Into Environment

Nevada National Bank executives wanted their offices to reflect their prestigious image and match up to the beauty of their new building. Local designers accomplished the feat.

Advertising coordinated by Chuck Dandy

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And Industrial  
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# Just What The Banker Ordered

*Nevada National Bank was in the market for a sleek new building, and a top-notch partnership was eager to build one. The Nevada Financial Center is the stunning result.*

By Phil Howard



(Left to right) Ron Lurie, mayor of Las Vegas; Bill Peccole of The Peccole Group; Paul Cody, president of Johnson Wax Development Corp.; Robert G. Mayfield, executive vice president of Western Devcor, Inc.;

Walt Rector, president of Western Devcor, Inc.; William Martin, president of Nevada National Bank at the ground-breaking ceremony for the soon-to-be completed Nevada Financial Center.

*"The Las Vegas economy has stabilized and a lot of national firms are moving in and looking for office space."*

Bob Mayfield, executive vice president,  
Western Devcor Inc.

It's said that necessity is the mother of invention. Judging by the Nevada Financial Center and its soon-to-be completed Nevada National Bank Building, it might be a relative of commercial development, as well.

Despite all the talk about why the four-building office complex is being built—talk about "projected growth potential" and "economic diversification"—you get the feeling the \$120 million project might never have joined the Las Vegas skyline if not for one practical reason: Nevada National Bank desperately needed a new building.

"Quite frankly, our building (on West Sahara) is literally falling down," explains Bill Martin, chief executive officer of Nevada National Bank. "We needed a new building but we weren't really interested in owning one, so we were looking at the possibility of selling our land and leasing when we were approached with the concept for the Nevada Financial Center."

Granted, the four-building center might have been built even without Nevada National's participation. But it wouldn't be located where it is, and the first phase wouldn't be opening this soon.

Before deciding to build in Las Vegas, two of the center's general partners, Western Devcor Inc., of Scottsdale, Ariz., and Johnson Wax Development Corp. of Racine, Wis., wanted to make sure they could get a location that would justify investing in a class A complex.

"We looked at a lot of locations," says Gordon Raguse, vice president of leasing and marketing for Western Devcor. "The one we chose had everything we were looking for. It was in a high-growth corridor. It was close to downtown, close to Interstate 15 and only 15 minutes from the airport."

It did indeed have everything the two companies were looking for...and more. The location also had an ailing Nevada National Bank building, a building its own president describes as Grecian

Monster Gothic.

"Nevada National had to be a part of our original plan," says Raguse. "Besides owning some of the land we needed, they were exactly the kind of tenant we were looking for. We always like to have a financial institution associated with our office projects because they attract high quality tenants."

Confident about securing the parcel belonging to Nevada National, Johnson Wax and Western Devcor then set out to purchase two contiguous parcels, the larger being owned by John H. Midby & Associates and the other belonging to Rebel Service Stations.

To do that, the two companies approached Las Vegas developer Bill Peccole and asked the former city commissioner if he was interested in becoming the center's third general partner. Peccole, who developed Charleston Plaza and Westland Mall shopping centers in Las Vegas, agreed and started negotiating for the other two pieces of land.

"We [Western Devcor] had done some consulting work for Mr. Peccole and thought he would be a natural for this development," explains Raguse. "We're extremely happy to have Mr.

Peccole on the project. Johnson Wax and Western Devcor developed the concept and Mr. Peccole helped us execute it. He was very instrumental in assembling the land."

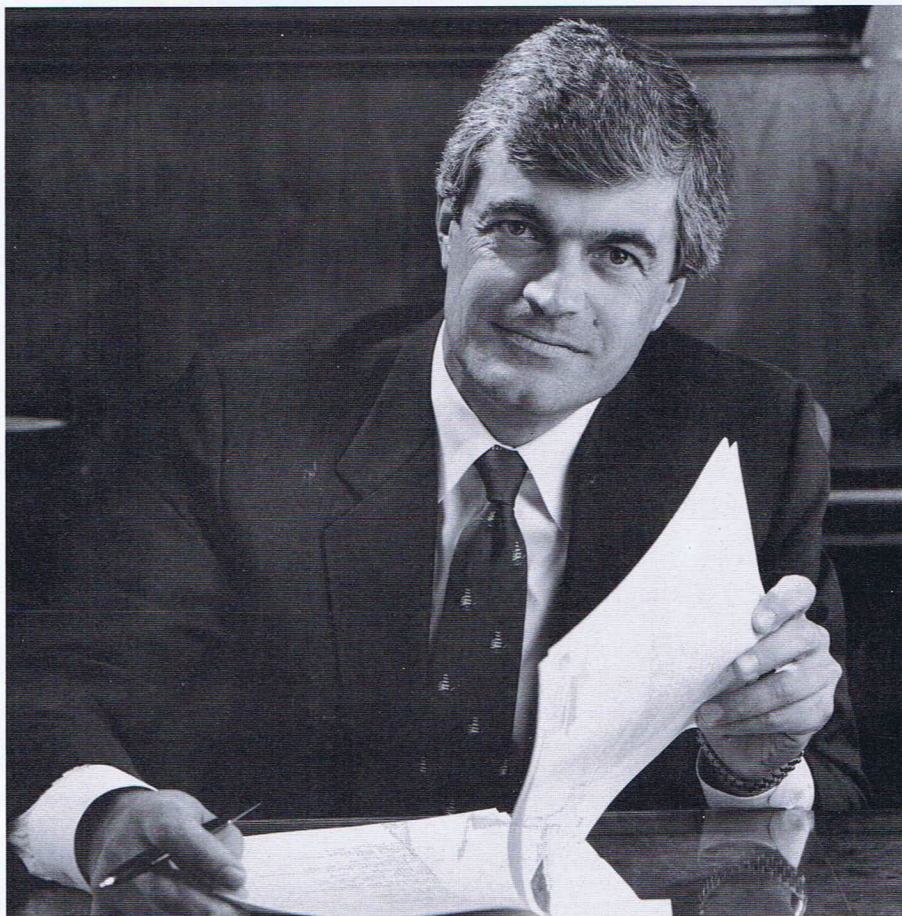
Now, just two short years later, the Nevada Financial Center is ready to open its first phase.

"Everything went especially smooth for a project this size," says Phillip O'Shaughnessy, vice president of Johnson Wax Development. "We got a lot of cooperation from the city and the community."

The first phase of the project, the 12-story Nevada National Bank Building, will offer 158,547 square feet of leasable space. Nevada National Bank has signed a lease for 25,295 square feet to hold its southern Nevada headquarters, which will include a branch office and administrative offices.

"The building is definitely a statement to our commitment to Las Vegas," says Martin on Nevada National Bank's involvement in the project. "But we realize that's all a building will do for you, make a statement."

"We've made a big push here for market share, image and recognition,"



he adds. "And to do that you have to be a quality banker. We felt it would be better to concentrate on banking rather than developing and that was one of the reasons we chose not to think about becoming a partner in the center."

The three partners, which are all taking active roles in managing and leasing the center, have received letters of intent for an additional 60,000 square feet of space, according to Western Devcor's Raguse. "We're aiming at 95 percent occupancy within 18 months of shell completion," he says.

The bank building is being represented locally by Coldwell Banker.

According to O'Shaughnessy, Johnson Wax Development, which is also building office complexes in Phoenix and Salt Lake City, chooses its project sites by analyzing a community's future growth potential.

"We feel—and we're not alone on this—that Las Vegas has tremendous potential in many ways, but especially for class A buildings where there is very little product."

Adds Western Devcor Executive Vice President Bob Mayfield, "The Las Vegas economy has stabilized and a lot of national firms are moving in and

looking for office space."

He notes that the few class A buildings in Las Vegas have high occupancy rates. "There is a demand for quality office space here," he says. "A lot of tenants we talk to are interested in moving up."

Johnson Wax Development and Western Devcor have jointly developed a number of projects, including office complexes and apartments in Tucson and Phoenix. This is the Peccole Group's first office building.

When completed, the Nevada Financial Center will include two 12-story buildings and two 10-story buildings.

The 16-acre project will be fully landscaped in what Raguse describes as a "park-like setting" with large greenbelt areas consisting of grass, trees and water features.

The angular buildings, which have been designed by Charles C. MacLean III of Phoenix, will have exteriors colored a rose hue to match the nearby mountains.

Inside, the Nevada Financial Center will feature a three-story atrium lobby with the interiors finished in polished granite and rare, high-finished woods.

"Western Devcor has developed five

office buildings [in Scottsdale and Phoenix] with MacLean Architects," says Raguse, "and we feel the Nevada Financial Center is one of the best things they've ever done."

Martin echoes Raguse's statements. "Everyone I've talked to has commented about how beautiful the building is. This is what I'd call a class AA building."

It was the project's quality, according to O'Shaughnessy of Johnson Wax Development, that made it easy to find financing.

"Mellon Bank [of Pittsburgh] is financing the center, which I think is testimony to the quality of the project," he says. "Naturally, they take a close look at the project, what it has to offer to the community, its location and even its physical appearance before they ever become associated with a project."

Development of phase II has not yet been scheduled, according to O'Shaughnessy, but if current tenant interest holds, blueprints for a second 10-story building should be on the drawing table by January.

Total buildout for the center is expected to take from five to seven years, according to Raguse. □

## NEVADA FINANCIAL CENTER



**Site Engineering  
by**

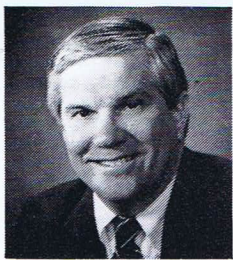
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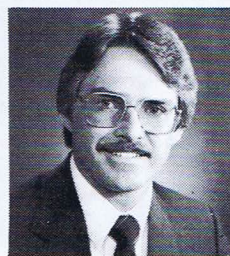
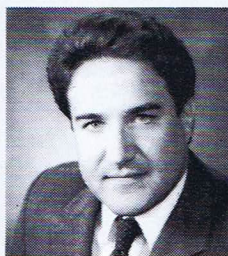
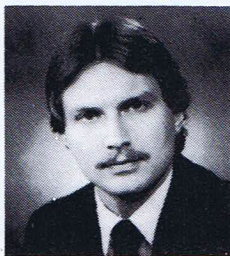
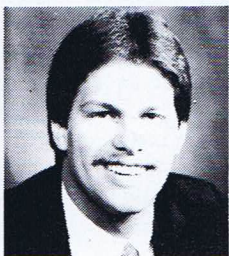
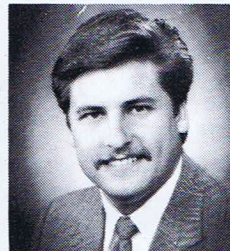
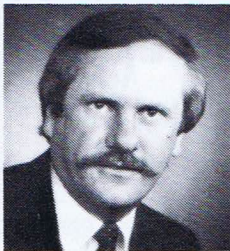
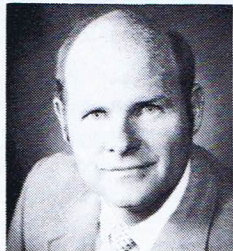
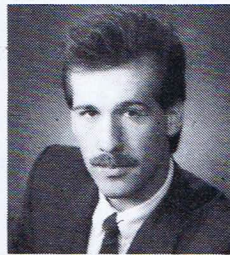
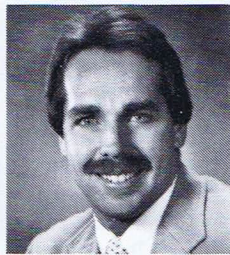
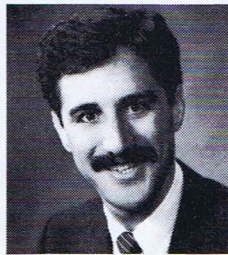
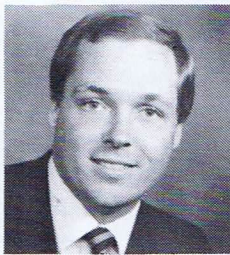
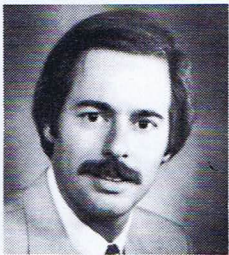
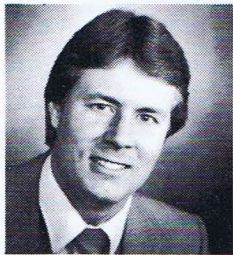


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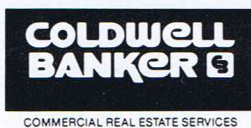
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# Center Of Attention

*Reigning high above its surroundings, the Nevada Financial Center in Las Vegas projects stature and prestige. Anchor tenant Nevada National Bank can expect quality company.*

By Sharon Cahill

**T**raveling from the west on Sahara Avenue in Las Vegas, the Nevada Financial Center towers over all other complexes as its 12 floors of expansive windows sparkle in the afternoon sun. From the east, the desert-toned structure looms over the Interstate 15 underpass near Sahara Avenue and Rancho Drive, just one mile from the Strip.

The bright blue lettering of Nevada National Bank and its logo set a sharp but pleasant contrast to the majestic, dark sand-colored structure. The blue letters blend into the blue skies as the uniquely angled building reaches upward.

The Nevada Financial Center is the newest and one of the most prestigious banking centers to grace Las Vegas. Situated at the front of financial row along West Sahara Avenue, Nevada Financial Center is a joint venture of Western Devcor Inc., based in Arizona, Johnson Wax Development Corp., based in Wisconsin and local developer William Peccole.

The \$120 million, multi-phase center includes the 12-story structure and a two-story parking facility in its initial phase. Completion is expected by the end of the year, with Nevada National Bank, its anchor tenant, expected to move in at that time. Other tenants are expected to move in January.

The building consists of 158,547 square feet of leasable space. Nevada National Bank will occupy the first and

second floors, which is approximately 25,000 square feet of space.

Originally, the bank leased 22,500 square feet, but the extra 2,500 square feet was obtained to allow for growth.

Not only will the center be impressive on the outside, but the three-story, dark granite atrium lobby, accented by hardwood floors and trim, will continue the impressive appearance to the inside as well.

Seating in the lobby will also be constructed of dark wood, notes Coldwell Banker First Vice President Donald Haze, suggesting a prestigious banking image.

Throughout the lushly landscaped center will be water treatments running amidst the four planned buildings. The land for the project was previously owned by John H. Midby & Associates, Nevada National Bank and Rebel Service Stations.

One of the many draws of the Nevada Financial Center, Haze says, is the abundance of parking throughout the complex. There will be a wealth of client parking as well as a large covered parking area. Tenants will have the option of open or covered parking.

Leasing is already well underway, according to Charles White, Coldwell Banker sales representative. "We are seeking business professionals for this prestigious location. We want high-end tenants to enhance the quality of the center," he says. Currently, at least

40,000 square feet of space is under negotiation, with most entering final phases.

"We also believe we have a proprietor for a first floor small cafeteria or deli, but it is still under negotiation," he adds.

Rental fees at the center begin at \$24 per square foot, says White, which includes such expenses as maintenance, management fees, utilities and taxes. The rental fee increases to \$25 per square foot for the ninth through 12th floors. There will also be an \$18-per-square-foot tenant improvement allowance.

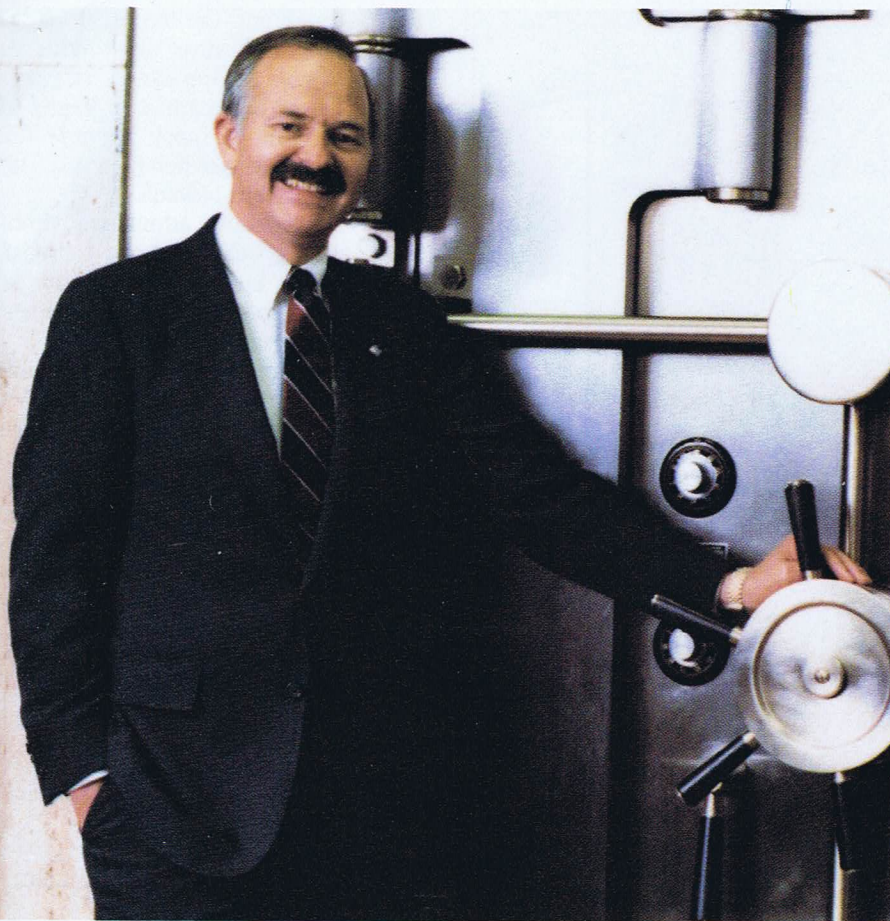
Haze says Nevada Financial Center tenants will have a minimum three-year lease, and adds that leasing agents are able to accommodate businesses seeking much square footage or those wanting as little as 800 square feet.

As for accommodating special needs of tenants, White says, "We can do anything in there for someone, but, of course, it will cost more for extras such as conference rooms, wet bars and kitchens."

What Coldwell Banker wants for this luxury, high-end office building are "strong tenants concerned with high image." White expects complete occupancy by Jan. 2, 1990.

The center offers four key components of a successful business complex, White says. "There is location, quality, prestige and image," he says. "What else would a business want?"

These are precisely the qualifications Nevada National Bank was seeking



*"We think this type of quality building, with its height and location, will give us good visibility and establish us as a Las Vegas banking center."*

William Martin, chief executive officer, Nevada National Bank

when looking for a location for its southern administrative headquarters. "We have an important image, so we wanted an important building," says William Martin, Nevada National's chief executive officer.

It was almost by coincidence that the developers and the bank executives found each other, Martin says.

"We currently have a small branch on that corner. It had to be replaced—we knew that—so bank officials looked into several possibilities. We could tear it down and build another; we even looked at several locations for a three- or four-story building of our own. Then, the developers came to us with their idea and it seemed perfect for our needs," says Martin.

Although Nevada National Bank officials had no real hand in planning the center, bank executives did visit some of the other projects, including one in Scottsdale, Ariz., that had been built by the same developers.

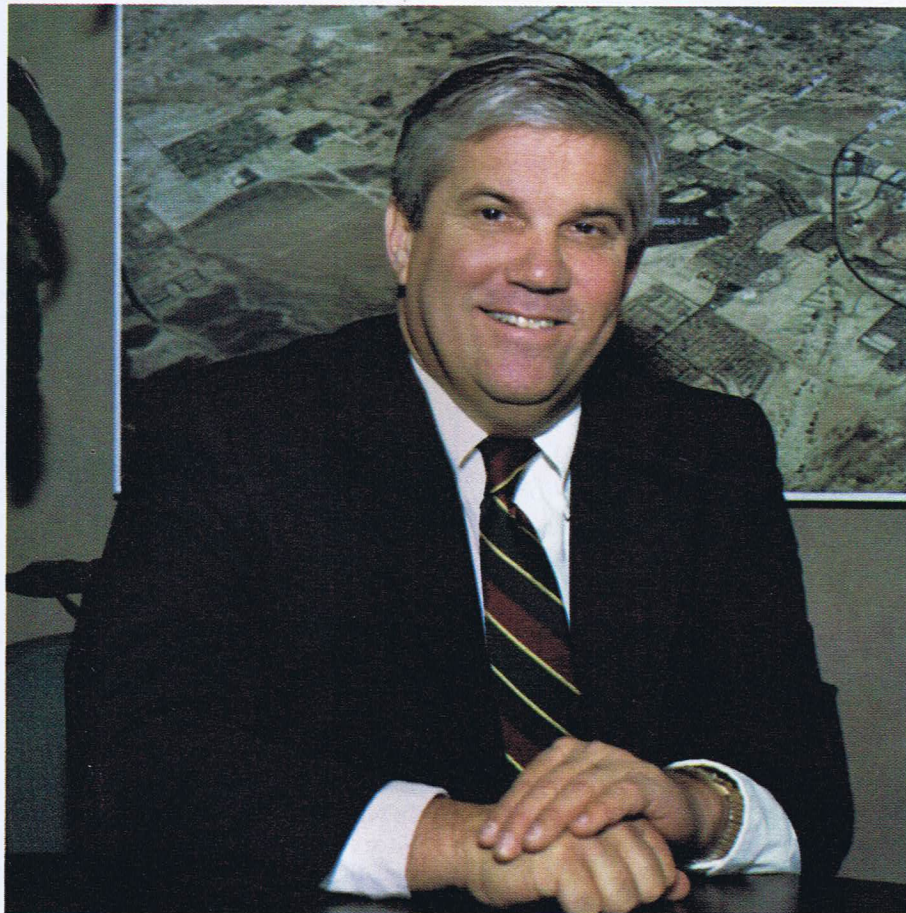
"We found them to be class AA," says Martin. "So we agreed to establish our branch and our administrative offices there. "We think this type of quality building, with its height and location, will give us good visibility and establish us as a Las Vegas banking center."

What it came down to was "the timing was right and the place was right," Martin adds.

According to bank plans, the first floor will house a 6,000-square-foot

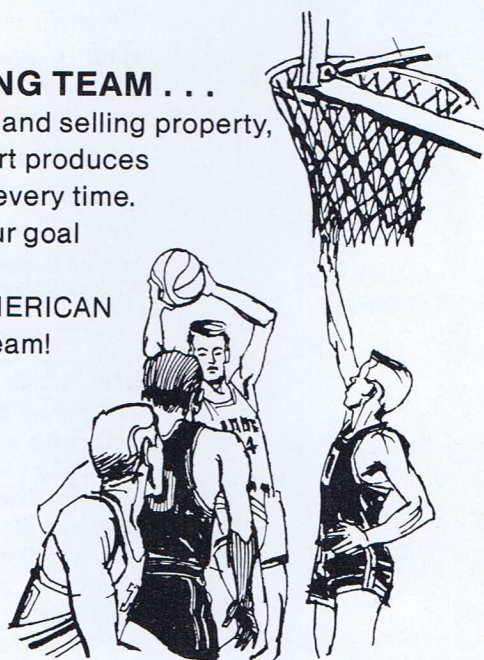
*"One of the many draws of the Nevada Financial Center is the abundance of parking throughout the complex."*

Donald Haze, first vice president, Coldwell Banker, Las Vegas



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### TENANTS/LEASING

bank branch and the second floor will include administrative, trust and real estate offices. Two executive vice presidents will be located in Las Vegas, although Martin is quick to note that headquarters are not being moved from Reno to southern Nevada.

"By establishing administrative offices here as well, we hope to satisfy both markets and demonstrate our accessibility in both northern and southern Nevada," he says.

The decor of the bank floors will mirror that of the center itself, says Jeff McAllister, Nevada National Bank senior vice president in charge of all properties.

There will be six colors used in the bank's offices—gray, navy blue, light blue and three earth tones, including the sandy desert color of the building, says McAllister.

*The piece de  
resistance of the  
center's decor  
is a mural.*

The furniture and woodwork will be of elegant red mahogany with brass accents. The bank's blues will be highlighted by rose-colored marble on the walks, and a central circular stairway will connect the first floor branch to the second floor executive offices. A stained glass skylight will top off the look of elegance.

The piece de resistance of the transitional-style decor, however, is a mural. Painted by famed Las Vegas muralist Robert Beckmann, this three-dimensional sand artwork will cover a 40-foot by four- to five-foot tall section of wall behind the teller line.

The mural will depict in a painted sand finish a view which might indeed be seen from the top floors of the Nevada Financial Center building—the Red Rock Canyon area. It will be illuminated by special overhead lighting, which will highlight the color scheme and "the 3-D effect," according to McAllister.

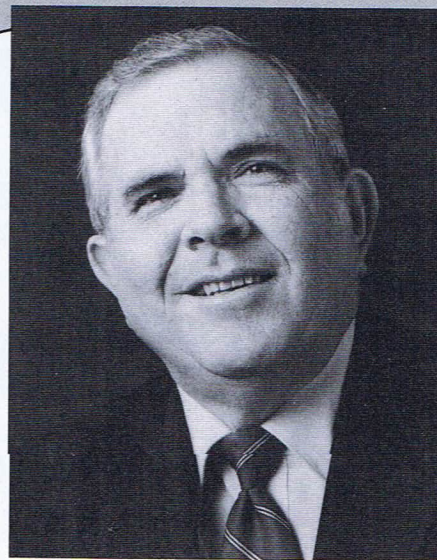
"All of our bank designs will help Nevada National make a statement to Las Vegas," he says. Adds Martin, "We are not setting out to change our image. We are already happy with that. We just want the local people to know that we are here."



PAUL J. CHRISTENSEN  
Chairman

*Board of County Commissioners*

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October 21, 1987

MESSAGE FROM THE CHAIRMAN  
OF THE BOARD OF COUNTY COMMISSIONERS

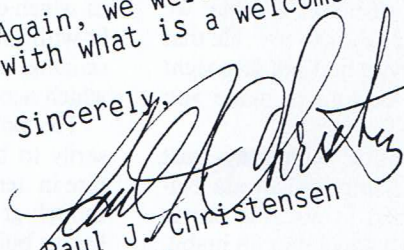
It is with great pleasure that the Clark County Board of County Commissioners welcomes the Nevada Financial Center to Southern Nevada.

It is exactly this kind of business endeavor that Clark County is seeking. Financial institutions such as the Nevada Financial Center provide the kind of integrity and economic diversification that is making Clark County an attractive site for future business interests.

We, as members of the Board of County Commissioners, have watched the construction of the first phase of the four-building, \$120 million office complex with great interest. To us, the Nevada Financial Center is a symbol that, helped considerably by tenants such as Nevada National Bank, the community is thriving and economically diverse. It is a sign that the county is progressing in its efforts to show the world that Las Vegas is far more than a tourist destination. It also is a business destination -- a fact that more and more business and industry representatives are recognizing.

Again, we welcome the Nevada Financial Center and hope to work closely with what is a welcome addition to Clark County.

Sincerely,

  
Paul J. Christensen  
Chairman

# Marrying For More Than Money

*Nevada National Bank's merger with Security Pacific National Bank will make it a \$70 billion institution—but most important, it means more and better services.*

By Joe Bickett

**A**ccording to Stephen N. Rippe, Nevada National Bank's new president and chief operating officer, the merger with Security Pacific National Bank of California means Nevada's third largest bank will not only be bigger, but also better. That's good news for customers of Nevada National Bank's 26 branches statewide who may have felt that with bigness comes a diminution of personal service.

Rippe has only been on the job a month and has already personally visited most of the branches to underscore management's commitment to its customers.

*The merger brings \$70 billion in assets to Nevada National's existing \$650 million.*

"Banking is a people business," says Rippe, "and Nevada National is a branch bank. If our behavior isn't exemplary, we lose business; it's that simple. We feel we have a body of bankers who understand local conditions and we're going to spend a lot of time making sure our local bankers remain the best."

Rippe brings 15 years of experience to Nevada National with particular expertise in the field of business lending, both commercial and to developers. That's an aspect of the banking business Nevada

National hopes to expand, particularly in northern Nevada.

In fact, it was the desire for a much stronger overall presence in northern Nevada which prompted Rippe's hiring. That, and the fact that Nevada National Bank is headquartered in Reno.

The merger with Security Pacific brings \$70 billion in assets to Nevada National Bank's existing \$650 million, important figures if you're a developer with a major project, for instance.

"In the past," says Rippe, "any one loan amount peaked at about the \$5 million level because of legal lending constraints. The merger means Nevada National Bank will be able to facilitate borrowing needs of Nevada business in substantially greater amounts and with competitive terms. That's just one example of why the merger is important."

On a level more of its customers may appreciate, Rippe says the merger means more automatic teller machines in more locations, improved home mortgage service and expanded leasing services, to name only a few.

"In the banking business the race is to separate yourself from the pack," Rippe points out. "Lots of banks do what we do in Nevada. The key is to provide that higher level of service and not lose sight of the fact your customers make you what you are."

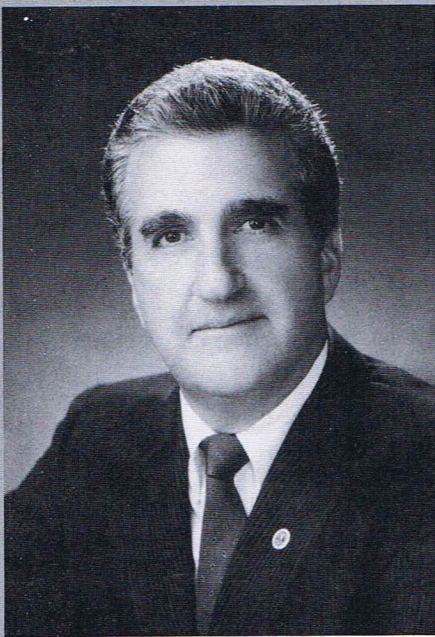
Without elaborating, Rippe says past problems in ownership at Nevada National Bank resulted in not only lower earnings for shareholders, but an inability to focus on the marketplace. According to Rippe, all that will change with the merger.

"Security Pacific is the sixth largest bank in the United States," says Rippe, "which means when the merger is complete Jan. 1, 1989, we will have had approximately 14 months to analyze strengths and weaknesses and then add the resources of a major financial institution to the equation."

*The merger means more automatic teller machines in more locations and expanded leasing services.*

Rippe says that what Nevadans will see is a bank better able to meet their short- and long-term needs. And not only will Nevadans find Nevada National Bank more attractive, according to Rippe. He says major corporate entities may be more inclined to locate in Nevada, given its already favorable tax climate, if more financial institutions exist which can better serve them—not only with loans but with assistance in arranging complicated financial details which accompany most projects.

The point, says Rippe, is not necessarily to build the largest financial empire in terms of branches and assets, although growth is always being planned, but to build a network which serves the customer in the most efficient manner possible. Rippe says Nevada National is committed to that goal. □



OFFICE OF THE MAYOR  
RON LURIE



"WELCOME TO LAS VEGAS!"

As Mayor of Las Vegas, I am delighted to extend a warm and cordial welcome to the Nevada Financial Center tenants and partners. Certainly the high business standards and solid reputation you bring to Las Vegas will enhance the development of our city.

I am delighted, to see the Nevada Financial Center being added to the Las Vegas landscape. Your new building represents a giant step forward for business development in Southern Nevada and symbolizes the city's commitment to sound economic growth.

The addition of your center to Las Vegas is an asset to the entire community. Best wishes for much success.

Sincerely,

Ron Lurie  
Mayor of Las Vegas

# Without A Hitch

*From the beginning, the Nevada Financial Center project has been a developer's dream. Despite the scores of people and companies involved, construction has been smooth.*

By Sally Gaylor

**"T**here were no problems whatsoever."

"Tremendous cooperation!"

"A well-coordinated project.

I can't think of a thing that went wrong."

As the above comments from various subcontractors suggest, the construction of the Nevada Financial Center seems to have been one of those rare projects that goes off without a hitch—the kind that almost runs itself. Executives of each company interviewed seemed to be quoting one another, all saying virtually the same thing: their own involvement in the project was catastrophe-free.

Is their enthusiasm to be taken literally? If so, then why so much mutual cooperation?

Donald Donaldson, project manager representing McCarthy, the general contractor, attributes the achievement to a constant flow of communication between his company and each of the subcontractors—some of which are based in Nevada, others in California and Arizona.

"I like to think that we maintain an open line of communication at all times," says Donaldson. "We meet with our subs and we try to tell them what's going to take place well in advance of the actual event."

For example, when McCarthy made plans to have the area paved, it notified all the subcontractors in writing, as well as verbally, several weeks in advance. "So that it doesn't come as a surprise to

anyone," adds Donaldson.

The 12-story architectural innovation required materials and manpower from more than two dozen diverse companies and was created—from inception to completion—in about a year's time.

The following companies contributed to the project in various ways—some to the building's aesthetic beauty, others to its more practical aspects. All managed to work together.

"Business relationships," concludes Donaldson, "as with all human relationships, are vexed with human frailties. That's why it's important what those are and try to communicate. We're not always successful—and I'll be the first to admit that—but we try."

## Lowry-Sorensen Willcoxson Engineers Inc.

In the spring of 1986, Lowry-Sorensen-Willcoxson Engineers Inc. began work on the design of the Nevada Financial Center. Senior Vice President Bert Valenzuela reports that the company was responsible for the mechanical, plumbing, electrical design and field observation for the building.

Chief Mechanical Engineer Tom Johns found the job somewhat of a challenge. "The building's shape was a little unusual, also the structure," he says. He adds that his company's effort took about six months.

Founded in 1947 in Phoenix, Ariz., Lowry-Sorensen-Willcoxson offers design engineering and consulting as its main business.

## Desert Plumbing And Heating Co. Inc.

Once Desert Plumbing and Heating Co. Inc. had finished the water, waste and vent plumbing for the Nevada Financial Center, the company was ready to tackle the plumbing for the catch-catching waterscape. The entire job took about a year to complete.

Work began on the new complex in November 1986, and progressed rapidly.

"It was a fair-amount job," says Cheryl Hart, estimator for the company and project coordinator for the Nevada Financial Center project.

"We do a lot of government work, as well as commercial," Hart says. "We've done the domestic plumbing for the post office, and we've also done a lot of combat support contracts for the U.S. Department of Air Force for the Unaccompanied Soldier's Housing

Housing, Phase II, at Nellis Air Force Base."

Desert Plumbing and Heating Co. was founded in Las Vegas in 1977. During the past 10 years, a large portion of the company's business has been with private residences. It is now dealing more often with larger commercial projects. Desert's contracts include the Gold Coast Hotel and Casino and the Morongo Valley's complex in Las Vegas.

Another change evident at Desert Plumbing and Heating Co. is a recent branching into the field of hydronics, the science for air-conditioning units. "Hydronics is what we're just now getting into," says Hart.

As for work on the Nevada Financial Center, Hart says, "It was a very pleasant job for us."

## American Fire And Safety Inc.

American Fire and Safety Inc., a Las Vegas-based company, was responsible for the fire prevention and control system in the Nevada Financial Center.

Gordon Marx, general manager, says the job took about eight months. The company was first approached by the project's developers in the fall of 1986.

"This was one of our larger jobs," says Marx. "We've also done a number of shopping centers."

American Fire and Safety Inc. was founded in 1956 in Las Vegas. Marx sums up the company's main business as "anything to do with fire prevention and control, including fire alarm systems, fire sprinkler systems and fire extinguishers."

## R & R Landscaping Inc.

The year R and R Landscaping Inc. opened for business, the company made \$76,000 and President Steve Rebeil was 18 years old. Seven years later, a 25-year-old Rebeil says that this year the company will pull in \$7 million, \$300,000 of which will come from its contract with the developers of the new Nevada Financial Center.

R and R Landscaping is a family business. At the center of the company are Rebeil, his brother Sterling and their mother Joan Newton. The corporation was founded by Rebeil in 1980; he remains its owner as well as president.

Rebeil's main business is landscape contracting and landscape maintenance. "The maintenance part of our company's business is large," says Newton.

R and R maintains landscaping for homes, as well as commercial property and the grounds of apartment and condominium complexes.

A sampling of commercial projects the corporation has undertaken in Las Vegas includes the Palace Station Hotel and Casino, the Gold Coast Hotel and Casino and Peccole Ranch.

The Nevada Financial Center developers sent plans for the multimillion-dollar project to R and R Landscaping Inc. as a result of a referral. Rebeil submitted a bid and received the contract.

According to Rebeil, the grounds of the new center will be beautiful. Says Rebeil, "There are lots of big olive trees, pine trees, and a lot of lush, grassy areas."

## Western Technologies Inc.

When Western Technologies Inc. set out to take soil samples and provide recommendations for the construction of the Nevada Financial Center, the only unusual condition that engineers found was a good deal of caliche in the ground.

"But the caliche was a favorable condition," says Jim McNutt, vice president of the Phoenix-based corporation. "It provided a stable layer to support foundations. The remainder of this project was routine and went smoothly."

In working with Western Devcor Inc. on the Nevada Financial Center project, Western Technologies went through four steps. Initially, engineers took soil samples from the site, evaluated the samples and prepared a report containing recommendations for supporting the foundation. Next, the company inspected the earthwork being done. The third step was inspection of the foundations for compliance to the original

report. Finally, engineers inspected and tested all the reinforcing steel, structural steel and concrete in the building.

The project manager for the Nevada Financial Center project was Mark Owens, a geotechnical engineer. In charge of the engineering investigation, Owens says that the entire job lasted about nine months.

"We did the work for the parking lot, too," adds Billie Ritter, senior technician, who was responsible for testing and inspecting all construction mater-

ials. "He's our eyes and ears," says McNutt.

The corporate headquarters of Western Technologies Inc. is in Phoenix, Ariz. The company has branches in Nevada, New Mexico, Utah and other cities in Arizona. Western Technologies provides geotechnical engineering, consulting engineering, chemical and environmental engineering, construction materials testing, research, product certification and nondestructive examination and testing.

*"The caliche [at the Nevada Financial Center site] was a favorable condition. It provided a stable layer to support foundations. The remainder of this project was routine and went smoothly."*

James McNutt, vice president,  
Western Technologies Inc.



PHOTO BY PRESTIGE PHOTO STUDIOS

## G.C. Wallace Inc. Engineering-Architecture

Nevada Financial Center developers have been sensitive to problems resulting from extra traffic generated by this large project. Their willingness to undertake major reconstruction of the adjacent streets and intersections also demonstrates their foresight and public concern. For the type of office environment envisioned by the development team, convenient and improved traffic access and operation is a must.

The master plan for the four-stage project consists of two 12-story office towers and two 10-story buildings. The engineering-architectural firm of G.C. Wallace Inc. was retained by Western Devcor Inc. to study the proposed plan and to determine how the traffic load could be accommodated.

An intensive study of the intersections on Sahara Avenue at the I-15 exit ramps and Rancho Drive was conducted by G.C. Wallace and the Nevada Department of Transportation. A videotape of the traffic movements at the interchange was made so engineers could determine the volume of traffic at the intersections

and evaluate the problem of weaving and merging created by the closely spaced intersections and exit ramps.

Based upon the size of each building planned for the site, projections of the traffic that will be generated by the Nevada Financial Center were derived. Since the master plan envisions a phased implementation, the traffic generation was loaded onto the existing street network with that same pattern. Mitigation measures were prepared to address the projected increase in traffic flow, and the final engineer's report was issued describing the analyses, results and recommendations.

In conjunction with the first phase of development, the Nevada Financial Center agreed to widen the Rancho Drive-Sahara Avenue intersection to add dual left-turn lanes on both the east and west approaches. Also, a left-turn lane to serve the traffic entering the site from northbound Rancho Drive will be established by widening the road along the eastern edge of the property. The curbs along Sahara Avenue will be mov-

ed from the present location to provide for a future additional travel lane.

Development of latter phases calls for the improvement of the Sahara Avenue-Paseo del Prado (Teddy Drive) intersection to create dual left-turn lanes at that location. The widening of Sahara Avenue at Rancho Drive will be carried from the point at which it ends in the first stage of development to the west end of the site, and median island modifications will also take place at that time.

Following the city's approval, the development team immediately began the design of the first building and the parking garage. Included in the group of consulting firms was G.C. Wallace, whose responsibility was to take the recommendations in the study report and to translate that into design drawings. Other areas of G.C. Wallace's responsibility were the design of the on-site grading plan as well as the water and sewer utilities. Flexibility for future phases was maintained by designing those utilities appropriately for connections to other office towers.

## Nevada Ready Mix

Supplying the concrete for the multi-million-dollar Nevada Financial Center was a "medium-sized job" for Nevada Ready Mix, according to Vice President Darrell Thornton, who estimates the dollar value of the contract at about \$250,000.

Founded in Las Vegas nearly 30 years ago, this company is currently working with the University of Nevada-Las Vegas on the construction of its new engineering building. Since opening in 1960, Nevada Ready Mix has supplied

concrete for Las Vegas' city hall building, Caesars Palace, the Riveria Hotel, UNLV's Thomas and Mack Center, and all phases of the new McCarran International Airport in southern Nevada. The company acquired the Nevada Financial Center contract by submitting the lowest bid.

"The contract for the center was negotiated nearly a year ago," says Thornton, adding that there were no real problems with it. "It was a very well-coordinated job," he says.

## McCarthy

"This project is different in the sense that, in the 37 years that I've been in this business, this is the first time I've used a totally precast building structure," says Donald Donaldson, project manager of McCarthy, the general contractor for the Nevada Financial Center. The company's contract with the center's developers is worth about \$11.5 million.

Says Donaldson, "It normally takes six months to a year from the time contract negotiation begins until construction activity begins. This shows the value of bringing in the contractor at the inception."

McCarthy's corporate headquarters are in St. Louis, Mo., established 125 years ago by ancestors of the present chairman, Michael M. McCarthy. The original founders of the company worked with the United States government on the construction of the Panama Canal. "That goes back many, many years and a number of generations," notes Donaldson. McCarthy remains a family-held corporation.

The corporation's two main areas of business are construction and construction management. There is a bridge divi-

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sion and a parking structure division, and at one time the company boasted of a tunnel division.

"We build a whole gamut of projects," says Donaldson. "Buildings, bridges—anything that has to do with building." One project the company is particularly proud of is a \$120 million building constructed for the telephone company in St. Louis.

McCarthy has offices in Boston, Kansas City, Newport Beach, Calif., Phoenix, St. Louis, Tampa, and Washington, D.C. The company manages to continue growing, even during slumps in the construction industry.

The Nevada Financial Center has a 177,000-square-foot gross area. Nevada National Bank occupies the entire second floor, along with other areas of the complex. The three-story atrium area contains the lobby, with granite elevator entrances. The lobby floor is granite and Brazilian cherry wood.

"The view is magnificent," says Donaldson. "You've got the whole valley in every direction. Obviously, the tenants in the higher elevations get the prime views."

The McCarthy staff is very pleased with the cooperation among the various subcontractors. During the last few months, all the loose ends of the project had to be pulled together at once, Donaldson notes, adding, "I'd like to do more work in the state of Nevada."

### Walters And Wolf Glass Co.

Four months after Walters and Wolf Glass Co. was awarded the contract for the Nevada Financial Center, all of the new building's bronze-tinted glass was in place.

"I hope all our future jobs run that way [quickly and easily]," says Larry Hamer, director of marketing.

Walters and Wolf Glass Co. was founded 10 years ago in Fremont, Calif. The company is based there, with an affiliate in Phoenix, Ariz., and a contractor's license in Nevada. It has contracted work in Las Vegas, Reno and the Lake Tahoe area. The company's main business is glass and glazing installation.

For the Nevada Financial Center, Walters and Wolf Glass Co.'s involvement was supply and installation of all the glass, along with its supporting aluminum, for the innovative new structure.

### Catello Tile & Marble Contractors Inc.

"All the granite in the Nevada Financial Center is American," says Mark Fenstermaker, chief estimator for Catello Tile and Marble Contractors Inc. "We import from North Dakota—not Italy."

The granite Fenstermaker is referring to is in the natural stone floors, lobby and elevator entrances that highlight the unique architecture of the new building.

Founded in Nevada about 20 years ago, Catello Tile and Marble acquired the Nevada Financial Center contract through a competitive bid, and made roughly \$130,000 from the job.

"As far as the size of jobs goes," says Fenstermaker, "this one was on the smaller end of our scale." Other projects the company has completed are the Golden Nugget Hotel and Casino and the Las Vegas and Flamingo Hiltons.

### Charles Chalmers MacLean III Architects Ltd.

Nevada Financial Center's strategic business location and high visibility in the prestigious West Sahara corridor in Las Vegas presented both an opportunity as well as a challenge for principal and chief designer, Charles C. MacLean, AIA, and project architect David A. Cummins of Charles Chalmers MacLean III Architects (CCMIII), Ltd. of Phoenix, Ariz.

"The property needed to capture the attention of prospective corporate tenants and other business and financial people of influence who drive Sahara Avenue every day," says MacLean. "This encouraged us to make a strong contemporary design statement, while also projecting a corporate statement



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consistent with the style of this emerging financial district."

MacLean says Nevada Financial Center's initial focal interest was achieved by creating several different geometric floor plate designs, each with a different square footage and varying lengths of exterior walls. These were stacked in a unique, "stepback" exterior design, creating a feeling of movement toward the building.

The sleek, contemporary look of the building was further enhanced by wrapping each floor in continuous alternating ribbons of bronze, glass and granite chip panels so that from a distance, the structure appears to be wrapped from top to bottom in a blend of shining ribbons of high quality materials.

Because of the unusual design of Nevada Financial Center's first phase building, MacLean notes the building assumes a different profile from each side it is viewed. Further, since daily traffic along Sahara Avenue provides high visibility for the Nevada Financial Center, the most dramatic view of each building phase of the complex has been positioned and designed for viewing from that direction.

When approaching Nevada Financial Center from its Sahara Avenue side, one passes an inviting water feature and is "drawn into" a dramatic, three-story atrium with interior balconies, mahogany walls, polished granite and wood floors. The atrium leads to four elevators which are finished with mahogany walls, wood floors and brushed stainless steel trim.

Extending beyond the building perimeter and wrapping around the main lobby atrium on its south side is the anchor tenant, Nevada National Bank, whose two-story branch bank and offices occupy approximately 25,000 square feet of space.

"In my opinion, one secret of good building design is having the capacity to look prestigious without being extravagant," says Cummins. "Having assembled an excellent team of engineers and contractors, our goal was to achieve a first-class, landmark office complex on this location at a reasonable cost. With an anticipated construction cost of \$11.5 million for phase one, I think we're succeeding."

According to MacLean, the firm is extremely pleased and proud to have designed such a quality project as their first accomplishment in the Las Vegas area.

## First American Title Co. Of Nevada

In order for First American Title Co. of Nevada to handle the escrows and issue the title insurance for the Nevada Financial Center, there had to be agreement among numerous parties.

"There was tremendous cooperation," says Vince Figgins, vice president and manager of the wholly owned subsidiary of First American Title Insurance Co. "There were several sellers involved

and everybody had to work together."

Figgins is referring to the transactions between the buyers—the Peccole Group, Johnson Wax Development and Western Devcor—and the previous owners of the property—John H. Midby and Associates, Nevada National Bank and Rebel Service Stations. Three separate parcels of land had to be purchased and assembled.



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According to Figgins, the whole process was accomplished smoothly, without the complications that often arise when several companies have to work together.

First American Title Co. of Nevada opened its doors in Reno in 1952, under the name of Nevada Title Guaranty Co. In 1960 the company entered into an underwriting agreement with First American Title Insurance Co., became a wholly owned subsidiary in 1964, and ac-

quired its present name in 1970.

Its parent company, First American Title Insurance Co., is the principal subsidiary of a general holding company called The First American Financial Corp. First American Title Insurance Co.'s origin can be traced to 1889 in Orange County, Calif. It now has offices in all 50 states, Guam, England, Mexico, Puerto Rico and the Virgin Islands.

In addition to the Nevada Financial

Center, First American Title Co. of Nevada has negotiated title insurance for the Sahara Hotel, Nevada Palace, Tropicana Plaza Center, the Jockey Club and the Mint Hotel. The Nevada Financial Center property is insured for \$28.3 million.

## Climate Control Inc.

Daniel Skiva, project engineer of Climate Control Inc., was a little surprised at the Nevada Financial Center developers' choice for the project's heating, venting and air conditioning system. They requested a direct water source-to-heat pump system.

"It's an unusual choice for the Las Vegas area," says Skiva. "It's very common in Arizona, though."

The system Climate Control installed in the new highrise runs tempered water to each individual tenant area. Says Skiva, "What is normally used in southern Nevada is the type of system that runs chilled water through fan coils."

Climate Control Inc. is a Phoenix-based division of Owens Technology. Corporate headquarters are in Minneapolis, Minn.

"The main business of the Phoenix division—and of the home office in Minneapolis—is heat, vent and air-conditioning installation and service," says Skiva.

Known officially in Nevada as "Climate of Arizona," Climate Control Inc. opened for business in Phoenix in 1942. The Nevada Financial Center was the company's first contract in Nevada.

"I was worried that we might have some complications here because we are with an Arizona union," explains Skiva, "but fortunately we didn't have any problems of that nature." Climate Control workers are members of the Arizona Pipe-Fitters Local 469 and the Sheet Metal Workers Local 359.

Skiva reports that his company was well received in Las Vegas. He and his workers had no trouble getting along with the Nevada businesses involved in the project, he says.

In view of Nevada's cordial reception of the Arizona corporation—and the developers' request for a system the company often installs in its own home state—Climate Control Inc. had every reason to feel at home during its work on the Nevada Financial Center. □

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# Turning Office Into Environment

*Nevada National Bank executives wanted their offices to reflect their prestigious image and match up to the beauty of their new building. Local designers accomplished the feat.*

By Kristine Peart

**B**usiness Environments by Whiting's, awarded the space planning and interior design contract for Nevada National Bank's new offices in the Nevada Financial Center, is a firm whose roots go deep in the Nevada soil. Diane Whiting, ASID, president of Business Environments, is also founder of Whiting's Fine Furnishings and Design.

Her family and her husband's family have long been a part of Nevada's business community. She has spearheaded the energetic expansion of her company into a complete-service design firm with residential, commercial, landscape, floral, art and framing, and custom cabinetry divisions.

"Our goal is to provide a total environment for our clients," Whiting says. "Guided by the objectives of each business, we work to establish a vigorous corporate image and a productive, people-centered environment that really works. Our company is unique in southern Nevada because we are a local firm with the capability of taking an entire project through all phases—from beginning to end. Of course, we work with clients who only require a portion of our services, but our real strength—and the real cost savings to our clients—comes through controlling the project from start to finish."

Rose Cabrera, head project designer, guided Nevada National's project from

initial concept to final installation, supervising all interior specifications. Increasing productivity and providing a flexible system for future expansion were key requirements of the functional design. Bringing the strength of the building's architecture and the beauty of the Nevada desert to the interior were the aesthetic goals of Whiting's design team.

*"We work to establish a vigorous corporate image and a productive, people-centered environment that works."*

Diane Whiting, ASID, president,  
Business Environments By Whiting's

Says Cabrera, "The double-octagon shape of the building provided some unique challenges and opportunities. It's been an exciting project to work on. I'm very pleased with what we accomplished for Nevada National."

Beginning in late 1986, Whiting's space planning and design team began

its workplace audit, a system by which detailed information is gathered to guide the design of floor plans and work stations. The team analyzed the needs of each employee for work surface, computer and equipment usage, storage, display space and privacy.

Departmental needs were assessed, as well as requirements for meeting and conference areas. Interdepartmental relationships and the day-to-day flow of work and communications were critical problems to be addressed. "Our goal," says Cabrera, "was to put every square foot of space to the best possible use."

When the workplace audit was complete, the team began exploring space planning solutions to the bank's needs. "Our CAD [computer aided design] system was invaluable at this stage of the design," notes Whiting, "particularly in working with the octagonal building. It allowed us to review options quickly, and much less expensively, than would have been possible without it."

Another valuable asset was the broad range of quality office systems available to Whiting's as the exclusive dealership for Steelcase in Las Vegas. Steelcase is one of the nation's leading manufacturers of office systems and furniture.

As the functional design took shape in preliminary drawings, Cabrera and the design team began to "pull together" the design details: colors, fabrics, textures and finishes. Selections



With Steelcase and Stow & Davis furniture, executive conference areas provide private, secure, and pleasant surroundings that encourage relaxed, comfortable interaction.



Activity continues uninterrupted in modular workstations by Steelcase and Stow & Davis, which are equip-

ped to support administrative tasks.

were made that would best convey the strong, progressive image of the bank and its ties to Nevada, while comfortably supporting the people who work there. A variety of textures and finishes were selected, one of the most prominent being the warm richness of deep mahogany in furniture and trim.

Mauves, rose and burgundy echo the hues of Red Rock Canyon, one of the views from the building. Excitement and personality were provided by extensive use of Nevada National's signature blue. At the preliminary presentation, it was decided that the dynamic scheme was

successful.

Following acceptance of preliminaries, the functional space plan was fine tuned and a standardization program was developed to provide an organized method of determining appropriate furniture and accessories for each level of employee throughout the organization.

Each employee level has a custom-designed unit that meets the needs of their job function. "Standardization," explains Whiting, "greatly simplifies the selection process for the client. And it makes many tasks, from inventory to refurbishing, much more manageable

and cost efficient. It's perfect for expansion."

With the help of the CAD system, all furniture and panels were coded on the furniture layout for easier and quicker installation and inventory by the end user.

Lighting, carpet and finishing plans were provided to communicate necessary detailing and flow of wall and window treatments from one area to another. Accessory layouts were created for each type of work station, detailing everything even to the positioning of plants, flower arrangements and artwork.

Aesthetic design was reinforced as Bob Beckman, a local artist, was commissioned to create a 40-foot mural of Red Rock Canyon. Most other art was acquired from local artists, or created by Cabrera, who also designed the stained glass skylight over the center stairwell, and the NNB logo in the carpet.

After that our work really began," says Whiting. After the planning stages are complete, Whiting's "rolls up its sleeves," supervising all phases of the project installation from carpet and wall coverings to systems, mouldings and fine details. The work is not complete until the last finishing touches are in place—the plants, artwork and desk accessories.

"We don't just sell furniture," says Whiting. "We tailor a complete environment to a firm's needs. Service, not furniture, is the business we're in, and service is where the growth is."

"And on Nevada National's project, we still met the demands of a prudent, not lavish, budget," she adds. "Because NNB has given us the opportunity to create the total office, we've been able to go the extra mile in giving them the maximum benefit of their dollars spent."

The result of Business Environments' partnership with Nevada National Bank is more than just a functional office and more than just pleasing interior design. As Whiting explains, "We feel we've created a warm, sophisticated total environment for a business that stands for Nevada and her people. It's a dynamic environment, encompassing transitions in style from the rich, traditional furnishings of the president's office to the energetic, contemporary bank floor. It brings the warmth and color of the outside environment into the people. And it provides a productive and supportive place where people can become the best they can be. The total environment truly is greater than the sum of its parts." □

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## The Silver Dome

(Continued from page 8)

Lloyd of Carson City, who was sued for negligence after the woman underwent corrective surgery following a hysterectomy performed by Lloyd. The Supreme Court said Lloyd got a summary judgment in his favor from Carson City District Judge Michael Griffin after submitting an affidavit "replete with generalizations which do not address adequately the allegations in the complaint."

To allow such a summary judgment to stand would have a chilling effect, the court said, adding that any doctor could file a motion for summary judgment alleging only that he followed proper standards of care without any valid supporting documentation.

## Nevada A Geothermal Leader

The state director of the Bureau of Land Management says that despite an oversupply of electricity in the West, geothermal energy exploration is booming in Nevada.

Ed Spang says about 40 percent of the known geothermal fields in the United States lie in Nevada. And he predicts electricity generated from the Nevada fields will increase from 26 megawatts to 120 megawatts in the next year. That amount of electricity could meet the needs of about 75,000 people.

Part of the reason for the interest in geothermal exploration is the Nevada Public Service Commission's increased efforts in recent years to promote development of alternative energy sources by utilities.

Chevron Resources Co. has been the leader in geothermal development in Nevada. It operates a 14-megawatt plant in Beowawe in Eureka County and a 12-megawatt facility at Desert Peak in Churchill County.

Tad's Enterprises also produces about 600 kilowatts of electricity at a hot springs near Wabuska in Lyon County.

Other projects are in the planning or construction stage, including work on a 55-megawatt plant at Dixie Valley in Churchill County by Oxbow Geothermal.

## Energy Park Reality Comes Closer

Sierra Pacific Resources has cleared a major hurdle in its bid for approval of a proposed \$4 billion energy park in northeast Nevada.

The state Public Service Commission and Consumer Advocate's Office signed an agreement withdrawing their right of intervention before the Securities and Exchange Commission, which must approve financial arrangements for the massive Thousand Springs project 26 miles north of Wells.

In return for the signing, Sierra Pacific officials have promised to abide by the state's least-cost utility planning law that requires utilities to purchase the cheapest source of power.

PSC Chairman Scott Craigie says the promise will assure northern Nevada ratepayers that before the Thousand Springs power can be bought by Sierra Pacific Power Co., it would have to be priced competitively with alternative sources.

Joe Gremban, president and chairman of Sierra Pacific Resources, says the agreement removes a potential roadblock but won't necessarily speed up final approval. He notes two environmental groups and the Western Shoshone Indians still object to the project.

## Nevadans See Growth In Personal Income

Nevada is ranked 10th in the nation in terms of non-farm, personal income growth, according to a new Commerce Department report.

The report shows Nevadans posted a gain of 45.1 percent in personal income since late 1982 when a national economic recovery began. The state has seen an infusion of new industries and a construction boom which have helped to boost income averages.

Arizona is enjoying the fastest income growth of any state; 57.6 percent. The state has experienced large gains in service industries, construction and manufacturing.

Arizona was followed by Georgia with a gain of 54.4 percent; New Hampshire, up 53.8 percent; Florida, up 53.3 percent; North Carolina, up 49.7 percent; Virginia, up 47.8 percent; Massachusetts, up 47.5 percent; California, up 46.2 percent; and Connecticut, up 45.6 percent.

The national average was up 38 percent from the July-September quarter of 1982, considered the bottom of the last recession, to the April-June quarter of this year.

The new government figures support findings of a study entitled "The Bi-Coastal Economy." The report says the nation is being divided between healthy economies on both coasts and problem areas in the nation's heartland.

## Few Offering New Insurance

Executives from a few Nevada insurance companies say they are offering auto liability insurance on drivers as an alternative to the standard practice of insuring vehicles. But the insurance officials say the cost of such policies isn't cheap.

The announcement of the new policies, allowed for the first time in Nevada under a law passed by the 1987 Legislature, came following consumer complaints. Although the new law allows insurance firms to underwrite such policies, none of the 70 insurance companies operating in Nevada immediately began offering to insure drivers instead of their vehicles.

The law was passed after a citizen's lobby group convinced legislators that people who own several vehicles were paying too much for state-required liability insurance. □

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actual start-up of a company through the sale of stock, production of a product, marketing and sales of that product, liquidation of the company's assets and issuance of dividends to stockholders—all during a 17-week period.

Last spring, 14 companies made up of 500 high school students had total combined gross sales of \$28,000. Tim Schmoll, a junior at Hug High School, served as president of Sound of Money, the most successful JA company to date.

During the 1986-87 school year, Schmoll's company was able to provide a 40 percent return on investment to its shareholders. Schmoll gives most of the credit for Sound of Money's success to the students involved in the company and the product itself. "We had a seasonal product that sold itself [Christmas wreaths]," he says. "Our great salespeople and pricing strategy allowed us to increase our price from \$8.50 up to \$12 for a deluxe wreath. When the season changed, we responded to the market quickly by changing our product's appearance."

Although this was Schmoll's first year in Junior Achievement, he says he has "learned a lot about how to make a company successful. I've learned how to move toward a goal and include fun in the process."

Schmoll is also quick to credit his company's four advisers provided by Nevada Bell and headed by Lyle Walters. In addition to providing corporate sponsorship of a JA company to the tune of \$500, local businesses also lend out their executives once a week to guide the company in its task.

Dave Galloway, vice president of hotel operations for Bally's Grand Hotel, explains why his company has had a six-year commitment to JA. "We see it as an investment in the future of our community," he says. "It also provides a training ground for our mid-level management to become more involved in the business community."

Obviously, many local businesses feel the same way since the list of 14 businesses that participate in the JA high school programs reads like a *Who's Who of Local Companies*. Of course, the more corporate sponsorships JA receives, the more classes it is able to offer to the students.

At the eighth-grade level, the Project Business program is in place in cooperation with classroom teachers. Each week, a business executive conducts a

class period and discusses topics such as introduction to economics, demand and supply in the marketplace, finance and global economics.

## *The Junior Achievement program operates entirely on private donations.*

Judy Simpson, manager of the program for the past six years and on loan from the Washoe County School District, says, "Project Business provides an opportunity for successful business people to share their expertise with inquisitive 13-year-olds. After an executive conducts a project business course over a 12- to 13-week period, that person often refers to the class as 'my kids.'"

Even at the elementary level, fifth-graders are learning business principles through a JA program called Business Basics. "Consultants" (currently JA high school students) make presentations to classes on organization, management, production and marketing of a company. Simpson believes that, "Business Basics is a win-win situation. It is a chance for high school students to share their experiences with 10-year-olds. On the other hand, the 10-year-olds get role models."

In 1985, the Northern Nevada Business Leader's Hall of Fame was instituted. Patterned after *Fortune* magazine and Junior Achievement's National Business Leader's Hall of Fame at the Museum of Science and Industry in Chicago, this institution recognizes past and present business leaders for their "outstanding and enduring contributions to improving the products, the processes, the efficiencies or the human relations of business."

Laureates into the local hall of fame include John Cavanaugh Sr., Jordan Crouch, Thomas and Frances Dant, Benedict Dasher, Preston Q. Hale, William Harrah, Andrea Pelter, Neil Plath, Sister Mary Seraphine, Eva Adams, Ed Pine, Edward Questa and Wallie Warren. Howard K. Smith, the legendary news commentator, provided the keynote address at last year's induction.

Junior Achievement's remarkable success this year was evidenced by its recent awards banquet held at Bally's Grand Hotel. Over 400 people attended the event, including teachers, business advisers, the board of directors, staff, families and, of course, the kids. Among the awards given were Most Outstanding Company Performance and Excellence, Business Man and Woman of the Year, and three \$750 college scholarships.

More important, perhaps, was the fact that *all* the junior achievers were recognized for their commitment to business excellence and the tremendous potential each future leader holds. □



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# Patron Or Profiteer?

*Some Nevadans see mining companies as little more than leaches—taking gold and sharing little of the spoils with the state. Rural communities, however, see them as saviours.*

By Art Nadler

**W**hen Marvin Sedway, D-Las Vegas, told members of the 1987 Legislature he had a plan to increase the state's general fund by \$29 million and county coffers by \$2 million, everyone listened intently. When he said Nevada gold mines would be the ones footing the bill, battle lines were drawn.

Sedway claimed, for example, gold mines only paid \$3,543,000 in net proceeds taxes in 1985. He said the mines produced \$770 million in gold that year and should be held responsible for more taxes.

Robert Warren, executive director of the Nevada Mining Association Inc., claimed mines paid far more than that. In 1986, he said, mines shelled out close to \$25 million to the state; \$7 million in net proceeds taxes and \$18 million in users' taxes, or fees paid on equipment and supply purchases.

Sedway introduced a bill, AB161, which would have placed a fee of \$16.50 on every troy ounce of gold mined in Nevada. Fear quickly ran rampant throughout several small mining towns in Nevada where gold mining is the lifeblood of the economies.

"Mining is such a fragile economy. The price of gold fluctuates a lot," said Terry Miller, Winnemucca city councilman. "Mining is purely economics. If a mine's corporate headquarters doesn't feel the mine is making a profit, they'll shut down."

Sedway countered by stating, "The economy of Nevada is cyclical anyhow. We can apply the same rationale to the

gaming industry. They have good times and bad times, too."

But as John Lutley, managing director of the Gold Institute in Washington, D.C., pointed out:

"It [a mining fee] would seem to me to be a damaging way to go. You'll raise the price of producing gold in Nevada more than anywhere else. If you can mine gold \$16.50 cheaper somewhere else, why would you want to go to Nevada?"

"China for a long time thought they could put a tax on gold," he notes.

*Arguments  
suggested that most  
of the money some  
170 Nevada gold  
mines make goes  
out of state.*

"The made all the companies sell to the government at reduced prices. This reduced the production of gold in China and encouraged people to smuggle gold out of the country. The government eventually reversed its decision.

"Nevada is a free gold state, and that's very encouraging," he adds. "Don't look to a short-term way to make money. It's counterproductive."

As the Legislature—the longest in state history—hit its 142nd day in session, the Assembly Taxation Committee

finally approved a \$20.5 million compromise mining tax proposal, a far cry from Marvin Sedway's initial bill.

In the proposal, mining companies would pay \$10 million to the state in 1987-88 in addition to the \$7 million in net proceeds taxes owed to counties. Mines would then pay \$10.5 million in 1988-89. The first sum would be an "accelerated payment," voluntarily given by the mining industry. The second would be a pre-payment of net proceeds taxes.

"We feel [Assembly Bill 872] is an acceptable compromise in order to preserve the taxing of minerals on the principle of taxing net proceeds and keeping a cap," said Robert Warren. "The first \$10 million won't come back to the industry, but the \$10.5 million may come back if the net proceeds tax goes to \$50 million a year."

The 1989 Legislature will decide, with SJR22, whether or not to *amend* the state constitution to place a net proceeds tax cap of 5 percent on the mining industry.

The defeat of AB161 and introduction of SJR22 won immediate acceptance throughout rural Nevada, as is apparent in remarks by Paul Kroh, president of the Battle Mountain Chamber of Commerce. He says, "The business community and rural community are thrilled that AB161 was defeated. If the tax would have gone through, some of the middle-sized companies wouldn't have stuck around to take the risk.

"We definitely saw a pick-up in exploration since June 1st," he adds. "It

seems there is more and more activity going on than ever before."

Within the last five years, prior to increased interest in gold mining, five barite mines had closed in Battle Mountain, population 5,000. Between 1,500 and 2,000 jobs were lost.

Kroh now says the Shoshone Mountains and Buffalo Valley are under exploration. He expects Chimney Creek, 40 miles west of Battle Mountain, to be the largest gold mine in the state. He expects between 250 and 300 workers to be hired and the mine to have a production life of 15 years.

Arguments during debate of AB161 suggested that most of the money some 170 Nevada gold mines make goes out of state. But, according to Richard Reyburn, executive director of the Nevada Department of Minerals, nothing could be further from the truth.

"Seventy percent of the money stays in the state from mining," he says. "It is turned into new development and exploration. Also, from every mine employee's job, 1 1/4 jobs are created in related areas [companies that supply mines in some way]."

"We found that in 20 years Carlin [now Newmont Gold] has been in production, it has put as much money back into development as it has taken out in gold," he adds.

Dr. John L. Dobra of the Department of Economics at the University of Nevada-Reno, confirms Reyburn's statement that corporate mines reinvest in communities they mine. He found that: In nine counties, the industry pays more than 17 percent of all property taxes. In Eureka and Lander counties, mineral industry assessed valuation accounts for 69 percent and 73 percent of total assessed valuation, respectively. He also found that 13 new operations came into production in 1986.

Newmont Gold Co. of Carlin, the largest gold mine employer in the state with 900-plus employees, has probably made the most significant contribution to Nevada. According to a statement by Bob Zerga, executive vice president and general manager, "Newmont Gold paid the state \$4,700 per employee in taxes last year.

"Since 1965 through 1986, Newmont Gold Co. has invested over \$246 million (or 88 percent of its profits) in exploration, land purchases, plant and equipment in Nevada," he adds. "For the same period, it has paid \$122 million in wages and benefits. It has also purchas-

ed \$207 million in goods and services, of which, an estimated 65 to 70 percent was from Nevada firms."

Newmont Gold has officially come out to support Senate Bill SJR22 to amend the Nevada Constitution to increase the net proceeds tax from the ad valorem rate to 5 percent. A company statement explains why:

"This type of legislation encourages mining in the state as this type of taxation is based on income and takes into account the cost of production. This amendment is also good for the state in that it raises needed revenue.

"Should this amendment be adopted and based on 1987's production record, where Newmont Gold now pays \$2.1 million in net proceeds tax, Newmont Gold would be paying \$6 million."

Newmont Gold is a Nevada-based company. It owns or controls 20 square miles in north-central Nevada. The property has 10 ore bodies, five of which were in production in 1986, along with what is known as Carlin Trend. The property is bounded by some 380 square

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*In nine counties,  
the mining industry  
pays more than 17  
percent of all  
property taxes.*

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miles of land owned or controlled by Newmont Mining Corp.

In 1986 its sales were \$174,502,000—up from \$68,678,000 in 1985. Newmont's net income in 1986 was \$40,598,000—up from \$14,573,000 in 1985. Its cost to produce an ounce of gold was \$172 in 1986—down from \$196 in 1985. Newmont projects 1987 gold sales to be 22 percent over the 1986 level.

One would think that with such impressive revenues and high expectations in upcoming years, Newmont Gold would have reservations about Nevada allowing outside mining firms to operate within the state. Company executives appear not to be worried, however.

"Newmont Gold supports these industries whether they are from gaming, manufacturing, mining, etc., bringing in capital to build and establish Nevada's economy, as long as they are responsible and good corporate citizens," a company statement reads. "These businesses provide jobs, pay wages, pay ap-

propriate taxes and contribute to the state's well-being."

Freeport-McMoRan Gold Co. of Elko, a public company employing some 340 employees at its Jerriitt Canyon site, is one of the largest contributors to the state's tax base, too, says Joe Murray, company president and president of the Nevada Mining Association. He points out that his company owns 70 percent of the Jerriitt Canyon mining and milling operations.

Jerriitt Canyon's gold production in 1986 totaled a record 269,000 ounces which was 14,300 ounces more than in 1985. Freeport Gold's gold production net was 188,700 ounces in 1986 compared to 178,700 ounces in 1985. Freeport Gold's share of gold sales in 1986 totaled 189,100 ounces and exceeded 1985 sales by 9,600 ounces. Freeport-McMoRan Gold has produced more than 880,000 ounces of gold since operations began in 1981.

Net income for 1986 totaled \$13,687,000 compared to \$1,815,000 in 1985. Revenues in 1986 were \$69,195,000 or \$11,921,000 and 21 percent greater than 1985 revenues of \$57,274,000. Production costs, excluding depreciation and amortization, in 1986 totaled \$32,954,000 and were \$3,163,000 or 11 percent higher than 1985's \$29,791,000.

Freeport Gold began exploring its Big Springs site at the end of 1986. Some 245,000 ounces of gold reserves have been targeted there. Murray says his company will operate this site as a 60 percent joint venture. Around \$15 million will be spent on putting Big Springs into operation, according to Murray, and it should be operating in the fourth quarter of this year. He adds that Big Springs will open 100 new jobs to Nevadans.

Additionally, \$14 million will be spent on Jerriitt Canyon to develop new ore bodies. This will add 40 new jobs to the site by next year, Murray says.

"We expect Big Springs to produce 60,000 ounces of gold in upcoming years," says Murray. "We will be creating many high paying jobs and be pumping more taxes back into the economy."

Battle Mountain Gold began mining gold and silver in January 1979 at its Fortitude mine, just off Interstate 80 near Battle Mountain. Originally, the company was owned by Penzoid Duval Corp., which began mining copper ore at the mine in 1967.

The company began extensive drilling

at Fortitude in January 1981. It currently processes 3,000 tons of ore-rich dirt a day, which yields 600 ounces of gold. Mining at Fortitude is expected to last seven to eight years. In 1986, it produced 225,000 ounces of gold and 900,000 ounces of silver.

Battle Mountain Gold has also begun drilling operations in another area called Surprise, an estimated 125,000-ounce gold resource located in the Copper Basin area not far from Fortitude.

The proposed amendment to the Nevada Constitution is "the same that passed in 1980 and went through two sessions of the Legislature," says Richard Sumin, vice president of operations at Battle Mountain Gold. "The basis isn't any different. We as an industry and association lobbied, in lieu of a severance tax, to a maximum of 5 percent [on net proceeds].

"I think the next session of the Legislature will approve the amendment," he

adds. "This does take care of the condition if there is a drop in gold prices."

Although Battle Mountain is Nevada-based, Sumin says his company doesn't have any bad feelings about outside companies coming into the state to mine. "I could be narrow-minded and say I should have all this for myself, but a good entrepreneur doesn't let competition bother him," he adds.

Battle Mountain Gold employs some 380 workers with an annual payroll of \$12 million, Sumin says. With respect to people claiming the mines don't do enough for the state, the executive says, "To what magnitude people expect us to do things, I don't know. We have tried to keep a low profile in the past, and maybe that was wrong." The company currently supports a state mining school financially, Sumin adds, and also offers scholarships each year.

"We also support all the charities, but have never made our support public,"

Sumin says. "A significant amount of our machinery and repair material is purchased from state companies, too."

According to Battle Mountain Gold Chairman Douglas Bourne, the company set record second quarter and first-half 1987 net income earnings. The second quarter 1987 net income was \$9.2 million, up 51 percent from \$6.1 million in the second quarter of 1986.

For the first half of 1987, net income was \$18 million, up 51 percent from \$11.9 million during the same period last year. Revenues for the 1987 second period were \$22.9 million, up from \$21.9 million earned the same quarter last year. Revenues for the first six months of 1987 were \$51.5 million, up from \$43 million in the first half of 1986.

Cash costs at the Fortitude mine declined to \$140 per ounce in the first quarter of 1987, compared with \$160 per ounce of gold the same period last year.

Production at the Surprise site is expected to begin at an initial rate of 15,000 to 18,000 ounces a year, according to company reports.

With such high profits and optimistic plans for the future exploration by nearly all major gold mining companies in Nevada, it's no wonder that they are pleased Marvin Sedway's \$16.50 per ounce fee was defeated. Says Joe Murray, "Everyone left the Legislature feeling this was an equitable solution. If you work very long in the mining industry, you don't like a severance tax. We sell a commodity that when the price goes down, it can hurt. Severance taxes have shown over the years to devastate mining. We don't have any profit in being taxed."

But Marvin Sedway points out that SJR22 will have to pass the next Legislature again and then go to Nevadans for a vote. He plans to lobby heavily before it comes up before the voters. "I was somewhat unhappy of how the whole issue was dealt with in the Legislature," he says. "The mining industry personally attacked me. The final amount and terms we arrived at were the best we could get. I wasn't pleased with the terms or the amount."

"I think the mining industry should be paying a minimum of \$40 million a year," he adds. "Mining will take two million ounces of gold out as projected this year. That's close to \$1 billion in gold. The mining industry hasn't heard the last of Marvin Sedway." □

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# Gasoline Wars

(Continued from page 7)

operators out of business and, ultimately, increase gas prices paid by consumers. They proposed gas divorce legislation, in which the number of company-operated stations in Nevada would be limited, as the only way to stop those practices.

Most legislators were skeptical, however, and adopted this point of view: "If you want us to pass this legislation, you're going to have to prove your allegations."

That's when Greco the researcher went to work. "There are a lot of people around the country who have managed to get information on the oil companies either through documents used as evidence in court cases or through journalists," Greco says.

Greco, along with NGRA President Steve Yarborough, spent more than 2,000 hours compiling documentation of the oil companies' strategies and practices. They listened to tapes from hearings held on gas divorce legislation in other states. And through their contacts, they obtained internal oil company documents that outlined their marketing strategies.

Greco also uncovered a secret Federal Trade Commission report that recommended a full-phase investigation of ARCO. The recommendation was made in 1983 after an investigator examined internal ARCO documents that detailed their marketing plans.

The report concluded: "ARCO's enormous crude oil reserves give it no incentive to keep prices low after the independents have left the market, because the higher the retail price of gasoline, the more its crude oil reserves are worth."

The FTC never conducted the recommended investigation, however. Instead, the FTC lobbied against gas divorce legislation. It sent letters in opposition to gas divorce to every state considering this type of legislation. The FTC letter sent to state Sen. Randolph Townsend (R-Washoe County) called the proposed legislation "anti-competitive."

But the secret FTC report was leaked to a journalist by a disgruntled FTC employee. "Someone who worked within the FTC saw this document being buried, made a copy of it, and gave it to

a journalist. Ultimately it found its way into my hands," Greco explains.

After accumulating a massive amount of documentation, the next challenge was to determine how to present the information to state legislators in a comprehensible way. This is when Greco the teacher took over.

"The issue itself is easy. It's about killing off competition. But the way the oil companies kill off competition is complex, if you don't understand the oil industry," Greco says.

Greco, and the NGRA, set out to educate state legislators. Every week, legislators received as many as six handouts that explained the NGRA's case. The handouts were prepared on the computer and duplicated on the photocopier Greco installed in his motor home.

"I'm sure some of the legislators got tired of the handouts. But other legisla-

tors told us they loved it and to keep it up. It was giving them the bits and pieces of information they needed to make a wise decision," Greco explains.

For hearings on the proposed legislation, Greco and the NGRA put together an education package for each committee member. The package included:

- The secret FTC memo
- Maps of the different pricing zones in Las Vegas.
- A comparison that showed gas was being priced what Greco termed "artificially low" in Las Vegas to drive independent operators out of business. The comparison revealed Los Angeles dealers were paying 10 cents a gallon more for gasoline than Las Vegas dealers. The NGRA contended prices to Las Vegas dealers should be higher, as Los Angeles is the source of gas for both cities and Los Angeles dealers don't pay

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- Charts showing wholesale prices paid by independent operators and ARCO dealers on the same day. Independents were charged 10 cents per gallon more than ARCO dealers.

- Charts detailing the decline in the number of competitors from 23 to six choices for price and service in the Las Vegas area.

- An internal report produced by B.P. Oil Co., a subsidiary of Standard Oil of Ohio, which outlined its plan to replace its leased dealers with company-operated stations in the northeastern United States.

- An internal report produced by ARCO on its "bulk plant profitability project," which showed how the company removed 500 commissioned agents from business to reduce competition. The report included a termination schedule, which detailed the month and year the commissioned agents would be terminated.

At the end of his synopsis on ARCO's bulk plant profitability report, Greco contended that marketing reports on ARCO's plans to remove gasoline retailers in Nevada were available to ARCO's upper management. The Assembly Committee on Commerce requested

that ARCO supply the reports.

ARCO denied it had any intention of taking over the Las Vegas market and called untrue allegations that the oil company was conducting predatory pricing. "Some dealers are threatened, not by ARCO, but by the marketplace, the consumer and changing times," J.D. Kowal, ARCO's vice president of marketing, testified before the Assembly Committee on Commerce.

ARCO officials also refused to submit internal reports to the committee for review, saying the reports contained proprietary information that could be useful to its competitors. A subpoena was issued. ARCO refused to comply with the subpoena and, for the first time in Nevada history, the Assembly issued a contempt citation.

Meanwhile, Greco was winning friends and influencing people with what Yarbrough calls his "flamboyant, aggressive, relentless style." Greco regularly took legislators to lunch and presented the NGRA's case in his characteristic blunt manner.

"I'd just lay my cards on the table," Greco says. "Sometimes I'd get into a situation where I didn't know how to be diplomatic. I'd just say, 'Well, I'm not a professional lobbyist.' But after a while,

the legislators would tell me, 'Oh, yes you are.' That's when I realized I was starting to be effective."

Greco also became effective at handling the press. He proved adept at stating NGRA's case to both the print and television media.

For television, he capitalized on drama to emphasize the gas station dealers' point. Yarbrough, who operates the Lakeside 76 dealership in Reno, likes to recall how a Las Vegas television news team filmed an ARCO dealer, who had just gone out of business: "He took off his shirt and hung it on the gas pump and told the reporter, 'ARCO finally got what it wanted. It got the shirt off my back, and the next shirt they're going to get is the citizens'.'"

Greco recalls how television news crews filmed him pumping gas from his station into trucks rented by a fellow ARCO dealer in Boulder City. "The Boulder City dealer could actually buy gas out of the same hose the consumer buys from in Las Vegas for five to eight cents a gallon less than what ARCO charged him to have it delivered to his station," Greco explains. Later, Greco and other gas station dealers sold 300,000 gallons of gas from their pumps to independent operators before ARCO filed

## The Battle Is Won But The War Continues...

Both gas station dealers and oil companies attribute the passage of gas divorce legislation to publicity in the press. So stay tuned, there's more to come.

The oil companies are presently analyzing the best course to take to overturn the legislation—either through the courts or during the 1989 legislative session. Chevron U.S.A. may challenge the law for being discriminatory.

The law restricts the number of company-operated stations permitted in Nevada and does not allow expansion of company-operated stations. All the major oil companies were permitted to retain their company-operated stations, except ARCO, which must reduce from 31 to 15 stations it owns by July 1988. If a dealer goes out of business, he must be replaced by another dealership.

The problem for Chevron is that the company presently operates only

one station in Nevada. Chevron is not allowed to expand beyond that one company-operated station while ARCO is permitted to operate 15 stations.

"The law is discriminatory. The Legislature took a meat ax approach to the problem," says Ben Smith, manager of dealer and consumer affairs for Chevron.

While ARCO hasn't decided whether to challenge the law in court, it will attempt to have the law repealed during the next legislative session, according to Ed Reilly, ARCO's marketing director. "We believe the legislation is flawed in several respects," Reilly states.

ARCO's challenge will be based on three flaws it sees in the legislation, according to oil company lobbyist John Sande III:

- Southland Corp., which operates 7-11 gas stations, is exempted from

limitations in the bill.

- The legislation was specifically aimed at ARCO as a punishment.
- The law is inequitable in limiting the number of company-operated stations.

Meanwhile, Greco is planning to continue the fight—both on a state and national level. He believes the independent operators still may not be adequately protected under the law. He also is preparing to distribute the education package presented to Nevada state legislators to other gas station dealers across the country, who are engaged in similar efforts.

He anticipates a challenge during the next legislative session. "I know it will be a battle, but I think we can hold the law," says Greco. "The oil companies won't stop their efforts in the rest of the country just because of tiny Nevada. Hopefully, we'll get enough information on what they're doing to make our bill even stronger." □

a complaint with the fire department.

Prior to leaving for Carson City, Greco also met with the editors of Las Vegas newspapers. The Las Vegas *Sun* invited Greco and ARCO's representatives to a closed-door debate before its editorial board. They debated for three hours to what Greco considered a draw. Initially, the *Sun* remained neutral on the issue, according to Greco.

But Greco feels it was time well spent—although it was many months before his efforts paid off. After being cited for contempt, ARCO's representatives worked out a compromise with the Assembly Committee on Commerce. They agreed to turn over the requested documents, if they would be reviewed by a subcommittee of three members and their contents would not be released to the public.

At the same time as the compromise was being worked out, a member of the Legislative Counsel Bureau learned that one of the subpoenaed documents, called a Strategic Planning Unit (SPU), had been submitted as evidence in a Los Angeles court case. A courier was hired to obtain the document from the court and deliver it to the subcommittee.

In comparing the SPU submitted by ARCO to the version obtained from the Los Angeles court, the subcommittee learned that three introductory pages had been left off of the document submitted by ARCO. The introduction more thoroughly revealed ARCO's intentions in Nevada, according to Assemblyman Callister.

The subcommittee reported to colleagues that the SPU was an "absolute smoking gun." The SPU and other documents corroborated most of Greco and the NGRA's claims, the subcommittee stated.

Whereupon, the Las Vegas *Sun's* one-inch high headline the next day screamed: "ARCO plot ousted dealers." And former governor Mike O'Callaghan took ARCO to task in his "Where I Stand" column in the *Sun*, writing: "Jack Greco and the NGRA have proven their point about the need for protection from the giant ARCO. Everything they told the *Sun* editorial board several months ago has now been documented by court records from California.... In contrast our editorial board was treated with a load of misinformation delivered by arrogant and evasive ARCO officials and their highly paid lobbyist."

ARCO officials attribute their defeat

to a lack of media support and not having the opportunity to adequately explain the SPU and other documents to the Legislature and press. "We had a timing problem," explains Ed Reilly, ARCO's marketing director. "It all seemed to mushroom at the end. The

## *ARCO refused to comply with the subpoena, and the Assembly issued a contempt citation.*

articles in the Las Vegas newspapers motivated the legislators to a certain extent. They weren't as familiar with both sides of the issue, and I blame us for that. I don't think we did as good a job as we should have in explaining our side of the issue."

John Sande III, paid lobbyist for the oil companies, concurs. Sande is one of the most influential lobbyists in the state and does not often lose a legislative battle. He attributes the oil companies' defeat to what he calls "media hype."

"My style and the oil companies' style is not to try to do things in the press necessarily," he states. "We lost, in a nutshell, because of the media's involvement in the issue and their painting it as a battle of David and Goliath. The issue got a momentum of its own, so that at the end the merits of the bill were left behind and it became mainly a media hype."

Greco also partially attributes the NGRA's success to the media's interest in the issue. "When O'Callaghan realized he'd been lied to, he really got lit up," says Greco in his usual frank, unabashed style. "After that, the *Sun* supported us in several editorials."

Greco also relates how O'Callaghan called him twice in the middle of the night to check on the progress of the legislation. "Part of the personal experiences I'll always remember are my involvement with some truly great Nevadans," he says.

Another Nevadan Greco will never forget is Assembly Speaker Joe Dini (D-Yerington). Early in the legislative session, Dini advised Greco to never lie to legislators and if he didn't know an answer to tell them so. "Be as credible as you can and they'll believe you," he said.

"That's exactly what I did to the point of being painfully meticulous. In the long run, it made it very difficult for the oil companies to poke holes in our testimony because there wasn't a place to poke a hole," Greco observes.

His meticulousness was painful in a personal way, too. The need to continually lobby for the legislation kept Greco away from home for six months. During the last month of the legislative session, Greco did not even return home for the weekends.

"That upsets me the most because I have four children, including a two-year-old. And when you have a child that young, every day you miss is a day you'll never get again," Greco says.

So when Greco finally motored out of Carson City, he had mixed emotions. On the one hand, he was homesick and tired. On the other hand, he had the satisfaction of his hard work paying off.

As Greco explains his feelings upon leaving the capitol, you hear the gas station dealer, teacher and man of principle speaking: "What I was trying to do was stick my foot into their machinery. I was doing it more as a citizen than as a businessman. I felt since I had the knowledge of what was going on that I had a duty to get the story told. And I did." □

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## Nevada Briefs

(Continued from page 12)

stretching down to San Diego, but the company's home will remain in Nevada.

### Businesses Support Olympic Project

Watch for the erection of the Olympic Memorial Plaza at the site of Reno's Pioneer Theatre. While you watch, you'll probably notice a lot more than construction going on.

During the various two-year phases of this project there will be a reunion for all the athletes, coaches—everyone connected with the 1960 Squaw Valley Olympics. There will also be special events held before and during the 1988 Winter and Summer Olympics.

For now, though, keep your eye on the chartered bricks which will become a permanent part of the plaza. Each brick sells for \$45 and may contain up to 28 letters in its message.

According to Bruce Bogaert, president of the committee, more than half of the area's casino properties are already represented there, about 40 small businesses and several large businesses. Beside businesses, many individuals and families (people Bogaert refers to as "Mr. and Mrs. Northern Nevada") are purchasing bricks.

In addition to helping erect the memorial, these brick purchases will also help fund the following non-profit organizations: 1989 International Winter Special Olympic Games, Sierra Ice Unlimited, Pioneer Theatre Auditorium, Biggest Little City Committee, Nevada State Special Olympics and Reno-Tahoe Winter Games Committee.

While the aid to these organizations will be significant, this memorial will also have a great impact on the Reno-Tahoe area. Bogaert sees the plaza as useful in lifting the pride in the community, which goes along with the Biggest Little City Committee's objective: "Renew the Pride, Restore the Interest."

### Program Offers Jobs To Seniors

Every year Nevada receives a grant from the U.S. Department of Labor. This grant—totaling \$1.5 million this year—goes toward providing 297 jobs

for low-income workers at least 55 years old. The jobs are then offered through the Nevada Office on Aging, U.S. Forest Service, and American Association of Retired Persons.

The Office on Aging, for instance, is allotted 59 slots, or job openings, within the two programs under its administration. These programs are operated by the Nevada Catholic Community Services organization, with offices in Reno and Las Vegas. Candidates are screened for eligibility and are usually placed in public service positions, such as at the local senior center or a thrift store.

Ultimately the goal of this program is to help people become re-skilled so they can move from subsidized employment into the public sector within a year.

### Busy Year For Reno Better Business Bureau

For nearly a year, northern Nevadans have read repeated newspaper reports that the local Better Business Bureau has been up to its ears in complaints and services. Those complaints, nearly three times more than the previous year, are still going strong. Says Don R. Cralle, manager of the Better Business Bureau of Northern Nevada, "This is the busiest year of our history."

According to Cralle, there are two main reasons. One, he says, is probably minor but has contributed to some extent. It is that more people are aware of the services the bureau provides and are taking advantage of these services, all of which are free to the public.

Second, there are "one or more" local companies doing mass mailings. Although they are sent all across the country, these mailings originate in the Reno area and offer a variety of products and services. These companies account for a major portion of the added complaint burden which has been heaped upon the bureau.

Explains Cralle: "The inquiries we receive are from people who want to know if it is a rip-off or a gimmick. The complaints are from people who have responded to the offers and are dissatisfied with what they receive, who feel they were misled by the initial mailing, or who are later informed of additional fees or instructions involved."

The bottom line? Says Cralle, "I've had to hire another employee, and we've had to make a number of adjustments to handle the increased workload."

## Nevada Film Industry Continues Boom

"Right now we are number 10 in the country in total film and TV productions," states Bob Hirsch, director of Nevada's Motion Picture Division of Economic Development. "Four years ago we were nowhere."

This surge of filming in Nevada has been beneficial in several ways. In terms of money generated to the state, the industry has accounted for about \$40 million within the last fiscal year.

Says Hirsch, "That's the smallest advantage. The biggest benefit is visibility."


For example, recently two of the major networks simultaneously aired two-hour movies that were both filmed in Nevada. On another night, a network ran a two-hour episode of "Rags to Riches," followed by a half-hour on Showtime of another program—again with the Nevada message.

Nevada is also one of the few states that hosts two TV series: "Crime Story," filmed in Las Vegas, and a new one premiering in January called "High Mountain Rangers," filmed in the Tahoe area. A third series is also in the planning stages, which according to Hirsch, "is indeed phenomenal." He adds, "That series, incidentally, will be 'Bonanza: The New Generation,' which will also be done in northern Nevada."

A number of films are in progress as well. The Reno-Tahoe area will serve as host to a movie called "Things Change," with the cast looking forward to Steven Spielberg's "King Man" with Dustin Hoffman and Tim Cruise as well as a picture called "Midnight Run" with Robert Redford.

What has been the secret to the Motion Picture Division's success in Nevada? Says Hirsch, "It's based upon personal contact with the industry—showing the business and knowing how to get the business here."

Hirsch adds that a very important part of the success is due to the willingness of Gov. Bryan to accompany him to meet with the production people and make deals on their terms and at their convenience. "We tell them how their pictures will be more successful if they're filmed in Nevada," says Hirsch. "And the governor is the best salesman we can ever have. It's just good, common business sense." □



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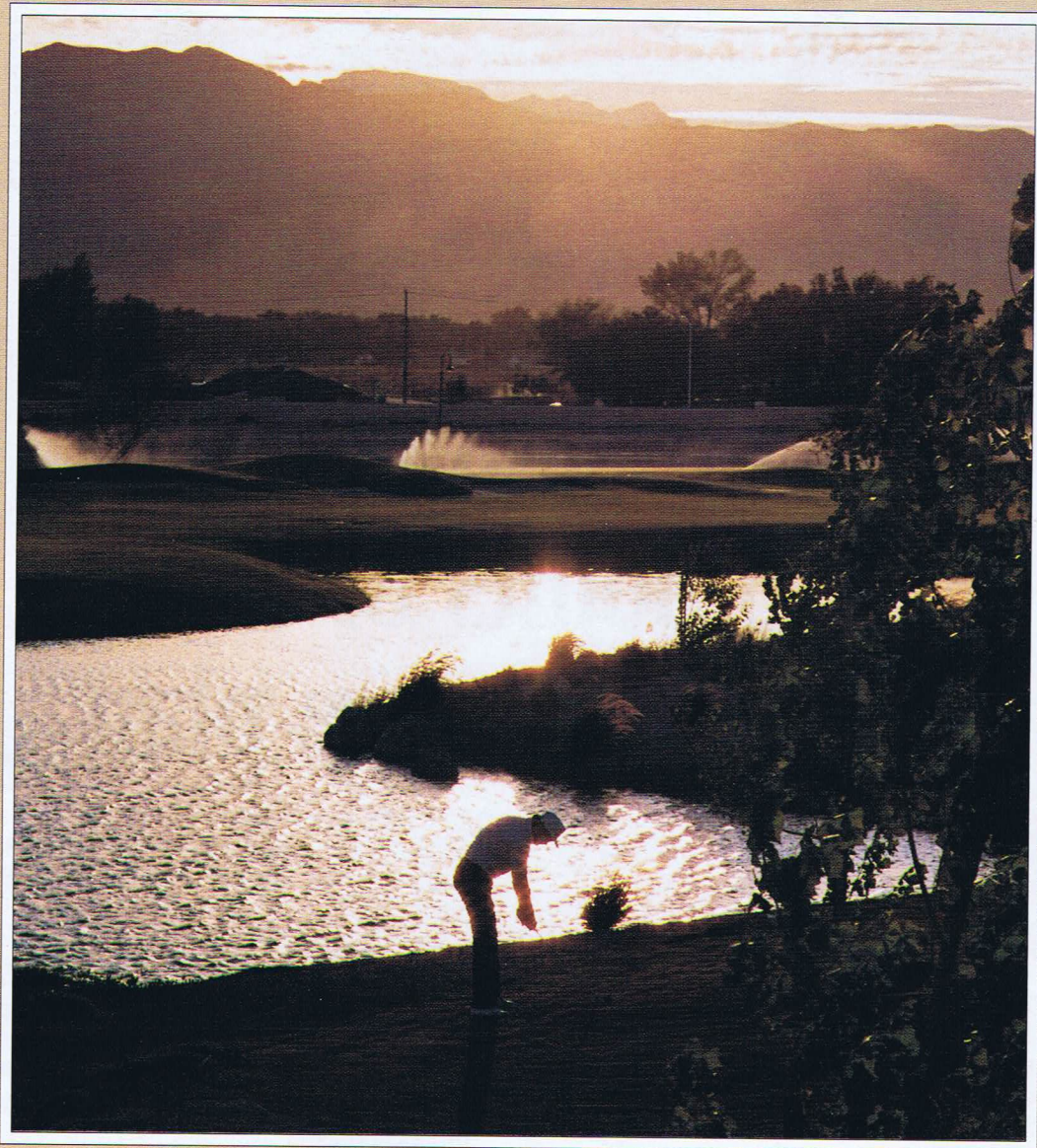
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